Statement of Comprehensive Income for the Period
1 April 2025 to 31 March 2026

		Group		Association	
		2026	2025	2026	2025
	Note	£'000	£'000	£'000	£'000
Turnover	2	68,802	66,328	68,781	66,307
Less: operating costs	2	(58,271)	(56,944)	(58,271)	(56,944)
Operating surplus		10,531	9,384	10,510	9,363
Surplus on revaluation of Investment properties	12	831	358	831	358
Surplus on sale of fixed assets	3	94	570	94	570
Interest receivable and similar income	4	97	350	97	350
Interest payable and similar charges	5	(3,603)	(4,052)	(3,603)	(4,052)
Surplus on ordinary activities before tax		**7,950**	**6,610**	**7,929**	**6,589**
Taxation on surplus on ordinary activities	7	-	-	-	-
Surplus on ordinary activities after tax		**7,950**	**6,610**	**7,929**	**6,589**
Re-measurement gain/(loss) recognised on defined benefit pension schemes	24	(900)	160	(1,060)	160
Total comprehensive income for the year		**7,050**	**6,770**	**6,869**	**6,749**
Total comprehensive income for the year attributable to:					
Association (parent company)		7,050	6,768	6,869	6,749
Non-controlling interests		0	2	0	0
Total comprehensive income for the year		**7,050**	**6,770**	**6,869**	**6,749**

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

The financial statements on pages 44 to 49 were approved by the Board on 30 July 2026 and signed on its behalf by

N.S. Beckett

Nick Beckett
Chair of the Board
30 July 2026

Lisa Pinney
Company Secretary
30 July 2026

Group statement of changes in reserves	Share capital £'000	Income & expenditure account £'000	Total excluding non-controlling interest £'000	Non-controlling interest £'000	Total £'000
At 1 April 2024	2	139,482	**139,484**	(59)	139,425
Total comprehensive income					
Surplus for the year	-	6,608	**6,608**	2	6,610
Re-measurement gain recognised on defined benefit pension schemes	-	160	**160**	-	160
Total comprehensive income	-	6,768	**6,768**	2	6,770
At 31 March 2025	2	146,250	**146,252**	(57)	146,195
At 1 April 2025	2	146,250	**146,252**	(57)	146,195
Total comprehensive income					
Surplus for the year	-	7,950	**7,950**	-	7,950
Re-measurement loss recognised on defined benefit pension schemes	-	(900)	(900)	-	(900)
Adjustment relating to deferred income		(557)	**(557)**	-	(557)
Transfer from NCI to reserves	-	(57)	**(57)**	57	-
Total comprehensive income	-	6,436	**6,438**	-	6,493
At 31 March 2026	2	152,686	**152,688**	-	152,688

Nick Beckett
Chair of the Board
30 July 2026

Lisa Pinney
Company Secretary
30 July 2026

Association statement of changes in reserves

	Share capital £'000	Income & expenditure account £'000	Total £'000
At 1 April 2024	2	140,027	140,029
Total comprehensive income			
Surplus for the year	-	6,589	6,589
Re-measurement loss recognised on defined benefit pension schemes	-	160	160
Total comprehensive income	-	6,749	6,749
At 31 March 2025	2	146,776	146,778
At 1 April 2025	2	146,776	146,778
Total comprehensive income			
Surplus for the year	-	7,929	7,929
Re-measurement surplus recognised on defined benefit pension schemes	-	(1,060)	(1,060)
Total comprehensive income	-	6,869	6,869
At 31 March 2026	2	153,645	153,647

N.S.Beckett

Nick Beckett
Chair of the Board
30 July 2026

L Pinney

Lisa Pinney
Company Secretary
30 July 2026

Statement of Financial Position at 31 March 2026

		Group		*Association*	
		2026	**2025**	**2026**	**2025**
	Note	**£'000**	**£'000**	**£'000**	**£'000**
Intangible fixed assets	8	957	1,141	957	1,141
Housing properties	9	263,728	225,307	263,728	225,307
Other tangible fixed assets	10	4,047	4,113	4,047	4,113
Investment in subsidiaries	11	-	-	425	425
Investment properties	12	8,683	7,852	8,683	7,852
		277,415	**238,413**	**277,840**	**238,836**
Current assets					
Stock	13	227	196	227	196
Trade and other debtors	14	6,697	6,331	6,697	6,331
Cash at bank and in hand	21	16,705	19,917	16,703	19,915
		23,629	**26,444**	**23,627**	**26,442**
Creditors: Amounts falling due within one year	15	(13,459)	(9,921)	(13,438)	(9,759)
Net current assets		10,170	16,523	10,189	16,683
Total assets less current liabilities		287,585	254,936	288,029	255,519
Creditors: Amounts falling due after more than one year	16	(134,445)	(108,165)	(133,930)	(108,165)
Provisions for liabilities and charges	17	(452)	(576)	(452)	(576)
Net assets		152,688	146,195	153,647	146,778
Capital and reserves					
Share capital		2	2	2	2
Income and expenditure account		152,686	146,250	153,645	146,776
Non-controlling interest		-	(57)	-	-
Total reserves		152,688	146,195	153,647	146,778

