



Newport City Homes Housing Association Limited

**Annual Report and Financial Statements
For the Year Ended 31 March 2025**

Newport City Homes Housing Association Limited

For the year ended 31 March 2025

Contents

Contents	Page
Strategic report	5
Financial performance	11
Assurance and risk management	16
Value for money	20
Governance report	24
Auditors' report	32
Statement of comprehensive income	38
Statement of changes in reserves	39
Statement of financial position	40
Cash flow statement	411
Notes to the financial statements	45

Newport City Homes Housing Association Limited

For the year ended 31 March 2025

Board members and professional advisors

Board members:

Lynda Mary Sagona	Board Chair
Christopher James Sutton	
Dale Walker	
James Patrick Tarrant	
Michael John Usher	
Dr. Jenifer Tamsin Baxter	(retired 6 January 2025)
Andrew Raymond Gregory	(retired 1 April 2025)
Christian Cadwallader	(retired 1 April 2025)
Guy Roger Stenson	(retired 1 April 2025)
Kevin David Ward	(retired 1 April 2025)
Sarah Ann Croft	(retired 1 April 2025)

Appointed as a result of merger:

Martin Reed	(appointed 1 April 2025)	Board Vice Chair
Anthony Hearn	(appointed 1 April 2025)	
Claire Marshall	(appointed 1 April 2025)	
Sanni Salisu	(appointed 1 April 2025)	
Sarah Tipping	(appointed 1 April 2025)	
Paula Kennedy*	(appointed 1 April 2025)	
Gareth Yeoman-Evans*	(appointed 1 April 2025)	

*Executive Board Member

Executive Officers:

Ceri Doyle	Chief Executive (resigned 6 April 2025)
Sonia Fuzland	Executive Director of Operations (resigned 21 April 2025)
Matthew Davies	Executive Director of Development (resigned 1 April 2025)
Gareth Yeoman-Evans	Executive Director of Finance and Resources

Appointed as a result of merger:

Paula Kennedy	Group Chief Executive (appointed 1 April 2025)
Joanne Kirrane	Group Executive Director of Operations (appointed 1 April 2025)
Peter Crockett	Group Executive Director for Growth (appointed 1 April 2025)

Newport City Homes Housing Association Limited

For the year ended 31 March 2025

Board members and professional advisors

Company Secretary: Joanna Fairley

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

Bankers:

Barclays Bank plc
Windsor Court
3 Windsor Place
Cardiff
CF10 3ZL

Lenders:

Barclays Bank plc
Legal and General Assurance Society Limited
bLEND Funding plc
The Housing Finance Corporation Limited

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:

Bevan Buckland LLP
Cardigan House
Castle Court
Swansea Enterprise Park
Swansea
SA7 9LA

Internal Auditors:

Bishop Fleming
10 Temple Back
Bristol
BS1 6FL

Newport City Homes Housing Association Ltd

For the year ended 31 March 2025
Board Report

CEO and Chair Introduction

As we reflect on our performance over the last 12 months, this annual report also marks the end of a significant chapter in our evolution. Sixteen years after the formation of Newport City Homes, our merger with Melin completed on 1 April 2025. Through this, we've created a brand-new organisation, Hedyn, with an exciting future.

Successful new beginnings require solid foundations and we're pleased that, throughout the reporting period to 31 March 2025, we've provided Hedyn with a strong grounding founded on our shared social purpose.

We continued to deliver for our customers and communities. Our colleagues worked with the same unrelenting passion to deliver our ambitions; all while preparing for transition into Hedyn. And importantly, our residents worked alongside us throughout to help shape the change.

Among the key highlights of our 2024/2025 financial year, was the successful completion of the replacement pipelines for the Duffryn Heat Network: one of the largest upgrades of its kind in the UK. We also started the next phase of our long-term transformation of Ringland, shaped by the voices of local people. And we welcomed families into new, energy efficient homes, in Lliswerry.

Our energy advice, hoarding, and community teams continued to support our customers through challenging times. And we strengthened how we assist our most vulnerable residents. We launched our Repairs Roadshow - taking our services into the community; helped transform fly-tipping sites into green spaces; and proudly took part in Newport Pride.

Internally, we welcomed our 13th cohort onto our Strive management training programme and, thanks to our colleagues' commitment to environmental sustainability, we achieved the Gwent Active Travel Charter.

While all annual reports provide an opportunity to consider what's been achieved, this year's report is more meaningful than most. It gives us assurance that we start our fresh chapter on a strong financial footing, with much to offer.

We now look forward, united behind Hedyn's vision, to building **connected communities where everyone can live well**.

Newport City Homes Housing Association Limited

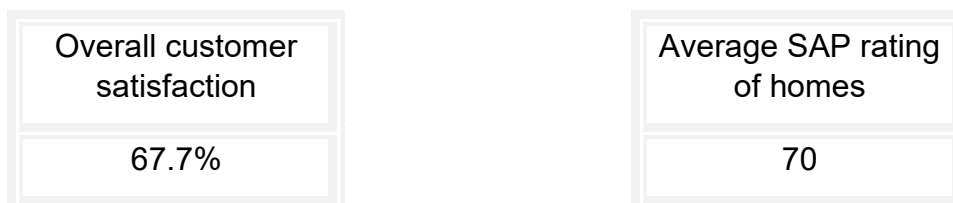
For the year ended 31 March 2025
Board Report

Newport City Homes: Foundations for the Future

We continued to deliver on our purpose in 2024/25: **providing homes in communities where people want to live**. Our priorities, set out in **NCH Strategy 2025**, remained our ambition, with three key areas for delivery: customer, community and colleague.

Customer

We value the relationship we build with our customers. Their voice shapes our services and we're proud to put them at the heart of everything we do. In 2024/25 we continued to focus on enhancing the customer experience, supporting them through challenges, as well as provide, great, safe and energy efficient homes.



Duffryn heat network upgrade complete

In May 2024, the new pipelines for the Duffryn Heat Network went live. We replaced 7.5km of district heating pipework, one of the largest upgrades of its kind in the UK. The project received £3.7 million from the Heat Network Efficiency Scheme (HNES), as well as low cost funding from Welsh Government to help cover the cost.

We are grateful for the patience and support of our customers throughout the work. The Energy Centre is a key part of the Duffryn community, and this upgrade secures the future of the network, delivering reliable, sustainable heating and hot water for years to come.

Bringing repairs to the doorstep

We know repairs are a top priority for our customers. While our new Newport City Homes App makes it easier to book repairs, we wanted to go further.

Newport City Homes Housing Association Limited

For the year ended 31 March 2025 Board Report

That's why we launched our Repairs Roadshow, taking our services into the community. Our teams from Maintenance, Planning and Customer Services visited 39 homes in one day and completed 29 repairs on the spot.

Customers satisfied with repair	Repairs being done right first time
79.1%	74.4%

Supporting customers with complex needs

Over the past year, we've strengthened how we support vulnerable customers. When a colleague raised a concern about a 64-year-old customer with complex health needs, it sparked a coordinated response across teams.

The customer's home was cluttered and unsafe. Our colleagues acted quickly, helping to clear the space, offering financial advice to boost income, and carrying out essential repairs and adaptations. Together, we made sure the customer could live more safely and comfortably.

Gas Safety	Electrical Compliant	Fire Safety
99.92%	99.92%	99.50%

Asbestos Compliant	Legionella Control	Lift Safety
100%	100%	100%

Newport City Homes Housing Association Limited

For the year ended 31 March 2025
Board Report

Community

We are proud to work alongside our communities to create places that feel safe, connected and full of opportunity. By listening and learning, we shape services that reflect what matters most to the people who live there.

Placemaking with Pillgwenly

Together with local partners, we transformed a former fly-tipping site into a vibrant green space for the community.

Now, local groups grow fruit and vegetables in raised beds. A sensory garden, orchard and seating area offer a peaceful place to enjoy nature.

Children from Pill Primary School and Flying Start love exploring the log circle, worm farm, dipping pond and mud kitchen, all designed to support outdoor play and learning in line with the national curriculum.

Breaking ground in Ringland

We've started the next phase of our long-term transformation of Ringland, shaped by the voices of local people. The £47 million project will deliver 158 new homes and relocate the Ringland shopping centre, creating a more connected and vibrant neighbourhood.

Delivered in four phases, the project also brings opportunities for local people to gain skills through apprenticeships and work experience.

Matthew Davies, Executive Director of Development at Newport City Homes, said: *"We're proud to continue our partnership with Lovell to deliver the next phase of Ringland's transformation. After successfully completing 55 homes at Cot Farm, this next step will make an even greater difference for the community."*

The Newport Tech Shed: Recycling with a purpose

We've proudly supported the Newport Tech Shed this year, part of the UK Men's Shed Association. The 'Tech Shedders' have refurbished around 80 laptops donated by Newport City Homes, which are now being used by community groups across the city. It's a great example of recycling with people at its heart.

Sustainable energy solutions for new homes in Lliswerry

Families have recently moved into 18 new homes at Llys Victoria in Lliswerry. With high demand for one- and two-bedroom homes in the area, we transformed the former Victoria Inn into modern apartments with sustainable energy features.

Newport City Homes Housing Association Limited

For the year ended 31 March 2025 Board Report

Each home includes solar panels and innovative NexGen heated paper, a low-cost, energy-efficient solution that's installed invisibly in the ceiling to save space.

