

Annual Report.

2026



Hedyn

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Hedyn is a registered society under the Co-operative & Community Benefit Society Act 2014 (registered number 30192R), is a charity by law and is registered with the Financial Conduct Authority (FCA) and regulated by Welsh Government (WG) (registered number L149).

Front cover image: Year 5 pupils from Milton Primary School in Newport cut the ribbon to open the first phase of homes and a brand new shopping centre at our Ringland regeneration site.

Board Members

Lynda Mary Sagona	Board Chair
Martin Reed	Board Vice Chair
Dale Walker	Chair of Audit & Assurance Committee (AAC)
Anthony Hearn	Chair of People & Culture Committee (PCC)
Christopher James Sutton	Board Member
Claire Marshall	Board Member
James Patrick Tarrant	Board Member
Sanni Salisu	Board Member
Michael John Usher	Board Member
Sarah Tipping	Board Member
Paula Kennedy	Executive Board Member
Gareth Yeoman-Evans	Executive Board Member

Executive Officers

Paula Kennedy	Group Chief Executive Officer
Gareth Yeoman-Evans	Group Executive Director of Resources
Joanne Kirrane	Group Executive Director of Operations
Peter Crockett	Group Executive Director of Growth

Company Secretary: Joanna Fairley

Registered office: Nexus House, Mission Court, Newport NP20 2DW

Bankers:

Barclays Bank plc

Windsor Court
3 Window Place
Cardiff
CF10 3ZL

Principal solicitors:

Hugh James

Two Central Square
Cardiff
CF10 1FS

Blake Morgan

11 Park Place
Cardiff
CF10 3DR

Devonshires LLP

30 Finsbury Circus London
EC2M 7DT

Valuers:

Savills

Embassy House
Queens Avenue
Bristol
BS8 1SB

External auditors:

Menzies LLP

5th Floor, Hodge House
114 – 116 St Mary Street
Cardiff
CF10 1DY

Internal auditors:

Bishop Fleming

10 Temple Back
Bristol
BS1 6FL

CEO and Chair introduction.

In its first 12 months, Hedyn has lived up to its name by planting the seeds for a strong and resilient future. As those seeds begin to take root, we can already see the progress made in our first year and the promise of what lies ahead.



As Chief Executive and Chair, we have felt both the responsibility and the privilege of helping to guide Hedyn through this important first year. Bringing two organisations together is never just about structures, systems or processes; it is about people, purpose and trust. We have been encouraged by the commitment shown by colleagues, residents, partners and Board members as we have begun to shape Hedyn's future together.

This year saw important progress in regenerating key places in Newport. The opening of the first phase of our Ringland scheme brought new homes, commercial space and renewed energy to the local community. At Stow Hill, work is progressing to transform a prominent city-centre site into new homes and commercial space, supporting both housing need and wider regeneration.

With 1,634 homes in our development pipeline and more planned, we are already seeing the benefits of bringing our predecessor organisations together. Hedyn gives us greater capacity to respond to growing housing need and to invest in the communities we serve.

We have also set a long-term vision for our existing homes: protecting their quality, modernising them for the future and keeping them safe, warm places that residents are proud to call home. Our strong safety compliance record, alongside better data on our homes, will help us invest where it matters most.

Our community work has delivered real impact, supported by investment secured through partnerships and community benefits schemes. By working with local strengths, communities and partners, we have targeted support where it can make the greatest difference.

Throughout the year, we have continued to shape our services around our Customer Promise. We are grateful to our Buzz resident group and Consultative Panel for challenging us to listen, learn and act on the voice of residents.

Behind the scenes, colleagues have worked with dedication and care through a period of significant change, bringing together services, teams, systems and processes after the merger. We thank them for their commitment, and we also thank Hed's Up, our colleague engagement group, for sharing feedback, shaping decisions and helping us keep improving.

Internally, our first-year achievements include strengthened cyber security, including Cyber Essentials Plus accreditation, delivery of our ELEVATE colleagues development programme, and progress on our equity, diversity, inclusion and sustainability pledges through Pride in the Port 2025 and our tree-planting partnership with Earthwatch Europe and Newport City Council.

As we look ahead, our focus is on turning the foundations of this first year into lasting progress. We will keep listening to residents, supporting colleagues, strengthening our services and investing in our homes and communities. The seeds planted this year are beginning to take root, and with commitment, ambition and shared purpose, we are confident Hedyn will continue to grow as a trusted organisation that makes a positive difference.

Hedyn, the seed.

Formed from the merger of Melin and Newport City Homes on 1 April 2025, Hedyn brings together shared expertise to create something greater. In our first year, we've already started to grow into one organisation, with strong foundations and our residents at the heart of what we do.

Our vision is to build connected communities where everyone can live well.

And our mission is simple: to make a positive difference. We want our residents to thrive and feel confident about their future.

Our strategy is our direction, and it's guided by our values – to **do the right thing**, **make it happen** and **be the difference**.



Rooted locally, growing together

We support residents and communities living in around 15,000 properties across south-east Wales.



Blaenau Gwent

400+

Powys

100+

Torfaen

1,900+

Monmouthshire

1,300+

Newport

11,000

Our Strategic Planning Framework

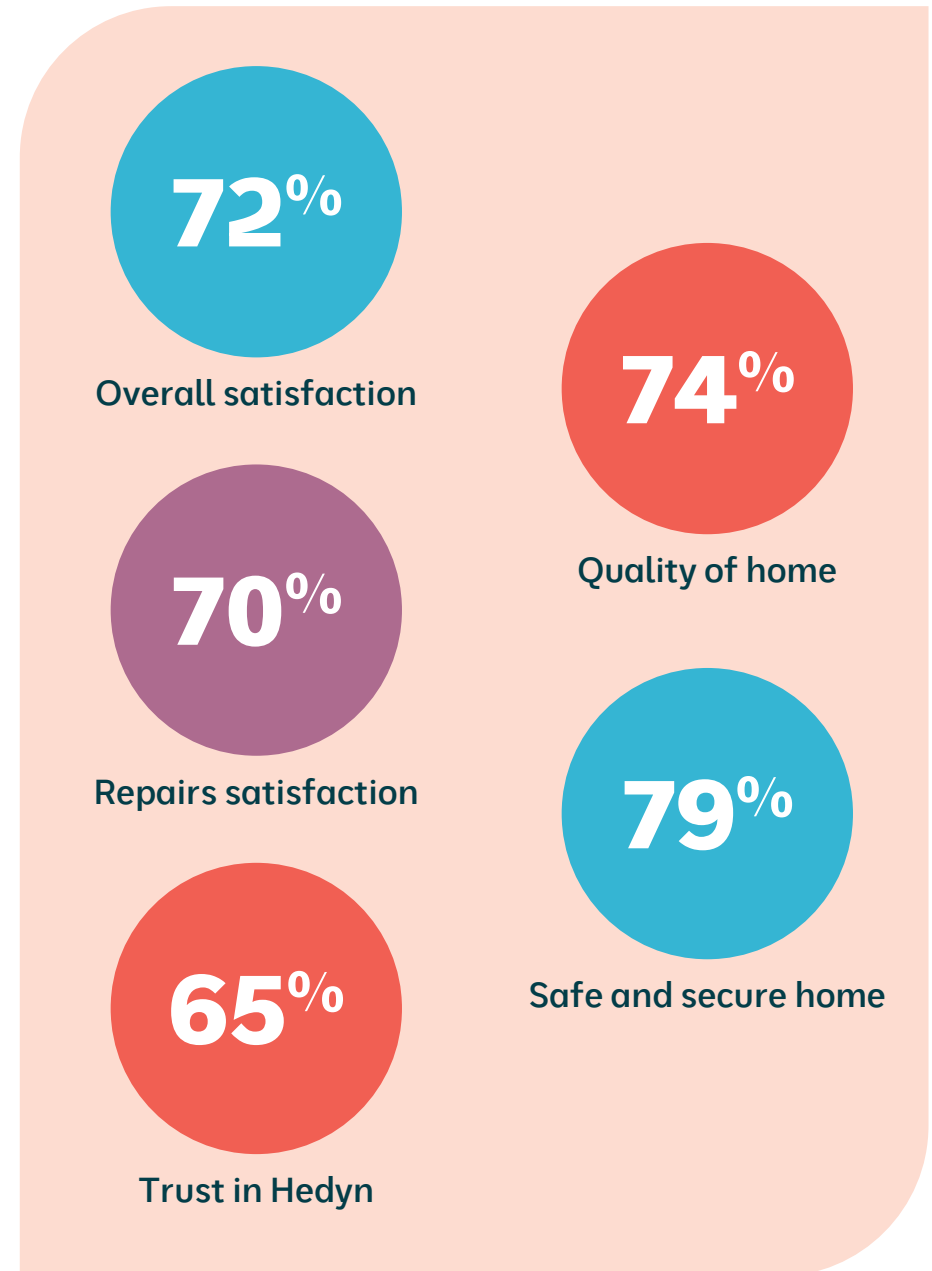


**We deliver our vision through ‘the Hedyn Way’,
guided by our Strategic Planning Framework.**

This framework houses our strategy and three vital areas: customer experience, growth and asset management. Together they set a clear foundation for delivery.

We want to make the most of our larger organisation to deliver better homes, stronger communities and improved services, but remain resident-led, sustainable and financially resilient. That’s why our priorities are:

- **Customer** – giving residents an exceptional experience
- **Community** – making sustainable homes and connected communities
- **Colleague** – creating empowered and trusted colleagues
- **Capacity** – maximising what we can achieve



Customer

We're focused on delivering a great customer experience. That means listening to the customer voice to make sure they have safe, warm and affordable homes.

Customer experience

We deliver consistent, personalised services, shaped by listening, empowered colleagues, and better use of data and technology. This is set out in our Customer Experience Strategy.



Driven by the customer voice

We use insight to understand our residents and shape our services. Now our Customer Promise and Service Standards are part of everything we do, giving residents a more consistent experience and prioritising their needs.

Buzz

Buzz challenges us to make sure we're listening and acting on what our residents say – and doing what we promised.



Consultative Panel

The Consultative Panel makes sure residents' voices are heard, helping to shape services that better meet the needs of our communities.

We're focused on services that are reliable, personalised and right first time. This means taking a more proactive, insight-led approach instead of addressing things as they happen.

This will boost residents' trust and satisfaction, and we'll use Hedyn's scale to deliver services more consistently and efficiently.

“Hedyn must do what it promised residents as part of the merger. It's our job at Buzz to make sure this happens. Alongside the Consultative Panel and the Customer Voice Panel, we hold Hedyn to account and make sure the resident voice is at the heart of decision making.”

Shelly McGuire
– Chair of Buzz

The right service

Listening, learning, improving

We're a listening and learning organisation, and complaints play an important role in helping us improve. This year, we received 491 complaints, with over half relating to repairs which we know really affects customer experience.

While services are performing well overall, feedback suggests there's opportunity to improve communication, timeliness and getting things right first time. We review every complaint through our learning process so we can make practical changes, strengthen services and give residents a more consistent experience.

A person-centred approach

We see people, not just tenants. When one resident experienced a sudden loss of income due to ill health, we worked alongside them – giving them a hand with tailored, ongoing support to help their needs beyond just the tenancy.

Over two years, we supported them through a complex tribunal process, and in the end, the resident received over £15,000 in backdated payments and around £140 per week in ongoing support. They're now more financially stable, confident and able to stay connected.