The financial statements on pages 44 to 49 were approved by the Board on 30 July 2026 and signed on its behalf by

N. S. Beckett

Nick Beckett
Chair of the Board
30 July 2026

Pinney

Lisa Pinney
Company Secretary
30 July 2026

Group Statement of Cash Flows for the Period
1 April 2025 to 31 March 2026

	Note	2026		2025	
		£'000	£'000	£'000	£'000
Net cash generated from operating activities	21		24,798		24,869
Tax paid		-		-	
Cash flow from investing activities					
Interest received	21	97		350	
Purchase of social housing properties	9	(50,406)		(40,538)	
Purchase of other tangible fixed assets	10	(253)		(246)	
Payments to acquire intangible fixed assets	8	(110)		(359)	
Receipt of non-revenue government grants	16	19,972		7,196	
Proceeds from sales of tangible fixed assets	3	94		570	
Net cash flow from investing activities			(30,606)		(33,027)
Financing activities					
Interest paid	21	(2,389)		(2,791)	
Drawdown of loan facility	16	29,386		59,306	
Repayment of finance lease facility	16	(1,051)		(1,021)	
Repayment of borrowings	21	(23,350)		(50,000)	
Net cash flow from financing activities			2,596		5,494
Decrease in cash and cash equivalents			(3,212)		(2,664)
Cash and cash equivalents at 1 April 2025			19,917		22,581
Cash and cash equivalents at 31 March 2026			**16,705**		**19,917**

N.S. Beckett

Nick Beckett
Chair of the Board
30 July 2026

Lisa Pinney
Company Secretary
30 July 2026

Association Statement of Cash Flows for the Period
1 April 2025 to 31 March 2026

	Note	2026 £'000	2026 £'000	2025 £'000	2025 £'000
Net cash generated from operating activities	21		24,798		24,869
Tax Paid		-			
Cash flow from investing activities					
Interest received	21	97		350	
Purchase of social housing properties	9	(50,406)		(40,538)	
Purchase of other tangible fixed assets	10	(253)		(246)	
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Net cash flow from investing activities			(30,606)		(33,027)
Financing activities					
Interest paid	21	(2,389)		(2,791)	
Drawdown of loan facility	16	29,386		59,306	
Repayment of finance lease facility	16	(1,051)		(1,021)	
Repayment of borrowings	21	(23,350)		(50,000)	
Net cash flow from financing activities			2,596		5,494
Decrease in cash and cash equivalents			(3,212)		(2,664)
Cash and cash equivalents at 1 April 2025			19,915		22,579
Cash and cash equivalents at 31 March 2026			**16,703**		**19,915**

N.S. Beckett

Nick Beckett
Chair of the Board
30 July 2026

Lisa Pinney
Company Secretary
30 July 2026

Notes to the financial statements

for the year 1 April 2025 to 31 March 2026

Note 1 - Accounting policies

Statement of compliance

Trivallis is a registered society under Co-operative and Community Benefit Societies Act 2014 incorporated in Wales. Its registered office address is: Trivallis, Ty Pennant, Mill St, Pontypridd CF37 2SW.

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 2026. 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 believes 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 30 July 2026. As outlined in the Board Report, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons. The Group prepares and approves a 30-year business plan annually. The most recent business plan was approved by the Board. This includes an analysis of the impact of a series of severe but plausible adverse scenarios that could impact the plan. These impacts were measured against loan covenants, along with mitigating actions identified to reduce costs.

The Board, after reviewing the Groups budgets for 2026 and the Group's medium-term financial position as detailed in the 30-year business plan, is of the opinion that, taking account of severe but plausible downsides, the Group has adequate resources to continue to meet its liabilities over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

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

- Rent and service charge receivable – a review was conducted on the rent and service charge policy in December 2025 to ensure long term sustainability in a changing economic and regulatory environment as well continued affordability to tenants. In September 2025 the Welsh Government announced a new rent policy which provided security over rent increases over the next 10 years.
- Maintenance costs – budget and business plan scenarios have been modelled to take account of cost increases, the impact of delays to planned improvement programmes and sensitivities have been included to understand potential future costs around decarbonisation and fire safety works.
- The group's ability to withstand other adverse scenarios to various operational and economic risks such as higher interest rates and increases in the number of void properties, to understand the sensitivity and possible mitigations of future uncertainties
- Liquidity – current available cash and unutilised loan facilities give significant headroom for committed expenditure and other forecast cash flows over the going concern assessment period.