The local community played a part too. With support from Castell Group, we installed a secure bike store at Lliswerry Primary School to help reduce traffic and encourage active travel. At St Andrews Primary School, we provided gazebos and catering equipment to support their community kitchen and future events.

Our homes	New homes completed	Investment in development and regeneration
10,129	43	£26.7m

Colleague

Our colleagues are at the heart of everything we do. They're driven by purpose and committed to making a real difference for our customers and communities. We're proud to support them with the tools, training and culture they need to thrive.

Standing proud at Pride in the Port

We were proud to take part in Newport Pride, standing shoulder to shoulder with our community partners to celebrate inclusion, connection and belonging.

Our team hosted a stall on the day, offering advice and signposting to support services provided by our expert partners. It was a powerful reminder of what we can achieve when we come together to celebrate difference and build a safer, prouder Newport.

Encouraging greener ways to travel

In 2024/25, we achieved the Gwent Active Travel Charter, a step forward in our commitment to environmental sustainability. We're exploring new ways to help both colleagues and customers travel more sustainably.

We already offer a cycle-to-work scheme, and this year we piloted folding electric bikes for colleagues to borrow. In just one month, the bikes covered 71 miles — saving nearly 30kg of CO₂ compared to petrol or diesel travel. Colleagues have used them to commute from Cardiff and Bristol, attend meetings, and visit new development sites.

Inspiring our managers to lead with confidence

Our Strive management training course reached its 13th cohort this year, which helps refine management skills, including ability to handle difficult situations, influence others and build relationships. This planned, continuous process of learning and growth is designed to empower and support our managers at NCH.

Newport City Homes Housing Association Limited

For the year ended 31 March 2025

Board Report

Rhys Wall, Customer Service Team Manager, said: “My Strive experience was a fantastic insight into the different ways of leading a team. It was refreshing to be in a space where we could learn, challenge and share ideas. The mix of personalities helped us all grow, and the chance to connect across the business made a real difference.”

Newport City Homes Housing Association Limited

For the year ended 31 March 2025
Board Report

Financial Performance

For the year ended 31 March 2025

The association remains in a strong financial position and strives to maximise the benefits it delivers to customers and communities. However, doing this when inflation will, for the second year, be higher than the rent settlement, is challenging, and the merger is an opportunity to navigate these factors to provide affordable, high-quality housing for the well-being of our communities. Working in partnership not only accelerates the delivery of new units, but the savings generated is likely to generate greater capacity that can be reinvested in both new and existing homes as well as improved services for customers.

The association's surplus was £10.7m. Comparisons of the major items for this year and last:

	2025	2024
	£'000	£'000
Surplus on social housing letting	10,022	6,746
Surplus on commercial properties and garages	2,077	1,474
Surplus on shared ownership properties	304	276
Gain on disposal of property, plant and equipment	207	121
Exceptional items	(1,858)	-
Interest received	4,232	4,404
Interest payable	(4,326)	(4,128)
Total surplus	10,658	8,893

The increase in surplus on social housing lettings is mainly due to the recognition of the £6.5m dowry grant received from Welsh Government in revenue grants. This has been partly offset by the increased cost of property maintenance for the year.

Interest receivable has remained largely consistent year on year as interest rates have stabilised. Sale proceeds relate to the shared ownership homes that have staircased and sales of land.

Newport City Homes Housing Association Limited

For the year ended 31 March 2025
Board Report

Summary Five Year Financial Performance

	2025 £'000	2024 £'000	2023 £'000	2022 £'000	2021 £'000
Income & Expenditure Account					
Turnover	72,488	60,590	55,403	52,586	51,811
Operating costs (inc. finance costs)	(59,972)	(51,697)	(54,279)	(50,323)	(45,048)
Non-cash pension movements	162	(3,063)	26,205	10,316	(9,593)
Exceptional items	(1,858)	-	-	-	-
Total comprehensive income	10,820	5,830	27,329	12,579	(2,830)
Balance Sheet					
Fixed assets	285,771	242,154	205,113	177,852	162,066
Net assets / (liabilities)	(66,052)	(49,148)	(17,965)	(17,084)	(43,080)
Loans	(157,625)	(141,732)	(141,704)	(142,653)	(113,450)
Net Assets	62,094	51,274	45,444	18,115	5,536
Reserves	62,094	51,274	45,444	18,115	5,536
Cash Flow Statement					
Net cash inflow - operating activities	22,523	15,918	14,358	12,754	19,978
Servicing of financing and investing	4,803	(3,014)	(3,712)	(3,614)	(2,990)
Exceptional items	(1,858)	-	-	-	-
Capital expenditure (net of grant)	(38,919)	(20,950)	(12,024)	(15,322)	(9,676)
Financing	16,944	(461)	(237)	29,920	15,162
Increase / (Decrease) in cash	3,493	(8,507)	(1,615)	23,738	22,474

Turnover in the year was £72.5m (2023/24: £60.6m). The majority of this was made up of rent from social housing, £52.7m, service charge income, £4.0m, amortisation of social housing grants £5.1m and other revenue grants £7.3m. The remainder came from a number of smaller sources.

Our main operating costs are management costs, the costs of maintaining our properties and depreciation. The following table shows expenditure on maintenance compared with the previous year.

Newport City Homes Housing Association Limited

For the year ended 31 March 2025 Board Report

	2025 £'000	2024 £'000
Day-to-day maintenance *	17,729	13,194
Planned maintenance *	8,146	14,872
Capital maintenance	25,488	13,824
Total	61,930	41,890

* 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.

Expenditure on capital maintenance in 2024/25 was higher than in 2023/24 as we completed a number of grant funded programmes, including works relating to building safety and void property projects, as well as the association's continued programme of component replacement. The spend on day to day maintenance has increased significantly as we see both cost and volume of jobs increase, particularly in relation to void properties.

Our overall management costs in 2024/25 have remained largely consistent year on year. The increase due to inflationary growth and increased staffing costs as noted below has been offset by a reduction in the allocation of central overheads.

Overall employee costs were £24.0m compared with £21.0m in 2023/24. Salaries and social security costs have increased due to the effect of the pay award of 4% from 1 April 2024, along with an increase in staff numbers. Total costs will also be impacted by costs associated with merger restructuring. There were no changes to the employer's contributions rates deducted from employees.

Gain on disposal of properties

The association received £207k net income from two properties that were shared ownership staircased (homeowners took the opportunity to increase their equity share in the property), and six land sales.

Depreciation is a measure of the wear and tear of our properties with other assets such as existing components including kitchens, windows and bathrooms. We replace these periodically. Depreciation costs in 2024/25 were £10.2m, consistent with 2023/24. Depreciation has remained stable as the increase in the asset base in line with continued investment is offset by assets being fully written down.

Treasury risk management

There is a well-defined 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

Newport City Homes Housing Association Limited

For the year ended 31 March 2025 Board Report

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. These include maintaining appropriate thresholds on covenant compliance and a liquidity rule that outlines the requirement to have the next 18-month business plan activity funded, through a combination of cash and revolving credit facilities. New funding is being secured through the re-financing activity completed on 1 April 2025 as part of the merger process.

Loan Covenants

NCH 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 2025, with actual interest cover at 18,703% and gearing of 26%.

Other Balance Sheet items

The value of social housing properties in fixed assets have increased by £41.4m. This is as a result of the costs of the development and capital maintenance programmes during the year.

Debtors falling due within one year includes accrued grant payable from the Welsh Government at the year end. Debtors falling due after more than one year is disclosed at £1.8m. This reflects deferred Welsh Government Housing Finance Grant (HFG) which has been awarded towards covering the borrowing costs associated with the Pillgwenlly and Cot Farm schemes over a thirty-year period.

Pensions

The association participated in two pension schemes during the financial year.

The **Aviva Pension Scheme** is a defined contribution (DC) scheme. The contributions payable is 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 there is no requirement to include a liability in the statement of financial position.

Newport City Homes Housing Association Limited

For the year ended 31 March 2025

Board Report

The **Local Government Pension Scheme** (LGPS) is a defined benefit (DB) scheme managed by Torfaen County Borough Council (Greater Gwent). Contributions are assessed in accordance with the advice of an independent qualified actuary. The surplus at 31 March 2025 was £30.5m; although the underlying position in the scheme remains favourable, as the association has no immediate plans to exit the scheme, the asset has not been recognised. This is a non-cash adjustment that does not impact on the association's loan covenants and ongoing employers' pension contribution rates. The next triennial valuation will take place as at March 2025, and if the underlying position remains favourable, this will be reflected in the future employer contribution rates.

Newport City Homes Housing Association Limited

For the year ended 31 March 2025
Assurance and Risk Management

Assurance and Risk Management

Our Board proactively controls the association'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 Board confidence to delegate management of key activities to the executive knowing key controls are in place. The audit and risk committee (ARC) meet regularly to oversee the delivery of the framework and provides assurance to the Board on its effectiveness.

As we progressed towards our merger with Melin, and the long-term term to realise the benefits of the merger, we recognise that to achieve our ambitions we will need to take risks – meaning that it is more important than ever to identify, assess and manage these. We work with all parts of the association to identify risks, collaborating with those closest to where they occur.

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 by the ARC every quarter, ARC 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 thirty-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 framework, 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.