Safe, warm and affordable homes

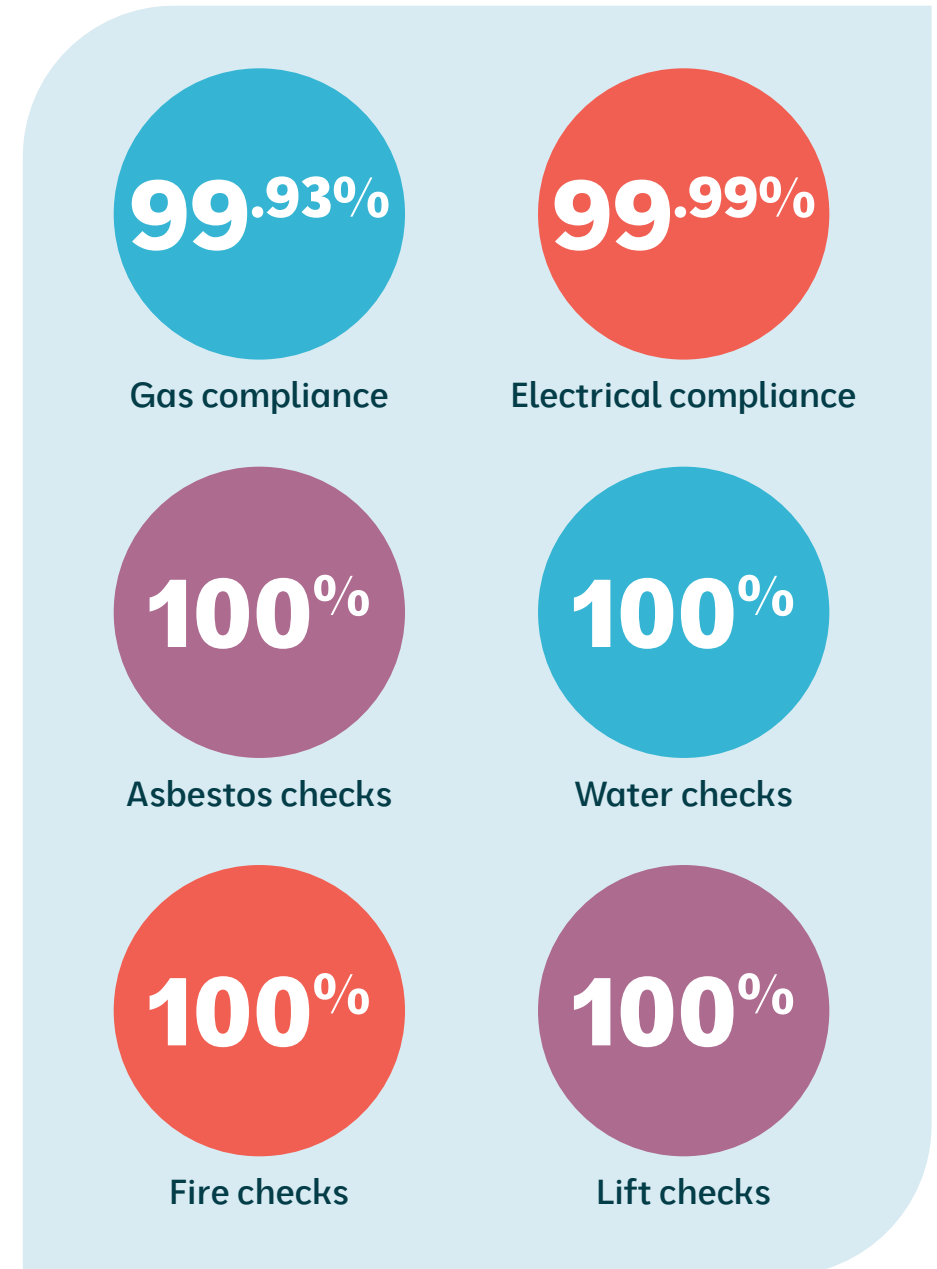
We're investing smartly in our homes to keep them safe, high quality and sustainable.

By spending wisely, we can make the most difference in our homes long term. Our Asset Management Strategy sets out how we'll do this, using better data to target investment where it's most needed.

Safe homes

Keeping our residents safe is our highest priority – we're committed to providing homes that are safe and secure.

We stay ahead of the game, using data and insight to spot any issues early and keep making our homes safer and better so our residents can live with peace of mind.



Energy-efficient homes

We're improving our data to better understand our homes and plan their journey to lower carbon, in light of the Welsh Housing Quality Standard 2023. While our homes already met the previous standard, the new one is shaping how we plan and invest in energy-efficient homes.

82% of homes are rated EPC C or above.

41% of homes already achieve SAP 75.

Less than 2% of homes are EPC E or below.

Improving quality of life

Following retrofit works including new heating, solar panels and triple glazing, John Nicholls, aged 94, told us his home is now “the best it has ever been.”

His energy costs have reduced, and he now has more control over his heating by using simple digital tools.

Affordable homes

We know the cost of living is rising, which is why we carefully set our rents to be affordable for residents, but allow us to continually invest in our homes. This year, our rent and affordability consultation received 1,126 responses, including feedback from residents across all five local authority areas and focus groups, to help us shape our fair and transparent approach to making homes affordable.

85% of respondents said their rent was affordable.

70% of residents are satisfied that rent gives value for money.

58% satisfaction that service charges give value for money.

“I’ve lived in this flat for 30 years, and it’s the best it’s ever been. It’s fantastic now. It’s warm and I can keep an eye on it all the time. If I am out, I just use the app on my phone to switch the heating on before I get home.”

John Nicholls
– Hedyn resident

Community

Our social purpose shapes how we work with our communities. By working with partners, we're tackling inequality, opening opportunities and helping people thrive.

Build on strengths

We use our communities' existing strengths, building on these and working with partners to target our support where it makes the biggest difference.



Creative theatre builds community connection

Residents enjoyed social and emotional connections at Westgate Court thanks to our partnership project with Reality Theatre.

They took part in creative theatre sessions designed to build confidence, spark imagination, and strengthen community connections. With no prior experience, they created their own characters, co-designed a script, and delivered an impressive performance in just a few months.

The project has helped residents express themselves, connect with others, and grow in confidence – showing just how powerful community-led activity can be.

Money leveraged
through partnerships

£553,550

Community benefits
reinvested in communities

£114,324

Regenerate our communities

We recognise that improving homes must go hand in hand with strengthening communities.

So we're working on a regeneration model that combines development, asset management and community work – ensuring our approach is joined up and locally focused.

Satisfaction with neighbourhood as a place to live

70%

“This first phase represents much more than new homes and shops. It reflects the voices of local residents, the strength of our partnerships and our shared commitment to creating connected communities where everyone can live well.”

Paula Kennedy,
– Hedyn Chief Executive



Regenerating the Ringland community

We reached a proud milestone in the transformation of the Ringland community in Newport when its first phase opened this year. We've delivered 38 new homes and 12 modern commercial units, creating opportunities for people and businesses to thrive.

The wider programme will help to meet local housing need while supporting long-term regeneration, with 158 new homes across four phases, in partnership with Lovell, Newport City Council, Cardiff Capital Region and the Welsh Government.

A relocated and revitalised shopping centre has also created a stronger, more vibrant local centre for the community and supports economic growth alongside the new homes.

Deliver new homes

We're responding to the housing emergency by building more homes in the right places, ensuring they're high quality, affordable and sustainable.

We've set out in our Growth Strategy how we'll scale up delivery while remaining financially strong and able to deliver well.

New homes completed

231

New supply social housing %

1.6%

Homes 'on-site'

472

Total number of homes in pipeline

1,634



Stow Hill, Newport

Our Stow Hill development has transformed a prominent city-centre site into high-quality, modern homes for Newport.

We've delivered 36 new apartments, alongside space for three commercial units, helping to meet housing need while supporting the local economy.

The scheme has also created wider community benefits, including new local opportunities and support for community-led initiatives.

This reflects our approach to placemaking, making the most of existing places and creating homes that help people live well.

Colleague

We're building a culture where people feel supported and empowered to make a difference – because everything we do relies on skilled and engaged colleagues.

By investing in our people and creating an inclusive environment, we support better outcomes for residents and communities.

Great colleague experience

Our colleagues are central to our success. Over the past year, we've continued to build Hedyn as one organisation, supported by strong engagement and a shared commitment to creating a fair, modern and inclusive workplace.

One organisation

Following the merger, we launched a significant project to bring legacy organisations together as one. We unified terms and conditions, completed the sign-up to new contracts and moved from six legacy pension arrangements to one employer scheme, marking a major milestone in our journey.

Reward and benefits

In support of more consistent, fair and colleague-focused benefits, we launched a modern Total Reward offer. It combines an expanded core benefits package with a flexible scheme, offering 15 options such as enhanced medical cover, an electric vehicle scheme and home and technology vouchers.



Structure

We introduced a single HR platform with combined payroll, making things more accurate and it easier for colleagues to find information. Alongside this, we aligned structures, clarified roles and embedded a consistent approach to role evaluation and pay benchmarking. The reshaping of teams is nearly complete, helping us to serve our residents more effectively and in a joined-up way.

Listening and learning organisation

Listening has remained central throughout. Workshops, roadshows and 'Heds Up' – our colleague engagement group – have influenced key decisions.

Recent survey results have shown colleagues remain committed to our residents and value their teams. This insight is informing ongoing action planning with leaders across the business.

Support for colleagues has also been strengthened by development programmes for our leaders and aspiring leaders, as well as more focus on both listening to colleagues and their wellbeing.



ELEVATE: The Power of You

Colleagues across Hedyn have reported a clear growth in self-awareness, emotional intelligence and how they work with others after taking part in a learning programme, ELEVATE: The Power of You. They've also since developed a stronger understanding of their behaviours, adapted how they communicate, and applied practical tools to improve collaboration and decision making in their day-to-day roles.

These changes have helped to shape a more reflective, confident and adaptable organisation – supporting stronger teamwork, clearer communication and a more positive working environment. We're going to build on this success by getting more colleagues involved in the programme and creating further opportunities for learning and reflection.

Positive environmental and social impact

Environmental sustainability

We're committed to creating sustainable homes, communities and futures, shaped by the voices of our residents, as set out in our Pledge. This focuses on making energy-efficient homes, building resilience, supporting local action, and working with partners to be innovative and have lasting impact.

To do this, we're being sustainable across our organisation and using insight to guide decisions. We're taking practical action to reduce carbon, improve efficiency, protect biodiversity, and develop the skills and partnerships needed to make a meaningful difference.



Tiny forest

We were delighted to plant 600 trees on Ringwood Hill in only a small area, in partnership with Earthwatch Europe and Newport City Council. These trees will grow rapidly to become a vital carbon sink and a thriving habitat for wildlife within just a few years. It's created a green legacy the whole community can enjoy for generations to come.

Equity, diversity and inclusion

We're committed to equity, diversity and inclusion to create positive change both within Hedyn and the communities we serve. Through our new Pledge, policy and action plan, we're focused on tackling inequality and supporting thriving communities.

We're building a culture where everyone feels valued and respected, supported by clear goals, ongoing learning and regular reporting. We'll continue to strengthen this work through recognised accreditations, including working with Tai Pawb towards the Quality in Equality and Diversity (QED) Award and standards such as Stonewall Housing.



Pride in the Port

We were proud to be a headline sponsor of Pride in the Port 2025, celebrating LGBTQ+ wellbeing, education and culture across Newport and beyond. The event created safe, inclusive spaces where communities could come together and feel valued.

Colleagues represented Hedyn at the Corn Exchange and joined the city-centre march, showing our support on a memorable day. We're looking forward to building on this as Newport prepares to host UK Pride.

Capacity

We know that how we work is just as important as what we deliver. Improving efficiency and using insight better is helping us build the capacity needed to deliver more.

Create capacity

We strengthened our focus on efficiency, data and planning. We developed our approach to value for money to make sure we use resources where they deliver the greatest benefit. And we also placed continuous improvement at the heart of our work to help us deliver services more consistently.



Integrating as one organisation

Getting the right foundations in place for Hedyn as a new organisation was our focus this year, along with setting clear strategies and financial plans to support what we want to achieve. We know that in some areas we're still working in ways shaped by our legacy organisations, and that's a natural part of bringing everything together. That's why we've continued to invest in integrating our services, teams and digital systems, so we can deliver a more joined-up and consistent experience for our residents.

EBITDA MRI:
123%

Gearing:
38%

Operating margin:
18.5%

Lead the way

We're using digital tech, data insights and innovation to improve services and efficiency. Our Technology Strategy sets out how technology supports better services, empowered colleagues and stronger communities. Using data to inform our approach helps us to better understand what's needed and respond more effectively.



Secure systems

As we explore new technology, keeping our systems and data secure is essential.

We strengthened cyber security across the organisation, including our Cyber Essentials Plus accreditation, giving us a strong base to adopt new tools with confidence and maintain the trust of our residents.

Maximise impact

We're using our capacity to deliver more for residents, communities and colleagues. Our focus is on targeting resources where they make the biggest difference and improving the services people rely on. We're also investing in technology and new ways of working to improve efficiency and the resident experience.

Delivering value through procurement

We developed a new approach to procurement, ensuring every pound we spend delivers value. This gives us a clear, consistent and transparent way of working, aligned with best practice. We're using procurement strategically to create social, environmental and economic benefits, as well as delivering value for money.

Making communication count

Our Communications and Marketing Strategy sets out how we position Hedyn as a trusted, ambitious and well-run organisation. It helps people understand, trust and engage with our work and the difference we make. By using clear, inclusive and targeted communication, we connect, engage and support our wider goals.



Financial performance

For the year ended 31 March 2026

The Group comprises Tai Hedyn Ltd ('the association') and its subsidiary, Candleston Ltd. The Group was formed following the merger of Newport City Homes and Melin Homes on 1 April 2025.

In accordance with accounting requirements, the financial statements have been prepared on a merger accounting basis, presenting the Group and the association as if they had always been combined. However, it has not been practicable to re visit years prior to this set of financial statements. As a result, the five-year summary will be developed prospectively from the 2025 financial year.

