

Trivallis Annual Report



and Financial Statements

2022/2023

FOREWORD



Nick Beckett

Chair of the Board

Having joined Trivallis in February 2023 it has been a pleasure to look back at some of the great work that has taken place in the year 2022/2023.

I've worked in commercial roles for the past 40 years and I wanted a role in retirement that allows me to make a difference to people's lives. Becoming the chair of Trivallis has fit that bill perfectly.

At Trivallis we want everyone to fulfil their potential – staff, tenants and communities alike and I hope you enjoy reading about the progress made in these areas as much as I have.

We still have a great deal of progress to make but what has struck me most is the passion and skill that sits behind the outcomes and figures detailed in these pages. That can often be difficult to capture in something like the Financial Statements but I hope we have been able to give you a glimpse into the real world benefits that these figures create, and the great people that are delivering them - the ones that are truly making a difference every day.

At a glance

Trivallis - Group Financial Statements –
For the year ended 31 March 2023

TURNOVER **£60.5m**

OPERATING SURPLUS **£9.6M**

OPERATING SURPLUS **15.8 %**

**INCOME FROM SOCIAL
HOUSING LETTINGS** **98.8%**

12,523
Units in management
(2022 -12,488)

£24.5m
Investment in existing homes
(2022 - £22.7m)

26
New homes handed over
(2022 - 13)

£16.7m
Capital investment in new homes
(2022 £14.4m)

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WELCOME

Duncan Forbes

Chief Executive



In many ways it has been both a challenging and rewarding year. We've made a real difference to the lives of our tenants, whether that's been through making improvements to their home or helping them live well in their community.

We know there is still more we can be doing and areas to improve on, which is where the guidance and lived experience of our involved tenants helps us invest in the right areas. We are always looking for more tenants to get involved so please do take a look at the Future Makers programme, those already involved have made a huge difference to the way we support our tenants.

We've made great progress on our thermal efficiency work which will help keep your homes warmer while saving you money. We've also built more homes with further development planned over the next year. The money created from these new developments helps us fund even more improvement works and support programmes for existing tenants, while creating much needed homes across the region.

Internally we've also made huge improvements to the ways we work together to best support our tenants. We've invested in staff at all levels, supporting people to be better leaders and improve their collaboration skills. We've funded new teams like our Tenant Liaison Officers to help keep you better informed, while investing more into our existing teams to help them do more.

We've also brought on more Board Members to drive the strategic direction of Trivallis and make sure you, our tenants, remain at the heart of our decision making.

We've spent the last year making a difference to the lives of our tenants and making a difference to the ways we achieve this. I look forward to making further progress on this over the next year as we develop our longer-term strategy and build on our achievements from the last year.

About us

Trivallis is a not-for-profit organisation incorporated in December 2007. Trivallis is regulated by Welsh Government and governed by the Board. It operates under the rules of a Community Mutual organisation and is a Community Benefit Society (CBS).

Bank

Lloyds Bank plc
Market Square
Pontypridd
CF37 2TF

Funders

Lloyds Bank plc
25 Gresham Street
London
EC2V 7HN

External Auditor

Haines Watts Wales LLP
Neptune Court
Vanguard Way
CF24 5PJ

Internal Auditor

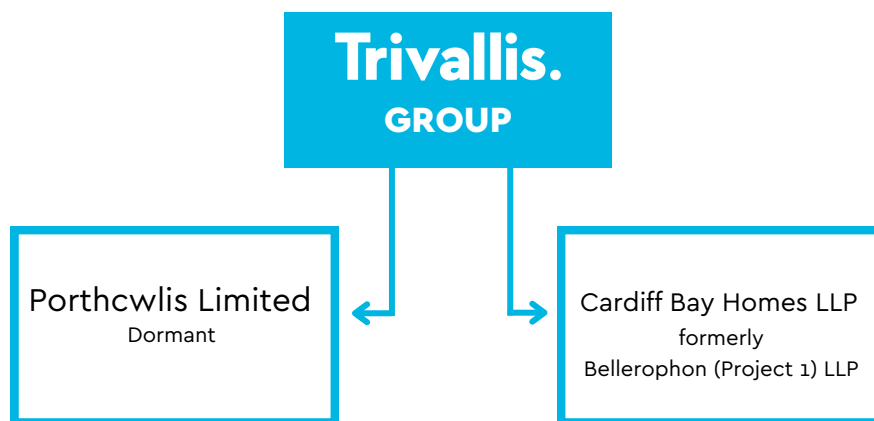
Mazars LLP
45 Church Street
Birmingham
B3 2RT

Welsh Government Registration Number L143
CBS Registration Number 30261R

A Registered Society under Co-operative &
Community Benefit Societies Act 2014

Registered address:

Trivallis
Ty Pennant,
Mill St,
Pontypridd
CF37 2SW



Subsidiary Companies:

Cardiff Bay Homes LLP [Formerly Bellerophon (Project 1) LLP]	OC391633	Registered in England & Wales	Active
Porthcwlis Limited	07994420	Registered in England & Wales	Dormant

Trivallis Limited owns 100% of Porthcwlis Limited.

At 31st March 2023, Trivallis Limited owned 88% of Cardiff Bay Homes LLP [Formerly Bellerophon (Project 1) LLP] with 2% being owned by Porthcwlis Limited and 10% being owned by Bellerophon Projects LLP.

On 4th May 2023, Trivallis Limited acquired the 10% shares in Bellerophon (Project 1) LLP previously owned by Bellerophon Projects LLP.

On 17th July 2023, the name of Bellerophon (Project 1) LLP was changed to Cardiff Bay Homes LLP.

Company Secretary

Lisa Pinney – June 2023

Jane Strange
November 2022 – June 2023

Jill Jones
March 2022 – November 2022

Ian Thomas
May 2021 – March 2022

Executive Leadership Team

Duncan Forbes
Chief Executive (Appointed 01 July 2022)

Keiron Montague
Executive Director of Communities

Lisa Pinney
Executive Director of Resources
(Appointed 1 May 2023)

Ian Thomas
Chief Executive (Resigned 20 April 2022)

Lynda Clark
Executive Director of Resources and Innovation
(Resigned - 20 April 2022)

Our Culture

**Our Vision:
Prosperous People and
Places**

**Our Purpose:
Together, we create
great places to live
and work**

**Our Values:
Listen, Engage,
Respect, Progress**

Strategic Report

Strategic Report for the Trivallis Group for the year ended 31 March 2023

During the year we undertook three external reviews agreed with the regulator as part of the voluntary undertaking. These covered governance and management, financial, and leadership.

At the financial year end, we have been able to demonstrate that the actions arising from the action plans are materially complete and the organisation has moved to a position of business as usual.

In February 2023 the Board agreed an interim corporate plan which focusses on three key areas:

- Supporting households, communities and staff through the cost-of-living crisis (either by actions we take ourselves or by our work with partners).
- Delivering excellent landlord services: getting our basic landlord services performing to exceptional standards.
- Being a really good employer so that we are all proud to work for Trivallis.



Strategic Report for The Trivallis Group for the year ended 31 March 2023

The plan is supported by our work to ensure our works as a landlord are improved so that they are complete to a high standard. We will ensure that our leadership and management are improved so that colleague experience in Trivallis is a positive one.

During the year, we identified a series of workstreams which involve cross-organisational change and collaboration to improve our services as a landlord.

The workstreams directed at improving our landlord services cover the following themes:

- Ensuring we have a clear shared long-term direction and purpose
- Improving customer satisfaction
- Improving business health and value for tenants
- Improving the quality of homes we provide
- Improving safety
- Improving the underpinning (e.g. how we manage performance, ICT systems)



During the year, the Board has also undertaken an extensive recruitment campaign to bring more non-executives into the Group. Nick Beckett joined the Group as Chair and was appointed in February 2023. A new role was created for a Senior Independent Director (SID) and Carol Kay was appointed in March 2023. As noted in last years review, Duncan Forbes joined the group as acting Chief Executive in July 2022 and was formally appointed to the role on a permanent basis in December 2022. The Executive team was further strengthened in May 2023 with the appointment of Lisa Pinney as Executive Director of Resources.

Being a great landlord

Getting the basic services to tenants working brilliantly

"We want our homes to be more than the property someone lives in, we want to create places where people can thrive."

Keiron Montague, Executive Director of Communities

Tenant involvement

Future Makers >>>

You cannot be a great landlord without listening to your tenants. This is why we have sought to involve tenants at every stage of this period of change for our organisation.

We have over 500 tenants involved in our Future Makers programme which continues to be a success with more tenants coming forward to get involved.

From sitting on groups that shape how we deliver our work to sitting on recruitment panels, our involved tenants play an active role in everything we do.

Our 'Influencers' and Tenant Action Panel members were consulted on the key areas that matter to them in line with the Regulatory Standards.

We have undertaken six task & finish groups:

- Compensation Policy review
- New Service Model – 'Your Trivallis Your Voice'
- Income Collection Policies
- New Leadership Program
- Communities Directorate Annual Team Plans
- Renting Homes Act Cover Letter

As defined by our tenants, groups have been held in the following areas:

- Antisocial Behaviour Working Group
- Complaints Working Group
- Neighbourhoods/Estates Working Group
- Repairs Working Group
- Sheltered Tenant Representative Group
- Tenant Action Panel

Each of our working groups report their progress through our Tenant Action Panel.

"I welcome the range of opportunities that our Tenant Involvement Framework offers and I hope tenants will be encouraged to take part and become involved in whatever area suits their lifestyle".

- Emma Nicholas,
Chair of the Tenant Action
Panel



REPAIRS

NUMBER OF REPAIRS COMPLETED
49878



CUSTOMER SATISFACTION with repairs
81%

EMERGENCY REPAIRS COMPLETED ON TIME
93.27%

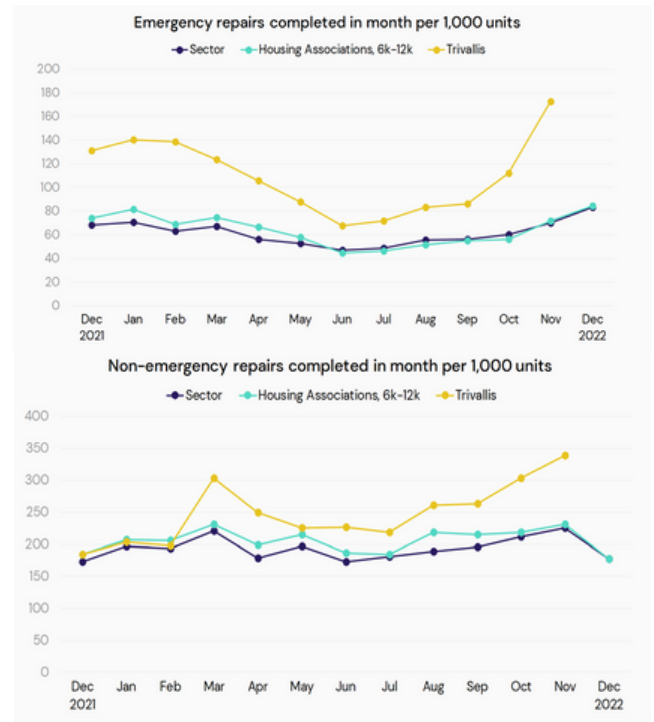


Rising demand and a challenging operating environment continue to impact our ability to deliver core services effectively. The surge in repair requests has had a notable effect on overall performance, although we're proud to surpass the sector median for both emergency and non-emergency repairs.

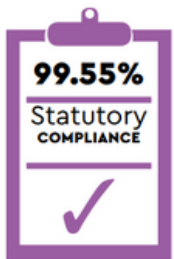
The lasting impact of the COVID-19 pandemic, coupled with an unseen repairs backlog, continues to influence repair volumes. Additionally, changes in legislation, such as the Renting Homes Act – Fit for Human Habitation and Fire Safety, along with recent media coverage on damp and mould, have further compounded the challenges we face.