Newport City Homes Housing Association Limited

For the year ended 31 March 2025
Assurance and Risk Management

Risk Area	Key Control(s)	Key Assurance
<p>Asset Management</p> <p>Key concern:</p> <p>Enhanced building regulation resulting in higher specification requirements for new and existing homes.</p>	<p>Asset management strategy including 5-year rolling programme of stock condition surveys.</p>	<p>Asset management strategy including 5-year rolling programme of stock condition surveys.</p>
<p>Repairs & Maintenance Service Quality</p> <p>Key concern:</p> <p>Failure to provide service that meets customers' needs.</p>	<p>Quarterly transactional performance monitoring by team and Board.</p>	<p>Monitoring of demand, customer satisfaction, spend against budget. Quarterly reporting to Board.</p>
<p>External Environment</p> <p>Key concern:</p> <p>Volatile , uncertain and complex environment resulting in a major global, national or regional event or prefect storm that disrupts operations.</p>	<p>Risk management framework & Risk reporting to Board, ARC and Executive including scheduled in-depth risk reviews of major risks</p>	<p>Independent review of risk management system reported to ARC annually.</p>
<p>Income Collection</p> <p>Key concern:</p> <p>Rent arrears rise as a result of cost-of-living crisis.</p>	<p>Clear processes in place for income collection and debt recovery, with an emphasis on taking a supportive, customer-focused approach to rent payment.</p>	<p>Weekly monitoring of demand and service level by Operations directorate leadership. Quarterly reporting to strategic forum and Board.</p>

Newport City Homes Housing Association Limited

For the year ended 31 March 2025
Assurance and Risk Management

Risk Area	Key Control(s)	Key Assurance
<p>Development</p> <p>Key concern:</p> <p>Development costs and external constraints.</p>	<p>Development strategy and governance framework approved by Board. Pipeline funded in business plan</p>	<p>Programme delivery overseen by investment forum.</p>
<p>Cyber Security</p> <p>Key concern:</p> <p>Significant increase in threat.</p>	<p>Maintain up-to-date firewalls and Next-Gen Anti-virus software.</p> <p>Independent and continuous penetration testing with live reporting to manager.</p>	<p>Cyber Essentials plus accreditation.</p>
<p>Landlord Health & Safety</p> <p>Key concern:</p> <p>Ineffective business and assurance practices.</p>	<p>Health & Safety Policy with delivery and compliance reporting to Health & Safety Forum.</p>	<p>Quarterly H&S reporting to ARC. Key metrics reported to Board and executive team quarterly.</p>
<p>Business Continuity</p> <p>Key concern:</p> <p>Uncertain operating environment including cyber threat, major local incident, major global incident.</p>	<p>Business Continuity (BC) arrangements in place including incident response plan and simulation testing.</p>	<p>Simulation testing results reported to Executive Team.</p>

Newport City Homes Housing Association Limited

For the year ended 31 March 2025
Assurance and Risk Management

Risk Area	Key Control(s)	Key Assurance
Employer Health & Safety <u>Key concern:</u> Ineffective H&S controls resulting in injury, illness, or death of colleague.	Health & safety arrangements and colleague training programme. Monitored by Health Safety & Wellbeing Forum.	Quarterly health & safety reporting to ARC & Board.
Damp, Mould & Condensation <u>Key concern:</u> Ineffective business practices leading to failure to comply with good management practice and good assurance practice.	Damp, mould & condensation policy and management arrangements with monitoring reported to Health Safety & Wellbeing Forum.	Analysis of damp and mould service demand – reported to repairs management team.

Newport City Homes Housing Association Limited

For the year ended 31 March 2025

Value for Money (VfM)

Delivering value for money by making sure our work focuses on cost and quality will strengthen the association's financial position and improve performance in services and customer satisfaction. This will help us to achieve our ambition to supply as many new homes as possible and to reinvest in services that are valued by customers. The association is committed to giving customers maximum value and in making sure the outcomes from investment deliver sustainable benefits.

VfM Principles

The VfM framework aims to achieve five principles through an ongoing action plan that is aligned to the strategic priorities and cross-cutting themes of equality, diversity and inclusion (EDI), and environmental sustainability:

1. Embedding value in everything we do

This is about ensuring that the business activities align with our strategic priority of being a well-run association, where all our effort and investment is targeted at what customers value most and not wasted on activities that do not contribute to this.

2. Maximise the investment in development and regeneration

This sets out the focus on the association's effectiveness in funding and delivering new homes or regenerating poor-performing homes or communities. Our strategic commitment to growth recognises our strong financial position and the potential we have to reinvest in communities. With the aim of delivering 2,500 new homes in the next 10 years, we can ensure value for money is realised through balancing our management and maintenance costs.

3. Maximise the social return and benefit to the community

This focuses on using our finances to get the best return from our services and reinvesting in activities that add value and will support the delivery of the social purpose strategic priority.

4. Maximising the return from our housing and commercial assets

This focuses on getting the best out of our assets, in terms of quality and cost to make sure that we carry out their upkeep in the most efficient and effective way and that their quality attracts high occupancy.

As part of our asset strategy, we assess the performance of our homes against financial and social parameters to make sure that they're in the right condition for our customers. To identify whether investments are suitable for regeneration or refurbishment, we consult closely with residents who may be affected.

Newport City Homes Housing Association Limited

For the year ended 31 March 2025

Value for Money (VfM)

5. Delivering our services efficiently

This is focused on a culture of value for money throughout the association, supporting year on year improvements. We'll make the best use of colleagues and business processes to deliver good quality homes and services.

Value for money key metrics

The VfM framework is agreed by the Board. They are responsible for monitoring progress to gain assurance that VfM is appropriately embedded in our culture through our four values (Active, Collaborative, Trusted and Inclusive) and delivered by colleagues. Our approach to VfM and our achievements are monitored quarterly through the integrated report.

Performance is measured using the recognised 'Sector Score Card'. This provides our Board, leadership team and key stakeholders (including Welsh Government and lenders) with assurance that the VfM principles are embedded into everything we do to meet our customers' needs.

The comparative data is set out in the following table and compares our value for money performance over the last two years against the sector averages for 2023/24.

Newport City Homes Housing Association Limited

For the year ended 31 March 2025

Value for Money (VfM)

Principles	Metrics	2025	2024	Sector Average* 2023/24
1: Embedding value in everything we do	Operating margin (overall)	17.4%	14.2%	18.5%
	Operating Margin (SH lettings)	14.5%	11.7%	20.4%
	EBITDA MRI %	2,782%	(4,482%)	122%
2: Maximise the investment in development and regeneration	New supply % (SH)	0.4%	0.9%	1.4%
	New supply % (non SH)	10.0%	250%	-
	Gearing	26.0%	21.2%	45.6%
3: Maximise the social return and benefit to the community	Customer satisfaction	67.7%	65.6%	-
	Reinvestment %	19.3%	16.2%	7.7%
	Investment in communities	£317,151	£278,840	-
4: Maximising the return from our housing and commercial assets	Return on capital employed (ROCE)	1.7%	2.9%	2.8%
	Occupancy	97.2%	97.5%	-
	Ratio of responsive repairs to planned maintenance	0.68	0.46	-
5: Delivering our services efficiently	Headline social housing cost per unit	£8,261	£6,045	£5,136
	Rent collected	109.0%	99.4%	-
	Overheads as a % of adjusted turnover	20.1%	17.6%	-

* Based on the Regulator for Social Housing VFM report 2024 – note that not all metrics were reported against at this date.

The comparative data provides the association with an understanding of our performance and where we can target action to make further improvements. Our costs are higher and satisfaction is lower than the sector average in some areas. The main findings of the comparative analysis are:

Operating margin increased compared to the prior year, mainly due to the recognition of the £6.5m dowry grant received from Welsh Government in revenue grants which has partly been offset by increased maintenance costs per unit due to high value of void works completed in properties.

Newport City Homes Housing Association Limited

For the year ended 31 March 2025

Value for Money (VfM)

Total reinvestment spend increased during the year because of more work on our existing homes, and spending more on development than in the previous year.

Income collection levels have increased following a period of significant challenge caused by the cost-of-living crisis. The association remains alert to the ongoing challenges faced by households.

Overall customer satisfaction has improved marginally in the year. We have taken steps to address the level of satisfaction. Our approach to providing a great customer experience is set out on page 5 of the strategic report.

Newport City Homes Housing Association Limited

For the year ended 31 March 2025 Governance Report

Board and senior executives

Membership of the Board and the Executive team is set out on page 3.

As at 1 April 2025, Hedyn was formed as a result of a merger between Newport City Homes and Melin Homes. Hedyn has adopted 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 for Growth and Group Executive Director for Operations are not Board Members and do not have the legal status of directors, they act under authority delegated by the Board without holding share capital.

Board member obligations

The Board has role profiles in place for its 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.

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. Under those regulations 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

Newport City Homes Housing Association Limited

For the year ended 31 March 2025

Governance Report

- 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 Cooperative 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 had delegated responsibility to the Audit and Risk Committee (ARC) prior to merger, now the Audit & Assurance Committee which receives compliance information 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 by the association for effective strategic decision making and to identify learning and development opportunities for existing Members and to assess any future candidates who apply for Board vacancies.