Summary Financial Performance (Association)

	2026	2025
	£'000	£'000
Income and expenditure account		
Turnover	105,214	104,708
Operating costs (inc. finance costs)	(95,468)	(90,693)
Non-cash pension movements	392	231
Taxation	(45)	(127)
Exceptional items	(1,406)	(3,798)
Surplus for the year	8,687	10,321

Financial performance

Turnover for the year was £105.2m (2024/25: £104.7m). This was predominantly driven by social housing rental income of £79.0m, supplemented by service charges of £6.1m, amortisation of social housing grants of £6.6m, Dowry Gap funding of £6.5m, and other revenue grants of £0.5m. The balance relates to a range of smaller income streams.

Our principal operating costs comprise management expenses, property maintenance, and depreciation. The table below presents maintenance expenditure compared with the prior year.

	2026	2025
	£'000	£'000
Day-today maintenance*	36,850	32,095
Planned maintenance*	9,260	13,340
Capital maintenance	20,022	33,374
Total	66,132	78,809
Surplus for the year	8,687	10,321

*Planned and day-to-day maintenance are shown above as direct costs; the figures disclosed in note 3 also include an allocation of central costs.

Financial performance

Capital maintenance expenditure in 2025/26 decreased compared to 2024/25, primarily reflecting reduced levels of grant-funded activity within the capital programme. In contrast, day-to-day maintenance costs increased significantly, driven by both higher volumes and rising unit costs, particularly in relation to major repairs.

Management costs in 2025/26 decreased compared with the prior year, primarily reflecting the consistent application of a central overhead allocation policy.

The value of social housing properties in fixed assets have increased by £50.5m. This is as a result of the costs of the development and capital maintenance programmes during the year.

Debtors due within one year comprise amounts receivable from the Welsh Government for accrued grant at year end, and the pension departure debtor, with a corresponding pension departure liability recognised within creditors due within one year.

Debtors falling due after more than one year is disclosed at £10.8m. This reflects deferred Welsh Government Housing Finance Grant (HFG) which has been awarded towards covering the borrowing costs associated with a number of new scheme developments, including Pillgwenlly and Cot Farm schemes, over a thirty-year period.

Hedyn gave notice during the year to withdraw from both the Local Government Pension Scheme (LGPS) and the Social Housing Pension Scheme (SHPS), effective 31 March 2026.

The LGPS exit is expected to generate a cessation credit, estimated at £19.1m based on current information. The final actuarial valuation will not be available until after the financial statements are authorised for issue.

	2026	2025
	£'000	£'000
Balance sheet		
Fixed assets	722,540	667,816
Current assets	95,841	136,966
Total assets	818,381	804,782
Current liabilities (excluding Housing loans)	(62,082)	(50,233)
Housing Loans	(301,514)	(329,525)
Government grants	(350,713)	(329,056)
Sinking funds	(705)	(724)
Defined benefit pension liability	-	(564)
Total liabilities	(715,014)	(710,102)
Net assets represented by reserves	103,367	94,680

Financial performance

The SHPS exit is expected to result in a cessation charge of £1.6m, also estimated using the best available information, with the final valuation similarly pending.

In connection with these exits, Hedyn has recognised an exceptional pension settlement item comprising a £19.1m receivable and a corresponding £19.1m payable, which comprised of staff compensation of £17.2m, the estimated SHPS exit charge of £1.6m, and professional fees of £0.3m.

There is a well-defined treasury risk management framework for key financial controls with a robust process of reporting and monitoring financial performance to the Board. The association's treasury management policy is the mechanism by which the Board outlines the type and amount of risk it is prepared to assume to deliver its strategy and run day-to-day operations. Its treasury management activities are defined as:

“The management of the association'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.”

The Board has an approved set of ‘golden rules’ that provides a clear view of the association's financial risk appetite and how they are used as a control in balancing strategic ambitions with continued financial resilience.

Hedyn is required by its lenders to meet two key covenants within the loan agreements: (i) EBITDA interest cover; and (ii) gearing. The association operated comfortably within the covenant limits for the year ended 31 March 2026, with actual interest cover at 285% and gearing of 38%.

	2026	2025
	£'000	£'000
Cash Flow Statement		
Net cash inflow - operating activities	39,818	33,884
Servicing of Financing and Investing	(9,359)	(721)
Exceptional items	(1,406)	(3,798)
Capital expenditure (net of grant)	(50,965)	(48,722)
Financing	(28,011)	21,003
(Decrease) / Increase in cash	(49,923)	1,646

Assurance and risk management

Our Group Board proactively controls Hedyn's approach to risk and opportunity through a structured risk management framework and robust assurance reporting. We continuously refine these approaches to ensure they remain effective amid an increasingly uncertain, volatile and complex operating environment.

Our framework gives the Group Board confidence to delegate management of key activities to the Executive knowing key controls are in place. The Audit & Assurance Committee (AAC) meet regularly to oversee the delivery of the framework and provides assurance to the Board on its effectiveness.

We continuously monitor and assess our operating environment to identify emerging risks and opportunities. Through robust planning, we ensure that we are well prepared to respond to external challenges and capitalise on opportunities that support our strategic ambition. We take the advice of external advisors including our independent risk advisor and benchmark our risks against the sector risk profile. This provides Board assurance that we understand our risk profile and that appropriate mitigation actions are in place and being effectively managed.

Risks are reported to, and reviewed every quarter by, the AAC, who have a schedule of in-depth risk reviews of the most significant risks. We carry out sensitivity analysis and scenario testing on the association's 30-year business plan and report annually to the Board.

The Board regularly reviews and confirms the association's risk appetite. To inform this, the association's risk capacity is reviewed within the context of the strategic priorities, with the association understanding the aggregate risk exposure and the effectiveness of key controls. The risk appetite is agreed within strict parameters that ensure we are not exposed to a risk level that compromises the integrity or viability of the association.

Using our risk management approach, we have identified the following risks as being the most significant to achieving the strategic ambition. Our key risks and emerging areas of concern, with key controls and sources of assurance, are shown in the following table.

Assurance and risk management

Risk area	Key control(s)	Key assurance
Asset Data Key concern: Ineffective processes to maintain complete, accurate and up-to-date asset data. Ineffective processes to ensure asset data reflects physical reality.	Asset databases at both legacy organisations. Five-year rolling programme of stock condition surveys. Asset-assurance map, setting out the key assurance checks to validate that the asset data reflects physical reality.	Programme steering panel maintain oversight of service integration programme including asset management project risk and issues.
Cyber security Key concern: Significant increase in threat level including ransomware.	Maintain up-to-date firewalls and Next-Gen Antivirus software. Independent and continuous penetration testing with live reporting to manager. Dedicated cyber-defence team.	Annual Information Security Assurance Report presented to AAC. Independent penetration testing reported to management. Cyber Essentials Plus accreditation
Development programme delivery Key concern: Programme does not deliver the right homes at the right cost and quality. Programme delayed due to statutory approval challenges. Volatility of material and development costs. Availability of suitable development sites. Contractor failure.	All schemes reviewed and approved, informed by prudent assumptions. Hedyn pipeline established to match the association's growth ambitions.	Quarterly reporting to Board on progress against programme.

Assurance and risk management

Risk area	Key control(s)	Key assurance
Repairs service and expenditure Key concern: Failure to deliver quality service within agreed budget. Failure to provide service that meets customers' needs. Ineffective business practices leading to services that do not meet customer expectations. Failure to adapt to the change of skill set required as new technology is used.	Repairs process in legacy organisations aligned to repairs policy and Asset Management Strategy. Repairs budget stabilisation actions to deliver 2025/26 programme within reforecast budget.	Quarterly reporting to Board on service and financial performance.
Landlord Health and Safety (H&S) Assurance Key concern: Ineffective records to provide assurance on the landlord H&S responsibilities. Ineffective tracking of the completion of remedial actions.	monitoring by team. Safety, Health & Wellbeing Policy with delivery and compliance reporting to Safety, Health & Wellbeing Panel. Alignment of assurance for the 'big six' within one assurance dashboard, monitored quarterly by Director Group.	Quarterly S,H&W reporting to Audit & Assurance Committee and quarterly key metrics reporting to Board.
Damp, mould and condensation (DMC) Key concern: Ineffective business processes to identify and respond to DMC. Ineffective processes to provide assurance on the elimination of the hazards in known DMC cases.	Business processes in place at Hedyn for the management of DMC. Housing Health and Safety Rating System (HHSRS) monitoring: classification of cases by severity with live monitoring of case management.	Quarterly monitoring by Safety, Health & Wellbeing Panel.

Assurance and risk management

Risk area	Key control(s)	Key assurance
Asset management and planned maintenance Key concern: Ineffective business processes to identify and respond to damp, mould and condensation. Ineffective processes to provide assurance on the elimination of the hazards in known DMC cases	Business processes in place at Hedyn for the management of DMC. HHSRS monitoring: classification of cases by severity with live monitoring of case management.	Quarterly monitoring by Safety, Health & Wellbeing Panel.
Asset management and maintenance Key concern: Inaccurate or out-of-date stock condition data. Ineffective asset investment planning. Contractor failure. Enhanced building regulation resulting in higher specification requirements for new and existing homes.	Legacy asset investment programmes remain operational. Rolling programme of stock condition surveys. Integrated priority and budget-setting process aligning asset investment and financial planning Asset Management Strategy: integrated framework for investment planning, prioritisation and life-cycle management, aligned to financial planning.	Annual approval of the budget (including capital investment) and business plan.

Value for Money (VfM)

Delivering strong value for money is central to strengthening our financial position and enhancing service delivery. It underpins our ambition to support connected, thriving communities by tackling inequality, creating opportunities, and empowering people.

Our approach to VfM ensures we maximise value for customers by linking investment to sustainable, long-term outcomes. It demonstrates not only how resources are used, but also the impact our investment has in improving customer outcomes.

We define VfM as achieving the best possible outcomes through an effective balance of cost, quality, and satisfaction.

VfM principles

Delivering VfM is not solely about minimising cost, but about designing services that meet the needs of our customers and colleagues in an economic, efficient and effective way. Through merger integration and new ways of working, we are strengthening financial resilience and improving service performance, embedding sustainable delivery models into business-as-usual operations and fostering a culture of continuous improvement that delivers year-on-year efficiency gains while maintaining service quality and customer satisfaction.

Our VfM approach is built on four core principles:

1. Embed value in everything we do

Our goal is to align every business activity with the 'strong and effective' strategic priority, ensuring that all effort and investment is directed toward what our customers truly value and eliminating work that does not support those outcomes.

and enable a dynamic response to risk and opportunities. By empowering colleagues and optimising our business processes, we aim to consistently deliver high-quality homes and services.

2. Maximise our social value and benefit to our communities

By enhancing financial performance in core services, we create capacity to reinvest in targeted initiatives that strengthen delivery of our social purpose, through social led procurement, prioritised high impact initiatives, maintaining affordability, and partnership working to maximise impact. Deliver our services efficiently to enable us to increase investment.

4. Maximise the return from all our assets

Our focus is on maximising the quality and financial performance of our assets. By ensuring efficient and effective upkeep, we aim to drive high occupancy levels and deliver strong returns. We actively monitor asset performance to inform decisions on investment, repurposing or disposal.

We are improving maintenance efficiency to reduce costs while maintaining quality and regularly reviewing our operational estate to ensure alignment with strategic needs.

3. Deliver our services efficiently to enable us to increase investment

We are embedding a strong VfM culture across the association to drive continuous improvement

Our development programme focuses on delivering high-quality, energy-efficient homes, helping address housing need while keeping homes affordable for residents.

Value for money key metrics

Principles	Metrics	2026	2025
1. Embed value in everything we do.	Operating margin (overall)	18.5%	18.7%
	Operating Margin (SH lettings)	15.0%	14.6%
	EBITDA MRI %	123%	107%
	Gearing	38%	38%
2. Maximise our social value and benefit to our communities.	Customer satisfaction	72.0%	67.7%
	Reinvestment %	10.1%	13.1%
	Investment in communities	£547,556	£317,151
	Arrears per SH Unit	£329	£441
	New supply % (SH)	1.6%	0.4%
	New supply % (non SH)	0.9%	10.0%
3. Deliver our services efficiently to enable us to increase investment.	Headline SH cost per SH unit (revenue and capital)	£7,027	£7,848
	Rent collected (SH and non SH)	99.8%	100.1%
	Overheads as a % of adjusted turnover	17.1%	20.1%
	% of repairs completed by internal Direct Labour team	70.2%	66.9%
4. Maximise the return from all our assets.	Return on capital employed (ROCE)	1.7%	1.9%
	Occupancy	98.6%	98.5%
	Ratio of responsive repairs to planned maintenance	1.1	0.7
	Void loss per social housing unit	£70	£106
	Commercial income as % of total turnover	1.5%	1.5%
	Growth in total fixed assets %	8.2%	10.2%

Value for Money (VfM)

The above comparative data provides the association with an understanding of our performance and where we can make further improvements, which are summarised as follows:

1. Embed value in everything we do

Hedyn continues to maintain strong financial resilience, with an overall operating margin of 18.5% (2025: 18.7%) broadly consistent year-on-year. Margins on social housing lettings improved to 15.0% (2025: 14.6%), reflecting disciplined cost management and stable rental income performance.