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

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

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

Basis of consolidation

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

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

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

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

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

Critical accounting estimates and judgements

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

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

Estimated useful lives of property, plant and equipment

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

Provisions

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

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

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

Defined benefit pension scheme

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

Taxation and deferred taxation

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

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

Intangible assets – computer software

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

Property, plant and equipment

Housing properties cost

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

Housing properties are divided into four types. These are:

1. The properties purchased from Rhondda Cynon Taff County Borough Council on 10 December 2007 were capitalised at nil cost as the works required to bring them up to WHQS and maintain them at that level resulted in a negative valuation derived from the discounted cash flows over 30 years. Subsequent improvements and major works are capitalised at cost to enhance the economic benefit of the asset.
2. Purchased properties where cost is the cost of acquiring the property plus associated fees and works required to bring them into use.

3. New development where new homes are commissioned and built. The development cost of properties includes the following:
   - Cost of land and buildings.
   - Professional fees.
   - Management costs directly related to the development scheme.
   - Finance charges incurred during the development period are capitalised and added to the cost of completed housing properties based on the Group's net investment and its average borrowing costs during the year; and
   - Provision for the cost of work completed but not paid for at the year end.
4. Leasehold properties constructed as a result of the Cardiff Bay Homes LLP transaction. The capital cost of these properties includes the following:
   - Cost of land and buildings.
   - Professional fees.
   - Management costs directly related to the development scheme.
   - Finance charges incurred during the development period are capitalised and added to the cost of completed housing properties based on the directly attributable cost; and
   - Provision for the cost of work completed but not paid for at the year end.

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

Any abortive costs incurred relating to developments that do not proceed are written off to the Statement of Comprehensive Income 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 Statement of Comprehensive Income as incurred.

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

Depreciation

Freehold land

Freehold land is not depreciated.

Housing properties

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

- All buildings are depreciated over 100 years.

Leasehold properties

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

Improvements to housing properties

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

Kitchens	15 years	Solar Panels	20 years
Bathrooms	25 years	Main Gas Supply	50 years
Central Heating boilers	15 years	Doors	10 years
Whole house rewires	30 years	Lifts	25 years
New roofs	30 - 50 years	Door entry systems	20 years
Windows	30 - 40 years	Fire Alarm Sensors	25 years
Non-traditional property improvements	40 years	Fire Evacuation Systems	25 years
Fire sprinklers	25 years	Other	10 – 25 years
Fire - Riser Mains	40 years	Landscaping, groundworks and fencing	10 – 60 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	40 – 50 years
Furniture, Fixtures & Fittings	10 years
Office Equipment	5 years
Leased Property	Over the remaining life of the lease
Leased Office Improvements	Over the remaining life of the lease
Vehicles	4 years
Plant and Tools	4 years
Computer Hardware	3 years

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 SONIA above or expected to rise above 7.5%
- Void loss more than 5%
- Bad debt loss more than 6%
- Reactive maintenance overspends more than 10%
- Component write offs more than 5% of housing property depreciation
- Actual or forecast covenant breach
- Forecast development overspends more than 20% without recourse
- Forecast development handover delays more than 6 months without recourse

Where there is impairment, fixed assets are written down to their recoverable amount and the write down is charged to the Statement of Comprehensive Income.

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 Statement of Comprehensive Income over the period in which the related costs are recognised.

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

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

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

Non-government grants

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

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

Stocks

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

Financial instruments

Trivallis has chosen to apply Sections 11 and 12 of FRS 102 in respect of financial instruments. Financial Instruments include items such as trade receivables, trade payables and straightforward bank loans. All financial instruments 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 Statement of Comprehensive Income 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 the Statement of Comprehensive Income.

Cash and cash equivalents

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

Interest bearing loans and borrowings

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

Leases

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

Assets held under finance leases are recognised initially at fair value of the leased asset (or if lower the present value of the minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and the reduction of the lease obligation to achieve a constant rate of return on the remaining balance of the liability. Finance charges are included in interest payable and similar charges in the Statement of Comprehensive Income. 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 Statement of Comprehensive Income on a straight-line basis over the lease term.

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

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

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

Provisions for liabilities

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

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

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

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group; or
- a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

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.

Trivallis have carefully considered the extent to which a pension asset should be recognised under accounting standards, which require an entity to limit the measurement of a net defined benefit asset to the lower of the surplus in the defined benefit scheme and the asset ceiling.