For the period 2024/25, the Board assessed its existing skills and considered the skills required to deliver its strategic vision effectively. These included:

- Housing Management
- Financial/Treasury
- Asset Management
- Strategic Information Communications Technology (ICT) and Security
- Customer Voice/Experience
- Equity, Diversity & Inclusion
- Development & Construction
- Strategic Risk & Assurance

Board remuneration & attendance for the period 2024/25

Non-Executive Members are remunerated for their roles and this is listed on page 58 and reflects the fees agreed by the Board:

- Board Chair – £10,350
- Vice Chair, Chair of Committees (ARC and CCC) – £7k

Newport City Homes Housing Association Limited

For the year ended 31 March 2025 Governance Report

- Board Members and Co-optees – £5k.

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

Membership	Role held	Board attendance	Audit & Risk Committee attendance	Colleague & Culture Committee attendance
Lynda Sagona	Board Chair	5 of 5	N/A	2 of 2
Christian Cadwallader	Vice Chair	4 of 5	N/A	2 of 2
Dale Walker	ARC Chair	4 of 5	4 of 4	N/A
Kevin Ward	CCC Chair	4 of 5	N/A	2 of 2
Andrew Gregory	Board member	3 of 5	2 of 4	N/A
Chris Sutton	Board member	5 of 5	N/A	2 of 2
Guy Stenson	Board member	5 of 5	3 of 4	N/A
James Tarrant	Board member	5 of 5	3 of 4	N/A
Dr Jenifer Baxter*	Board member	4 of 4	2 of 3	N/A
Michael Usher	Board member	5 of 5	4 of 4	N/A
Sarah Croft	Board member	3 of 5	N/A	2 of 2

*Retired during the 2024/25 meeting cycle, prior to year-end.

Board Membership

Membership is reported at every Annual General Meeting (AGM) with each Member serving for a term of up to three years at a time, with a maximum of three consecutive terms: nine years in total.

Newport City Homes' Board could comprise of up to 12 Non-Executive Members and was responsible for strategic direction and monitoring the activities of the association. However, the Board's preferred size was 11, with the flexibility to increase to 12 when and if required.

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 matrix. These members have specific terms of office, as determined by the Board.

Newport City Homes Housing Association Limited

For the year ended 31 March 2025 Governance Report

The Board scheduled and held five meetings during the reporting period, identified the requirement for a further eight special meetings and also attended Board strategic planning events.

The Board was supported by the Audit and Risk Committee (ARC) and the Colleague & Culture Committee (CCC), setting delegations through committee Terms of Reference.

The Board is responsible for the association's Strategic Planning Framework. It delegates day-to-day management and implementation of that framework to the 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 approved a process that allowed those Members who had completed their first and second terms to stand for a further term through an internal process if individuals demonstrated 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, the Board has in place a process where each 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 considers its effectiveness and reports to the Board annually. The process informs the annual effectiveness report to Board which highlights good practice, governance improvement actions and highlights any skills gaps and vulnerabilities that could be addressed through Board recruitment.

Adopted Code of Governance

The association adopted the Community Housing Cymru (CHC) 2022 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 Board annually in July, with recommendations for improvement.

Regulation

The association did not go through its planned regulatory judgement process by Welsh Government following the announcement of merger and continues to hold the highest judgement level available of Standard: Standard, awarded on 30 June 2021.

Following the compliance review referenced above, a self-evaluation was presented to Board at its meeting held in July 2024.

Newport City Homes Housing Association Limited

For the year ended 31 March 2025 Governance Report

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

Improvement action monitoring

Progress against improvement actions identified through the compliance reviews are monitored quarterly by the ARC and reported to the Board annually through the ARC's annual report.

The Scrutiny Partnership (SP) is a group of highly involved and skilled customers who help continuous improvement for our customers and communities.

As part of its work, the SP gathered, reviewed and analysed a range of evidence and provided insight on areas identified for improvement. This intelligence is used in the re-design of services and to contribute to the decision making around the development of operational improvements. The SP worked closely with the ARC in the run up to merger, which helped ensure that customer scrutiny was embedded within the association's internal governance.

Committees

The Audit & Risk Committee (ARC) comprised of six members and met four times in the reporting period. Its purpose was to advise and provide assurance to the Board on the adequacy and effectiveness of internal controls to ensure the association was operating at appropriate levels of risk and was compliant with its adopted Code of Governance, legislation and regulation.

The chair of SP was a participating observer at ARC meetings and contributed towards discussions and was encouraged to make observations and comments.

Colleague & Culture Committee (CCC)

The CCC comprised of five members and met twice in the reporting period. Its purpose was to advise and provide assurance to the Board on the adequateness and effectiveness of providing a great colleague experience, to support the association to be an employer of choice.

Pre and Post merger governance

In November 2023, the respective chairs and CEOs of Melin Homes (Melin) and Newport City Homes (NCH) were given delegated authority to move forward with a programme of work to explore the merger of the two associations and to create a new organisation.

A merger programme governance structure was developed and implemented which provided clarity for decision making and responsibilities and a Joint Programme Board

Newport City Homes Housing Association Limited

For the year ended 31 March 2025

Governance Report

(JPB) created, its purpose, to provide oversight of the progress of the due diligence and business case before being presented to the individual boards for approval.

In May 2024, both Melin and NCH boards approved the Board structure of the new organisation and the Interim Board (IB) replaced the JPB. The IB was made up of existing members of the substantive boards who demonstrated the skills and experience required to take Hedyn forward, and it was agreed that the IB would form the Hedyn Board upon legal completion of the merger.

Membership of the Board was made up of:

- Eight members, four from the then Melin board and four from the then NCH board, who had the skills and experience required to support the merger and delivery of the strategy of the new association
- Two members, made up of the two chairs of each association
- Two members made up of the Group Chief Executive and the Executive Director of Resources.

Hedyn's governance structure includes two committees, the Audit & Assurance Committee, which replaced the previous Audit & Risk Committee and the People & Culture Committee, replacing the Colleague & Culture Committee.

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 association 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 ensuring 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.

Newport City Homes Housing Association Limited

For the year ended 31 March 2025

Governance Report

The ARC 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 ARC undertakes regular deep dives of the top strategic risks and provides assurance to the Board.

Colleagues

The strength of the association relies upon our colleagues' commitment and performance. They help us to deliver our vision and strategy, in line with our values and behaviours, and our commitment to customer service standards.

We continually review how we deliver our services and how colleagues' roles support this. We have continued to invest in training and development of colleagues during the year, as it is recognised that these drive improved business performance and service delivery outcomes for customers.

We're fully committed to equal opportunities, with our 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 Strategic Commitment, EDI policy and implementation plan.

Gender pay gap

The Board received an annual gender pay gap data report in July 2024, for April 2024 data, its eighth report to date.

Our mean hourly wage gap is 0.50%. As at 5 April 2024, 42% of our workforce were women and 58% men.

Monitoring the gender pay gap helps us to understand gender equality at different pay points. We use this information to target areas for improvement and review the colleague offer as we work towards a fully inclusive and diverse workforce.

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.

Newport City Homes Housing Association Limited

For the year ended 31 March 2025
Governance Report

Modern Slavery

The ARC 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 provides assurance on how we minimise risk and manage incidents and an annual Modern Slavery and Human Trafficking Statement is published on our website.

The association identified one case of modern slavery in the year ending 31 March 2025, compared with four in the previous year.

Subsequent events

On 1 April 2025, the association completed a merger with another Registered Social Landlord, Melin Homes Limited, to create Hedyn. Further information regarding this, and the impact of this on the financial statements, has been disclosed in note 26.

Disclosure of Information to Auditors

The board members who held office at the date of approval of this board report confirm that, so far as they are each aware, there is no relevant audit information of which the association's auditors are unaware, 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 24 September 2025.

Approved by the Board and signed on its behalf by:



Lynda Sagona

Chair of the Board

Newport City Homes Housing Association Limited

For the year ended 31 March 2025
Independent Auditor's Report

To the members of Newport City Homes Limited registered under The Co-Operative and Community Benefit Societies Act 2014

Opinion

We have audited the financial statements of Newport City Homes for the year ended 31 March 2025 which comprise the statement of comprehensive income, the statement of changes in reserves, the statement of financial position, the cash flow statement and its related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"

In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2025 and of the association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, 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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the association's ability to continue to adopt the going concern basis of accounting for a period of at least

Newport City Homes Housing Association Limited

For the year ended 31 March 2025 Independent Auditor's Report

twelve months from the date when the financial statements are authorised for issue

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board are responsible for the other information.

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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 require us to report to you if, in our opinion

- a satisfactory system of control over transactions has not been maintained; or
- the parent association has not kept proper accounting records; or
- the parent financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit

Responsibilities of the Board

As explained more fully in the Statement of Responsibilities of the Board (set out on page 24), 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 determine 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 are responsible for assessing the 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 intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

Newport City Homes Housing Association Limited

For the year ended 31 March 2025 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.

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.

We discussed our audit independence complying with the Revised Ethical Standard 2019 with the engagement team members whilst planning the audit and continually monitored our independence throughout the process.

Identifying and assessing potential risks related to irregularities.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- enquiring of management, including obtaining and reviewing supporting documentation, concerning the company's policies and procedures relating to:
 - identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- discussing among the engagement team how and where fraud might occur in the Financial Statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas:
 - Purchasing in relation to the development and maintenance programmes, including any sales to connected individuals at below market value;
 - The recognition of development and maintenance expenditure in the correct period;
 - The rationale of any major fund flows during the period;

Newport City Homes Housing Association Limited

For the year ended 31 March 2025 Independent Auditor's Report

- The potential of rent fraud arising as a result of collusion between the asset and housing teams.
- obtaining an understanding of the legal and regulatory frameworks that the company operates in, focusing on those laws and regulations that had a direct effect on the Financial Statements or that had a fundamental effect on the operations of the association, the key laws and regulations we considered in this context included the UK Companies Act and relevant tax legislation.