EBITDA MRI increased significantly to 123% (2025: 107%), strengthening interest cover and demonstrating improved capacity to service debt and reinvest. Gearing remained stable at 38% (2025: 38%), evidencing a sustainable approach to borrowing.

2. Maximise our social value and benefit to our communities

Customer satisfaction improved to 72.0% (2025: 67.7%), reflecting a continued focus on service quality and customer experience. Investment in communities increased materially to £547,556 (2025: £317,151), supporting wider social outcomes.

Reinvestment reduced to 10.1% (2025: 13.1%), reflecting programme phasing, while new supply of social housing increased to 1.6% (2025: 0.4%), demonstrating progress in delivering new homes. The prior year included a higher level of non-social housing development, resulting in a lower percentage in 2026 (0.9% vs 10.0%).

Arrears per social housing unit reduced to £329 (2025: £441), indicating improved income collection performance and tenancy sustainment.

3. Deliver our services efficiently to enable us to increase investment

Headline social housing cost per unit reduced to £7,027 (2025: £7,848), driven primarily by lower expenditure on capital works to existing properties.

Overheads reduced to 17.1% of adjusted turnover (2025: 20.1%), reflecting efficiencies achieved and tighter financial discipline. A greater proportion of repairs is now delivered by the in-house direct labour team (70.2% vs 66.9%), supporting better value and service responsiveness.

Rent collection remained strong at 99.8% (2025: 100.1%), maintaining high levels of income collection despite ongoing economic pressures.

4. Maximise the return from all our assets

Return on capital employed reduced slightly to 1.7% (2025: 1.9%), reflecting the continued investment in new and existing assets and the lag between investment and income generation.

Occupancy levels at 98.6% remain stable (2025: 98.5%), while void loss improved to £70 per unit (2025: £106), demonstrating effective void management.

The ratio of responsive repairs to planned maintenance increased to 1.1 (2025: 0.7), reflecting increased responsive repairs expenditure during the year. Although this supported the delivery of essential maintenance services, the association remains focused on strengthening planned investment to improve asset performance and value over the longer term.

Growth in total fixed assets was 8.2% (2025: 10.2%), reflecting continued investment in the asset base, while commercial income remained stable at 1.5% of turnover.

Governance Report

Hedyn operates a formal group governance approach with the Parent setting strategy, risk appetite and regulatory compliance across the Group.

The Group Board is responsible for overall governance, financial viability and compliance, while delegating delivery to subsidiary boards through clear delegations. Subsidiary boards are accountable to the Parent through governance approaches and a formal schedule of matters reserved is maintained by the Parent.

The principal activity of the Group during the year was the provision and management of social housing and related services in furtherance of the association's objectives. The Group operates within south-east Wales, delivering homes, services and investment to support communities and meet housing need.

Group structure and subsidiaries

During the year, the Group comprised Tai Hedyn Limited (Hedyn) as the Parent entity and had one active subsidiary, Candleston Limited (Candleston). During the year the Group Board approved the establishment of a Design & Build subsidiary, which will be formally established during 2026/27.

Governance arrangements and regulatory compliance

The Group operates under a single Group Board governance model and Hedyn is a Registered Social Landlord in Wales, regulated by Welsh Government under its Regulatory Framework for Housing Associations in Wales.

Board and senior executives

Membership of the Board and the Executive team is set out on **page 5**.

Hedyn operates a unitary board model which allows the Group Chief Executive Officer and Group Executive Director of Resources to sit on the Board as Members, without holding share capital and with appropriate voting restrictions in place to avoid conflicts of interest. The Executive Members are not subject to a maximum term of office in the same way that Non-Executive Members are.

The Group Executive Director of Growth and Group Executive Director of Operations are not Board Members and do not have the legal status of directors; they act under authority, delegated by the Group Board, without holding share capital.

Board Member obligations

The Board has profiles in place for the roles of Chair, Vice Chair, Chairs of Committees and Board Members. The profiles set out the personal attributes, skills, knowledge and experience, and eligibility criteria of the roles, which includes shared accountability to ensure the effectiveness of:

- Strategic direction
- Internal controls
- Governance
- Financial viability.

Governance Report

Responsibilities of the Board

The Board is responsible for preparing the financial statements in accordance with applicable law and regulations. The Co-operative and Community Benefit Societies Act 2014 requires the Board to prepare financial statements for each financial year, and the Board has elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the association and of the surplus or deficit for that period.

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then ensure that they are applied consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) have been followed, subject to any material departures disclosed and explained in these financial statements;
- ensure that the financial statements are prepared on the going-concern basis unless it is inappropriate to presume that the association will continue to operate.

The Board is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the association and enable it to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, the Statement of Recommended Practice for registered local housing providers 2018 and the Accounting Requirements

for Social Landlords Registered in Wales: General Determination 2015. The Board is also responsible for ensuring that the assets of the Association are safeguarded, and to prevent and detect fraud and other irregularities. The Board has a current policy on the prevention, detection and reporting of fraud and has delegated responsibility to the Audit & Assurance Committee (AAC) which receives compliance information quarterly in relation to fraud and other matters.

Board Member skills, qualities and experience

The Board annually assesses its collective and individual members' skills as part of its governance effectiveness process.

The Board uses this analysis to determine the skills needed for effective strategic decision making, to identify learning and development opportunities for existing members, and to assess any future candidates who apply for Board vacancies.

For the period 2025/26, the Board assessed its existing skills and considered the skills required to deliver its strategic vision effectively. This has informed the association's approach to Board Member recruitment, seeking the following skills:

- Strategic HR and organisational development
- Treasury management
- Commercial development.

Governance Report

Board remuneration and attendance in 2025/26

Non-Executive Members receive remuneration in accordance with the Board Member Remuneration Policy; this is listed below and reflects the fees agreed by the Board:

Board Chair	£14,895
Vice Chair	£9,615
Chair of Audit and Assurance Committee	£9,165
Chair of People and Culture Committee	£8,715
Board Members	£6,750
Board Member representative on Candleston subsidiary	£8,750

To reflect our commitment to good governance, transparency and accountability, Board Member meeting attendance is monitored throughout the reporting period.

Board Members	Role held	Board attendance	Audit & Assurance attendance	People & Culture Committee attendance	Candleston attendance
Lynda Sagona	Board Chair	6 of 6	N/A	2 of 2	N/A
Martin Read	Board Vice Chair	5 of 6	4 of 4	N/A	N/A
Anthony Hearn	PCC Chair	6 of 6	N/A	2 of 2	N/A
Dale Walker	AAC Chair	6 of 6	4 of 4	N/A	N/A
Claire Marshall	Board Member	6 of 6	3 of 4	N/A	N/A
Sanni Salisu	Board Member	6 of 6	4 of 4	N/A	N/A
James Tarrant	Board Member	6 of 6	4 of 4	N/A	N/A
Sarah Tipping	Board Member	4 of 6	N/A	1 of 2	N/A
Chris Sutton	Board Member	6 of 6	N/A	2 of 2	6 of 6
Michael Usher	Board Member	6 of 6	3 of 4	N/A	N/A
Paula Kennedy*	Executive Board Member	6 of 6	N/A	N/A	N/A
Gareth Yeoman-Evans*	Executive Board Member	5 of 6	N/A	N/A	N/A

*Executive Board members do not hold Board positions on committees

Governance Report

Board membership

Membership is reported at each Annual General Meeting (AGM). Members serve terms of up to three years and may be reappointed for a maximum of three consecutive terms (nine years in total).

Hedyn's Board can comprise of up to 15 members, with a current complement of 12, holding three vacancies.

Board Members are selected from a diverse range of backgrounds, bringing a mix of professional, commercial, local and customer perspectives.

The Board can co-opt up to three members who have particular skills identified as a gap or vulnerability in the Board's skills. Co-opted members have specific terms of office, as determined by the Board.

The Board scheduled and held six meetings during the reporting period, identified the need for a further two special meetings and also attended Board strategic planning events, including a joint strategic meeting with its subsidiary Candleston.

The Board was supported by the Audit & Assurance Committee (AAC) and the People & Culture Committee (PCC), setting direction through its committees' Terms of Reference.

The Board is responsible for the Group's Strategic Planning Framework and delegates day-to-day management and implementation of that framework to the Group Chief Executive Officer and other senior executives who meet regularly and attend Board meetings.

Board succession

The Board monitors its succession planning and the impact this may have on Board skills. The Board allows those members who have completed their first and second terms to stand for a further term through an internal process if individuals demonstrate the skills and experience needed to deliver the association's strategic vision for a further three-year term.

Governance effectiveness

As part of its reviews of its annual effectiveness, each Board Member meets individually with the Board Chair to understand opportunities for improving and learning. This approach is complemented by committee-effectiveness reviews where each committee member meets individually with their chair to discuss and consider the committee's effectiveness, and reports on this are presented to the Board annually. The process informs the annual effectiveness report to the Board which highlights good practice, governance improvement actions and any skills gaps and vulnerabilities that could be addressed through Board recruitment.

Adopted Code of Governance

The association has adopted the Community Housing Cymru (CHC) Code of Governance, and a compliance review is undertaken annually, alongside a compliance review of the Regulatory Standards. The outcomes of the review process are reported to the Board annually in July, with recommendations for improvement.

Governance Report

Regulation

In our interim regulatory judgement review in 2025 the association achieved 'Compliant Green' ratings in both Governance and Tenant Services, and Financial Viability.

Following the merger, an interim self-evaluation was presented to the Board at its meeting in December 2025.

The Group Chief Executive met regularly throughout the period with the association's allocated Senior Regulation Manager to discuss regulatory compliance and performance.

Improvement-action monitoring

The AAC monitors progress quarterly against improvement actions from the compliance reviews and reports these to the Board through its annual report.

Buzz, our customer voice group, also plays a role. This group of 6–12 customers assess how well Hedyn listens and acts on customer feedback and recommends ways to improve services.

As part of its work, Buzz gathered, reviewed and analysed a range of evidence and shared insight on areas identified for improvement. This intelligence is used in the re-design of services and informs decision making around operational improvements. The group makes sure that customer scrutiny is embedded within Hedyn's internal governance.

Audit & Assurance Committee (AAC)

The AAC comprises of six members and, following an introductory meeting in 2025, met four times in the reporting period. Its purpose is to advise and provide assurance to the Group Board on the adequacy and effectiveness of internal controls to make sure the Group is operating at appropriate levels of risk and is compliant with its adopted Code of Governance, legislation and regulation.

The Chair and Vice Chair of Buzz are participating observers at AAC meetings and are encouraged to make observations and comments in discussions.

People & Culture Committee (PCC)

The PCC comprises of four members and, following an introductory meeting in 2025, met twice in the reporting period. The committee is there to advise and provide assurance to the Board on the adequateness and effectiveness of providing a great colleague experience, making Hedyn create a place that empowers and inspires colleagues to be the difference.

Governance Report

Internal Control

The Board takes seriously its responsibility for ensuring that the association has a system of controls appropriate for the various business environments in which it operates. These controls are designed to give reasonable assurance on:

- the reliability of financial information used by the Group or for publication;
- the maintenance of proper accounting records;
- the safeguarding of assets against unauthorised use or disposition.

It is the Board's responsibility to establish and maintain systems for internal financial control. Such systems only provide reasonable but not absolute assurance against material misstatement or loss. Key elements include making sure that:

- experienced and suitably qualified staff take responsibility for important business functions;
- formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restricts the unauthorised use of the association's assets;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures.

The AAC receives reports from management, and the internal and external auditors, to provide reasonable assurance that control procedures are in place and are being followed.

This includes a general review of the major risks facing the association not otherwise dealt with directly by the Board. Formal procedures have been established to take appropriate action to correct material weaknesses identified from the above reports. The AAC undertakes regular deep dives of the top strategic risks and provides assurance to the Board.

Colleagues

Our new People Strategy is a key enabler to support Hedyn's wider ambitions. It sets a clear vision for a people-oriented organisation, where we have the right talent, with the right values, empowered to deliver for our customers and communities. The strategy is supported by a detailed delivery plan to ensure clear, measurable progress.

The strategy aims to create an inclusive, values-led culture and give colleagues the tools, support and opportunities they need to succeed. It uses a life-cycle model to strengthen our approach to colleague experience – so colleagues are supported at every stage, from recruitment through to development and retention.

The association is fully committed to equal opportunities, with its approach being informed by broader strategies such as the Welsh Government Anti-racist Wales Action Plan. We value the diversity of all our colleagues, customers and communities, which is reflected in the new EDI Pledge, ED&I Policy, and implementation plan.