The asset ceiling is defined to be the present value of the economic benefit available in the form of refunds from the scheme or reductions to future contributions. Under International Financial Reporting Interpretations Committee (IFRIC) guidance 14, a refund is available to an entity if the entity has an unconditional right to such a refund.

Management have made the judgement that Trivallis do not have the unconditional right to a refund and therefore has not recognised the pension asset, in line with relevant accounting standards. The surplus associated with the defined benefit pension scheme has not been recognised on the balance sheet as the balance is deemed to be irrecoverable.

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 Statement of Comprehensive Income as Interest payable and similar charges.

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

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

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

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

Taxation

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

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

Current tax

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

Deferred tax

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

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

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

Value Added Tax (VAT)

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

Related party transactions

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

Note 2 - Turnover, operating costs and operating surplus

Group

Note A	2026 Turnover	2026 Operating costs	2026 Operating surplus	2025 Turnover	2025 Operating costs	2025 Operating surplus
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings	67,489	(58,031)	9,458	65,893	(56,714)	9,179

(Note B)						
Non-social housing activities	1,313	(240)	1,073	435	(230)	205
Total	68,802	(58,271)	10,531	66,328	(56,944)	9,384

Association

Note A

	2026 Turnover £'000	2026 Operating costs £'000	2026 Operating surplus £'000	2025 Turnover £'000	2025 Operating costs £'000	2025 Operating surplus £'000
Social housing lettings	67,489	(58,031)	9,458	65,893	(56,714)	9,179
(Note B)						
Non-social housing activities	1,292	(240)	1,052	414	(230)	184
Total	68,781	(58,271)	10,510	66,307	(56,944)	9,363

Note 2 - Turnover, operating costs and operating surplus

Note B - association

	General needs £'000	Sheltered housing £'000	Non-Social Housing Activities £'000	2026 Total £'000	2025 Total £'000
Income					
Rent receivable	53,366	3,101	1,232	57,699	55,601
Service charge income	533	1,340	34	1,907	1,862
Income for support services – Supporting People Grants	981	-	-	981	890
Government and other grants taken to income	7,307	-	-	7,307	7,300
Amortised government grant	451	-	-	451	341
Other social housing income	410	-	26	436	313
Turnover from social housing lettings	63,048	4,441	1,292	68,781	66,307
Costs					
Management costs	(21,945)	(1,084)	(228)	(23,257)	(22,458)
Services	(1,934)	(928)	(11)	(2,873)	(2,898)
Routine maintenance	(15,786)	-	-	(15,786)	(15,742)
Major repairs expenditure (exc. capital spend)	(4,000)	-	(1)	(4,001)	(3,784)
Bad debts	(239)	-	-	(239)	(209)
Depreciation of housing properties	(11,403)	-	-	(11,403)	(11,164)
Depreciation of other fixed assets	(319)	-	-	(319)	(301)
Depreciation of intangible fixed assets	(294)	-	-	(294)	(291)
Write off - tangible fixed assets	(99)	-	-	(99)	(97)
Operating costs on social housing	(56,019)	(2,012)	(240)	(58,271)	(56,944)
Operating surplus on social housing lettings	7,029	2,429	1,052	**10,510**	9,363
Rent loss due to voids (memorandum note)	(1,490)	(269)	(594)	**(2,353)**	(1,717)

Note 3 - surplus on sale of fixed assets

Group and association	2026 £'000	2025 £'000
Proceeds from sale	94	603
Cost of sale	-	(33)
Total	**94**	**570**

Note 4 - interest receivable and similar income

	Group		Association	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Investment income	97	350	97	350

Note 5 - interest payable and similar charges

	Group		Association	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Loan interest and fees	3,356	3,839	3,356	3,839
Amortised transaction costs	154	139	154	139
Pension finance costs	93	74	93	74
Total	**3,603**	**4,052**	**3,603**	**4,052**

Note 6- directors' emoluments and staff costs

	Group		Association	
Directors' emoluments	2026 £'000	2025 £'000	2026 £'000	2025 £'000
The remuneration paid to the executive directors was:				
Emoluments (including benefits in kind but before pension contributions)	609	527	609	527
Payments for the service of interim directors	-	-	-	-
Termination payments	-	-	-	-
	609	**527**	**609**	**527**
Emoluments (excluding pension contributions) paid to the highest paid senior executive	155	153	155	153
Termination payments made to the highest paid senior executive	-	-	-	-
Number of paid directors in the year	**5**	**5**	**5**	**5**

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

Remuneration of £15,668 (2025: £13,686) was paid to the Group Board Chair. Board Members received expenses of £5,521 (2025: £6,255).