Audit response to risks identified

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations;
- enquiring of management concerning actual and potential litigation and claims; performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments;
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

Use of our report

This report is made solely to the association's members, as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Newport City Homes Housing Association Limited

For the year ended 31 March 2025
Independent Auditor's Report

Bevan Buckland LLP

Bevan Buckland LLP

Chartered Accountants & Statutory Auditors
Cardigan House
Castle Court
Swansea Enterprise Park
Swansea
SA7 9LA

Date: 23 July 2025

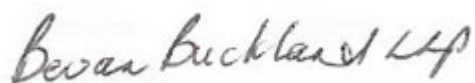
Newport City Homes Housing Association Limited

For the year ended 31 March 2025 Independent Auditor's Report

In addition to our audit on the financial statements for the year ended 31 March 2025, we have reviewed the Board's statement of Newport City Homes Housing Association Limited's ("The Association") compliance with the Welsh Government Circular 02/10, Internal Financial Control and Financial Reporting ("the Circular"). The objective of our review is to enable us to conclude on whether the Board has provided the disclosures required by the Circular and whether the statement is consistent with the information of which we are aware from our audit work on the financial statements. We are not required to form an opinion on the effectiveness of the organisation's corporate governance procedures or its internal financial control.

Opinion

With respect to the Board's statement on internal financial control on page 29, in our opinion the Board of Management has provided the disclosures required by the Circular and the statement is consistent with the information of which we are aware from our audit work in the financial statements.



Bevan Buckland LLP

Chartered Accountants & Statutory Auditors
Cardigan House
Castle Court
Swansea Enterprise Park
Swansea
SA7 9LA

Date: 23 July 2025

Newport City Homes Housing Association Limited

For the year ended 31 March 2025
Financial Statements

Statement of Comprehensive Income

		2025	2024
	Note	£'000	£'000
Turnover	2	72,488	60,590
Operating expenditure	2	(60,085)	(52,094)
Gain on disposal of PPE	4	207	121
Operating surplus	5	12,610	8,617
Exceptional item: merger related costs	26	(1,858)	-
Interest receivable	9	4,232	4,404
Interest and financing costs	10	(4,326)	(4,128)
Surplus for the year before taxation		10,658	8,893
Taxation		-	-
Surplus for the year		10,658	8,893
Actuarial gain/(loss) in respect of pension schemes	25	162	(3,063)
Total comprehensive income for the year		10,820	5,830

Newport City Homes Housing Association Limited

For the year ended 31 March 2025

Financial Statements

Statement of Changes in Reserves

	Note	2025 £'000	2024 £'000
At start of year		51,274	45,444
Surplus for the year		10,658	8,893
Actuarial gain/(loss) in respect of pension schemes	25	162	(3,063)
At end of year		62,094	51,274

Newport City Homes Housing Association Limited

For the year ended 31 March 2025

Financial Statements

Statement of Financial Position

	Note	2025 £'000	2024 £'000
Fixed assets			
Social housing properties	11	243,645	202,285
Investment properties	12	31,458	30,499
Intangible assets	13	578	647
Other property & fixed assets	14	10,090	8,723
		285,771	242,154
Current assets			
Inventories	15	156	112
Debtors: due within one year	16	16,312	12,888
Debtors: due after one year	16	1,794	1,839
Treasury deposits	17	80,799	77,296
Cash and cash equivalents	17	720	730
		99,781	92,865
Creditors: due within one year	18	(33,426)	(33,719)
Net current assets		66,355	59,146
Total assets less current liabilities		352,126	301,300
Creditors: due more than one year	19	(290,032)	(250,026)
Total net assets		62,094	51,274
Capital and reserves			
Share Capital	21	-	-
Reserves		62,094	51,274
Association's funds		62,094	51,274

The financial statements were approved by the Board of Management on 23 July 2025 and signed on its behalf by:



L Sagona
Chair



M Reed
Vice Chair



J Fairley
Company Secretary

Newport City Homes Housing Association Limited

For the year ended 31 March 2025
Financial Statements

Cash Flow Statement

	Note	2025 £'000	2024 £'000
Net cash generated from operating activities	a	20,665	15,918
Cash flows from investing activities			
Purchase of property, plant and equipment		(53,916)	(44,753)
Proceeds from sale of property, plant and equipment		207	121
Grants received		14,790	23,682
Interest received		9,133	1,158
Net cash flows from investing activities		(29,786)	(19,792)
Cash flows from financing activities			
Interest paid		(4,330)	(4,172)
New loans		18,200	406
Repayments of borrowings		(1,256)	(867)
Net cash flows from financing activities		12,614	(4,633)
Net increase/(decrease) in cash and cash equivalents		3,493	(8,507)
Cash and cash equivalents at beginning of year		78,026	86,533
Cash and cash equivalents at end of year	17	81,519	78,026

Newport City Homes Housing Association Limited

For the year ended 31 March 2025

Financial Statements

a) Net cash generated from operating activities

	2025	2024
	£'000	£'000
Surplus for the year	10,658	8,893
Adjustment for non-cash items:		
Depreciation of property, plant and equipment	10,120	9,900
(Increase)/decrease in inventories	(44)	2,669
(Increase)/decrease in debtors	(3,187)	(254)
Increase/(decrease) in creditors	7,332	(1,154)
Pension costs less contributions payable	162	279
Non-cash adjustment to fixed assets	531	537
Fair value movement on investment properties	-	-
Carrying amount of PPE disposals	2	4
Adjustments for investing or financing activities:		
Proceeds from the sale of property, plant and equipment	(209)	(125)
Government grants utilised in the year	(4,794)	(4,555)
Interest receivable	4,326	4,128
Interest payable	(4,232)	(4,404)
Net cash flows from investing activities	20,665	15,918

Newport City Homes Housing Association Limited

For the year ended 31 March 2025

Financial Statements

b) Free cash flow

	2025	2024
	£'000	£'000
Net cash generated from operating activities	20,665	15,918
Exceptional items	1,858	-
Interest paid	(4,330)	(4,172)
Interest received	9,133	1,158
Component replacements	(24,892)	(13,824)
Dowry Grant	-	6,500
Major Repairs Grant	2,537	8,371
Purchase of other replacement fixed assets	(1,531)	(7,657)
Free cash generated before loan repayments	3,440	6,294
Loans repaid (excluding revolving credit and overdrafts)	(1,256)	(867)
Net cash flows from investing activities	2,184	5,427

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

	2025	2024
	£'000	£'000
Increase/(Decrease) in cash in the year	3,493	(8,507)
Cash inflow from changes in debt	(16,944)	461
Movement in net debt in the year	(13,451)	(8,046)
Net debt at beginning of year	(63,929)	(55,883)
Net debt at end of year	(77,380)	(63,929)

Newport City Homes Housing Association Limited

For the year ended 31 March 2025

Financial Statements

d) Analysis of net debt

	At 1 April 2024	Cash flows	At 31 March 2025
	£'000	£'000	£'000
Cash and cash equivalents	78,026	3,493	81,519
Housing loans	(141,955)	(16,944)	(158,899)
Net debt	(63,929)	(13,451)	(77,380)

Newport City Homes Housing Association Limited

For the year ended 31 March 2025
Notes to the Financial Statements

Note 1: Principal Accounting Policies

A summary of the more important accounting policies, which have been applied consistently, are set out below:

Basis of accounting

The financial statements are prepared on the historical cost basis of accounting in accordance with applicable financial reporting standards in the United Kingdom, including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”, the Statement of Recommended Practice (SORP) 2018 for “Accounting by 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 (£).

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

Turnover

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. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities

Sales of Properties

Surpluses or deficits resulting from the sale of properties other than any first tranche shared ownership sales and fixed asset investments are shown in the Statement of Comprehensive Income under surpluses/deficits from the sale of property, plant and equipment, and reported in the operating surplus.

Shared ownership properties, including those under construction, are split between non-current assets and current assets. The split is determined by the percentage of

Newport City Homes Housing Association Limited

For the year ended 31 March 2025 Notes to the Financial Statements

the property to be sold under the first tranche disposal which is shown on initial recognition as a current asset, with the remainder classified as a non-current asset within property plant and equipment. Where this would result in a surplus on the disposal of the current asset that would exceed the anticipated overall surplus, the surplus on disposal of the first tranche is limited to the overall surplus by adjusting the costs allocated to current or non-current assets.

Social housing properties

In March 2009, all housing properties transferred at no cost from Newport City Council. Housing properties are included at cost within the accounts.

Investment works in the housing property stock that have been capitalised are valued at cost less depreciation.

“Housing properties in the course of construction” are stated at cost and transferred into “housing properties” when completed

Any overhead costs directly attributable to bringing fixed assets into their working condition for their intended purpose are capitalised. Expenditure on initial purchase of land and buildings is capitalised and disclosed as part of housing properties in course of construction within tangible fixed assets. Any directly attributable finance costs (other than interest costs) are capitalised as the asset is developed and amortised over the life of that asset.