Gender pay gap

The Board approved Hedyn's latest gender pay gap report in line with statutory reporting requirements, based on April 2025 data. This is our first

Governance Report

full report as a merged organisation, setting our baseline as we establish a fair and consistent pay framework.

Our results show a median hourly pay gap of 0%, meaning women earn £1 for every £1 that men earn. On a mean basis, women's hourly pay is 4.04% higher than men's. As of 5 April 2025, 43% of our workforce were women and 57% men.

This first set of results for Hedyn puts us in a strong position as an employer of choice, demonstrating our approach as a fair and inclusive employer, and placing us significantly below the latest ONS data for the UK and Wales.

Monitoring the gender pay gap remains an important part of our commitment to equality, diversity and inclusion. We will continue to embed our pay methodology which uses recognised job evaluation and benchmarked rate for all roles, regardless of gender.

An equal, diverse and inclusive workforce is critical to achieving our Hedyn Strategy ambitions. Only by achieving a fairer and more equal workplace will we truly represent the customers and communities we serve and remain an employer of choice for years to come.

Modern slavery

The AAC received information at each of its meeting on any incidents of allegations and/or investigations in relation to modern slavery.

The Board receives a modern slavery and human-trafficking statement annually in July. This identifies total cases up to year end and gives assurance on how we minimise risk and manage incidents. An annual Modern Slavery and Human Trafficking Statement is published on our website.

The association did not identify any cases of modern slavery in the year ending 31 March 2026, compared with one case in the previous year.

Subsequent events

There has been no events since the date of these financial statements that have had a material impact on the position of the association.

Disclosure of information to auditors

The Board Members who held office at the date of approval of this annual report confirm that, so far as they are each aware, there is no relevant audit information of which the association's auditors are unaware, and each Board Member has taken all the steps that they ought to have taken as a Board.

Members are required to ensure that they are aware of any relevant audit information, in addition to reporting any issues or concerns with the association's auditor as and when they become aware.

A resolution to appoint the external auditors of Tai Hedyn Limited will be proposed at the Annual General Meeting on 23 September 2026.

Approved by the Board and signed on its behalf by:



Lynda Sagona
Chair of the Board

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAI HEDYN LIMITED

FOR THE YEAR ENDED 31 MARCH 2026

Opinion

We have audited the financial statements of Tai Hedyn Limited (the 'association') and its subsidiary for the year ended 31 March 2026 which comprise the Consolidated and Association Statement of Comprehensive Income, the Consolidated and Association Statement of Changes in Equity, the Consolidated and Association Statement of Financial Position, the Consolidated and Association Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the groups and association's affairs as at 31 March 2026 and of the group and association's surplus 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, 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 and 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.

Independent auditor's 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 in relation to which 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 proper books of account; or
- a satisfactory system of control over transactions has not been maintained; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Statement of the Board's responsibilities set out on **page 38**, 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 association or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report

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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. 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.

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

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

In identifying and addressing risks of material misstatement in respect of

irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the group and the association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015, tax legislation, health and safety legislation, and employment legislation.
- 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 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 and association's activities and the regulated nature of the group and association's activities.
- We reviewed financial statements disclosures and tested to supporting

Independent auditor's report

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.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

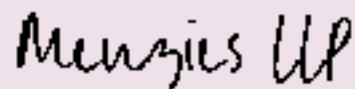
Auditor's responsibilities in respect of the Housing for Wales Circular HFW 02/10 "Internal controls and reporting"

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 the audit report

This report is made solely to the association's members as a body in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014 and Chapter 4 of Part 2 of the Housing and Regeneration Act 2008. 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.



Menzies LLP Cardiff
Statutory Auditor
5th Floor, Hodge House
114-116 St Mary Street
Cardiff CF10 1DY

Date:

Statement of comprehensive income

		Group		Association	
		2026	Restated 2025	2026	Restated 2025
	Note	£'000	£'000	£'000	£'000
Turnover	2,3	119,021	115,724	105,214	104,708
Operating expenditure	2,3	(99,332)	(96,514)	(85,645)	(85,287)
Gain / (loss) on disposal of PPE	4	(86)	207	(86)	207
Operating surplus	5	19,603	19,417	19,483	19,628
Exceptional item: merger related costs	30	(1,406)	(3,798)	(1,406)	(3,798)
Exceptional item: pensions departure income	28	19,100	-	19,100	-
Exceptional item: pensions departure expense	28	(19,100)	-	(19,100)	-
Interest receivable	8	2,781	4,792	3,034	4,792
Interest and financing costs	9	(13,024)	(10,601)	(12,771)	(10,405)
Surplus for the year before taxation		7,954	9,810	8,340	10,217
Taxation	10	(45)	(127)	(45)	(127)
Surplus for the year		7,909	9,683	8,295	10,090
Actuarial gain/(loss) in respect of pension schemes	28	392	231	392	231
Total comprehensive income for the year		8,301	9,914	8,687	10,321

Statement of changes in reserves

		Group		Association	
		2026	Restated 2025	2026	Restated 2025
	Note	£'000	£'000	£'000	£'000
At start of year		94,934	85,020	94,680	84,359
Surplus/(deficit) from statement of comprehensive income		7,909	9,683	8,295	10,090
Actuarial movement	28	392	231	392	231
At end of year		103,235	94,934	103,367	94,680

Statement of financial position

	Note	Group		Association	
		2026 £'000	Restated 2025 £'000	2026 £'000	Restated 2025 £'000
Fixed assets					
Social housing properties	13	650,082	605,113	646,559	596,048
Investment properties	14	33,179	31,908	33,179	31,908
Intangible assets	15	705	855	705	855
Other property and fixed assets	16	15,949	12,736	15,949	12,736
Homebuy loans	11	26,035	26,156	26,035	26,156
Investments	12	113	113	113	113
		726,063	676,881	722,540	667,816
Current assets					
Inventories	17	5,663	156	1,017	156
Debtors: due within one year	19	36,334	25,757	42,449	34,127
Debtors: due after one year	20	10,822	11,207	10,822	11,207
Treasury deposits	18	37,133	80,799	37,133	80,799
Cash and cash equivalents	18	4,608	11,180	4,420	10,677
		94,560	129,099	95,841	136,966
Creditors: due within one year	21	(67,831)	(111,176)	(65,457)	(110,232)
Net current assets		26,729	17,923	30,384	26,734
Total assets less current liabilities		752,792	694,804	752,924	694,550
Creditors: due more than one year	22	(649,557)	(599,870)	(649,557)	(599,870)
Total net assets		103,235	94,934	103,367	94,680
Capital and reserves					
Share capital	24	-	-	-	-
Reserves - revenue		103,235	94,934	103,367	94,680
Total reserves		103,235	94,934	103,367	94,680

The financial statements were approved
by the Board of Management on 22 July
2026 and signed on its behalf by:

 **L Sagona**
Chair

 **M Reed**
Vice Chair

 **J Fairley**
Company Secretary

Cash flow statement

		Group		Association	
		2026	Restated 2025	2026	Restated 2025
	Note	£'000	£'000	£'000	£'000
Net cash generated from operating activities	a	31,934	34,496	38,412	32,054
Cash flows from investing activities.		(69,698)	(111,331)	(71,288)	(87,697)
Purchase of property, plant and equipment.					
Proceeds from sale of property, plant and equipment		475	33,840	475	11,919
Grants received		24,927	27,056	19,848	27,056
Interest received		2,781	9,693	3,034	9,693
Merger reserves		-	(1,940)	-	(1,940)
Tax paid		-	(237)	-	(28)
Net cash flows from investing activities		(41,515)	(42,919)	(47,931)	(40,997)
Cash flows from financing activities					
Interest paid		(12,646)	(10,610)	(12,393)	(10,414)
New loans		10,000	31,700	10,000	31,700
Repayments of borrowings		(38,011)	(10,697)	(38,011)	(10,697)
Net cash flow from financing activities		(40,657)	10,393	(40,404)	10,589
Net increase / (decrease) in cash and cash equivalents		(50,238)	1,970	(49,923)	1,646
Cash and cash equivalents at beginning of year		91,979	90,009	91,476	89,830
Cash and cash equivalents at end of year	18	41,741	91,979	41,553	91,476

a) Net cash generated from operating activities

		Group		Association	
		2026	Restated 2025	2026	Restated 2025
	Note	£'000	£'000	£'000	£'000
Surplus for the year		7,909	17,465	8,295	17,676
Adjustments for non-cash items:					
Depreciation of property, plant and equipment		16,754	14,984	16,754	14,984
(Increase) / decrease in inventories		(5,507)	(44)	(861)	(44)
(Increase) / decrease in debtors		9,064	(6,711)	11,940	(8,973)
Increase / (decrease) in creditors		5,033	15,887	3,603	15,496
Pension costs less contributions payable		(414)	(53)	(414)	(53)
Non-cash adjustment to fixed assets		688	531	688	531
Fair value movement on investment properties		-	-	-	-
Carrying amount of PPE disposals		561	2	561	2
Adjustments for investing or financing activities:					
Proceeds from the sale of property, plant and equipment		(475)	(1,417)	(475)	(1,417)
Government grants utilised in the year		(11,416)	(6,242)	(11,416)	(6,242)
Interest receivable		(3,034)	4,326	(3,034)	4,326
Interest payable		12,771	(4,232)	12,771	(4,232)
Net cash flows from operating activities		31,934	34,496	38,412	32,054

b) Free cash flow

		Group		Association	
		2026	Restated 2025	2026	Restated 2025
	Note	£'000	£'000	£'000	£'000
Net cash generated from operating activities	a	31,934	34,496	38,412	32,054
Interest paid		(12,646)	(10,610)	(12,393)	(10,414)
Interest received		2,781	9,693	3,034	9,693
Tax paid		-	(237)	-	(28)
Exceptional items		-	1,858	-	1,858
Component replacements		(20,022)	(32,776)	(20,022)	(32,776)
Major repairs grant		6,260	2,537	6,260	2,537
Purchase of other replacement fixed assets		-	(1,635)	-	(1,635)
Free cash generated / (consumed) before loan repayments		8,307	3,326	15,291	1,289
Loans repaid (excluding revolving credit and overdrafts)		(38,011)	(10,697)	(38,011)	(10,697)
Free cash generated / (consumed) after loan repayments		(29,704)	(7,371)	(22,720)	(9,408)

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

	Group		Association	
	2026	Restated 2025	2026	Restated 2025
	£'000	£'000	£'000	£'000
Increase / (decrease) in cash in the year	(50,238)	1,970	(49,923)	1,646
Cash inflow from changes in debt	28,011	(21,003)	28,011	(21,003)
Movement in net debt in the year	(22,227)	(19,033)	(21,912)	(19,357)
Net debt at beginning of year	(237,546)	(218,513)	(238,049)	(218,692)
Net debt at end of year	(259,773)	(237,546)	(259,961)	(238,049)

d) Analysis of net debt

	Group			Association		
	Restated	Cash flows	2026	Restated	Cash flows	2026
	2025			2025		
	£'000	£'000	£'000	£'000	£'000	£'000
Cash and cash equivalents	91,979	(50,238)	41,741	91,476	(49,923)	41,553
Housing loans	(329,525)	28,011	(301,514)	(329,525)	28,011	(301,514)
Net debt	(237,546)	(22,227)	(259,773)	(238,049)	(21,912)	(259,961)

Note 1: Principal accounting policies

Basis of accounting

The financial statements of the Group and association are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Requirements for Social Landlords registered in Wales General Determination 2015. The association is a public benefit entity in accordance with FRS 102 and the financial statements are presented in Sterling (£).

Basis of consolidation

The consolidated accounts include the results of Tai Hedyn Limited (“the association”) and its trading subsidiary undertaking Candleston Limited. Consolidated accounts are required under the Co-operative and Community Benefit Societies Act 2014. Tai Hedyn Limited is the parent entity and the ultimate parent entity. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Where any conflict arises between the SORP 2018 and applicable financial reporting standards, then the SORP prevails.

Investment in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Turnover and revenue recognition

Turnover comprises rental income receivable in the year, income from shared ownership first tranche sales, sales of properties built for sale and other services included at the invoiced value (excluding VAT where recoverable) of goods and services supplied in the year and grants receivable in the year. Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale.

Gift aid income

Donations received under the Gift Aid scheme to the parent association, Tai Hedyn, from its subsidiaries are recognised as turnover upon receipt as it relates to the principal activities of the association and is eliminated on consolidation.

Taxation

Current tax is recognised for income tax payable in respect of the taxable surplus for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Note 1: Principal accounting policies

Deferred tax

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. When all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised and will be assessed for tax in a future period, except where the Group is able to control the reversal of the timing difference; and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax relating to investment property that is measured at fair value is measured using the tax rates and allowances that apply to the sale of the asset, except for investment property that has a limited useful life and is held in a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time.