To address these growing demands, we have taken proactive measures. This includes redirecting internal and external contractor resources, creating more overtime opportunities, and collaborating closely with our tenant working group to reassess repair priorities and streamline service delivery. Furthermore, we are introducing two dedicated complaints co-ordinators to support tenants affected by the backlog, as well as a repairs administrator to proactively engage with tenants navigating the repairs procedure.

"kind, considerate and efficient at what his work entailed, he was really tidy too. He did an excellent job and he walked around the side to get to the kitchen to keep my floors clean"



COMPLIANCE



FIRE SAFETY COMPLIANCE
100%

NON STATUTORY COMPLIANCE
99.30%



WATER COMPLIANCE
100%



10034 GAS Services COMPLETED

Despite challenges, Landlord Safety has remained an area of strong performance throughout the year, largely aligned with or above the sector average. By utilising systems and workforce effectively, we are on track to deliver the CO and Smoke alarm programme within the timescale provided by the Renting Homes Act.

There has been continued investment in passive and active fire safety to protect our most vulnerable tenants. The Fire Safety Team has delivered 100% compliance for more than 12 consecutive months. Given that a change in legislation has doubled the number of required Fire Risk Assessments this is a notable achievement.

There is an increasing risk of skills shortages that will need to be addressed to maintain performance in this area.



Crown Avenue and Elm Road

Trivallis works in partnership with the Local Authority to provide specialist accommodation for people with additional needs who need support to live independently. Our scheme at Crown Avenue was opened Autumn 2020 to support people with learning disabilities and our newest development at Elm Road opened in Autumn 2022 to support individuals with high level autism needs.



MAGPIE

MAGPIE is an enhanced hoarding support service, delivered on behalf of RCTCBC. We provide specialised support to manage hoarding behaviours and help individuals to understand thoughts, feelings and behaviours towards belongings. We then use this understanding to motivate tenants to organise and remove items.

Changes to Renting Homes Act

In December 2022, the Renting Homes (Wales) Act 2016 changed the way we rent our properties. The new law simplifies agreements, improves the condition of the homes in Wales and offers greater security and certainty to our tenants. We have issued our tenants with their new contracts and made the necessary updates to our paperwork. Our continued focus into 2023/24 will be ensuring we comply with the new law and ensuring our homes remain fit for human habitation. This includes electrical safety testing and ensuring working smoke alarms and carbon monoxide detectors are fitted.

Erosh



Trivallis' Sheltered Housing Service, accommodation and support services are accredited with Erosh (formerly CHS) these standards measure:

- services governance and management
- value for money and effective use of resources,
- equality and diversity
- customer focus
- person centred support services
- customer and staff safety
- quality accommodation.

The service continues to maintain our accreditation of 'outstanding' status through yearly reviews and three yearly assessment.

RNIB



Trivallis works in partnership with the RNIB (Royal National Institute for the Blind) and are accredited in Visibility Standards in 22 of our Sheltered schemes, 14 at Gold level and 8 Platinum. Visibly Better Standards support Trivallis to improve the built environment using colour, tonal contrast and lighting. We ensure that information and services are accessible to individuals with sight loss and support them to live independently.

Building a better future for our tenants



At Trivallis, we are not only building houses; we are building communities. We are committed to continuously enhancing the quality of our properties, creating vibrant, welcoming neighbourhoods that foster a sense of belonging. Together with our tenants, we are shaping a brighter future—one home at a time.

In the past year, our dedicated team has been hard at work assessing the performance of the assets in our portfolio, ensuring they provide a safe and secure environment for our tenants to call home.

We have invested heavily in improving our properties, ensuring they meet the highest standards and create the ideal living space for our residents. However, we understand that some properties may not meet our rigorous standards, no matter the investment. In such cases, we divest ourselves and reinvest that capital into constructing high-quality, modern homes that meet the needs of our tenants.

Our dedication to tenant safety is paramount. To ensure even greater control over fire safety in our flatted schemes, we have implemented a strategic initiative to buy back leasehold flats. This allows us to have direct oversight and implement the necessary safety measures to protect our residents and give them peace of mind.

We have been able to invest £16million into our properties in 2022/2023.

We have achieved a net increase of 35 homes in the year.

This brings our total of homes owned or managed to an impressive **12,523**

Within this portfolio, we offer:

10,140
general needs properties

682
homes for older persons

13
supported properties

Our portfolio also includes:

633
leased premises

56
retail premises

1640
garages

52
market rent

2
managed properties



Planned Programme Highlights

190 new boilers



148 new kitchens



175 new bathrooms



81 roofing projects



394 properties had new windows



509 properties received new doors



400 adaptations



Additional works

As well as the planned programme, planned maintenance carried out unplanned works deemed to be urgent totalling £3.1million

This equated to 161 elements of works added to existing contracts in the year.

Planned maintenance also carried out fire safety works at a cost of £1.8million on sprinkler systems, fire stopping, heat alarms to protect the tenants in their homes.



Driving Development, Overcoming Challenges

In 2022/2023, Trivallis' development program continued despite market challenges. Escalating material costs and increased risk considerations among contractors impacted the tendering process, leading to a decline in contractor participation for projects.

Amidst these challenges, we successfully delivered 26 homes. This included 18 homes at the former Llantrisant School, two adapted units at Library Court in Rhydyfelin, a specialised bungalow in Tan Y Bryn, and six rooms as part of a care facility in Elm Road, Llanharry.



Llantrisant School



Library Court



Tan Y Bryn



Pentre Hotel



Mitchell Court

Transforming Communities, Expanding Possibilities

In addition to new builds and refurbishments, we're making significant strides in other areas. At Mitchell Court, we've initiated a decant process, ensuring a smooth transition for residents. We're also actively acquiring Buy Back properties in Penrhys and beyond, making the most of opportunities as they arise.

Exciting progress is being made at the former Pentre Hotel, where eight new homes will be delivered next year. This transformation will breathe new life into the area and create expanded housing opportunities.

Carbon Footprint – SHIFT Report

In 2021, Trivallis collaborated with SHIFT to assess its environmental performance and establish a carbon emissions baseline. This initiative aimed to drive Trivallis towards becoming a more sustainable organisation and inform strategic planning.

SHIFT has now provided a second report for 2022, allowing for year-on-year and peer-to-peer comparisons across the Housing Sector. The Trivallis Decarbonisation Group played a vital role in analysing the data and communicating Trivallis' carbon footprint to tenants and employees, fostering awareness and encouraging environmentally conscious behaviors.

By measuring carbon emissions annually, Trivallis aims to gauge its progress in various areas related to affordable warmth planning.

Key Findings:

Total annual emissions: In 2022, Trivallis' carbon emissions accounted for 28,043.45 tonnes CO₂e, representing an increase of 269.45 tonnes compared to the baseline calculated in 2020-21.

Housing stock emissions: Independently heated homes contributed approximately 25,772 tonnes CO₂e per annum, while communally supplied homes added a further 1,249 tonnes CO₂e. Combined, these accounted for approximately 96% of Trivallis' annual emissions.



**KEEPING YOU WARM
SAVING YOU MONEY**



Next Steps:

Based on the data presented in this report, we are undertaking the following actions:

- 1** Developing an Affordable Warmth plan: Collaborating with tenants, the Board, staff, and partners to create a detailed plan that addresses the identified areas of focus.
- 2** Identifying priority areas for a comprehensive strategic approach that aligns with Welsh Government requirements in the future.
- 3** Engaging with the Welsh Government for funding support: Explore opportunities for utilizing ORP funding to advance the overarching goal of decarbonising Trivallis' homes.

Conclusion:

By leveraging the valuable data and benchmarking insights from two years of reporting, Trivallis is well-positioned to identify key improvement areas and continue progress towards becoming a more environmentally responsible organisation

Being a great employer

ensuring we are all proud to work here

"We want to support our staff to perform at their best and deliver work they can be proud of. Only a healthy and happy workforce can deliver a healthy and happy home for our tenants. "

**Kate Jones,
Director of People**

Our People



At Trivallis, we recognise the crucial importance of fostering a diverse and inclusive workforce. As a housing association, it is our responsibility to ensure that our team reflects the communities we serve.

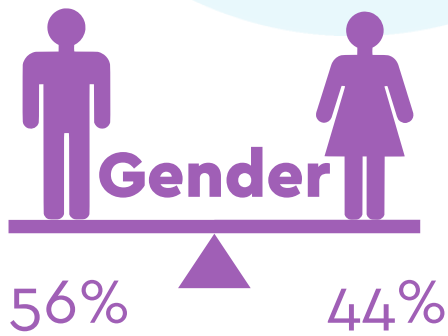
We believe in providing equal access to job opportunities and promoting fair work practices for all. Our ongoing commitment is centered around creating a culture that embraces inclusivity and consistency. We are dedicated to building a more inclusive organisation where every individual feels valued and respected.

This year, we are pleased to report that our gender pay gap is marginal, a testament to our commitment to fairness. However, we remain vigilant and committed to continuously reviewing and improving our performance in this area. Our focus on Equality, Diversity, and Inclusion (EDI) will only grow stronger in the coming year.

At Trivallis, we celebrate the unique perspectives, talents, and experiences that each member of our team brings. By nurturing a diverse workforce, we aim to build a stronger future, driven by compassion, understanding, and a shared sense of purpose. Together, we will create a workplace where everyone can thrive and contribute their best.

An independent review of our EDI practices commended the improvements we have made in the start of our EDI journey and detailed key areas for improvement. We will be working with staff, tenants and partners to ensure these improvements are driven by the views and experiences of diverse voices.

Staff Diversity



Disability



Age

16 - 19	2	0%
20 - 29	56	14%
30 - 39	108	27%
40 - 49	100	25%
50 - 59	106	26%
60 - 64	25	6%
65+	9	2%

Ethnicity

White	363	89%
Black, Asian and minority ethnic	7	2%
Undeclared	34	8%
Prefer not to say	2	0%

Religion

Christian	116	29%
Other Religion	7	2%
No religion	213	52%
Undeclared	54	13%
Prefer not to say	16	4%

Sexual Orientation

Bisexual	2	0%
Gay (man or woman)	10	2%
Heterosexual	335	83%
Undeclared	46	11%
Prefer not to say	13	3%

Staff Wellbeing

Cost of Living Support

We had Citizens Advice Bureau on site which staff could access for advice. We also gave everyone a £50 Love to Shop voucher in December to help with the cost of living



Charity Partner

Following its launch in May 2019, Trivallis has celebrated the success of its four year charity partnership with Alzheimer's Society Cymru.



Trivallis staff and tenants have worked together to raise vital funds for the charity, the proceeds of which have been used to support those living with dementia across Rhondda Cynon Taf.

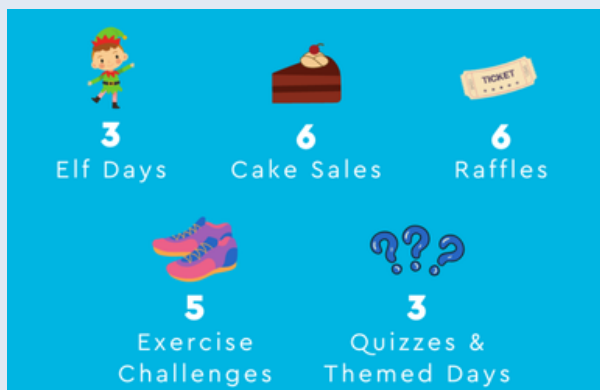
Health and Wellbeing

We renegotiated our Health Shield offer; this saw an increase in benefits for optical, dental and screening.



External Support

There is also an Employee Assistance Programme (EAP) telephone line where staff can access financial advice and have access to 8 free counselling sessions.



Cost of Living Crisis

Supporting tenants

"We realise that times have been tough for everyone. Our support services have really stepped up to the challenge to help as many people as possible live well in their homes."

**Lisa Pinney, Executive
Director of Resources.**

SAFE

SAFE is a locality based floating support team in the Taff area, providing tenure neutral support to individuals aged 16+ to prevent homelessness, this includes completing a financial assessment with everyone referred. The service supports both Trivallis tenants and people in the community.

Money Advice Team



Trivallis also has a Money Advice Team (MAT) that works solely with Trivallis' tenants to maximise their income, manage debt and reduce rent arrears.