Some residents have rights under their tenancy agreement to purchase their homes at prices which are at a discount below the open market price. Surpluses or deficits on disposals of properties are recognised as at the date a sale becomes certain.

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

Interest payable

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

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. Uncertainties in these

Newport City Homes Housing Association Limited

For the year ended 31 March 2025 Notes to the Financial Statements

estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to decent homes standards which may require more frequent replacement of key components.

The association depreciates its housing properties in accordance with the Statement of Recommended Practice (SORP) "Accounting by Registered Social Housing Providers". Depreciation is charged on the historic cost of property (excluding land).

The depreciable amount is written off over the estimated useful lives as follows:

	Houses	Flats
New build properties	150 years	110 years
Acquisition / refurbishments	100 years	80 years

Properties on long leases are depreciated over the shorter of the above and/or the remaining period of the lease.

The policy in respect of expenditure to refurbish or replace major components is that all such work is assessed against life cycle costing principles. Any cost in respect of repairs with a life of less than 10 years is charged directly to the statement of comprehensive income. Refurbishment or replacement of major components which have an estimated useful life in excess of 10 years are capitalised and depreciated over the useful life of the component as follows:

Windows and doors	30 years	Structural works	25 – 60 years
Kitchens	15 years	Landscaping & groundworks	60 years
Bathrooms	25 years		
Central heating	15 to 30 years		
Roofing	15 to 55 years		

Depreciation is charged over the expected useful economic life of other fixed assets as follows:

Office refurbishment	15 years
Office & I.T. equipment	4 to 10 years
Vehicles and equipment	5 to 20 years
Infrastructure asset	50 years

Dowry Grant / Gap Funding

The association received financial assistance from the Welsh Government to support the delivery of the business plan and the achievement of the original WHQS programme. There is no requirement to repay this grant when disposal occurs. Historically, the Grant has been accounted for using the accrual method, whereby, Grant is amortised over the expected useful economic life of the components.

Newport City Homes Housing Association Limited

For the year ended 31 March 2025 Notes to the Financial Statements

From 1 April 2024 the dowry was treated as a revenue grant to better reflect the nature of the associated investment.

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

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.

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

Newport City Homes Housing Association Limited

For the year ended 31 March 2025 Notes to the Financial Statements

recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as deferred income.

Impairment

Annually, housing properties are assessed 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 to the association, its recoverable amount is its fair value less costs to sell.

Repairs and maintenance

The costs of repairs and maintenance are expensed as incurred on the basis of work done at the statement of financial position date.

Operating 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 association. 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 so as 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 association recognises annual rent expense equal to amounts owed to the lessor.

Intangible Assets

Intangible assets are stated at historic cost, less accumulated amortisation and any provision for impairment. Amortisation is charged to operating costs in the Statement of Comprehensive Income. Amortisation is provided on all intangible assets at a rate calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Newport City Homes Housing Association Limited

For the year ended 31 March 2025 Notes to the Financial Statements

Computer software including development 5 years

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.

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 surplus/deficit for the year

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 2024, 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.

Inventories

Inventory, 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.

Debtors

Short-term debtors are measured at transaction price, less any impairment. 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.

Where deferral of payment terms has been agreed at below market rate, and where material, the balance is shown at the present value, discounted at a market rate.

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

Newport City Homes Housing Association Limited

For the year ended 31 March 2025 Notes to the Financial Statements

costs, and are measured subsequently at amortised cost using the effective interest method.

Classification of loans as basic

The association has a number of loans which have a 'two-way break clause' which is applicable where the loan is repaid early and could result in a break cost or a break gain. The loans in question are fixed-rate loans. In a prepayment scenario that results in a break gain, the loan agreement provides for the repayment of the capital at par. Any break gain payable by the lender would be in relation to future interest periods only. Management have considered the terms of the loan agreements and concluded that they do meet the definition of a basic financial instrument, therefore are held at amortised cost.

Right to Buy sales

Surpluses arising from sales of properties under the Right to Buy legislation are disclosed on the face of the statement of comprehensive income. The Right to Buy legislation ended in Wales on 26 January 2019 for new applications.

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

Provisions

Provisions are recognised when the association has a present obligation (legal or constructive) as a result of a past event, it is probable that the association 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, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the 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 as a result 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.

Newport City Homes Housing Association Limited

For the year ended 31 March 2025 Notes to the Financial Statements

Pension costs

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred. The association participated in two pension schemes during the financial year:

The **Aviva Pension Scheme** is a defined contribution scheme. The contributions payable for 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.

Management's estimate of the defined benefit asset or liability is based on a number of 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 (as analysed in Note 25).

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets including investment properties. This involves developing estimates and assumptions consistent with how market participants would price the instrument or asset. Management bases its assumptions on observable data as far as possible, but this is not always available. In that case management uses the best information available.

Significant management judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Newport City Homes Housing Association Limited

For the year ended 31 March 2025 Notes to the Financial Statements

Significant management judgements

The following are management judgements in applying the accounting policies of the association that have the most significant effect on the amounts recognised in the financial statements.

Impairment of social housing properties. The association has to make an assessment as to whether an indicator of impairment exists. In making the judgement, management considered the detailed criteria set out in the SORP. Specifically, this includes whether there is an impairment indicator for a cash-generating unit. For these purposes a cash-generating unit is defined as a property scheme.

Defined benefit pension scheme. The association has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the asset or liability depend upon a number of factors, including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension asset or liability in the balance sheet, as well as the appropriateness of the recognition of any asset. The assumptions reflect historical experience and current trends. When a scheme has surplus the asset to be recognised is calculated at the lower of the surplus in the defined benefit plan and the asset ceiling. The asset ceiling is the higher of the economic benefit that could be achieved from a refund of surplus on exiting the Fund, and the economic benefit from payment of future service contributions to the Fund below future expected Current Service Costs.

The asset ceiling has been calculated as the difference between the net present value of (employer) future service costs over the future working lifetime and net present value of (employer) future contributions over the future working lifetime.

Bad debt provision. The association must provide for any outstanding debt where management consider the full value is not recoverable. The level of provision is based on historical experience and future expectations set out in the association's bad debt policy.

Accruals. The association will provide for items that have been incurred or earned during the financial period but have not been recorded within the financial statements. The accruals would be either based upon actuals where available or estimates based upon the latest information available.

Categorisation of properties between investment properties and property, plant and equipment. The association bases this assessment depending upon the use of the asset and the level of rent charged.

Newport City Homes Housing Association Limited

For the year ended 31 March 2025 Notes to the Financial Statements

Estimation uncertainty

The association makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Depreciation. Tangible fixed assets, other than investment properties, are depreciated over their useful lives based upon various factors. The actual lives of the assets are re-assessed on a periodic basis and may vary depending upon the standard of the asset. For housing property assets, the assets are broken down into components based upon management's assessment of the properties and the specific costs incurred in replacing these components. Individual useful economic lives are assigned to these components.

Going Concern

The association'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 association 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 association's day-to-day operations. The association also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants. On this basis, the Board has a reasonable expectation that the association has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Newport City Homes Housing Association Limited

For the year ended 31 March 2025
Notes to the Financial Statements

Note 2: Turnover, operating costs and surplus

	Turnover	Costs	2025 Operating Surplus £'000	2024 Operating Surplus £'000
Social Housing Lettings				
General needs housing	69,066	59,044	10,022	6,746
Other social housing activities				
Intermediate rents	729	221	508	92
Tenanted garages	38	12	26	35
Properties for community benefit	497	150	347	504
Shared ownership	437	133	304	276
Rent to own	114	35	79	91
1st tranche sales	-	-	-	(122)
Non-social housing activities				
Commercial properties	968	295	673	418
Private market rent	295	90	205	248
Other activities	344	105	239	208
Gain on disposal of property, plant and equipment	-	-	207	121
Operating surplus	72,488	60,085	12,610	8,617
Exceptional items			(1,858)	-
Interest receivable			4,232	4,404
Interest and financing costs			(4,326)	(4,128)
Surplus before tax			10,658	8,893

Newport City Homes Housing Association Limited

For the year ended 31 March 2025
Notes to the Financial Statements

Note 3: Particulars of social housing lettings

	2025	2024
	£'000	£'000
Turnover from social housing lettings		
Rents receivable (net of void loss)	52,728	48,977
Service charges receivable	3,954	3,578
Amortisation of social housing and other Government grants	5,094	4,877
Revenue grants	7,290	330
Turnover from social housing lettings	69,066	57,762
Operating costs from lettings		
Management costs	8,224	8,035
Service charge costs	4,610	4,629
Planned maintenance	11,473	14,872
Day-to-day maintenance	24,969	13,194
Depreciation of housing properties	9,234	9,202
Deficit on replacement of components	446	871
Rent losses from bad debts	88	213
Operating costs on social housing activities	59,044	51,016
Operating surplus on social housing lettings	10,022	6,746
Rent loss due to voids (memorandum note)	1,052	923

Newport City Homes Housing Association Limited

For the year ended 31 March 2025
Notes to the Financial Statements

Note 4: Disposal of Property, plant and equipment

	2025	2024
	£'000	£'000
Sales proceeds	209	125
Cost of sales	(2)	(4)
	<u>207</u>	<u>121</u>

Sales proceeds above comprise income from two properties that were shared ownership staircased (homeowners took the opportunity to increase their equity share in the property) and six land sales.