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

Deferred tax is measured on an undiscounted basis. Except for changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in income and expenditure, other comprehensive income or reserves depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Value Added Tax

The association is partially exempt for VAT purposes and claims are made for repayment of VAT for items that are specifically allowable. Expenditure is shown inclusive of non-recoverable VAT.

Interest payable

Interest payable is charged to the statement of comprehensive income to reflect the costs of loan finance attributable to each accounting period.

Homebuy loans

Homebuy loans are treated as concessionary loans. They are initially recognised as a loan at the amount paid to the purchaser and are subsequently updated to reflect accrued interest and any impairment loss is recognised in income and expenditure to the extent that it cannot be offset against the Homebuy grant. The associated Homebuy grant is recognised as deferred income until the loan is redeemed.

Note 1: Principal accounting policies

Financial instruments

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

Debtors

Short term debtors are measured at transaction price, less any impairment. Where deferral of payment terms has been agreed and the impact of discounting is material, the balance is shown at the present value, discounted at a market rate. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Service charges

The Group operates both fixed and variable service charges on a scheme-by-scheme basis. Where variable service charges are used the budget will include an allowance for the surplus or deficit from prior years with a surplus being returned to residents in the form of a reduced charge for the year and a deficit being recovered via a higher service charge.

Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

Pensions

Hedyn gave notice during the year to withdraw from both the Local Government Pension Scheme (LGPS) and the Social Housing Pension Scheme (SHPS), effective 31 March 2026, however, the Group participated in five pension schemes during the year:

The Aviva Pension Scheme is a defined contribution scheme. The contributions payable by the association are charged to the statement of comprehensive income as an expense during the year in which the employees have become entitled to this benefit. The association is only liable for the contributions and therefore no requirement to include a liability in the statement of financial position.

The Local Government Pension Scheme (LGPS), a defined benefit scheme managed by Torfaen County Borough Council (Greater Gwent). Contributions are assessed in accordance with the advice of an independent qualified actuary. Certain information concerning the assets, liabilities, income and expenditure relating to the LGPS scheme are disclosed in accordance with FRS102 – Employee Benefits.

Social Housing Pension Scheme, a centralised final salary Social Housing Pension Scheme funded by contributions from all participating employers and employees in the scheme. Payments are made to a fund operated by the Pensions Trust, an independent Trust providing superannuation benefits for employees of voluntary organisations. These payments are made in

Note 1: Principal accounting policies

accordance with periodic calculations by consulting actuaries.

Social Housing Pension Scheme – Defined Contribution. The Association set up the Social Housing Pension Scheme defined contribution scheme in April 2014. The scheme is used as the Association's auto enrolment scheme.

Royal London, a defined contribution scheme which offers flexibility over payment levels, investment choice and control and benefit flexibility at retirement.

Management's estimate of the defined benefit asset or liability is based on several critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses.

Housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and are stated at cost less accumulated depreciation and impairment.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period.

Expenditure on shared ownership properties is split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover, and the remaining element is classed as fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

The surplus or deficit arising on a disposal of a property is the difference between the sale price and the aggregate of the depreciated cost and any associated costs of disposal such as valuation and Legal fees.

Any Social Housing grant (SHG) originally received on a property is repayable in full in the case of a disposal, demolition or change of use to an ineligible activity, save that in circumstances where the Welsh Government considers appropriate it may reduce the amount repayable. Where this arises on a disposal, the grant repayable so waived is added back to the surplus or deficit on that disposal.

Investment properties

Investment properties consist of commercial properties and other properties not held for the social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently at fair value triennially, with changes in fair value recognised in income and expenditure. Although an independent valuation was not carried out for March 2026, as there has been no change to the occupancy of the building by commercial tenants and no indication of a change in demand for this property, the carrying value is considered to remain unchanged.

Note 1: Principal accounting policies

Government grants

Government grants include grants receivable from the Welsh Government, local authorities and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accruals model.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received. Grants due from government organisations or received in advance are included as current assets or liabilities. Government grants received for housing properties are subordinated to the repayment of loans by agreement with the Welsh Government. Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the statement of financial position in creditors. If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in income and expenditure. Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to income and expenditure. Upon disposal of the associated property, the association is required to recycle these proceeds and recognise them as a liability.

Housing finance grants

Housing finance grants (HFG) are capital grants receivable from the Welsh Government which are repayable to the extent that such amounts have been received in the event of the disposal, demolition or change of use to an ineligible activity. These are designed as a contribution towards the capital cost of providing new social housing and are received in instalments over a term of 30 years commencing once a scheme is approved for development.

Other grants

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

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets including any components. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment, changes to the Welsh Housing Quality Standards and changes to energy efficiency requirements which may require more frequent replacement of key components.

Note 1: Principal accounting policies

Depreciation of housing properties

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

Depreciation on properties for letting is charged from the beginning of the year following the property entering into management. Depreciation on capitalised components is charged from the beginning of the year following the replacement of a capitalised component.

Shared ownership properties are not depreciated as the residual value, which is the estimated amount that would currently be obtained from sale, is not less than the carrying value.

The Group depreciates the major components of its housing properties over the following useful lives:

	Houses	Flats
Structure – new build properties	150 years	125 years
Structure – acquisition/refurbishments	125 years	100 years
Components:		
Windows and doors	30 years	
Kitchens	16 years	
Bathrooms	26 years	
Central heating	30 years	
Roofing	60 years	
Boilers	15 years	
Solar panels	25 years	
Outside works	30 years	
Structural works	50 years	
Rewires	30 years	
Sprinklers	15 years	

Note 1: Principal accounting policies

Leasehold properties are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter.

Impairment

Housing properties are assessed annually for impairment indicators. Where indicators are identified, an assessment for impairment is undertaken comparing the scheme's carrying amount to its recoverable amount. Where the carrying amount of a scheme is deemed to exceed its recoverable amount, the scheme is written down to its recoverable amount. The resulting impairment loss is recognised as operating expenditure. Where a scheme is currently deemed not to be providing service potential, its recoverable amount is its fair value less costs to sell.

Other tangible fixed assets

Other tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

Office refurbishment	15 years
Office and IT equipment	Four to 10 years
Vehicles and equipment	Five to 30 years

Gains or losses arising on the disposal of other tangible fixed assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised as part of the operating surplus/deficit for the year.

Intangible assets

Computer software is carried at cost less accumulated amortisation and impairment losses. Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the criteria as follows is met:

- It is technically feasible to complete the software so that it will be available for use;
- Management intends to complete the software and use or sell it;
- There is an ability to use or sell the software;
- It can be demonstrated how the software will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- The expenditure attributable to the software during its development can be reliably measured.

Amortisation is charged on a straight-line basis over the expected useful life of the software. The expected useful life is five years. The computer software

Note 1: Principal accounting policies

is reviewed for impairment where there are triggers such as technological advancement or changes in market price, that indicate that the carrying amount may be impaired.

Leases

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

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of 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 reduction of the lease obligation using the effective interest method to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring the surplus or deficit. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets. Rentals payable under operating leases are charged to income and expenditure on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the Group recognises annual rent expense equal to amounts owed to the lessor.

Stock

Stock, shared ownership first tranche sales, completed properties for outright sale, and property under construction are valued at the at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises materials, direct labour and direct development overheads.

Provisions for liabilities

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present 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 obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises. The association recognises a provision for annual leave accrued by employees because of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

Note 1: Principal accounting policies

Going concern

The Group's activities, its current financial position and factors likely to affect its future development are set out within the financial performance and value for money (VfM) sections of the Strategic Report. The Group has flexible and low-cost long-term debt which will continue to provide adequate resources to finance committed reinvestment and development programmes, along with the Group's day-to-day operations. The Group also has a long-term business plan which shows that it can service these debt facilities whilst continuing to comply with lenders' covenants. On this basis, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Note 2: Turnover, operating costs and surplus

			2026 £'000	Restated 2025 £'000
Social Housing Lettings	Turnover	Costs	Operating Surplus	Operating Surplus
General needs housing	98,588	83,792	14,796	13,988
Other social housing activities				
Intermediate rents	411	115	296	508
Garages	97	27	70	26
Properties for Community Benefit	541	152	389	347
Shared Ownership	430	120	310	304
Rent to Own	106	30	76	79
Affordable Rent	62	17	45	-
1st tranche sales	1,930	538	1,392	1,208
Extra care rents	970	271	699	-
Management of Almshouses	45	13	32	518
Gift Aid	-	-	-	978
Non-social housing activities				
Commercial properties	1,086	304	782	735
Private market rent	788	221	567	205
Other activities	160	45	115	525
Gain / (loss) on disposal of property, plant and equipment			(86)	207
Operating surplus	105,214	85,645	19,483	19,628
Exceptional item: merger			(1,406)	(3,798)
Exceptional items pension departure income			19,100	-
Exceptional items pension departure expense			(19,100)	-
Interest receivable			3,034	4,792
Interest and financing costs			(12,771)	(10,405)
Surplus before tax			8,340	10,217

Note 3: Particulars of social housing lettings

	2026 £'000	Restated 2025 £'000
Turnover from social housing lettings		
Rents receivable (net of void loss)	78,953	76,451
Service charges receivable	6,063	5,367
Amortisation of social housing grants	6,562	6,723
Dowry grant	6,500	6,500
Other revenue grants	510	873
Turnover from social housing lettings	98,588	95,914
Operating costs from lettings		
Management costs	13,818	15,226
Service charge costs	7,318	6,735
Planned maintenance	9,260	13,340
Day-to-day maintenance	36,850	32,095
Depreciation of housing properties	16,348	14,376
Rent losses from bad debts	198	154
Operating costs on social housing activities	83,792	81,926
Operating surplus on social housing lettings	14,796	13,988
Rent loss due to voids (memorandum note)	913	1,359

Note 4: Disposal of property, plant and equipment

	Group and Association	
	2026	Restated 2025
	£'000	£'000
Sales proceeds	475	209
Cost of sales	(561)	(2)
	(86)	207

Sales proceeds above comprise income from 12 properties that were staircasing sales of shared ownership properties (where owners increased their equity share in the property) and seven land sales.

Note 5: Operating surplus for the period

Operating surplus for the period is stated after charging / (crediting):

	Group		Association	
	2026	Restated 2025	2026	Restated 2025
	£'000	£'000	£'000	£'000
Amortisation of social housing grants	(13,572)	(12,384)	(13,572)	(12,384)
Depreciation of property, plant and equipment	16,348	15,200	16,348	15,200
Rent losses from bad debts	198	154	198	154
Operating leases	763	325	763	325
Auditor's remuneration (non-audit services, exclusive of VAT)	2	-	1	-
Auditor's remuneration (inclusive of VAT)	31	44	27	41

Note 6: Board members and senior executives' emoluments

The remuneration paid to the senior executives of the association was:

	Group		Association	
	2026	Restated 2025	2026	Restated 2025
	£'000	£'000	£'000	£'000
Emoluments (including pension contributions and benefits in kind)	885	1,600	859	1,383
Emoluments (excluding pension contributions) paid to the highest paid senior executive	195	943	195	199

In addition to the above costs, in 2026 the association incurred redundancy costs of £nil (2025: £68k) and pay in lieu of notice of £nil (2025: £157k). The prior year payments related to two senior executives.

Note 6: Board members and senior executives' emoluments

The emoluments of board members and senior employees, excluding pensions contributions were in the following ranges:

	Group		Association	
	2026	Restated 2025	2026	Restated 2025
	No.	No.	No.	No.
£1 - £50,000	14	11	10	11
£90,0001 - £100,000	-	2	-	1
£100,001 - £110,000	-	1	-	-
£110,001 - £120,000	-	-	-	-
£120,001 - £130,000	-	2	-	2
£130,001 - £140,000	-	1	-	1
£140,001 - £150,000	-	1	-	1
£150,001 - £160,000	2	1	2	1
£160,001 - £170,000	1	-	1	-
£170,001 - £180,000	-	-	-	-
£180,001 - £190,000	-	1	-	1
£190,001 - £200,000	1	1	1	1

The Chief Executive is an ordinary member of the Royal London pension scheme, and no enhanced or special terms apply. The association's contribution in respect of Chief Executive's pension fund was £16,709 (2025: £26,557, relating to the previous Chief Executive who was a member of the LGPS). Hedyn does not make any further contribution to any individual pension arrangements for the Chief Executive. The emoluments paid to the previous Chief Executive included a 10% car allowance, but no such payment was made this year.