During 2022/23 the two services generated an additional income of

£2,347,118

for tenants and the community

More MAT outcomes:



401 Benefit checks

223 Tenant
Hardship Grants



152 Discretionary
Housing Payments

140 Universal
Credit advice



137 Referrals into
further support



Increased arrears, ZERO evictions

Our support based approach ensured no tenants were evicted due to arrears.

We have seen an increase in the current arrears owed from our tenants, an issue mirrored across the sector.

Towards the end of the year, performance improved and we saw current rent arrears levels drop to 3.35% at the year end.

We're proactively connecting with new tenants to get them started in the right way and reviewing payment methods and increasing the options for tenant to pay their rent.

Financial Performance

"In a very challenging economic climate, we remain in sound financial health and work hard to ensure all of our services deliver value for our tenants."

**Helen Smith, Corporate
Director of Finance**

Financial Summary

5 year summary

The results show Trivallis' growth in turnover and reserves each year, supported by positive cash generation. The financial challenges faced in terms of cost inflation and interest cost increases are in line with those being experienced by the rest of the Welsh Housing sector. Having a well-managed and financially resilient position is key to us being able to fulfil our future aspirations as an organisation.

Margins have decreased in 22/23, this is reflective of an increase in expenditure, particularly relating to both reactive repairs and investment in maintenance of our properties. In addition, investment into our void properties was increased in order to reduce numbers of empty properties and increase available housing in the borough.

Reserves remain healthy and have seen further growth, resulting from both positive movement due to the outturn for the year, as well as the gain on the LGPS (pension).

Gearing is low and has continued to decrease. This puts Trivallis in a strong position to support and fund our ambitions to further invest in our homes and continue to develop and grow throughout 2023/24.

Year Ended 31st March 2023

Statement of Comprehensive Income	2023 £'000	2022 £'000	2021 £'000	2020 £'000	2019 £'000
Turnover	60,490	57,674	56,730	56,139	54,208
Operating Surplus	9,557	11,770	12,023	6,651	7,922
Operating Margin	15.8%	20.4%	21.2%	11.8%	14.6%
Surplus on Ordinary Activities Before Taxation	4,881	5,701	9,518	4,944	6,173
Margin Before Tax	8.1%	9.9%	16.8%	8.8%	11.4%
Net interest payable	(4,423)	(4,553)	(3,722)	(3,681)	(3,818)
LGPS actuarial gain / (loss)	11,740	13,530	(2,810)	(3,920)	4,130
Interest Cover (EBITDA MRI)	205.9%	230.7%	414.5%	339.6%	372.2%
Statement of Financial Position	2022/23	2021/22	2020/21	2019/20	2018/19
Fixed Assets	197,758	190,905	186,395	182,185	178,060
NET Current Assets / (Liabilities)	22,569	17,767	15,919	5,097	(1,283)
Long Term Creditors (Leases/grants)	(36,165)	(41,181)	(50,125)	(41,905)	(32,151)
Loans	(49,576)	(49,527)	(53,456)	(53,352)	(53,623)
Reserves	134,586	117,964	98,733	92,024	91,003
Gearing	46.4%	54.1%	69.8%	83.1%	88.3%
Cashflow Statement	2022/23	2021/22	2020/21	2019/20	2018/19
Net Cash Generated from Operating Activities	22,384	23,939	23,172	17,336	21,260
Tax Paid	-	-	-	-	31
Net Cash from Investing Activities	(14,240)	(14,132)	(8,695)	(8,687)	(7,259)
Net Cashflow from Financing Activities	(3,512)	(7,849)	(3,506)	(3,605)	(14,300)
Inflow/ Outflow in Cash	4,632	1,958	10,971	5,044	(268)

Treasury Management

Trivallis defines its treasury management activities as 'The management of the organisation's investments and cash flows, its banking, money market, capital markets and derivative transactions, and its security portfolio; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.'

To effectively achieve this, during 2022/23, Trivallis developed and implemented both a new Treasury Management Strategy and a Treasury Policy.

We utilise golden rules which are more stringent than covenant levels and ensure that the organisation makes decisions which are prudent; they protect the organisation and ensure that there is a safe margin at all times.

Where facilities include financial covenants, these are based on interest cover, gearing (how much of the company's operations are funded by debt compared to equity) and asset cover (how many times we could repay our debt if we liquidised our assets).

All treasury management golden rules were complied with, all covenants were met during the year, and Trivallis' long term business plan forecasts ongoing and continued compliance with covenants throughout the duration of the plan.

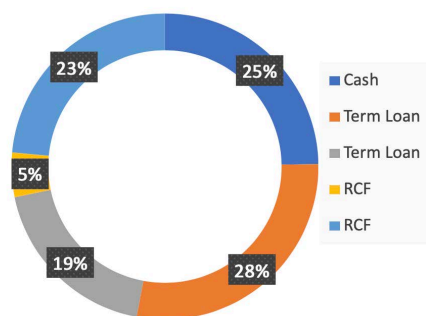
Available Liquidity

At 31st March 2023, Trivallis had £25.8m of cash (2022: £21.2m), and immediately available debt funding of £30m, with current drawn funding totalling £49m (2022: £49m).

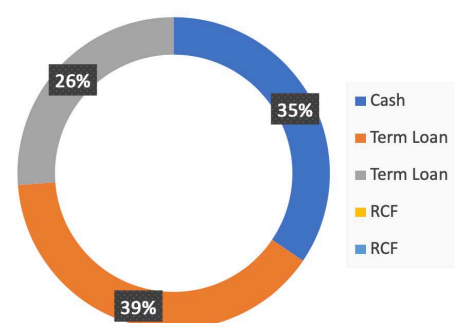
Sources of Finance and their Maturity Profile

Trivallis holds a portfolio of financing comprised of both Term loans and Revolving Credit Facilities (RCF). However, the portfolio is increasingly short-dated and therefore we currently hold some refinancing risk. Some existing sources of funding reach maturity throughout 2023/24 and the Weighted Average Life of existing funding is circa 5 years, with all current debt due to be repaid in the next 7 years.

Available financing



Drawn funding



Governance

"We have managed to strengthen our capacity to effectively govern the organisation through a period of necessary change."

Lisa Pinney
Company Secretary

How we are governed



Board and Senior Executives

The day-to-day operations of the business are managed through the Chief Executive and two Directorates:

The **Chief Executive** who heads the Group and oversees the two directorates and directly oversees the HR function.

The **Executive Director of Resources** who is responsible for the corporate functions including Finance, IT, Governance, Innovation, Business Improvement, Income Management, Procurement and Corporate Performance.

The **Executive Director of Communities** who is responsible for the operational functions including Customer & Community Engagement, Neighbourhood Management, Reactive Repairs, Void Property Management, Planned Maintenance, Asset Management, Estate Management, Development and Regeneration.

The Executive Directors are supported by six Corporate Directors.

Board and Governance Structure

Welsh Government sets the Regulatory Framework ('the Regulatory Framework') that housing associations must comply with; the Regulatory Framework is in place to ensure that housing associations are well governed and requires housing associations to adopt an appropriate Code of Governance.

The Framework has been developed in alignment with the Code of Governance, published by Community Housing Cymru ('CHC Code'). Every housing association must submit an annual self-evaluation which evaluates the quality of the organisation's governance, quality of homes, service delivery and financial viability in delivering its purpose and objectives.

Adopted Code of Governance

Trivallis Limited ("the Group") has adopted the CHC Code 2021 with the purpose of embedding the good governance practices supported by principles contained within the code.

Regulation

The Group entered into a voluntary undertaking with the Regulator in March 2022. As a result of this, in agreement with the Regulator, the organisation undertook three external reviews. These covered governance and management, financial, and leadership. At the financial year end, we have been able to demonstrate that the actions arising from the action plans are materially complete and the organisation has moved to a position of business as usual.

As a result of the reviews on governance and leadership, a refreshed and updated Governance Framework was approved by the Board, and a recruitment campaign was endorsed to upskill the Board, and a robust management and leadership programme was put in place.

The Board takes its responsibilities under regulation and relevant good practice guidance seriously and has taken appropriate steps to ensure compliance with the requirements set out in the Regulatory Framework. The Board was kept updated on, and provided oversight and challenge, in relation to the Group's compliance with the Regulatory Framework, including the CHC Code.

Our Board, skills, qualities, and experience

Our activities are governed by the Trivallis Board ("the Board"), which is responsible for the governance of the housing association. The Board approves the strategic direction and business plan for the Group and receives an annual performance report on progress made and the key successes and challenges.

Each Group Board Member supports the Group Board in ensuring the success of Trivallis in meeting its corporate plan objectives and gaining assurance that the Group complies with all legal, regulatory and funder obligations. Along with the Executive Leadership Team, Board Members lead strategic thinking and future planning, setting the strategic direction of the Group. The Board provides guidance in relation to the Group's affairs with Executive Management responsibility delegated through the Chief Executive.

The Board is responsible for the effective governance of the Group and has ensured that the governance framework of the Group continues to evolve and reflect the changing external and internal economic, risk and regulatory environments. At the time of publication of this report, the Board has nine members in total and two co-optees. The Board assesses its collective and individual member's skills on an annual basis as part of its governance effectiveness processes.

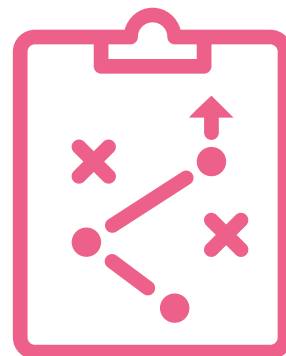
The Board has a range of skills, experience and understanding of corporate governance, general business strategy and management, organisational development, finance, property investment and property development, and housing management. The Board collectively has the skills to fulfil its responsibilities of overseeing the strategic direction of the Group.

Membership of the Board is reported to each Annual General Meeting (AGM) and each member serves for a term of up to three years, with the opportunity to serve a maximum of three consecutive terms, nine years in total.

The Board collectively are responsible for the long-term success of the Group. To retain control of key decisions and to provide a clear division of responsibility between the running of the Board and the running of the business, the Group Board has identified reserved matters that only the Board can approve. Other matters have been delegated to the Board's committees. Any matters outside of these delegations fall within the Chief Executive's and Executive Leadership Team responsibility and authority.

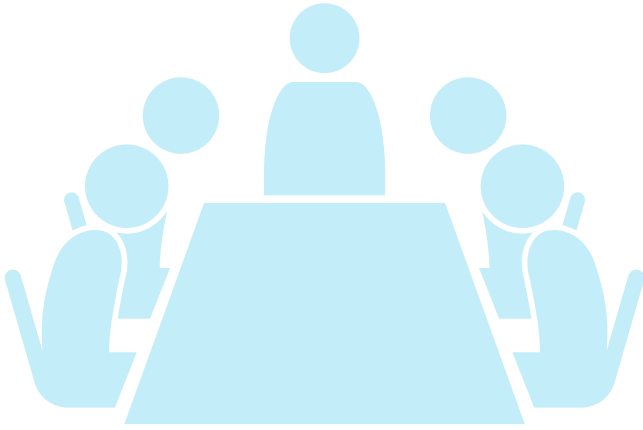
Matters reserved to the Group Board include:

- Determining the strategic direction of the Group and setting out its mission, vision, and values.
- Setting the Group's overall strategy and business plan.
- Monitoring financial viability and control.
- Monitoring the Group's performance and service delivery.
- Setting the Group's risk appetite, and managing control.
- Governance and the system of delegation.
- Accountability to stakeholders.



Board meetings

At least six Board meetings are held each year. Major business decisions are made and reviewed at the meetings and the Board uses the meetings to formally monitor the Group's performance against plans which it has approved.



Chair

The Chair of the Board provides overall leadership to the Group, in close co-operation with the Chief Executive, maximising the contribution of Board members and staff alike to enable them to fulfil their responsibilities for the overall governance and strategic direction of the Group. The Chair ensures that the Board functions effectively, that there is an agreed strategy that determines the Group's objectives, that the boundaries of management authority are clearly defined and that external relations are maintained. The Chair is responsible for the annual appraisal of the Chief Executive.