Note 5: Operating surplus for the period

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

	2025	2024
	£'000	£'000
Amortisation of social housing and government grants	(12,384)	(4,877)
Depreciation and amortisation	10,162	10,534
Rent losses from bad debts	88	213
Operating leases	325	316
Auditor's remuneration (inclusive of VAT)	<u>22</u>	<u>22</u>

Newport City Homes Housing Association Limited

For the year ended 31 March 2025
Notes to the Financial Statements

Note 6: Board members and senior executives' emoluments

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

	2025	2024
	£'000	£'000
Emoluments (including pension contributions and benefits in kind)	754	691
Emoluments (excluding pension contributions) paid to the highest paid senior executive	199	175

In addition to the above costs the association incurred redundancy costs (£68k) and Pay In Lieu of Notice (£157k) relating to two senior executives.

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

	2025	2024
	No.	No.
£1 - £50,000	11	11
£110,001 - £120,000	-	1
£120,001 - £130,000	2	1
£130,001 - £140,000	-	1
£150,001 - £160,000	1	-
£170,001 - £180,000	-	1
£190,001 - £200,000	1	-

The Chief Executive is an ordinary member of the LGPS pension scheme, and no enhanced or special terms apply. The association's contribution in respect of the Chief Executive's pension fund amounted to £26,557 (2024: £23,439). Newport City Homes does not make any further contribution to any individual pension arrangement for the Chief Executive. The emoluments paid to the Chief Executive include a 10% car allowance.

Newport City Homes Housing Association Limited

For the year ended 31 March 2025
Notes to the Financial Statements

Note 7: Employee and employer costs

Staff costs during the year:

	2025	2024
	£'000	£'000
Staff costs during the year		
Wages and salaries	18,642	16,763
Social security costs	1,909	1,723
Other pension costs	3,385	2,523
	<u>23,936</u>	<u>21,009</u>

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

	2025	2024
	No.	No.
Management and administration	321	286
Wardens, caretakers and cleaners	62	63
Housing repair service	86	98
	<u>469</u>	<u>447</u>
Full-time equivalents at the end of the year were	<u>486</u>	<u>449</u>

Newport City Homes Housing Association Limited

For the year ended 31 March 2025
Notes to the Financial Statements

Note 8: Interests and related party transactions

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.

Note 9: Interest receivable

	2025 £'000	2024 £'000
Interest receivable	4,232	4,404

Note 10: Interest and financing costs

	2025 £'000	2024 £'000
Interest payable and similar charges	4,326	4,128

Newport City Homes Housing Association Limited

For the year ended 31 March 2025
Notes to the Financial Statements

Note 11: PPE – social housing properties

	Freehold housing properties held for letting	Housing properties in the course of construction	Completed shared ownership housing properties	2025 £'000 Total	2024 £'000 Total
Cost					
At beginning of year	241,754	40,537	1,490	283,781	261,330
Additions during the year	-	26,708	(9)	26,699	8,330
Components replaced in year	25,490	-	-	25,490	13,824
Impairment	-	(385)	-	(385)	-
Transfer from/(to) inventory	-	-	-	-	2,491
Schemes completed during the year	3,740	(3,740)	-	-	-
Transfer (to)/from investments	-	(111)	-	(111)	3,019
Disposals of components during the year	(1,797)	-	-	(1,797)	(4,664)
Disposals of properties during the year	-	-	-	-	(225)
Reclassification of assets to other property	(653)	-	-	(653)	(324)
At end of year	268,534	63,009	1,481	333,024	283,781
Depreciation					
At beginning of year	81,496	-	-	81,496	76,138
Charge for the year	9,234	-	-	9,234	9,202
Disposals of components during the year	(1,351)	-	-	(1,351)	(3,793)
Reclassification of assets to other property	-	-	-	-	(51)
At end of year	89,379	-	-	89,379	81,496
Net book value					
At end of year	179,155	63,009	1,481	243,645	202,285
At beginning of year	160,258	40,537	1,490	202,285	185,192

Newport City Homes Housing Association Limited

For the year ended 31 March 2025
Notes to the Financial Statements

Maintenance expenditure:

	2025	2024
	£'000	£'000
Planned maintenance (revenue)	11,473	14,872
Investment (capital)	25,490	13,824

Units in Management:

	Mar-24 Number	Adjustments	Additions	Disposals	Mar-25 Number
General needs	9,024	(89)	26	-	8,961
Intermediate rent	34	(7)	5	-	32
Affordable rent	-	7	5	-	12
Private market rent	70	-	7	-	77
Rent to own	15	-	-	-	15
Shared ownership	142	-	-	(2)	140
Leaseholder	666	-	-	-	666
Garages	149	(12)	-	-	137
Units in Management	10,100	(101)	43	(2)	10,040

Newport City Homes Housing Association Limited

For the year ended 31 March 2025
Notes to the Financial Statements

Note 12: Investment Properties

	2025 £'000	2024 £'000
Cost		
At beginning of year	30,499	18,020
Additions during the year	848	15,498
Transfer from/(to) housing properties	111	(3,019)
At end of year	<u>31,458</u>	<u>30,499</u>

Note 13: Property, plant and equipment – intangible assets

	2025 £'000	2024 £'000
Cost		
At beginning of year	1,349	3,555
Additions during the year	196	272
Disposals during the year	-	(2,478)
At end of year	<u>1,545</u>	<u>1,349</u>
Amortisation		
At beginning of year	702	2,949
Charge for the year	265	231
Disposals during the year	-	(2,478)
At end of year	<u>967</u>	<u>702</u>
Net book value		
At end of year	<u>578</u>	<u>647</u>
At beginning of year	<u>647</u>	<u>606</u>

Newport City Homes Housing Association Limited

For the year ended 31 March 2025
Notes to the Financial Statements

Note 14: Property, plant and equipment – other fixed assets

	Other property	Office premises	Service assets	Vehicles & office equipment	Infrastructure assets	2025 £'000 Total	2024 £'000 Total
Cost							
At beginning of year	836	407	314	1,972	7,171	10,700	7,057
Additions during the year	230	108	88	226	683	1,335	7,385
Disposals during the year	-	-	-	-	-	-	(4,066)
Reclassification of assets from housing properties	653	-	-	-	-	653	324
At end of year	1,719	515	402	2,198	7,854	12,688	10,700
Depreciation							
At beginning of year	201	325	125	1,326	-	1,977	5,762
Charge for the year	82	21	51	310	157	621	467
Disposals during the year	-	-	-	-	-	-	(4,303)
Reclassification of assets from housing properties	-	-	-	-	-	-	51
At end of year	283	346	176	1,636	157	2,598	1,977
Net book value							
At end of year	1,436	169	226	562	7,697	10,090	8,723
At beginning of year	635	82	189	646	7,171	8,723	1,295

Newport City Homes Housing Association Limited

For the year ended 31 March 2025
Notes to the Financial Statements

Note 15: Inventories

	2025 £'000	2024 £'000
Stocks of materials	156	112

Note 16a: Debtors – amounts falling due within one year

	2025 £'000	2024 £'000
Arrears of rent and service charges	4,908	4,173
Less: Provision for bad and doubtful debts	(3,174)	(3,231)
	1,734	942
Major repairs grant income	8,289	3,196
Government grant debtor	42	35
Debtors and prepayments	6,247	8,715
	<u>16,312</u>	<u>12,888</u>

Included in the debtors and prepayments total of £6.2m as at 31 March 2025, is a balance of £803k with Melin Homes Limited relating to the implementation cost associated with the planned merger (see note 26).

Note 16b: Debtors – amounts falling due after one year

	2025 £'000	2024 £'000
Government grant debtor	1,794	1,839

Newport City Homes Housing Association Limited

For the year ended 31 March 2025
Notes to the Financial Statements

Note 17: Cash and cash equivalents

	2025	2024
	£'000	£'000
Treasury deposits		
Instant	47,815	47,296
32-day notice	10,750	5,000
65-day notice	2,207	2,000
95-day notice	20,027	18,000
365-day term	-	5,000
	<hr/>	<hr/>
	80,799	77,296
Cash at bank and in hand	720	730
	<hr/>	<hr/>
	81,519	78,026

Note 18: Creditors – amounts falling due within one year

		2025	2024
	Note	£'000	£'000
Trade Creditors		4,518	1,281
Housing loans	19	1,273	223
Social Housing Grant in advance		4,021	12,915
Major repairs grant in advance		3,830	4,700
Social housing and other government grants	20	4,831	4,452
Employee benefits		237	217
Accruals and deferred income		7,575	3,632
Capital retentions		5,122	4,470
Loan interest		536	540
Prepayments of rents and service charges		1,308	1,059
Prepayments of other charges		5	111
Deposits		170	119
		<hr/>	<hr/>
		33,426	33,719

Newport City Homes Housing Association Limited

For the year ended 31 March 2025
Notes to the Financial Statements

Note 19: Creditors – amounts falling due after one year

		2025	2024
	Note	£'000	£'000
Housing loans		150,470	134,146
Loan premium		7,155	7,586
Social housing and other Government grants	20	132,189	108,115
Recycled capital grant fund	20a	100	-
Sinking funds		118	179
		<u>290,032</u>	<u>250,026</u>

As part of the Welsh Government's 'Land for Housing' initiative, the association has a balance of public benefit entity concessionary loan totalling £1.45m. 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, the association repaid a balance of £1m under the Welsh Government 'Social Housing Loan' scheme; the loan is specifically allocated to the development activities of the association. A further three loans totalling £18.2m were drawn during the year for specific development and infrastructure activities, repayment of which carries a range of 20-30 year term.