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

	Group	
Full Year	2026 No.	2025 No.
£Nil*		
£0-£10,000	13*	14*
£10,001- £20,000	1*	1*
£20,001- £30,000	-	-
£30,001 - £40,000	-	-
£40,001 - £50,000	-	-
£50,001 - £60,000	-	1
£60,001 - £70,000	-	-
£70,001 - £80,000	-	-
£80,001 - £90,000	1	-
£90,001 - £100,000	-	1
£100,001+	4	3

* *These figures relate to Board Members and include two co-optees to the Board. Executive Directors are not members of the Board.*

Staff costs	Group		Association	
Staff costs during the period:	**2026 £'000**	**2025 £'000**	**2026 £'000**	**2025 £'000**
Wages and salaries	16,006	15,673	16,006	15,673
Social security costs	2,045	1,564	2,045	1,564
Other pension costs *(see Note 24)*	1,505	2,117	1,505	2,117
Total staff costs	**19,556**	**19,354**	**19,556**	**19,354**

	Group		Association	
	2026 No.	**2025 No.**	**2026 No.**	**2025 No.**
The average monthly number of staff – full time equivalent, comprising:				
Finance, HR, Corporate Service and Administration	96	94	96	94
Investment and Regeneration	39	39	39	39
Housing	229	223	229	223
Operatives	80	68	80	68
Total	**444**	**424**	**444**	**424**
Staff employed at year end - full time equivalent	450	430	450	430

Note 7 - Group taxation

	2026 £'000	2025 £'000
Current tax		
UK corporation tax	-	-
Adjustment in respect of previous period	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Adjustment in respect of previous periods	-	-
Tax on surplus for the period	-	-

	2026 £'000	2025 £'000
Reconciliation of effective rate		
Surplus on ordinary activities before tax	6,998	6,749
Profit multiplied by current rate of tax of 25%	1,750	1,687
Effects of		
Changes in tax rates		-
Adjustment in respect of previous period		-
Non-taxable surpluses (due to Charitable status)	(1,750)	(1,687)
Total current tax charge	-	-

Note 8 - Group and Association - Intangible Fixed Assets

	2026 Total £'000	2025 Total £'000
Cost		
At beginning of year	3,557	3,197
Additions during year	110	360
At end of year	3,667	3,557
Depreciation		
At beginning of year	2,416	2,125
Charge for year	294	291
At end of year	2,710	2,416
Net book value		
At end of year	**957**	**1,141**
At beginning of year	1,141	1,072

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

Cost	Housing properties held for letting £'000	Housing properties in the course of construction £'000	2026 Total £'000	2025 Total £'000
At beginning of year	316,063	14,231	330,294	290,558
Additions during year	20,352	30,054	50,406	40,535
Transferred to letting	11,863	(11,863)	-	-
Disposals during year	(1,143)	-	(1,143)	(467)
Impairment during year	(191)	-	(191)	(250)
At end of year	**346,944**	**32,422**	**379,366**	**330,294**
Depreciation				
At beginning of year	104,987	-	104,987	94,134
Charge for year	11,403	-	11,403	11,164
Depreciation on disposals	(660)	-	(660)	(179)
Depreciation on impairment	(92)	-	(92)	(132)
At end of year	**115,638**	-	**115,638**	**104,987**
Net book value				
At end of year	**231,306**	**32,422**	**263,728**	**225,307**
At beginning of year	**211,075**	**14,231**	**225,307**	**196,424**

Number of Units in General Management

	2026 No.	2025 No.
General needs	10,056	10,041
Leased	613	615
Garages	1,595	1,604
Intermediate	116	100
Retail	53	53
Market rent	52	52
Properties managed by Trivallis	2	2
Total	**12,487**	**12,467**

Total additions to housing properties during the year include £21.0 million (2025: £22.8 million) of capitalised major repairs and component replacement expenditure.

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

Cost	Office premises £'000	Scheme equipment £'000	Vehicles & office equipment £'000	2026 Total £'000	2025 Total £'000
At beginning of year	5,866	634	3,005	9,505	9,177
Additions during year	-	-	253	253	246
Transferred from Investment properties	-	-	-	-	82
At end of year	**5,866**	**634**	**3,258**	**9,758**	**9,506**
Depreciation					
At beginning of year	1,973	566	2,853	5,392	5,091
Charge for year	98	38	183	319	301
At end of year	**2,071**	**604**	**3,036**	**5,711**	**5,392**
Net Book Value					
At end of year	**3,795**	**30**	**222**	**4,047**	**4,112**
At beginning of year	3,893	68	152	4,113	4,085

Note 11 – Investments

	Group		Association	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Porthcwlis Limited	-	-	50	50
Cardiff Bay Homes LLP	-	-	375	375
Total	**-**	**-**	**425**	**425**