Note 7: Employee and employer costs

Staff costs during the year:

	Group		Association	
	2026 £'000	Restated 2025 £'000	2026 £'000	Restated 2025 £'000
Wages and salaries	27,523	27,232	27,313	26,952
Social security costs	3,534	2,683	3,494	2,651
Other pension costs	3,017	4,173	2,990	4,148
	34,074	34,088	33,797	33,751

Average number of full-time equivalent employees during the year:

	Group		Association	
	2026 No.	Restated 2025 No.	2026 No.	Restated 2025 No.
Management and administration	476	487	468	487
Wardens, caretakers and cleaners	64	62	64	62
Housing repair service	164	146	164	146
	704	695	696	695

Full-time equivalents at the end of the year were:

702	719	694	712
-----	-----	-----	-----

Note 8: Interest receivable

	Group		Association	
		Restated		Restated
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Interest receivable	2,781	4,792	3,034	4,792

Note 9: Interest and financing costs

	Group		Association	
		Restated		Restated
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Interest payable and similar charges	13,024	10,601	12,771	10,405

Note 10: Tax on surplus on ordinary activities

	Group		Association	
	2026 £'000	Restated 2025 £'000	2026 £'000	Restated 2025 £'000
Current tax				
UK corporation tax on surplus for the year	45	127	45	127
Adjustments in respect of prior years	-	-	-	-
Total current tax	45	127	45	127
Deferred tax				
Net movements	-	-	-	-
Total tax on ordinary activities	45	127	45	127
Effective tax rate:	0.6%	1.1%	0.5%	1.2%
Total tax reconciliation				
Surplus on ordinary activities before tax	8,117	11,195	8,339	10,217
Theoretical tax @ UK rate of 25%	2,029	2,799	2,085	2,554
Charitable tax exemption	(1,984)	(2,672)	(2,040)	(2,672)
Charitable donations	-	-	-	245
Adjustments re prior periods	-	-	-	-
Total tax charge	45	127	45	127

Note 11: Homebuy loans

	Group		Association	
	2026 £'000	Restated 2025 £'000	2026 £'000	Restated 2025 £'000
At start of year	26,156	25,569	26,156	25,569
Loans issued in year	707	923	707	923
Loans redeemed during the year	(828)	(336)	(828)	(336)
At end of year	26,035	26,156	26,035	26,156

Note 12: Investment in MORhomes

	Group and Association	
	2026 £'000	Restated 2025 £'000
At start of year	113	113
Shares acquired in the year	-	-
At end of year	113	113

Hedyn has an investment in MORhomes plc, which is owned by a number of housing associations. MORhomes plc aims to issue debt listed on the London stock exchange and on-lend those funds as loans to housing associations. The intention is that surpluses will be returned as dividends. It is not currently possible to measure the fair value of this investment, and it is therefore stated at cost less impairment.

The opening balance was restated for the prior year; to reclassify £113k that was previously classified under short-term debtors.

Note 13: PPE – social housing properties (Group)

	Freehold housing properties held for letting	Housing properties in the course of construction	Completed shared ownership housing properties	2026 £'000	Restated 2025 £'000
Group				Total	Total
Cost					
At beginning of year	622,588	99,432	2,060	724,080	619,269
Additions during the year	4,372	39,232	-	43,604	75,258
Components replaced in year	20,022	-	-	20,022	33,374
Schemes completed during the year	27,305	(27,305)	-	-	-
Impairment	-	-	-	-	(385)
Disposals of components during the year	(2,155)	-	-	(2,155)	(2,672)
Write off adjustments	(13)	-	-	(13)	-
Transfer from/(to) investment properties	-	(1,271)	-	(1,271)	(111)
Transfer from/(to) inventory	-	-	-	-	-
Reclassification of assets to other property	(229)	(867)	-	(1,096)	(653)
At end of year	671,890	109,221	2,060	783,171	724,080
Depreciation					
At beginning of year	118,966	-	-	118,966	107,308
Charge for the year	15,593	-	-	15,593	13,756
Disposals of components during the year	(1,470)	-	-	(1,470)	(2,098)
At end of year	133,089	-	-	133,089	118,966
Net book value					
At end of year	538,801	109,221	2,060	650,082	605,114
At beginning of year	503,622	99,432	2,060	605,114	511,961

Note 13: PPE – social housing properties (Association)

	Freehold housing properties held for letting	Housing properties in the course of construction	Completed shared ownership housing properties	2026 £'000	Restated 2025 £'000
Association				Total	Total
Cost					
At beginning of year	622,588	90,366	2,060	715,014	643,892
Additions during the year	849	48,298	-	49,147	51,623
Components replaced in year	20,022	-	-	20,022	33,374
Schemes completed during the year	27,305	(27,305)	-	-	-
Impairment	-	-	-	-	(385)
Disposals of components during the year	(2,155)	-	-	(2,155)	(2,672)
Write off adjustments	(13)	-	-	(13)	(10,504)
Transfer from/(to) investment properties	-	(1,271)	-	(1,271)	-
Transfer from/(to) inventory	-	-	-	-	339
Reclassification of assets to other property	(229)	(867)	-	(1,096)	(653)
At end of year	668,367	109,221	2,060	779,648	715,014
Depreciation					
At beginning of year	118,966	-	-	118,966	107,308
Charge for the year	15,593	-	-	15,593	13,756
Disposals of components during the year	(1,470)	-	-	(1,470)	(2,098)
At end of year	133,089	-	-	133,089	118,966
Net book value					
At end of year	535,278	109,221	2,060	646,559	596,048
At beginning of year	503,622	90,366	2,060	596,048	536,584

Maintenance expenditure:

	Group and Association	
	2026 £'000	Restated 2025 £'000
Planned maintenance (revenue)	9,260	13,177
Investment (capital)	20,022	33,374

Units in management

	Restated 2025 No. units	Additions	Disposals	Adjustments	2026 No. units
General needs housing	12,841	201	-	-	13,042
Intermediate rent	138	20	-	-	158
Affordable rent	15	-	-	-	15
Private market rent	109	1	-	-	110
Rent to own	17	-	-	-	17
Shared ownership	197	-	(3)	-	194
Leaseholder	638	-	-	-	638
Garages	184	-	-	-	184
Extra care	97	-	-	-	97
Commercial	167	-	-	-	167
Units in Management	14,403	222	(3)	-	14,622

Note 14: Investment properties

	Group		Association	
	2026 £'000	Restated 2025 £'000	2026 £'000	Restated 2025 £'000
Cost				
At beginning of year	31,908	30,949	31,908	30,949
Additions during the year	1,621	848	1,621	848
Disposals	(350)	-	(350)	-
Transfer from/(to) housing properties	-	111	-	111
At end of year	33,179	31,908	33,179	31,908

Note 15: Intangible assets

	Group and Association	
	2026 £'000	Restated 2025 £'000
Computer software		
Cost		
At beginning of year	3,716	3,521
Additions during the year	187	196
Disposals during the year	(373)	-
At end of year	3,530	3,717
Amortisation		
At beginning of year	2,861	2,597
Charge for the year	337	265
Disposals during the year	(373)	-
At end of year	2,825	2,862
Net book value		
At end of year	705	855
At beginning of year	855	924

Note 16: Other property, plant and equipment

						2026 £'000	Restated 2025 £'000
Group and Association	Other property	Office premises	Service assets	Vehicles and office equipment	Infrastructure assets	Total	Total
Cost							
At beginning of year	1,730	2,701	2,263	3,953	7,855	18,502	16,208
Additions during the year	-	3,639	97	90	-	3,826	1,721
Disposals during the year	-	-	(21)	-	-	(21)	(80)
Write offs	-	-	-	(631)	-	(631)	-
Reclassification of assets from / (to) housing properties	24	-	205	-	-	229	653
At end of year	1,754	6,340	2,544	3,412	7,855	21,905	18,502
Depreciation							
At beginning of year	293	648	1,639	3,028	158	5,766	4,883
Charge for the year	54	67	97	449	157	824	963
Disposals during the year	-	-	-	-	-	-	(80)
Write offs	-	-	(21)	(620)	-	(641)	-
Reclassification of assets from/(to) housing properties	-	-	7	-	-	7	-
At end of year	347	715	1,722	2,857	315	5,956	5,766
Net book value							
At end of year	1,407	5,625	822	555	7,540	15,949	12,736
At beginning of year	1,437	2,053	624	925	7,697	12,736	11,325

Note 17: Inventories

	Group		Association	
	2026 £'000	Restated 2025 £'000	2026 £'000	Restated 2025 £'000
Stocks of materials	151	156	151	156
Investment in shared ownership properties under construction	866	-	866	-
Work in progress	4,646	-	-	-
	5,663	156	1,017	156

Note 18: Cash and cash equivalents

	Group		Association	
	2026 £'000	Restated 2025 £'000	2026 £'000	Restated 2025 £'000
Treasury deposits				
Instant	23,287	47,815	23,287	47,815
32-day notice	11,187	10,750	11,187	10,750
65-day notice	2,298	2,207	2,298	2,207
95-day notice	361	20,027	361	20,027
	37,133	80,799	37,133	80,799
Cash at bank and in hand	4,608	11,180	4,420	10,677
	41,741	91,979	41,553	91,476

The closing balance was restated for the prior year; to reclassify £218k from short term debtors to cash which related to cash in transit.

Note 19: Debtors – amounts falling due within one year

	Group		Association	
	2026	Restated 2025	2026	Restated 2025
	£'000	£'000	£'000	£'000
Arrears of rent and service charges	4,291	5,664	4,291	5,664
Less: Provision for bad and doubtful debts	(3,552)	(3,399)	(3,552)	(3,399)
	739	2,265	739	2,265
Accrued grant - SHG	5,873	-	5,873	-
Accrued grant - major repairs grant	2,790	8,289	2,790	8,289
Housing Finance Grant	352	337	352	337
Prepayments and other debtors	6,829	14,320	5,028	15,298
Service charges debtor	524	546	524	546
VAT debtor	127	-	30	-
Pension departure debtor	19,100	-	19,100	-
Loans to subsidiary	-	-	8,013	7,392
	36,334	25,757	42,449	34,127

The opening balance was restated for the prior year; to reclassify £113k as an investment that is disclosed separately in note 12. The closing balance was restated for the prior year; to reclassify £218k from short term debtors to cash which related to cash in transit.

Note 20: Debtors – amounts falling due in more than one year

	Group		Association	
	2026 £'000	Restated 2025 £'000	2026 £'000	Restated 2025 £'000
Housing Finance Grant	10,563	10,917	10,563	10,917
MORhomes Deposit	259	258	259	258
Loan debtor	-	32	-	32
	10,822	11,207	10,822	11,207

Housing Finance Grant (HFG) is deferred grant payable to Hedyn from the Welsh Government. It assists with the borrowing costs associated with various schemes over a thirty-year period.

The opening balance was restated for the prior year; to reclassify £540k as loan premium that is disclosed in note 22 (long term creditors).

Note 21: Creditors – amounts falling due in less than one year

	Group		Association	
	2026 £'000	Restated 2025 £'000	2026 £'000	Restated 2025 £'000
Trade creditors	3,615	7,717	2,302	6,877
Payroll creditors	2,204	15	2,191	15
Employee benefits	225	237	225	237
Pension departure creditor	19,100	-	19,100	-
Accruals	8,505	12,684	7,554	12,580
Deferred income	1,423	966	1,326	966
Prepayments of rents and service charges	1,577	1,308	1,577	1,308
Prepayments of other charges	3	5	3	5
Service charge creditor	332	332	332	332
Deposits	202	170	202	170
Housing loans	3,209	59,999	3,209	59,999
Loan premium	166	-	166	-
Loan interest	1,833	956	1,833	956
Grant in advance - SHG	8,918	8,532	8,918	8,532
Grant in advance - major repairs	3,830	3,830	3,830	3,830
Government grants	7,908	8,237	7,908	8,237
Capital retentions	4,625	5,122	4,625	5,122
Corporation Tax	45	127	45	127
Other creditors	111	939	111	939
	67,831	111,176	65,457	110,232

The opening balance was restated for the prior year; to reclassify £2,678k of deferred Social Housing Grant from long term creditors (note 22).

Note 22: Creditors – amounts falling due in more than one year

	Group		Association	
	2026	Restated 2025	2026	Restated 2025
	£'000	£'000	£'000	£'000
Housing loans	292,138	261,436	292,138	261,436
Loan premium	6,001	8,090	6,001	8,090
Government grants	350,713	328,269	350,713	328,269
Leaseholder sinking funds	705	725	705	725
Pension liability	-	564	-	564
	649,557	599,870	649,557	599,870

As part of the Welsh Government's 'Land for Housing' initiative, the association has a balance of public benefit entity concessionary loan totalling £5.95m. A further £375k is being held by lawyers in an escrow account pending successful acquisition of the land to which the loan associates. The loans are specifically used for the acquisition of land and is repayable when construction of the scheme begins or within five years, whichever is earlier.

In addition to 'Land for Housing', the association has a balance of £33.6m of low cost loans for specific development and infrastructure activities, with a further £10.8m remaining undrawn. Repayment of which carries a range of 20-30 year terms.

At 31 March 2026, the association had un-drawn bank loan facilities of £136.7m.