Loans are secured on 44% of properties where the association holds an interest.

At 31 March 2025, the association had un-drawn loan facilities of £100.4m.

Average loan interest payable is 2.836%.

Prepaid loan arrangement fees totalled £2.11m as at 31 March 2025.

Loans repayable by instalments fall due as follows:

	2025	2024
	£'000	£'000
In five years or more	156,090	137,725
Between two and five years	1,535	4,007
	<u>157,625</u>	<u>141,732</u>
In one year or less	1,273	223
	<u>158,898</u>	<u>141,955</u>

Newport City Homes Housing Association Limited

For the year ended 31 March 2025
Notes to the Financial Statements

Note 20: Grants

	Dowry	Other Grants	SHG/ HFG/ R2O	2025 £'000 Total	2024 £'000 Total
Grant					
At beginning of year	92,961	18,539	35,936	147,436	128,634
Additions during the year	-	8,500	21,147	29,647	19,833
Disposals during the year	(528)	-	-	(528)	(1,031)
Grant recycled	-	-	(100)	(100)	-
At end of year	<u>92,433</u>	<u>27,039</u>	<u>56,983</u>	<u>176,455</u>	<u>147,436</u>
Amortisation					
At beginning of year	32,998	1,325	546	34,869	31,023
Amortised in year	4,161	344	289	4,794	4,555
Disposals during the year	(228)	-	-	(228)	(709)
At end of year	<u>36,931</u>	<u>1,669</u>	<u>835</u>	<u>39,435</u>	<u>34,869</u>
Net book value					
At end of year	<u>55,502</u>	<u>25,370</u>	<u>56,148</u>	<u>137,020</u>	<u>112,567</u>
At beginning of year	<u>59,963</u>	<u>17,214</u>	<u>35,390</u>	<u>112,567</u>	<u>97,611</u>

Grants fall due as follows:

Due within one year (see note 18)	4,831	4,452
Due after more than one year (see note 19)	132,189	108,115
Total Government grants	<u>137,020</u>	<u>112,567</u>

Note 20a Recycled capital grant fund

	2025 £'000	2024 £'000
At beginning of year	-	-
Input to recycled capital grant fund	100	-
At end of year	<u>100</u>	<u>-</u>

Newport City Homes Housing Association Limited

For the year ended 31 March 2025
Notes to the Financial Statements

Note 21: Non-equity share capital

Shares of £1 issued

	2025	2024
	£	£
At beginning of year	77	83
Shares issued during the year	-	-
Shares redeemed/(forfeited) during the year	(19)	(6)
At end of year	<u>58</u>	<u>77</u>

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 22: Operating leases

At 31 March 2024 the association had commitments under operating leases as follows:

Motor vehicles and office equipment

	2025	2024
	£'000	£'000
Within one year	25	29
Between one and two years	7	12
Between two and five years	-	8
	<u>32</u>	<u>49</u>

Land and buildings

	2025	2024
	£'000	£'000
Within one year	285	200
Between one and two years	285	173
Between two and five years	856	518
Over five years	1,141	864
	<u>2,567</u>	<u>1,755</u>

The expenditure incurred during the year is detailed in Note 5 – Operating Surplus for the period.

Newport City Homes Housing Association Limited

For the year ended 31 March 2025
Notes to the Financial Statements

Note 23: Capital commitments

	2025 £'000	2024 £'000
Capital expenditure contracted but not provided for in the financial statements	53,609	70,605
Capital expenditure authorised by the Board but not contracted	65,818	44,606

These capital commitments will be funded by existing loan facilities and capital grants from the Welsh Government.

Note 24: Net assets

The net assets of the association were £62.1m as at 31 March 2025, an increase of £10.8m from the previous year.

The association made an operating surplus of £12.6m on ordinary activities during the year (2024: £8.6m).

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 25: Pension costs

The association participates in the Torfaen County Borough Council (Greater Gwent) pension scheme which is a defined benefit scheme based on final pensionable salary. Certain employees of the association participated in the scheme prior to the stock transfer taking place and, as such, assets or liabilities attributable to these individuals were identified at the transfer date i.e. 9 March 2009. As part of the transfer agreement, liability for the proportions of the debt attributable to these employees that relates to the pre-transfer period rests with Newport City Council. The gains and losses recognised by the association therefore relate solely to the period since transfer.

The most recent valuation was carried out at the 31 March 2022 year end and has been updated by independent actuaries to the scheme to take into account the requirements of FRS102 in order to assess the position of the fund at 31 March 2025. The scheme is valued on an actuarial basis using the projected unit method, which assesses the future assets or liabilities discounted to their present value. Where a

Newport City Homes Housing Association Limited

For the year ended 31 March 2025 Notes to the Financial Statements

pension scheme shows a surplus, accounting standards require the economic benefit of the asset to be calculated. The amount of asset being recognised has therefore been restricted to reflect the lower of the scheme surplus or the economic benefit achievable either through a refund or from payment of future service contributions to the Fund below future expected Current Service Costs. The surplus recognised has been restricted to the economic benefit from payment of future service contributions to the fund below future expected Current Service Costs

The association's contribution rate from 1 April 2020 to 31 March 2023 was 17.0% of members' contributions. This reduced from 1 April 2023 to 14.7% and will continue at this rate until 31 March 2026.

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

	2025	2024
	% pa	% pa
Rate of increase in pension (CPI)	2.75%	2.75%
Rate of increase in salaries	3.25%	3.25%
Discount rate	5.80%	4.85%
Actual returns from the period	4.30%	12.30%

The movements in the net surplus for the period were:

	2025	2024
	£'000	£'000
Fair value of plan assets	81,288	76,014
Value of funded obligations	(50,735)	(58,187)
Funded status	30,553	17,827
Unrecognised asset	(30,553)	(17,827)
Asset recognised on the statement of financial position	-	-

Market value of plan assets:

	2025	2024
	£'000	£'000
Equities	59,340	56,251
Bonds	14,632	12,922
Property	7,316	4,561
Cash/liquidity	-	2,280
Actual returns from the period:	<u>81,288</u>	<u>76,014</u>

Newport City Homes Housing Association Limited

For the year ended 31 March 2025 Notes to the Financial Statements

Components of pension costs for the year:

	2025	2024
	£'000	£'000
Current service cost	2,248	2,230
Net interest income/(cost)	(860)	(458)
Interest of the effect of the asset ceiling	865	309
Total pension cost recognised in income and expenditure account	2,253	2,081

Statement of recognised surpluses and deficits:

	2025	2024
	£'000	£'000
Expected return on assets	(427)	5,064
Changes in financial assumptions	11,820	4,319
Changes in demographic assumptions	102	343
Other experience	528	(1,784)
Unrecognised asset	(30,553)	(17,827)
Changes in effect of asset ceiling	18,692	6,822
Total pension surplus recognised in the statement of comprehensive income	162	(3,063)

Changes to the fair value of assets during the year:

	2025	2024
	£'000	£'000
Present value of scheme assets at beginning of year	76,014	66,280
Interest income on plan assets	3,731	3,183
Contributions by the employer	2,091	1,802
Contributions by the participants	970	846
Benefits and transfers paid	(1,091)	(1,161)
Other experience	-	-
Expected return on assets	(427)	5,064
Total fair value of plan assets at end of year	81,288	76,014

Newport City Homes Housing Association Limited

For the year ended 31 March 2025 Notes to the Financial Statements

Changes to present value of liabilities during the year:

	2025	2024
	£'000	£'000
Present value of scheme liabilities at beginning of year	58,187	56,425
Current service cost	2,248	2,230
Past service costs	-	-
Interest costs	2,871	2,725
Contributions by the participants	970	846
Benefits and transfers paid	(1,091)	(1,161)
Changes in financial assumptions	(11,820)	(4,319)
Changes in demographic assumptions	(102)	(343)
Other experience	(528)	1,784
Total value of funded obligations at end of year	50,735	58,187

Sensitivity analysis

The sensitivity regarding the principal assumptions used to measure the LGPS scheme liabilities are set out in the table below:

Changes in assumptions at 31 March 2025:	Approximate increase to defined benefit obligation	Approximate monetary amount
	%	£'000
0.1% increase in Real Discount Rate	2%	1,134
0.1% increase in the Salary Increase Rate	-%	47
0.1% increase in the Pension Increase Rate (CPI)	2%	1,118
1 year increase in life expectancy	4%	2,029

Newport City Homes Housing Association Limited

For the year ended 31 March 2025
Notes to the Financial Statements

Note 26: Post balance sheet events

	2025 £'000	2024 £'000
Exceptional merger-related costs	1,858	-

On 1 April 2025, the association completed a merger with another Registered Social Landlord, Melin Homes Limited, to create Tai Hedyn Limited (trading as Hedyn). Hedyn is the Welsh word for seed. It symbolizes 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 will take the legal form of a transfer of engagement, a process which transfers the whole of the business of one entity into another; the transaction is considered to meet the definition of a merger under the relevant accounting standards; as such, merger accounting will be applied to record the transaction. There has been no impact on the financial position as at the year-end as a result of the merger.

The amount disclosed above relates to preparatory fees and costs payable by the association in the reporting period. The association discloses this amount 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.