Senior Independent Director

The Senior Independent Director (SID) adds value to the business of the Group by acting as a sounding board for the Chair and as an intermediary for other directors, contributing experience, expertise and insight to determine the overall business. The SID is available to other Board members in cases of conflict, acting as a conduit for other Board members to raise concerns which have not been resolved through the normal channels regarding the Chair, the Chief Executive or other Board members.

Board Resignations

Three Board members resigned during the Financial period,.

Jonathan Huish
Chair, Trivallis Board
Appointed 13.10.17
Resigned 09.02.23

Margaret Griffiths
Vice Chair, People Committee
Appointed 01.05.17
Resigned 29.04.22

Chibuzo Amadi
Assurance Committee
Appointed 28.09.20
Resigned 26.09.22

Board recruitment

The Group has a formal and rigorous procedure for the appointment of new Board members. Appointments are made against objective criteria, with due regard to the importance of including members with diverse backgrounds (including diversity of gender, social and ethnic backgrounds), balance of skills, cognitive and personal strengths, experience, and knowledge.

The approach to recruitment brings together professionals with a range of perspectives and ensures healthy debate, and challenge.

Supported by an external consultant, the Board launched a recruitment campaign in 2022/23 to recruit a new Chair and members to the Board.

Board remuneration

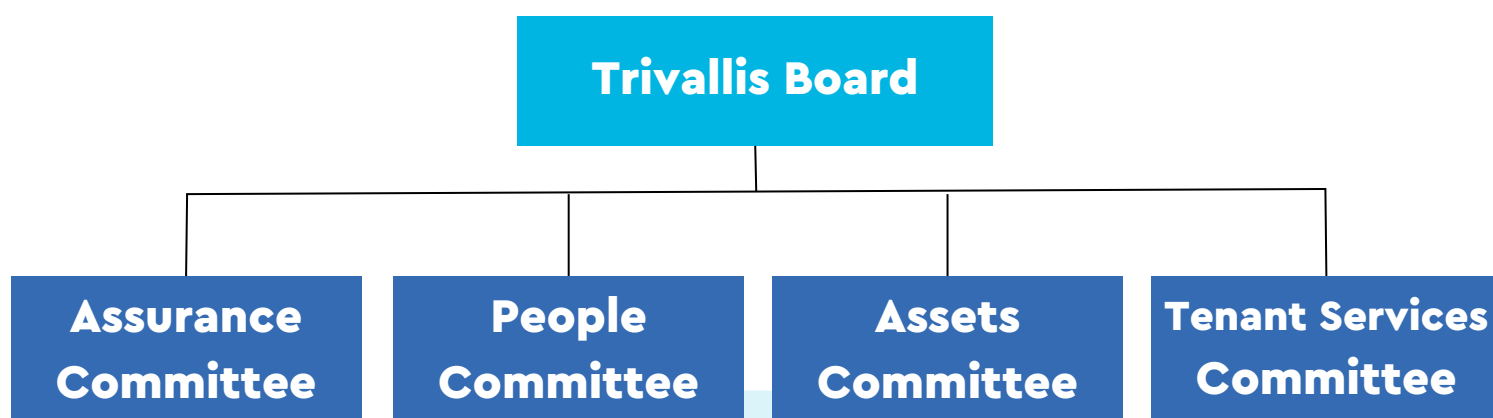
Supported by an independent review and benchmarking exercise, Board remuneration is as follows:

- Board Chair - £12,000
- Vice Chair, Chair of Committees - £7,250
- Board Members and co-optees - £5,000
- Independent Committee co-optee - £3,000
- No remuneration is made to Council nominees.

As approved by the board, remuneration will be reviewed every three years by the People Committee who will consider benchmarking with support from an independent third party, before making any recommendations to the board for consideration.

Committees

The Board is supported by four Committees:



The Assurance Committee ensures that Trivallis complies with all regulatory and statutory requirements relevant to the Committee's remit. It oversees the systems of internal control, health and safety, the external audit function, and the internal audit function for the Group. The Committee's primary role is to ensure that these functions are effective, robust and that risk is effectively managed by the group.

The People Committee is responsible for matters relating to ensuring that people are at the centre of all our decision making. Ensuring that Trivallis complies with all regulatory requirements, all statutory requirements relevant to the Committee's remit. The Committee also oversees the remuneration of staff and Board and Committee members within the Group and has responsibility for monitoring, regulating, and recommending to the Trivallis Board, Group-wide remuneration and HR and equality and diversity policies.

The **Tenant Services Committee** is responsible for the delegated oversight of all matters relating to tenant facing services, tenant engagement and partnerships. The Committee oversees and scrutinises tenant facing Corporate Plan objectives and monitors the tenant experience in delivery of Landlord Health and Safety duties whilst ensuring synergy with the Assurance Committee around the delivery around our statutory duties. It approves all tenant facing strategies, policies or improvement plans in line with the Board's Scheme of Delegated Authority and monitors delivery of tenant engagement objectives set by the Board.

The **Asset and Development Committee** is responsible for reviewing new Homes/ Development Strategy and the financial assumptions for development scheme appraisals. The Committee approves all schemes for new build and development for open market sales, market rent, land purchases, property investment and development. It reviews the Asset Management Strategy and the emerging Whole Stock Assessment and Target Energy Pathways data required by the Welsh Housing Quality Standard 2023 and receives reports on stock condition and assessments.

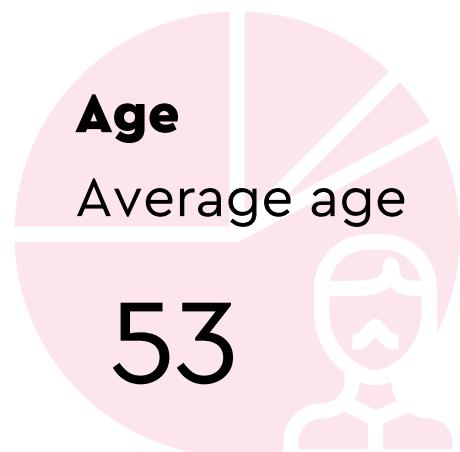
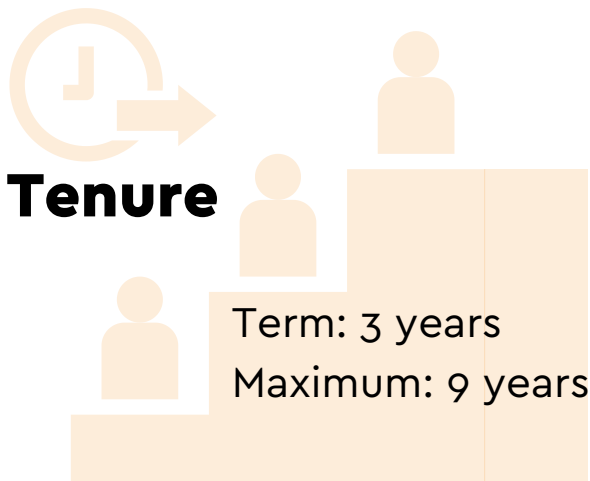
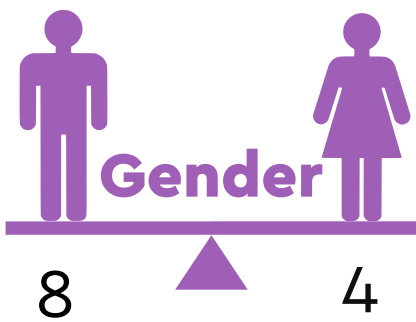
The Tenant Services Committee meet at least three times a year. All other committees meet at least four times a year.

In addition to the Committees the Group has a Tenant Action Panel that represents the views of Trivallis' membership and all tenants, working in close partnership with the Board to achieve the aims and objectives of Trivallis. These Groups work with staff to develop effective services that underpin Trivallis' objectives.

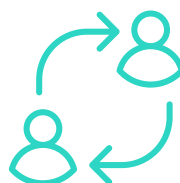
Board diversity

We are committed to creating an inclusive culture, and believe that multiple perspectives result in more meaningful, strategic decisions, and greater board diversity, and inclusion is a priority for Trivallis.

We aim to cultivate a broad spectrum of demographic attributes and characteristics to positively influence decision-making at Trivallis. The data below includes 11 Non-Executive Directors and one Independent Committee member. Turnover in the period reflects both NEDs and independent members.



Turnover



NEDS 36%

Our Board

Nick Beckett Appointed: 09.02.23
Chair of the Board



Nick Beckett joined the Board of Trivallis in February 2023.

He brings with him a lifetime of retail and property experience. Prior to his retirement, Nick was Head of Operations at Hammerson, where he led a team of 1,500 across a UK and Irish portfolio of 11 flagship shopping centres and retail outlets.

He is an experienced Non-Executive Director and Trustee, who serves on the Board of the charity Mirus Wales, and the White Horse Federation, which runs more than 30 academy schools across Swindon.

Gaynor Morris- Davies Appointed: 23.05.23



Gaynor joined the Trivallis Board in May 2023 as a Co-opted Board member and a member of the People Committee.

She is a qualified CIPD professional with over 30 years' experience across several sectors, namely pharmaceuticals, manufacturing and recycling industries. She is currently the Executive People Director of Wales' largest RSL and lives in RCT.

She also holds a master's degree in Human Resources development and Cognitive Behavioural therapy and is passionate about creating psychologically safe cultures that allow people to thrive.

Angela Priestley Appointed: 22.04.21



Angela is the Head of Corporate Services and Deputy Company Secretary at Tai Tarian and works closely with the Board and Executive Team to ensure high standards of governance are in place. In addition to governance, Angela's responsibilities include programme management of the organisation's strategy, organisational performance, internal audit, data protection and corporate compliance.

Angela's worked within the housing sector since 2009 and is passionate about ensuring tenants have their say on what matters to them, from the homes they live in to the communities where they live.

David Michael Appointed: 09.03.23
Co-optee



David is a Fellow of the Chartered Institute of Public Finance and Accountancy and a qualified member of the Chartered Institute of Procurement and Supply.

He has a long-standing interest in housing and is a Board member at both Bron Afon and Hendre/Hafod housing associations. David is currently the Director of Corporate Services at the National Library of Wales. He lives in Mid-Wales, with family connections to the South Wales valleys and is a Welsh speaker.

Carol Kay Appointed: 09.03.23
Senior Independent Director



Carol is an experienced senior leader in housing across the UK. Moving to Wales as Director of TPAS Cymru in 2001 allowed her to focus on work aimed at empowering all those who use housing services.

Carol's most recent role was as housing regulator with the Welsh Government where she sought to improve housing association sector performance across the board, particularly in the areas of diversity, service user empowerment and governance.

Carol now works as a counsellor/ psychotherapist, clinical supervisor and coach. She specialises in working with trauma patients, in particular with survivors of domestic abuse and sexual violence. She is Vice Chair of Cardiff Women's Aid.

Stephen Brooks Appointed: 28.09.20
Chair of People Committee



Stephen is a policy, strategy and communications consultant, coach, and non-executive director.

In 2022 he was appointed as a commissioner on the National Infrastructure Commission for Wales, providing advice to Welsh Government on Wales' long-term infrastructure needs.

Born and brought up on a council estate in Blackburn, Steve lived for a number of years in Pontypridd before moving to Cardiff in 2000.



Julian John Appointed: 28.09.20

Chair of Tenant Services Committee

Julian John was born in Llwynypia and raised in Trehafod and describes himself as a proud valleys boy. Julian is employed by Cwm Taf Morgannwg Mind in the role as Director and has a special interest in mental health, housing, and homelessness.

Julian is a Board Member at Pwyllgor (Mind Cymru) and engages in many other strategic forums including, the Mental Health Partnership Board at Cwm Taf Morgannwg University Health Board. He is also a proud member of the Chartered Institute for Professional Development.



William Oliver Appointed: 21.04.21

Will brings a wealth of experience from working in various senior leadership roles within NHS Wales. He is currently Assistant Director for Contact Tracing across Wales.