Note 12 - Group and Association - Investment Properties

	2026 £'000	2025 £'000
At beginning of year	7,852	7,575
Transferred to Tangible fixed Assets – Other (note 10)	-	(81)
Surplus on revaluation	831	358
At end of year	**8,683**	**7,852**

Note 13 - Stock

Analysis of stock held:

	Group		Association	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Maintenance consumables	227	196	227	196
Total	**227**	**196**	**227**	**196**

Note 14 - Debtors

	Group		Association	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Amounts due within one year				
Arrears of rent	4,888	5,137	4,888	5,137
Less: Provision for bad and doubtful debts	(1,923)	(2,285)	(1,923)	(2,285)
	2,965	**2,852**	**2,965**	**2,852**
Staff car loans and other staff advances	32	33	32	33
Other debtors and prepayments	3,634	3,278	3,634	3,278
Total	**6,631**	**6,163**	**6,631**	**6,163**
Amounts due after one year				
Arrears of rent	233	299	233	299
Less: Provision for bad and doubtful debts	(167)	(131)	(167)	(131)
Total	66	166	66	166
Total Debtors	**6,697**	**6,331**	**6,697**	**6,331**

Note 15 - creditors: amounts falling due within one year

	Group		Association	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Trade creditors	4,376	1,215	4,376	1,215
Prepayments of rents and service charges	1,185	1,056	1,185	1,056
Accruals and deferred income	6,080	6,533	6,059	6,371
Contractor retentions	1,222	476	1,222	476
Unamortised government grants	596	341	596	341
Other loans due within one year	-	300	-	300
Total	**13,459**	**9,921**	**13,438**	**9,759**

Note 16 - creditors: amounts falling due after one year

	Group		Association	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Bank loans	48,500	47,000	48,500	47,000
Other loans	17,142	12,306	17,142	12,306
Loan arrangement fees	(778)	(855)	(778)	(855)
Finance lease liability	19,519	19,433	19,519	19,433
Accruals and deferred income	515	-	-	-
Unamortised government grants	49,547	30,281	49,547	30,281
Total	**134,445**	**108,165**	**133,930**	**108,165**

Analysis of debt:

	Group		Association	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Non instalment debts falling due after more than 5 years	35,000	54,432	35,000	54,432
Debt instalments falling due after more than 5 years	19,445	19,262	19,445	19,262
	54,445	**73,694**	**54,445**	**73,694**

Government grants - group and association

	2026 £'000	2025 £'000
At the beginning of the year	30,622	23,693
Amortisation of grants in the year	(451)	(341)
Grants received	19,972	7,269
At end of year	**50,143**	**30,622**

Lloyds and Principality loans are secured with fixed charges with M&G Trustees acting as Trustees over those charges.

The term of the loan for Principality ends in 2039. Other loans have repayment dates ranging from 2030 to 2035.

Loan arrangement fees relate to costs incurred setting up the bank loans and the finance leases and are amortised over the term of the loan.

During the year Trivallis extended the loan term of the £50m Lloyds Bank revolving facility from 5 years to 6 years to June 2030. In addition Trivallis also entered into 6 new interest free loan agreements totalling £5.59m with Welsh Government to acquire new land for future development schemes over 5 years.

Welsh Government Loans previously drawn down for Graig Ddu and Ty Keir Hardy have been repaid during the year.

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

Note 17 - Provisions for liabilities and charges

Group and Association	**Insurance claims**	**Leased vehicles**	**Short Term Employment Benefits**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Opening balance at 1 April 2025	141	150	285	576
Released unused	0	(72)	0	(72)
Provision utilised	(159)	(17)	(20)	(196)
New provision made	144	0	0	144
Closing balance at 31 March 2026	**126**	**61**	**265**	**452**

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

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

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

Note 18 - Financial Instruments

	Group		**Association**	
	2026	**2025**	**2026**	**2025**
	£'000	**£'000**	**£'000**	**£'000**
Financial instruments that are debt instruments measured at amortised cost				
Other debtors	3,466	5,064	3,446	5,064
Financial liabilities measured at amortised cost				
Bank loan	47,884	46,435	47,884	46,435
Other loans	17,142	12,606	17,142	12,606
Finance leases	19,353	19,271	19,353	19,271
Trade creditors	11,597	4,331	11,597	4,331
Other creditors	0	75	0	65

Other debtors include trade debtors/rent arrears net of the bad debt provision and other debtors. Prepayments have been excluded.

The bank loan and finance leases are stated net of amortised transaction costs as detailed in notes 15 & 16.

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

Trade creditors relate to trade creditors, accruals and contractor retentions.