Interest payable on the loans at year-end was at either variable rates linked to SONIA or fixed rates. The average loan interest payable rates at the year end was 4.375%.

Loans are secured on 58% of properties where the association holds an interest.

Prepaid loan arrangement fees totalled £2.1m as at 31 March 2026.

The opening balance was restated for the prior year; to reclassify £540k as loan premium that was previously disclosed in note 20 (long term debtors), and £2,678k of deferred Social Housing Grant to short term creditors (note 21).

Loans repayable by instalments fall due as follows:

	Association	
	2026	Restated 2025
	£'000	£'000
In five years or more	294,970	262,875
Between two and five years	3,169	6,651
	298,139	269,526
In one year or less	3,375	59,999
	301,514	329,525

Note 23: Government grants

	Group and Association				Restated 2025 £'000 Total
	Government grants	Dowry grant	Recycled capital grants	2026 £'000 Total	
Gross value					
At beginning of year	310,546	88,098	4,216	402,860	362,945
Additions	26,805	-	1,560	28,365	40,776
Disposals	-	-	(700)	(700)	(861)
Write offs	-	-	-	-	-
At end of year	337,351	88,098	5,076	430,525	402,860
Amortisation					
At beginning of year	24,810	40,757	-	65,567	59,553
Charge for the year	2,511	3,826	-	6,337	6,242
Disposals	-	-	-	-	(228)
Write off adjustments	-	-	-	-	-
Grant recycled	-	-	-	-	-
At end of year	27,321	44,583	-	71,904	65,567
Net book value					
At end of year	310,030	43,515	5,076	358,621	337,293
At beginning of year	285,736	47,341	4,216	337,293	303,392
Amounts falling due:					
Within one year				7,908	8,237
In more than one year				350,713	329,056
				358,621	337,293

Note 24: Share capital

	Group and Association	
	2026	Restated 2025
Computer software	£'000	£'000
At beginning of year	86	106
Issued during the year	28	-
Cancelled during the year	(33)	(20)
At end of year	81	86

The shares provide members with the rights to vote at general meetings. The shares carry no right to dividends, there is no provision for the redemption of shares and there is no provision for a distribution following a winding up.

Note 25: Operating leases

At 31 March 2026 the association had commitments under operating leases as follows:

	Group and Association	
	2026 £'000	Restated 2025 £'000
Motor vehicles and office equipment expiring:		
Within one year	259	25
Between one and two years	125	7
Between two and five years	17	-
Over five years	-	-
	401	32
Land and buildings expiring:		
Within one year	285	285
Between one and two years	285	285
Between two and five years	856	856
Over five years	856	1,141
	2,282	2,567

The expenditure incurred during the year is detailed in Note 5: Operating surplus for the period.

Note 26: Capital commitments

	Group and Association	
	2026 £'000	Restated 2025 £'000
Capital expenditure contracted but not provided for in the financial statements	49,174	80,208
Capital expenditure authorised by the board but not contracted	83,208	74,574

Note 27: Net assets

The net assets of the association were £103.4m as at 31 March 2026, an increase of £8.7m from the previous year (restated).

The association made an operating surplus of £19.5m on ordinary activities during the year (2025: £19.6m, restated).

The Welsh Government has undertaken to pay a dowry to the association in acknowledgement of the level of work required. This dowry is payable in annual instalments phased to reflect the association's long-term financial plan.

The Board is satisfied that the availability of future loan finance and the dowry payment to be paid by the Welsh Government are sufficient to ensure that the association will be able to meet its future liabilities as they fall due.

Note 28: Pensions

Employees of the association participated in one of four pension schemes during the year:

- Local Government Pension Scheme (“LGPS”, a defined benefit scheme),
- Social Housing Pension Scheme (“SHPS DB”, a defined benefit scheme),
- Social Housing Pension Scheme (“SHPS DC”, a defined contribution scheme),
- Royal London scheme (a defined contribution scheme).

Some employees of the association participated in the scheme prior to the stock transfer taking place (9 March 2009). Assets or liabilities attributable to these individuals were identified at the transfer date and, as part of the transfer agreement, liability for these amounts rests with Newport City Council. The gains and losses recognised by the association therefore relate solely to the period since transfer.

Hedyn exited the Local Government Pension Scheme as of 31 March 2026. This has resulted in a cessation credit being due to Hedyn. The actuarial valuation of this credit will not be available until after the financial statements are authorised for issue. Hedyn has estimated this to be £19.1m using the best information available.

Hedyn exited the Social Housing Pension Scheme as of 31 March 2026. This has resulted in a cessation charge being payable by Hedyn. The actuarial valuation of this credit will not be available until after the financial statements are authorised for issue. Hedyn has estimated this to be £1.6m using the best information available.

Hedyn has, as part of leaving both the LGPS and the SHPS, has accrued associated costs as liabilities within the year. This includes compensation to staff (£17.2m), the exit charge for SHPS (£1.6m) and associated professional fees (£300k).

The principal assumptions used by the independent qualified actuaries in updating the latest valuations of the fund for FRS102 purposes were:

	SHPS		LGPS	
	2026 % pa	2025 % pa	2026 % pa	2025 % pa
Rate of increase in pension (CPI)	2.79 %	2.79 %	3.00 %	2.75 %
Rate of increase in salaries	4.03 %	3.79 %	3.70 %	3.25 %
Discount rate	6.14 %	5.85 %	6.30 %	5.80 %
Actual returns from the period	-	-	14.10 %	4.30 %
Inflation (RPI)	3.29 %	3.09 %	-	-
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance	n/a	n/a

The movements in the net surplus for the period were:

	SHPS		LGPS	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Fair value of plan assets	3,843	3,599	95,766	81,288
Value of funded obligations	(4,216)	(4,163)	(58,009)	(50,735)
Funded status	(373)	(564)	37,757	30,553
Unrecognised asset	373	-	(37,757)	(30,553)
Asset / (liability) recognised on the statement of financial position	-	(564)	-	-

Note 28: Pensions

Market value of plan assets:

	SHPS		LGPS	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Equities	426	403	70,867	59,340
Bonds	-	-	15,323	14,632
Property	-	-	9,577	7,316
Cash/liquidity	684	667	-	-
Insurance-linked securities	6	11	-	-
Property	188	180	-	-
Infrastructure	-	1	-	-
Private Equity	8	3	-	-
Real Assets	362	431	-	-
Private Credit	464	440	-	-
Credit	153	138	-	-
Investment grade credit	226	111	-	-
Cash	1	49	-	-
Long lease property	-	1	-	-
Secure income	117	60	-	-
Liability driven investment	1,171	1,090	-	-
Currency hedging	-	6	-	-
Net current assets	37	8	-	-
Actual returns for the period:	3,843	3,599	95,767	81,288

Components of pension cost for the year:

	SHPS		LGPS	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Current service cost	(8)	-	1,567	2,248
Past service cost (including curtailments)	-	-	1,470	-
Net interest income / (cost)	(27)	-	48	(860)
Interest of the effect of the asset ceiling	-	-	-	865
Total pension cost recognised in income and expenditure account	(35)	-	3,085	2,253

Note 28: Pensions

Statement of recognised surpluses and deficits:

	SHPS		LGPS	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Expected return on assets	49	(454)	6,790	(427)
Changes in financial assumptions	57	-	2,666	11,820
Changes in demographic assumptions	(40)	579	912	102
Other experience	(47)	(56)	(3,165)	528
Unrecognised asset	-	-	-	(30,553)
Changes in effect of asset ceiling	-	-	(5,433)	18,692
Total pension surplus recognised in the statement of comprehensive income	19	69	1,770	162

Changes to the fair value of assets during the year:

	SHPS		LGPS	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Present value of scheme assets at 1 April	3,599	3,783	81,288	76,014
Interest income on plan assets	210	188	4,746	3,731
Contributions by the employer	207	257	1,315	2,091
Contributions by the participants	-	-	1,002	970
Benefits and transfers paid	(222)	(175)	(1,231)	(1,091)
Other experience	49	(454)	-	-
Expected return on assets	-	-	-	(427)
Total fair value of plan assets at 31 March	3,843	3,599	87,120	81,288

Note 28: Pensions

Changes to the present value of liabilities during the year:

	SHPS		LGPS	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Present value of scheme liabilities at 1 April	4,163	4,631	50,735	58,187
Current service cost	8	7	1,567	2,248
Past service costs	-	-	1,470	-
Interest costs	237	223	3,023	2,871
Contributions by the participants	-	-	1,002	970
Benefits and transfers paid	(222)	-	(1,231)	(1,091)
Changes in financial assumptions	(57)	(175)	-	(11,820)
Changes in demographic assumptions	40	(579)	-	(102)
Other experience	47	56	-	(528)
Total value of funded obligations at 31 March	4,216	4,163	56,566	50,735

Note 28: Pensions

Sensitivity analysis:

Changes in assumptions at 31 March:	SHPS		LGPS	
	Approximate increase to defined benefit obligation	Approximate monetary amount	Approximate increase to defined benefit obligation	Approximate monetary amount £'000
0.1% increase in Real Discount Rate	n/a	n/a	2.00 %	1,106
0.1% increase in the Salary Increase Rate	n/a	n/a	-	53
0.1% increase in the Pension Increase Rate (CPI)	n/a	n/a	2.00 %	1,053
1 year increase in life expectancy	n/a	n/a	4.00 %	2,320

Mortality assumptions:

	SHPS		LGPS	
	2026 % pa	2025 % pa	2026 n/a	2025 n/a
Male retiring in 2026 (2025: in 2025)	20.9	21	n/a	n/a
Female retiring in 2026 (2025: in 2025)	23.2	23	n/a	n/a
Male retiring in 2046 (2025: in 2045)	22.2	22	n/a	n/a
Female retiring in 2046 (2025: in 2045)	24.6	25	n/a	n/a

Note 29: Related parties

During the year the association did not provide rented accommodation to any board members who were tenants of the association; nor charged rent to those members on the association's standard terms.

The association has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly-owned subsidiaries within the Group.

Hedyn is now the owner of Candleston Ltd, as a wholly-owned subsidiary. The share was transferred from Melin Homes Ltd as part of the merger on 1 April 2025.

Hedyn is Trustee for the Roger Williams And Queen Victoria Memorial Almshouses. Prior to the merger Melin Homes Ltd was the Trustee, which has transferred to Tai Hedyn Ltd upon merger.

Transactions between Hedyn and Roger Williams And Queen Victoria Memorial Almshouses:

- Management charges from Hedyn: £12,640 (2025: £11,957)
- Other charges from Hedyn: £37,969 (2025: £14,981)
- Amounts due to the Trustee at the reporting data: £37,969 (2025: £13,027).

Hedyn is Trustee for the Henry Burton Almshouse Charity. Prior to the merger Melin Homes Ltd was the Trustee, which has transferred to Tai Hedyn Ltd upon merger.

Transactions between Hedyn and Henry Burton Almshouse Charity:

- Management charges from Hedyn: £41,408 (2025: £40,202)
- Other charges from Hedyn: £87,574 (2025: £122,616)
- Amounts due to the Trustee at the reporting data: £28,596 (2025: £39,172).

Note 30: Exceptional items

	Group and Association	
	2026 £'000	Restated 2025 £'000
Merger-related costs	(1,406)	(3,798)
Pension departure - settlement credit receivable	19,100	-
Pension departure - staff compensation and costs payable	(19,100)	-

On 1st April 2025 Newport City Homes (Housing Association) Ltd merged with Melin Homes Ltd, a public benefit entity with similar charitable purposes.

Hedyn is the Welsh word for “seed.” It symbolises growth, new beginnings, and the potential for positive change. By connecting people across five local authority areas in Wales, Hedyn is committed to building communities where everyone can thrive.

The transaction took the legal form of a transfer of engagement; a process which transfers the whole of the business of one entity into another.

The Board determined that the transaction met the conditions for merger accounting under FRS102 Section 34. Accordingly, the financial statements have been prepared using merger accounting. The assets, liabilities and reserves of Melin Homes Ltd have been incorporated at their book values, and the comparative Statement of Comprehensive Income and Balance Sheet have been restated to reflect the merger as if it had occurred at the start of the earliest comparative period presented.

The merger resulted in no goodwill being recognised and had no impact on the reported surplus/(deficit) for the year.

The amount disclosed above relates to preparatory fees and costs payable by the association in the reporting period. This is disclosed separately on the basis that this is not a recurring business operation and gives a more accurate presentation of its operating surplus for the year.

In 2024/25, twelve open market sales occurred at the Crick Road site, near Portskewett, during the year. The total sales income received was £2,142k, which equalled the total cost for all twelve properties. Therefore, no surplus was made on the sales in Melin Homes Ltd (pre-merger).

During the year the association ceased to be a member of the Local Government Pension Scheme and the Social Housing Pension Scheme. Further details are provided in Note 28 (pensions). 



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