Will also volunteers as Deputy Team Leader of Western Beacons Mountain Rescue Team. He is a Member of The Royal College of Surgeons of Edinburgh (RCSEd) Faculty of Pre-Hospital Care.



Claire Hutcheon Appointed: 30.07.21

Claire has worked for Rhondda Cynon Taf County Borough Council for over 12 years and has worked in Education, Children's Services and the Prosperity and Development Directorates during that time. She is the Head of Housing Strategy and Investment and her role involves leading, managing and coordinating the Council's strategic housing, building control and private sector housing grant services covering policy development and performance management.

Claire is passionate about ensuring residents of Rhondda Cynon Taf are involved in decision making, developing plans and strategies in order to deliver warm, safe, quality homes helping to regenerate communities .



Martyn Price Appointed: 21.04.21

Chair of Assurance Committee

Martyn was born and still lives in Merthyr Tydfil. He is a qualified chartered accountant and has worked in both the public and private sector for over 30 years.

Martyn's experience includes the development and implementation of financial strategies, housing association funding and financial management, while ensuring the delivery of a customer focused service which delivers value for money.



Mark Richards Appointed: 28.04.21

Mark initially qualified as a mining surveyor working in the South Wales Coalfield. He then retrained as a Building Surveyor leading the team overseeing coal mining subsidence claims before spending some years working in a local authority and a large housing association managing the maintenance of their housing stock.

More recently he was Deputy Director General for Amgueddfa Cymru, National Museum Wales, until he moved into semi-retirement a few years ago. He also sits as a trustee of a local pension fund and chairs a group that fundraises for Alzheimer's Society Cymru.



Tony Deakin

Appointed: 26.04.22
Resigned Board: 09.03.23
Appointed to Assurance Committee: 09.03.23

Tony has over 25 years' experience of working in social housing, both as an Executive Director and Board Member, with a number of different housing organizations including Registered Social Landlords, retained housing stock and Arms Length Management Organisations. He retired in August 2019 as Group Director of Resources at Cartrefi Conwy and as Chair of the Gwynedd LGPS Pension Board.

Tony is a fellow of the Chartered Institute of Public Finance and Accountancy and is a member of the Institute's Housing Panel.

Our Executive Team



Duncan Forbes
Chief Executive

Duncan joined Trivallis in July 2022 as interim Chief Executive before adopting the role permanently in December 2022. A qualified solicitor, Duncan's specialism focused on providing legal advice to voluntary organisations, which saw him co-author several guides on charity law.

Duncan has been Chief Executive and Chair of a number of housing associations since 2007 and was a Board member of Powys Teaching Health Board and the Chair of Centre for Regeneration Excellence Wales. Duncan champions leadership, equity and quality services for those that need them most.

Keiron has been at Trivallis since February 2019. Keiron held the position of Corporate Director of Development and Regeneration until he was appointed as Executive Director of Communities in March 2020.

Keiron has been working in housing and within the public sector since 2002, in a range of tenant and community focussed roles. Keiron champions regeneration, community development and tenant involvement.



Keiron Montague
Executive Director
of Communities

Lisa joined Trivallis in May 2023 and has over 15 years experience of working in Welsh Housing Associations. She has been a qualified accountant for nearly 30 years and has an MA in Leadership and Management.

With a professional background in Housing, Education and Manufacturing, Lisa champions value for money, organisational effectiveness and how technology can be used to deliver improved service delivery. In June 2023 Lisa also became the Company Secretary.



Lisa Pinney
Executive Director
of Resources

Risk Management

Many of our activities carry significant regulatory, reputational, financial and compliance risks. Effective risk management is therefore fundamental to our business and the delivery of our corporate objectives.

The Group Board has overall responsibility for risk management and sets the Groups tolerance to risk. Our risk framework is overseen by the Assurance Committee and the Board monitors the top business risk faced by the organisation.

Our approach to risk management centres on the "three lines of assurance" model



First line of assurance

Staff and culture, our policies and competencies.



Second line of assurance

Our compliance teams. Specialist compliance and governance teams are in place to identify risk and compliance.



Third line of assurance

Independent audits by third party specialists, overseen by Assurance Committee

Key Strategic Risks

Risk	Mitigation	Rating
<p>Communications</p> <p>We do not have a clear communication strategy with tenants and stakeholders.</p>	<p>We have appointed a new Head of Communications who started in June 2023. We have developed a short term communication plan identifying the needs of all stakeholders and how we will connect and contribute. We are sharing our performance with tenants and the local authority more frequently.</p>	<p>High</p>
<p>Decarbonisation and WHQS 2023</p> <p>We cant afford to meet government targets for decarbonisation and new WHQS standards.</p>	<p>Funding decarbonisation works is a key challenge for Welsh Government and the wider sector. We are developing a business plan and financial strategy with the aim to create capacity which will work to address some of the sector wide challenges around future asset management strategy.</p>	<p>High</p>
<p>Cyber Security</p> <p>Our cyber security provisions and ICT functionality is not fit for purpose.</p>	<p>We are progressing our applications for Cyber Security Essentials and have invested in additional capacity in the team. In the forthcoming year we will be undertaking an external review of our business continuity arrangements. A customer portal will go live in the autumn 2023.</p>	<p>Medium</p>

Risk	Mitigation	Rating
<p>Service Delivery</p> <p>We have poor service delivery and customer service.</p>	<p>We have identified a workstream dedicated to improving service delivery. Key areas of focus include communications with tenants, managing volumes of repairs and any back-log, improving our digital offering to stakeholders. We are also developing localised performance information to increase transparency.</p>	<p>Medium</p>
<p>Financial viability</p> <p>The cost of financing the group becomes more expensive as a result of increasing interest rates and restrictions on covenants. This is potentially compounded by increased cost of service delivery due to higher inflation and rising pension costs.</p>	<p>We have secure long-term funding, with appropriate fixes in place, and have significant headroom to secure more debt if required. We are prudent in our approach to budgeting and monitor cost and operational performance to ensure costs are forecast correctly.</p>	<p>Medium</p>
<p>Economic and Political instability</p> <p>Inflation remaining higher than forecast and higher material costs significantly impact our ability to deliver services and our customers financial well-being.</p>	<p>We are continually stress-testing our business plan to model various scenarios and understand the potential impacts global and national economic instability might have on our business.</p>	<p>Medium</p>

ASSURANCE COMMITTEE REPORT



Statement from the Committee Chair - Martyn Price

The year 2022/23 continues to be challenging for the Group. In common with the country and the sector, we have seen exceptional external challenges with ongoing uncertainty over future UK economic conditions, the cost of living crisis and Carbon Zero legislation. In addition, we have had more local challenges in continuing to respond to the Voluntary Undertaking action plans put in place by the Welsh Government.

At times such as these, the Assurance Committee's ("the Committee") work to provide the Board with assurance on the effectiveness of the risk management and internal control framework and processes is critical, and helps to ensure that, as a business with community mutual objectives, we can continue to invest in homes and communities, so people can thrive.

The Committee continues to oversee the financial reports prepared by management, and the audit and assurance work of our internal and external auditors, who themselves provide robust challenge and suggest areas of improvement within our internal control framework.

The Committee members are independent directors,

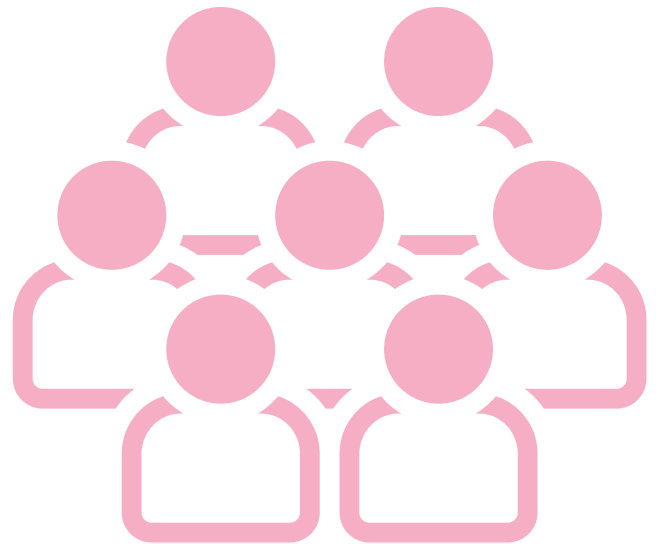
Across the Committee membership, there is a diverse range of experience. The Committee is also able to draw on the expertise of key advisors and control functions, including the internal and external auditors.

The Committee's effectiveness was reviewed during the year. It was concluded that the Committee continues to discharge its duties effectively and in a way that is proportionate, consistent, transparent, and accountable.

The Committee provides oversight and advice to the Board on the matters listed in its terms of reference which focus on the integrity of financial reporting and the external audit process, and the maintenance of a sound system of internal control and risk management, including internal audit.

The Committee conducts an annual review of its terms of reference and its compliance with them. The Chair of the Committee reports to the Board on matters arising after each meeting. The Committee meet at least four times a year.

The Group's external audit function for 2022-23 was provided by Haines Watts. The internal audit function was provided by Mazars. At least annually, the Committee has the opportunity to meet with the internal and external auditors without management present.



Statement of Board's responsibilities in respect of the Strategic Report, the Board Report and the Financial Statements.

The Directors are responsible for preparing the Annual Report together with the Group and Association financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs of the Group and the Association and of the income and expenditure of the Group and the Association for that period.

In preparing each of the Group and the Association financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Association or to cease operations or have no realistic alternative but to do so.

Statement of the Board's responsibilities

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014.

They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Association and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Board Member Skills, Qualities and Experience

The Board must have a wide range of skills and experience to carry out its defined role. This includes the ability to understand the impact of the Group's work on local communities and stakeholders. It requires Members to work together and a high level of commitment in order to achieve shared goals.

Board Members should all possess the qualities required to make decisions and monitor the Group's performance. The Board will include experience of the following to ensure it can continue to discharge its responsibilities effectively:

- Housing needs;
- Management (including the management of staff and of property);
- Finance;
- Regeneration and Development;
- Community relations and needs;
- Public presentations; and
- Tenant issues and concerns.

All Board Members are appointed because of their commitment to the aims and objectives of the Group. They are not appointed to represent any particular group.

The skills set and requirements of the Board are subject to review as part of the Voluntary Undertaking.

Statement of internal control

Under the Housing for Wales Circular RSL 02/10, the Welsh Government requires that Registered Social Landlords (RSLs) report on internal controls.

The Board acknowledges that it is ultimately responsible for ensuring that the Group has in place a system of internal control and risk management that is appropriate to the business environment in which it operates and for reviewing the effectiveness of the system during the year.

The system of control is designed to identify and manage - rather than eliminate - risks that may stop the Group from achieving its objectives. It gives reasonable, rather than absolute, assurance against material misstatement or loss.

Through the Assurance Committee, the Board reviews the effectiveness of the systems of internal control by approving the work programme for internal audit (reflecting the main risks identified in the Risk Register) and reviewing the outcome of internal and external audit work and acting on the recommendations as appropriate.

In addition, the Board and Committees receive regular reports from the executive on performance and governance matters. The process followed to identify, evaluate, mitigate and manage significant risks faced by Trivallis is on-going and continues to be developed.



The key elements of the system of internal control ensure that:

- There are formal policies and procedures in place which are regularly reviewed. These include documentation relating to delegated authorities to committees, Executive Directors and staff; and key information systems that physically restrict the unauthorised commitment and/or use of Trivallis' assets.
- Budgets and forecasts with key performance indicators are prepared and reviewed regularly, allowing the Board to monitor the main business risks and financial performance against the operational and financial plans set for the current year, plus the medium and long-term. Management accounts are produced monthly with material variances from budgets investigated and reported as appropriate.
- Experienced and suitably qualified staff are employed and their performance is monitored through an annual appraisal system and regular one-to-one meetings.