Note 19- Non-equity share capital

	2026 £	2025 £
At beginning of year	341	359
Issued during the year (unpaid)	-	-
Cancelled or redeemed during the year	(27)	(18)
At end of year	314	341

	2026 No:	2025 No:
Members who are tenants	301	328

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

Note 20 – Commitments

Operating leases

	Group		Association	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Minimum amounts payable as lessee				
Within one year	1,269	1,285	1,269	1,285
Between two and five years	1,169	2,065	1,169	2,065
	2,438	3,350	2,438	3,350

	Group		Association	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Minimum amounts receivable as lessor				
Within one year	72	85	72	85
Between two and five years	60	133	60	133
	132	218	132	218

Finance Leases

Minimum amounts payable as lessee	Group		Association	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Within one year	1,051	1,021	1,051	1,021
Between two and five years	4,569	4,408	4,569	4,408
In more than five years	37,300	37,872	37,300	37,872
	42,920	43,301	42,920	43,301

Group and Association Capital commitments

	2026 £'000	2025 £'000
Amount of contracts for capital expenditure, not yet provided for	11,051	29,009
Amounts of capital expenditure approved by the Board but not contracted for:		
· 20 year VAT Shelter capital expenditure to 2028 (additional 5 yrs from 2023-28)	37,989	54,337
· Non VAT shelter capital expenditure to the end of the gap funding period in FY36/37	221,956	326,390

The comparative figure has been restated to reflect the revised basis of disclosure, being the change from non VAT shelter capital expenditure over a 30-year period to non VAT shelter capital expenditure through to the end of the gap funding period in FY36/37.

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

Note 21 - Notes to the Group Cashflow Statement

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

	Group		Association	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Operating surplus	10,531	9,384	10,510	9,384
Depreciation of housing properties	11,403	11,164	11,403	11,164
Depreciation of other fixed assets	319	301	319	301
Amortisation of intangible fixed assets	294	291	294	291
Assets written off/disposed of	582	406	582	406
Amortisation of government grants	(451)	(341)	(451)	(341)
Post employment benefits less payments	(900)	100	(1,060)	100
Movement in provisions	(124)	(41)	(124)	(41)
Decrease/(increase) in inventories	(31)	9	(31)	9
Movement in deferred Income	(557)	(21)	0	(21)
Increase in debtors	(366)	(168)	(366)	(168)
Increase in creditors	4,098	3,785	3,722	3,785
Net cash inflow from operating activities	24,798	24,869	24,798	24,869

b. Free cashflow

	Group		Association	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Net cash inflow from operating activities	24,798	24,869	24,798	24,869
Interest paid	(2,389)	(2,791)	(2,389)	(2,791)
Interest received	97	350	97	350
Taxation paid	-	-	-	-
	22,506	**22,428**	**22,506**	22,428
Adjustments for reinvestment in properties				
Development and component replacements	(50,406)	(40,535)	(50,406)	(40,535)
Purchase of other replacement fixed assets	(363)	(606)	(363)	(606)
	(50,769)	(41,141)	(50,769)	(41,141)
Free cash consumed before loan repayments	(28,262)	(18,713)	(28,262)	(18,713)
Drawdown of loan facility	29,386	59,306	29,386	59,306
Loans repaid (excluding revolving credit and overdrafts)	(23,350)	-	(23,350)	-
Free cash consumed after loan repayments	**(22,226)**	**40,593**	**(22,226)**	**40,593**

c. Analysis of net debt

	Cash at bank and in hand £'000	Loans due in less than 1 year £'000	Loans due in more than 1 year £'000	Total net debt £'000
Group				
At 1 April 2025	19,917	(300)	(77,884)	(58,267)
Net cashflows	(3,212)	300	(4,985)	(7,897)
Non-cash changes	0	0	(1,511)	(1,511)
At 31 March 2026	16,705	0	(84,380)	(67,675)
Association				
At 1 April 2025	19,915	0	(77,884)	(57,969)
Net cashflows	(3,212)	300	(4,985)	(7,897)
Non-cash changes	0	0	(1,511)	(1,511)
At 31 March 2026	16,703	300	(84,380)	(67,377)

22. Related Party Transactions

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

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

Key management personnel

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

23. Group and Association VAT Shelter / Development agreement

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

At the time of the agreement, the expected time frame to complete the first cycle refurbishment works to the housing stock transferred, was 15 years. However, these works are ongoing and are expected to be near completion by 2028. We have provided written notification to HMRC that we anticipate VAT Shelter works to continue for a further 5 years and this has been accepted by HMRC with no reservations. As such, the original time frame has been extended and as detailed in Note 20, it is envisaged that there will be a further £76 million expenditure on qualifying works over the additional 5 years. The works contracted will be recognised as they are undertaken, in accordance with the accounting policy for major, cyclical and responsive repairs. In the event Trivallis does not complete the work specified, the development agreement may be terminated at no financial loss to Trivallis.