- Directors report quarterly to the Assurance Committee on any items that potentially impact internal controls and their effectiveness.
- All significant new initiatives, major commitments, and new investments are subject to formal authorisation procedures in accordance with the Scheme of Delegation.
- The Assurance Committee reviews reports from management, the internal auditor, and external auditor, to get reasonable assurance that control procedures are in place and are being followed. Corrective action is taken to rectify weaknesses identified and is reported to the Board and/or committees on a regular basis.
- The Board and Committees look at continuous improvement programmes for the main business areas and review the progress of the implementation of major operational changes identified in operational plans.
- The Board has developed risk appetite statements that provide the executive and senior management teams a clear framework within which they can operate, allowing innovation in business development whilst ensuring executive governance remains a priority.

The Board has formally reviewed the effectiveness of risk management and internal controls in existence in the Group for the year ended 31 March 2023. All controls that were financial in nature were deemed to be effective.

The internal controls framework has been regularly reviewed and strengthened and a full internal control framework is in place in accordance with the Welsh Government's circular RSL 02/10 and best practice from within the sector.

Directors' Liabilities

The Group maintains indemnity cover, subject to the conditions set out in Section 234 of the Companies Act 2006, protecting all Board, committee or staff members or volunteers from claims made against them in their capacity as representatives of the Group.

Employees

The strength of the Group lies in the quality and commitment of its employees. The Group's ability to meet its objectives and commitments to tenants in an efficient and effective manner depends on the contribution of employees throughout the Group.

Trivallis is committed to equal opportunities for all its employees and supports the employment of disabled people. We support a range of health and wellbeing initiatives, which are led by a cross section of staff employed by the Group.

Modern Slavery Act

The Board has approved a Modern Slavery Act Transparency Statement in compliance with section 54 of the Modern Slavery Act 2015 which is available on the Group's website.

Disclosure of Information to Auditors

The Board confirm that, as far as we are aware, there is no relevant audit information of which the Group's auditor is unaware. The Board also confirms that we have taken all the steps that we ought to have taken to make ourselves aware of any relevant information and to establish that the auditor of Trivallis and its subsidiaries, Porthcwlis Limited and Cardiff Bay Homes LLP is aware of that information.

Approved by the Board and signed on its behalf by:



Nick Beckett
Chair of the Board

20 July 2023

Independent Auditor's Report to the Members of Trivallis Limited

Opinion

We have audited the financial statements of Trivallis Limited (the 'Association') and its subsidiary (the Group) for the year ended 31 March 2023 which comprise the Consolidated Statement of comprehensive income, the Consolidated and Association on Statement of Changes in Reserves, the Consolidated and Association on Statement of Financial Position, the Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 1. 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 of the Association's affairs as at 31 March 2023 and of the Group's income and expenditure and the Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, schedule 1 to the Housing and Regeneration Act 2008 and The Accounting requirements for Registered Social Landlords General Determination (Wales) 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and 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 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 Board is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on the matters prescribed under Housing Association Circular RSL 02/10 "Internal controls and reporting"

In our opinion, with respect to the Board's statement on internal financial control:

- the Board has provided the disclosures required by the Circular and the statement is not inconsistent with the information of which we are aware from our audit work on the financial statements.

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 or the Housing and Regeneration act 2008 requires us to report to you if, in our opinion:

- the Association has not maintained a satisfactory system of control over transactions; or
- the Association has not kept adequate accounting records; or
- the Association's financial statements are not in agreement with books of account; or
- we have not obtained all the information and explanations 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 46, 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 and 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 and 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 our procedures are capable of detecting irregularities, including fraud is detailed below:

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

Our planning procedures identify the legal and regulatory frameworks applicable to the operations and financial statements of the Association. These are reviewed internally with the audit team including relevant industry experience and expectations as well as externally with the client management. The key laws and regulations we considered in this context were; Financial Reporting Standard (FRS) 102, Co-Operative and Community Benefit Societies Act 2014, Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015.

Once identified, we assess the risks of material misstatements in relation to the laws and regulations, irregularities, including fraud and adjust our testing accordingly.

Our audit procedures include:

- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud.
- We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing, recognising the nature of the Group's activities and the regulated nature of the Group's activities.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Despite the audit being planned and conducted in accordance with ISAs (UK) there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to inherent limitations of the audit, and that by their very nature, any such instances of fraud or irregularities likely involve collusion, forgery, intentional misrepresentation, or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Auditor's responsibilities in respect of the Housing for Wales Circular HFW 02/10 "Internal controls and reporting"

We review whether the Board's statement on internal financial control reflects the Association's compliance with the Housing Association Circular RSL 02/10 "Internal controls and reporting" and we report whether the statement is not inconsistent with the information of which we are aware from our audit of the financial statements. We are not required to form an opinion on the effectiveness of the Association's corporate governance procedures or its internal financial control.

Use of Report

This report is made solely to the Association's members, as a body, in accordance with the requirements of the Co-operative and Community Benefit Societies Regulations 2014, the Housing and Regeneration Act 2008 and The accounting requirements for Registered Social Landlords General Determination (Wales) 2015. 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.



Haines Watts Wales LLP
Statutory Auditor

7 Neptune Court
Vanguard Way
Cardiff
CF24 5PJ
Date: 31 August 2023

Income Statements for the Year 1 April 2022 to 31 March 2023

	Note	Group		Association	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
TURNOVER	2	60,490	57,674	60,469	57,653
Less: operating costs	2	(50,933)	(45,904)	(50,933)	(45,904)
OPERATING SURPLUS		9,557	11,770	9,536	11,749
Loss on revaluation of Investment properties	12	(253)	(1,516)	(253)	(1,516)
Dividend Income		-	-	-	-
Surplus on sale of fixed assets	3	-	-	-	-
Interest receivable and similar income	4	-	-	-	-
Interest payable and similar charges	5	(4,423)	(4,553)	(4,423)	(4,553)
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAX		4,881	5,701	4,860	5,680
Taxation on surplus on ordinary activities	7	-	-	-	-
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION		4,881	5,701	4,860	5,680
Re-measurement (loss)/gain recognised on defined benefit pension schemes		11,740	13,530	11,740	13,530
Total comprehensive income for the year		16,621	19,231	16,600	19,210
Total comprehensive income for the year attributable to:					
Association (parent company)		16,621	19,229	16,600	19,210
Non-controlling interests		-	2	-	-
Total comprehensive income for the year		16,621	19,231	16,600	19,210

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

The financial statements on pages 55 to 92 were approved by the Board on **20 July 2023** and signed on its behalf by



Nick Beckett
Chair of the Board
20 July 2023



Lisa Pinney
Company Secretary
20 July 2023

Group Statement of Changes in Reserves 1 April 2022 to 31 March 2023

	Share capital £'000	Income & expenditure account £'000	Total excluding non- controlling interest £'000	Non- controlling interest £'000	Total £'000
At 1 April 2021	2	98,796	98,798	(65)	98,733
Total comprehensive income					
Surplus for the year	-	5,699	5,699	2	5,701
Re-measurement gain recognised on defined benefit pension schemes	-	13,530	13,530	-	13,530
Total comprehensive income	-	19,229	19,229	2	19,231
At 31 March 2022	2	118,025	118,027	(63)	117,964
At 1 April 2022	2	118,025	118,027	(63)	117,964
Total comprehensive income					
Surplus for the year	-	4,881	4,881	-	4,881
Re-measurement gain recognised on defined benefit pension schemes	-	11,740	11,740	-	11,740
Total comprehensive income	-	16,621	16,621	-	16,621
At 31 March 2023	2	134,646	134,648	(63)	134,586

Association Statement of Changes in Reserves 1 April 2022 to 31 March 2023

	Share capital £'000	Income & expenditure account £'000	Total £'000
At 1 April 2021	2	99,397	99,399
Total comprehensive income			
Surplus for the year	-	5,680	5,680
Re-measurement loss recognised on defined benefit pension schemes	-	13,530	13,530
Total comprehensive income	-	19,210	19,210
At 31 March 2022	2	118,608	118,611
At 1 April 2022	2	118,608	118,611
Total comprehensive income			
Surplus for the year	-	4,860	4,860
Re-measurement loss recognised on defined benefit pension schemes	-	11,740	11,740
Total comprehensive income	-	16,600	16,600
At 31 March 2023	2	135,208	135,210



Nick Beckett
Chair of the Board
20 July 2023



Lisa Pinney
Company Secretary
20 July 2023

Statements of Financial Position at 31 March 2023

	Note	Group		Association	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
Intangible fixed assets	8	1,051	904	1,051	904
Property, plant and equipment					
Housing properties	9	187,145	180,244	187,145	180,244
Other tangible fixed assets	10	3,939	3,692	3,939	3,692
Investment in subsidiaries	11	-	-	50	50
Investment properties	12	5,623	6,065	5,623	6,065
		197,758	190,905	197,808	190,955
CURRENT ASSETS					
Stock	13	241	241	241	241
Trade and other debtors	14	4,386	4,437	4,373	4,427
Cash at bank and in hand		25,828	21,194	25,826	21,192
Creditors: Amounts falling due within one year	15	30,455 (7,886)	25,873 (8,105)	30,440 (7,875)	25,861 (8,095)
Net current assets/(liabilities)		22,569	17,768	22,565	17,765
TOTAL ASSETS LESS CURRENT LIABILITIES		220,327	208,672	220,373	208,720
Creditors: Amounts falling due after more than one year	16	(85,018)	(81,567)	(84,440)	(80,968)
Provisions for liabilities and charges	17	(723)	(651)	(723)	(651)
LGPS pension liabilities	24	-	(8,490)	-	(8,490)
NET ASSETS		134,586	117,964	135,210	118,611
CAPITAL AND RESERVES					
Share capital		2	2	2	2
Income and expenditure account		134,647	118,025	135,208	118,608
Non-controlling interest		(63)	(63)	-	-
TOTAL RESERVES		134,586	117,964	135,210	118,611

The financial statements on pages 55 to 92 were approved by the Board on 20 July 2023 and signed on its behalf by

Nick Beckett
Chair of the Board
20 July 2023

Lisa Pinney
Company Secretary
20 July 2023

Group Cash Flow Statement for the Year 1 April 2022 to 31 March 2023

	Note	2023		2022	
		£'000	£'000	£'000	£'000
Net cash generated from operating activities	21		22,384		23,939
Tax paid		-	-	-	-
Cash flow from investing activities					
Interest received				-	
Purchase of social housing properties		(16,710)		(14,766)	
Purchase of investment properties		-		-	
Other tangible fixed assets		(273)		(67)	
Payments to acquire intangible fixed assets		(393)		(221)	
Receipt of non-revenue government grants		3,136		922	
Proceeds from sales of tangible fixed assets		-		-	
Net cash flow from investing activities			(14,240)		(14,132)
Financing activities					
Interest paid		(2,572)		(2,478)	
Drawdown of loan facility		-		-	
Finance lease facility		(940)		(896)	
Repayment of borrowings		-		(4,475)	
Net cash flow from financing activities			(3,512)		(7,849)
Increase/(Decrease) in cash and cash equivalents			4,632		1,958
Cash and cash equivalents at 1 April 2022			21,194		19,236
Cash and cash equivalents at 31 March 2023			25,826		21,194

Association Cash Flow Statement for the Year 1 April 2022 to 31 March 2023

	Note	2023		2022	
		£'000	£'000	£'000	£'000
Net cash generated from operating activities	21		22,391		23,696
Tax Paid		-		-	-
Cash flow from investing activities					
Interest received		-		-	
Purchase of social housing properties		(16,710)		(14,523)	
Purchase of investment properties		-		-	
Other tangible fixed assets		(273)		(67)	
Payments to acquire intangible fixed assets		(393)		(221)	
Receipt of government grants		3,136		922	
Proceeds from sales of tangible fixed assets		-		-	
Redemption of Shares/ Dividend Income		-		-	
Net cash flow from investing activities			(14,240)		(13,889)
Financing activities					
Interest paid		(2,572)		(2,478)	
Drawdown of loan facility		-		-	
Finance lease facility		(940)		(896)	
Repayment of borrowings		-		(4,475)	
Net cash flow from financing activities			(3,512)		(7,849)
Increase/(Decrease) in cash and cash equivalents			4,632		1,958
Cash and cash equivalents at 1 April 2022			21,192		19,234
Cash and cash equivalents at 31 March 2023			25,824		21,192

Notes to the Financial Statements for the Year 1 April 2022 to 31 March 2023

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 6.