24. Group and Association Pensions

Introduction

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

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

Funding/Governance arrangements of the LGPS

The funded nature of the LGPS requires participating employers and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets. Information on the framework for calculating contributions to be paid is set out in the LGPS Regulations 2013 and the Fund's Funding Strategy Statement. The last actuarial valuation was 31 March 2025 and the contributions to be paid until 31 March 2026 resulting from that valuation are set out in the Fund's Rates and Adjustment Certificate.

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

Assets

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

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

Risks associated with the Fund in relation to accounting asset volatility

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

Changes in bond yield

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

Inflation risk

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

Life expectancy

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

Existing employers

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

Future contributions

Regular employer contributions to the fund for the year ending 31 March 2026 are estimated to be £2,718,931. 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 2025. The principal assumptions used by the independent qualified actuaries in updating the latest valuation of the fund for FRS 102 purposes were:

	31 March 2026 (%pa)	31 March 2025 (%pa)
CPI inflation	2.8	2.5
Rate of general long-term increase in salaries	4.1	3.8
Rate of increase to pensions in payment	2.8	2.5
Rate of increase to deferred pensions	2.8	2.5
Discount rate	6.2	5.8

Principal demographic assumptions

Post Retirement Mortality	31 March 2026	31 March 2025
Males		
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)	21.7	20.9
Future lifetime from age 65 (currently aged 45)	22.5	21.8
Females		
Base table	Standard SAPS normal health all amounts (S1NFA)	Standard SAPS normal health all amounts (S1NFA)
Scaling to above base table rates	95%	95%
Cohort improvement factors (from 2007)	CM12012	CM12012
Future lifetime from age 65 (currently aged 65)	24.4	23.7
Future lifetime from age 65 (currently aged 45)	25.2	24.8

The mortality assumptions are based upon actual mortality experience of members within the Fund based on analysis carried out as part of the 2025 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 2026 (%)	Asset split at 31 March 2025 (%)
Equities	66.3	65.1
Property	5.8	6.1
Government bonds	10.4	10.9
Corporate bonds	14.4	14.7
Other	2.9	2.7
Cash	0.2	0.5
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 2025.

Reconciliation of funded status to Balance Sheet - Group and Association	Value as at 31 March 2026 (£'000)	Value as at 31 March 2025 (£'000)
Fair value of assets	119,550	104,280
Present value of funded liabilities	(70,590)	(64,740)
Net pension surplus	**48,960**	**39,540**

Analysis of charge in the Income and Expenditure Account - Group and Association	For year ended 31 March 2026 (£'000)	For year ended 31 March 2025 (£'000)
Current service cost	1,640	2,290
Past service costs	90	-
Interest cost	(70)	60
Total	**1,660**	**2,230**

Changes to the present value of the defined benefit obligation	For year ended 31 March 2026 (£'000)	For year ended 31 March 2025 (£'000)
Opening present value of liabilities	64,740	74,970
Current service cost	1,640	2,290
Interest expense on defined benefit obligation	3,720	3,580
Contributions by participants	1,060	990
Actuarial gains on scheme liabilities *	(1,040)	(14,960)
Net benefits paid out #	(2,520)	(1,700)
Actuarial (gains) / losses under demographic assumptions	720	(560)
Actuarial (gains) / losses due to liability experience	2,180	130
Past service costs	90	-
Closing present value of liabilities	**70,590**	**64,740**

* *Includes changes to the actuarial assumptions.*

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

Changes to the fair value of assets during the year	For year ended 31 March 2026 (£'000)	For year ended 31 March 2025 (£'000)
Opening fair value of assets	104,280	101,650
Interest income on assets	6,080	4,920
Actuarial (losses) / gains on assets*	8,090	(3,970)
Contributions by the employer	2,560	2,390
Contribution by participants	1,060	990
Net benefits paid out #	(2,520)	(1,700)
Closing fair value of assets	**119,550**	**104,280**

* *Includes changes to the actuarial assumptions.*

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

Actual return on assets	For year ended 31 March 2026 (£'000)	For year ended 31 March 2025 (£'000)
Interest income on assets	6,080	4,920
Actuarial gains on assets	8,090	(3,970)
Actual return on assets	**14,170**	**950**

Analysis of amount recognised in the Other Comprehensive Income ("OCI")	For year ended 31 March 2026 (£'000)	For year ended 31 March 2025 (£'000)
Total actuarial gains/(loss)	(900)	160
Total gain/(loss)	**(900)**	**160**

25. Subsidiary undertakings

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