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 2023. 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 20 July 2023. As outlined in the Board Report, the financial statements have been prepared in accordance with applicable accounting standards and 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 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 so as 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.

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 2014 SORP is undertaken. Where there is impairment, fixed assets are written down to their recoverable amount and the write down is charged to the Income & Expenditure Account.

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 Bellerophon (Project 1) 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 final 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 (RCT 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 Bellerophon (Project 1) 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 so as 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 elemental 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	- Mains 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/ 50 years for Trad/ Non Trad properties	- Fire Evacuation Alert Systems	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 in excess of 5%
- Bad debt loss in excess of 6%
- Reactive maintenance overspend in excess of 10%
- Component write offs in excess of 5% of housing property depreciation
- Actual or forecast covenant breach
- Forecast development overspends in excess of 20% without recourse
- Forecast development handover delays in excess of 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.

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 so as 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 as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and also 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, taking into account 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 is able to 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 interests 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.

2. Turnover, operating costs and operating results

Group

Note A

	2023			2022		
	Turnover £'000	Operating costs £'000	Operating surplus £'000	Turnover £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings (Note B)	59,734	(50,813)	8,921	56,864	(45,829)	11,035
<i>Other social housing activities</i>						
Other	-	-	-	-	-	-
<i>Non-social housing activities</i>	756	(120)	636	810	(75)	735
Total	60,490	(50,933)	9,557	57,674	(45,904)	11,770

Association

Note A

	2023			2022		
	Turnover £'000	Operating costs £'000	Operating surplus £'000	Turnover £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings (Note B)	59,734	(50,813)	8,921	56,864	(45,829)	11,035
<i>Other social housing activities</i>						
Other	-	-	-	-	-	-
<i>Non-social housing activities</i>	735	(120)	615	789	(75)	714
Total	60,469	(50,933)	9,536	57,653	(45,904)	11,749

Government grants taken to income includes £7.3m annual dowry funding from Welsh Government agreed as part of the stock transfer in 2007.

Note B

Group and Association

	General needs £'000	Sheltered housing £'000	Non Social Housing Activities £'000	2023 Total £'000	2022 Total £'000
Income					
Rent receivable	45,694	2,739	735	49,168	47,249
Service charge income	579	1,043	-	1,622	1,708
Income for support services – Supporting People Grants	815	-	-	815	850
Government and other grants taken to income	7,716	-	-	7,716	7,629
Amortised government grant	192	-	-	192	178
Other social housing income	951	0	-	956	39
Turnover from social housing lettings	55,946	3,787	735	60,469	57,653
Cost					
Management costs	20,568	867	120	21,554	20,062
Services	1,848	464	-	2,313	1,911
Routine maintenance	12,737	-	-	12,737	10,751
Major repairs expenditure (exc. capital spend)	4,025	-	-	4,025	4,279
Bad debts	212	-	-	212	183
Depreciation of tangible fixed assets	9,760	-	-	9,760	8,209
Depreciation of intangible fixed assets	309	-	-	309	313
Write off of tangible fixed assets	22	-	-	22	196
Operating costs on social housing	49,482	1,331	120	50,933	45,904
Operating surplus on social housing lettings	6,464	2,456	615	9,536	11,749
Rent loss due to voids (memorandum note)	892	68	197	1,157	1,662

Operating surplus for the year is after charging:

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Amortisation - intangible assets	245	211	245	211
Depreciation – housing properties	9,614	8,067	9,614	8,067
Depreciation – other assets	211	243	211	243
Write off of tangible fixed assets	22	196	22	196
Auditors remuneration:				
Audit of these financial statements	36	24	36	24
Taxation compliance services	-	-	-	-
Taxation advisory services	-	-	-	-
Other assurance services	-	-	-	-
Operating lease rentals (premises)	125	100	125	100
Operating lease rentals (other)	943	634	943	634

3. Surplus on sale of fixed assets

There were no sales of assets during 2022/23.

Group

Proceeds from sale
Cost of sale
Total

Vehicles £'000	Housing properties £'000	2023 Total £'000	2022 Total £'000
-	-	-	-
-	-	-	-
-	-	-	-

Association

Proceeds from sale
Cost of sale
Total

Vehicles £'000	Housing properties £'000	2023 Total £'000	2022 Total £'000
-	-	-	-
-	-	-	-
-	-	-	-

4. Interest receivable and similar income

Investment income

Group		Association	
2023 £'000	2022 £'000	2023 £'000	2022 £'000
-	-	-	-

5. Interest payable and similar charges

Loan interest and fees
Amortised transaction costs
Pension finance costs
Total

Group		Association	
2023 £'000	2022 £'000	2023 £'000	2022 £'000
4,166	4,118	4,166	4,118
57	85	57	85
200	350	200	350
4,423	4,553	4,423	4,553

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	
2023 £'000	2022 £'000	2023 £'000	2022 £'000
181	380	181	380
325	0	325	0
237	0	237	0
743	380	743	380
149	149	149	149
125	0	125	0
4	3	4	3

The Chief Executive was an ordinary 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 other than LGPS contributions.

Remuneration of £10,248 was paid to the Group Board Chair (Page 38 lists 10 members and 2 co-optees) during the year . They received expenses of £5,522 (2022: £4,080).

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

Full Year	2023	2022
	No.	No.
£Nil*	-	9
£0- £10,000**	9*	1
£10,001- £20,000	-	-
£20,001- £30,000	-	-
£30,001 - £40,000	1	-
£40,001 - £50,000	-	-
£50,001 - £60,000	-	-
£60,001 - £70,000	-	-
£70,001 - £80,000	-	-
£80,001 - £90,000	-	-
£90,001 - £100,000	-	-
£100,001+	3	3

*These figures relate to board members as detailed on page 12. 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	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Wages and salaries	12,888	11,985	12,888	11,985
Social security costs	1,325	1,141	1,325	1,141
Other pension costs (see Note 24)	4,960	5,391	4,960	5,391
Total staff costs	19,173	18,517	19,173	18,517

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	
	2023 No.	2022 No.	2023 No.	2022 No.
Central Support Services, encompassing:	452	423	452	423
Finance, HR, Corporate Service and Administration	97	95	97	95
Investment and Regeneration	43	39	43	39
Housing	234	216	234	216
Operatives	78	73	78	73
Total	452	423	452	423
Staff employed at year end - full time equivalent	390	371	390	371

7. Group Taxation

Current tax

	2023 £'000	2022 £'000
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	-	-

Reconciliation of effective rate

	2023 £'000	2022 £'000
Surplus on ordinary activities before tax	9,536	11,749
Profit multiplied by current rate of tax of 19% (2022: 19%)	1,812	2,232
Effects of		
Changes in tax rates	-	-
Adjustment in respect of previous period	-	-
Non-taxable surpluses (due to Charitable status)	(1,812)	(2,232)
Total current tax charge	-	-

8. Intangible Fixed Assets

Group & Association

Cost

	2023 Software £'000	2022 Total £'000
At beginning of year	2,510	2,289
Additions during year	436	221
Disposals during year	(43)	-
At end of year	2,903	2,510

Depreciation

At beginning of year	1,606	1,395
Charge for year	245	211
Depreciation on disposals	-	-
At end of year	1,851	1,606

Net book value

At end of year	1,051	904
At beginning of year	904	894

9. Group and Association Tangible Fixed Assets – Housing & other Properties

Group & Association

	Housing properties held for letting	Housing properties in the course of construction	2023 Total	2022 Total
	£'000	£'000	£'000	£'000
Cost				
At beginning of year	249,795	4,747	254,543	240,618
Additions during year	12,700	4,009	16,710	14,414
Transferred to letting	1,843	(1,843)		-
Transferred to investment property				
Disposals during year	(572)		(572)	(489)
At end of year	263,767	6,914	270,680	254,543
Depreciation				
At beginning of year	74,298	-	74,298	66,566
Charge for year	9,614		9,614	8,067
Depreciation on disposals	(376)		(376)	(335)
At end of year	83,535	-	83,535	74,298
Net book value				
At end of year	180,232	6,914	187,145	180,244
At beginning of year	175,497	4,747	180,245	174,053

The net book value of housing properties held for letting includes £10.0m (2022: £8.1m) held under a finance lease arrangement, as disclosed in note 16.

Lloyds banking group have a fixed and floating charge over the remaining £170.2m (2022: £167.8m) as disclosed in note 16.

Additions to housing properties held for letting includes £12.1m (2022: £12.4m) of capitalised major repairs and component replacements. There has been no impairment of properties during the year.

Number of Units in General Management

	2023 No.	2022 No.
General needs	10,140	10,101
Leased	633	639
Garages	1,640	1,640
Retail premises	56	54
Market Rent	52	52
Properties managed by Trivallis	2	2
Total	12,523	12,488

10. Tangible Fixed Assets – Other

Group	Office premises	Scheme equipment	Vehicles & office equipment	2023 Total	2022 Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At beginning of year	5,023	809	2,854	8,686	9,066
Additions during year	42	-	231	273	67
Transferred from Investment properties	189	-	-	189	(448)
Disposals during year	-	-	(4)	(4)	
At end of year	5,254	809	3,082	9,144	8,686
Depreciation					
At beginning of year	1,710	431	2,854	4,994	4,751
Charge for year	104	43	64	211	243
Depreciation on disposals	-	-	-	-	-
At end of year	1,814	474	2,918	5,205	4,994
Net Book Value					
At end of year	3,440	335	164	3,939	3,692
At beginning of year	3,314	378	-	3,692	4,316

Association

	Office premises	Scheme equipment	Vehicles & office equipment	2023 Total	2022 Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At beginning of year	5,023	809	2,854	8,686	9,067
Additions during year	42	-	231	273	67
Transferred from Investment properties	189	-	-	189	(448)
Disposals during year	-	-	(4)	(4)	-
At end of year	5,254	809	3,082	9,144	8,686
Depreciation					
At beginning of year	1,710	431	2,854	4,994	4,751
Charge for year	104	43	64	211	243
Depreciation on disposals	-	-	-	-	-
At end of year	1,814	474	2,918	5,205	4,994
Net Book Value					
At end of year	3,440	335	164	3,939	3,692
At beginning of year	3,314	378	-	3,962	4,316

11. Investments

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Porthcwlis Limited	-	-	50	50
	-	-	50	50

12. Investment Properties

Group & Association

	2023 £'000	2022 £'000
At beginning of year	6,065	7,132
Additions	-	-
Transferred from Tangible fixed Assets - Other	(189)	448
Disposals	-	-
(Loss)/Surplus on revaluation	(253)	(1,516)
At end of year	5,623	6,065

Investment properties with a value of £3.9m (2022 £3.9m) are held under a finance lease arrangement as disclosed in note 16.

13. Stock

Analysis of stock held:

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Maintenance consumables	241	241	241	241
Total	241	241	241	241

14. Debtors

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2021 £'000
<i>Amounts due within one year</i>				
Arrears of rent	4,995	4,705	4,995	4,705
Less: Provision for bad and doubtful debts	(2,611)	(2,514)	(2,611)	(2,514)
	2,384	2,191	2,384	2,191
Staff car loans and other staff advances	22	11	22	11
Intercompany	-	-	-	-
Other debtors and prepayments	1,746	1,927	1,733	1,917
Total	4,152	4,129	4,139	4,119
<i>Amounts due after one year</i>				
Arrears of rent	483	443	483	443
Less: Provision for bad and doubtful debts	(249)	(134)	(249)	(134)
Total	234	308	234	308
Total Debtors	4,386	4,437	4,373	4,427

15. Creditors: Amounts Falling Due Within One Year

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Maintenance and other supplies	4,293	4,950	4,293	4,950
Capital expenditure on housing properties	737	360	737	360
Loan interest	635	613	635	613
Accruals and deferred income	732	756	712	735
Prepayments of rents and service charges	1,239	1,252	1,239	1,252
Salary and other employee costs	58	(5)	58	(5)
Unamortised government grants	192	178	192	178
Intercompany	-	-	11	11
Bank loans due within one year	-	-	-	-
Other loan finance due within one year	-	-	-	-
Corporation tax	-	-	-	-
Deferred tax	-	-	-	-
Total	7,886	8,105	7,875	8,095

Government Grants – Group and Association

	2023 £'000	2022 £'000
At beginning of year	123	123
Transfer from creditors: Amounts due after one year	255	178
Amortisation of grant	(192)	(178)
At end of year	186	123

16. Creditors: Amounts Falling Due After One Year

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Bank loans	49,276	49,227	49,276	49,227
Other loans	300	300	300	300
Other creditors	-	-	-	-
Finance leases	18,482	17,988	18,482	17,988
Deferred income	579	600	-	-
Unamortised government grants	16,381	13,452	16,381	13,452
	85,018	81,567	84,440	80,968
Analysis of debt:				
Non instalment debts falling due after more than 5 years	49,276	49,227	49,276	49,227
Debt instalments falling due after more than 5 years	17,482	16,988	17,482	16,988

Government Grants – Group and Association

	2023 £'000	2022 £'000
At beginning of year	13,630	13,215
Transfer to creditors: Amounts due within one year	(192)	(178)
Grant received	2,944	415
At end of year	16,381	13,452

Bank Loans

A loan facility of £80 million has been arranged with Lloyds Bank to enable Trivallis to undertake a major improvement programme to our housing stock. The unamortised value of £49 million (2022: £49 million) of this facility had been drawn down at the year end. Transaction costs of £724,000 (2022: £773,000) in respect of the loan facility remain unamortised at the balance sheet date.

There are four embedded interest rate swaps in place at the year end in respect of these borrowings, each maturing in twenty years from the issue date:

1. £5 million 1 October 2010 at 4.875% plus margin
2. £15 million 3 October 2011 at 4.825% plus margin
3. £10 million 1 October 2012 at 4.795% plus margin
4. £20 million 18 December 2018 at 1.87% plus margin

These loans are secured through the Prudential acting as Security Trustee on all the housing stock as described in note 9. There is a floating charge over all the housing stock.

In September 2020 Trivallis applied for and was successful in obtaining an interest free loan via the Land for Housing Scheme 2020-21. This was for the pending Graig Ddu development and the amount borrowed was £300,000, and this remains outstanding as at 31 March 2023. The entire loan must be repaid on the earliest of:

- a. the issue of a certificate of practical completion of last unit in the housing development
- b. the fifth anniversary of the purchase of the land

The other creditors above relate to a development agreement to develop properties that will then be subject to a lease arrangement once completed. Funds are received by M&G in order to facilitate the development of housing properties, which are situated on land that is leased from the funder.

The finance lease obligation relates to the units described above that have handed over into management. Units developed include assets for social and market rent and are included in notes 10 and 12. The lease payments include annual increments linked to RPI and details of minimum lease payments are given in note 20.

17. Provisions for Liabilities and Charges

Group and Association

	Insurance claims	Leased vehicles	Short Term Employment Benefits	Total
	£'000	£'000	£'000	£'000
Opening balance at 1 April 2022	174	121	356	651
Released unused	-	-	-	-
Provision utilised	-	-	-	-
New provision made	33	45	(6)	72
Closing balance at 31 March 2023	207	166	350	723

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

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.

18. Financial Instruments

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
<i>Financial assets that are equity instruments measured at cost less impairment</i>	-	-	-	-
Investment in subsidiary companies	-	-	50	50
<i>Financial instruments that are debt instruments measured at amortised cost</i>	-	-	-	-
Other debtors	3,104	3,118	3,104	3,118
<i>Financial liabilities measures at amortised cost</i>				
Bank loan	49,276	49,227	49,276	49,227
Other loans	300	300	300	300
Finance leases	18,482	17,988	18,482	17,988
Trade creditors	5,029	5,310	5,029	5,310
Other creditors	58	(5)	69	5

Other debtors relates to the cash value of Debtors less the accounting adjustment for prepayments.

The bank loan is stated at amortised cost and is the total of amounts falling due within 1 year of £nil (2022: £nil) and amounts due after 5 years of £49 million (2022: £49 million).

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

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

Other creditors relates to salary creditors, intercompany creditors and corporation tax due, together with funding secured from M&G to develop properties on land leased from them.

19. Non-equity Share Capital

	2023 £	2022 £
At beginning of year	402	429
Issued during the year (unpaid)	-	2
Cancelled or redeemed during the year	(2)	(29)
At end of year	400	402

There are an additional 10 (2022: 10) members who have no voting rights.

	2023	2022
	No:	No:
Members who are tenants	396	396

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.

20. Commitments

Operating Leases

As at 31 March 2023 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	
2023	2022	2023	2022
£'000	£'000	£'000	£'000
499	746	499	746
82	465	82	465
-	-	-	-
581	1,211	581	1,211

Minimum amounts receivable as lessor

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

Group		Association	
2023	2022	2023	2022
£'000	£'000	£'000	£'000
161	-	161	-
346	408	346	408
4	261	4	261
511	669	511	669

Finance Leases

As at 31 March 2023 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	
2023	2022	2023	2022
£'000	£'000	£'000	£'000
974	927	974	927
4,207	4,006	4,207	4,006
38,394	38,780	38,394	38,780
43,574	43,713	43,574	43,713

Group and Association Capital Commitments

	2023 £'000	2022 £'000
Amount of contracts for capital expenditure, not yet provided for	16,390	3,841
Amounts of capital expenditure approved by the Board but not contracted for:		
• 20 year VAT Shelter capital expenditure to 2028	94,265	12,249
• 30 year capital expenditure non Vat Shelter	796,725	629,426

Capital commitments identified will be financed by the on-going rental income streams from the housing stock, gap funding of £7.3 million per annum from the Welsh Government and a £80 million loan facility with Lloyds Bank and further funding.

21. Notes to the Group Cash Flow Statement

a. Reconciliation of operating surplus to net cash inflow from operating activities	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Operating surplus	9,557	11,770	9,536	11,749
Depreciation of tangible fixed assets	9,825	8,310	9,825	8,067
Amortisation of intangible fixed assets	245	211	245	211
Assets written off	22	196	22	196
Amortisation of government grants	(192)	(178)	(192)	(178)
Post-employment benefits less payments	3,050	3,610	3,050	3,610
Movement in provisions	5	(67)	5	(67)
Decrease/(Increase) in inventories	72	37	72	37
Increase in debtors	24	(753)	47	(731)
Increase in creditors	(219)	803	(219)	802
Net cash inflow from operating activities	22,384	23,939	22,391	22,696

b. Free cashflow	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Net cash inflow from operating activities	22,384	23,939	22,391	23,696
Interest paid	(2,572)	(2,478)	(2,572)	(2,478)
Interest received	-	-	-	-
Taxation paid	-	-	-	-
	19,812	21,461	19,819	21,218
Adjustments for reinvestment in properties				
Component replacements	(17,143)	(14,414)	(17,143)	(14,414)
Purchase of other replacement fixed assets	(269)	(67)	(269)	(67)
	(17,412)	(14,481)	(17,412)	(14,481)
Free cash (consumed)/generated before loan repayments	888	6,979	888	6,736
Loans repaid (excluding revolving credit and overdrafts)	-	(4,475)	-	(4,475)
Free cash generated/(consumed) after repayments	888	2,504	888	2,261

c. Reconciliation of net cash inflow to movement in net debt	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Increase/ (decrease) in cash	6,592	1,958	6,592	1,958
(Increase)/ decrease in loans	543	3,845	543	3,845
Decrease/ (increase) in net debt	7,135	5,803	7,135	5,803
Net Debt at 1 April 2022	84,793	90,596	84,791	90,594
Net Debt at 31 March 2023	77,658	84,793	77,656	84,791

d. Analysis of net debt	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
Group				
At 1 April 2022	21,194	-	67,515	86,749
Net cashflows	4,632	-	(543)	(4,089)
At 31 March 2023	25,826	-	66,972	82,660
Association				
At 1 April 2022	21,192	-	67,515	86,747
Net cashflows	4,632	-	(543)	(4,089)
At 31 March 2023	25,824	-	66,972	82,658

22. Related Party Transactions

Entities that have significant influence over the Group – RCTCBC

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. No remuneration is made to council representatives.

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 currently 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. As such, the original time frame has been extended and as detailed in Note 20, it is envisaged that there will be a further £94 million expenditure on qualifying works over the additional 5 years. The works 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 2019 and the contributions to be paid until 31 March 2023 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 2024 are estimated to be £2,236,991. 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 2023. The principal assumptions used by the independent qualified actuaries in updating the latest valuation of the fund for FRS 102 purposes were:

	31 March 2023 (%pa)	31 March 2022 (%pa)
CPI inflation	2.6	2.9
Rate of general long-term increase in salaries	3.85	4.15
Rate of increase to pensions in payment	2.6	2.9
Rate of increase to deferred pensions	2.6	2.9
Discount rate	4.6	2.7

Principal demographic assumptions

Post Retirement Mortality

Males

	31 March 2023	31 March 2022
Base table	Standard SAPS normal health all amounts (S1NMA)	Standard SAPS normal health all amounts (S1NMA)
Scaling to above base table rates	100%	100%
Cohort improvement factors (from 2007)	CM12012	CM12012
Future lifetime from age 65 (currently aged 65)	21.6	21.6
Future lifetime from age 65 (currently aged 45)	22.9	22.6

Post Retirement Mortality

Females

Base table

Scaling to above base table rates

Cohort improvement factors (from 2007)

Future lifetime from age 65 (currently aged 65)

Future lifetime from age 65 (currently aged 45)

31 March 2023

Standard SAPS
normal health all
amounts (\$1NFA)

95%

CM12012

24.2

25.7

31 March 2022

Standard SAPS
normal health all
amounts (\$1NFA)

95%

CM12012

25.4

23.9

The mortality assumptions are based upon actual mortality experience of members within the Fund based on analysis carried out as part of the 2023 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 2023 (%)	Asset split at 31 March 2022 (%)
Equities	68.1	67.4
Property	7.8	7.3
Government bonds	10.5	12.0
Corporate bonds	12.4	12.9
Other	0.5	0.0
Cash	0.7	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

Fair value of assets

Present value of funded liabilities

Funded Status

Unrecognised asset

Asset/(liability) recognised on the balance sheet

	Value as at 31 March 2023 (£'000)	Value as at 31 March 2022 (£'000)
Fair value of assets	90,220	97,210
Present value of funded liabilities	73,470	105,700
Funded Status	16,750	(8,490)
Unrecognised asset	16,750	-
Asset/(liability) recognised on the balance sheet	-	(8,490)

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 2023 (£'000)	For year ended 31 March 2022 (£'000)
Interest income on assets	2,630	1,960
Actuarial gains on assets	(9,960)	1,680
Actual return on assets	(7,330)	3,640

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

	For year ended 31 March 2023 (£'000)	For year ended 31 March 2022 (£'000)
Total actuarial gains	11,740	13,530
Total gain	11,740	13,530

History of asset values, present value of liabilities and deficit

	As at 31 March 2023 (£'000)	As at 31 March 2022 (£'000)
Fair value of assets	90,220	97,210
Present value of liabilities	(73,470)	(105,700)
Unrecognised asset	(16,750)	-
Deficit	-	(8,490)

25. Subsidiary Undertakings

The Board considers Trivallis to be the ultimate parent undertaking of Porthcwlis Limited, a company limited by guarantee, which is dormant. Trivallis is also entitled to 88% of the profits generated from Bellerophon (Project 1) LLP. None of these subsidiaries are a Registered Social Landlord.

The above companies' financial results and position for the period 1 April 2022 to 31 March 2023 have been consolidated into the group financial statements.

26. Post Balance Sheet Event

On 4th May 2023, Trivallis completed the purchase of Bellerophon (Project 1) LLP at a cost of £1,805,900, resulting in Bellerophon (Project 1) LLP becoming a wholly owned member of the group, with Trivallis owning 98% and our subsidiary, Porthcwlis, owning 2%.

On 17th July 2023, Bellerophon (Project 1) LLP changed its name to Cardiff Bay Homes LLP.