



Cadarn Housing Group

Annual Report and Financial Statements 2026



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Information

Legal status

Cadarn Housing Group Limited (“the association”) is a registered society under the Co-operative and Community Benefit Societies Act 2014 No. 21180R. Registered with the Welsh Government No. L025. It has not adopted charitable rules.

Board members

On 22 June 2026, the Group transitioned to a common Board arrangement across Cadarn Housing Group, Newydd Housing Association and Cadwyn Housing Association. The following individuals served as Board members and share members:

Ms D Austin (Chair) (appointed 22 June 2026)
 Mr K Ablett (appointed 22 June 2026)
 Mr N Lawley (appointed 22 June 2026)
 Mr N Irvine (appointed 22 June 2026)
 Mr M Brooks (appointed 22 June 2026)
 Ms F O’Brien (appointed 22 June 2026)
 Mr P Maggs (appointed 22 June 2026)
 Ms D Wood-Lawson (appointed 22 June 2026)
 Mr P Evans (appointed 22 June 2026)
 Ms R Jones (appointed 22 June 2026)
 Ms C Madge (appointed 22 June 2026)
 Mr R Thomas (retired 11 September 2025)
 Ms K Dalton (retired 11 September 2025)
 Mr G Hexter (retired 22 June 2026)

Chief Executive

Jason Wroe

Company Secretary

Nerys Gimblett-Williams

Registered office

5 Village Way
 Cardiff
 CF15 7NE

Auditor

Bevan Buckland Audit Ltd
 Ground Floor, Cardigan House,
 Caste Court,
 Swansea Enterprise Park
 Swansea
 SA7 9LA

Bankers

Lloyds Bank
 3rd Floor
 25 Gresham Street
 London
 EC2V 7HN

Strategic Report

Year ended 31 March 2026



Strategic Report

The Board present their Strategic Report on the affairs of Cadarn Housing Group together with the financial statements and auditors' reports for the year ended 31 March 2026.

Cadarn Housing Group update

In November 2024, Cadwyn Housing Association were welcomed to the Cadarn Housing Group sitting alongside Newydd Housing Association (1974) as a subsidiary.

Vision and objectives

The Cadarn Housing Group Ltd has a shared vision to provide affordable, safe and high-quality homes and support sustainable communities with excellent services to tenants and customers.

In February 2025, Cadarn Board approved a new three-year corporate plan with the objective of utilising the Group's strengths and resources in a way that results in greater resilience. This included five themes:

1. Improve the quality of housing and estate services to tenants and achieve top quartile performance levels

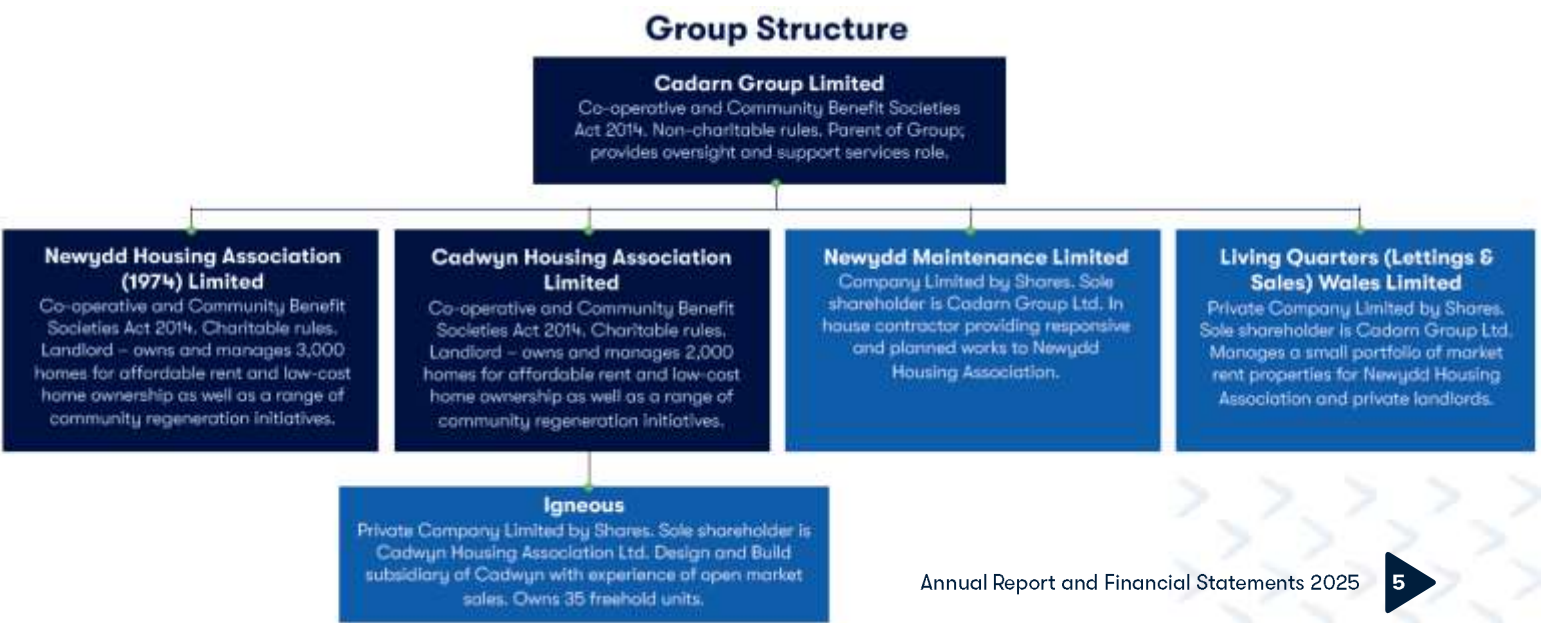
 - Overall tenants satisfaction – target: top quartile.
2. Improve organisation resilience especially financial, people and systems

 - Operating cost savings: Reinvested £1.55m by year 3
 - Staff Satisfaction: Achieve Investors in People Gold for the expanded Group by 2028
3. Advance investment in existing homes

 - Continue to implement an Asset Management Strategy across the Group to ensure that investment is maximised
 - All stock will have a target energy pathway by 2027 as we work towards the Welsh Government target for decarbonisation
4. Continue to develop more new homes

 - Develop 450 additional new homes by 2028
 - Explore non-Social Housing Grant projects to supplement the SHG programme
5. Provide more community sustainment programmes to meet the non-housing needs of tenants

 - Maximise grant opportunities
 - Deliver digital inclusion across the Group
 - Deliver Realise Your Potential project across the Group



Values

Our guiding principles and beliefs



Honest

- > We are honest, open and fair in our dealings with people and partner organisations.
- > We respect confidentiality and the need to protect sensitive data.
- > We want people to be aware of and understand the decisions we make and are accountable for our actions.
- > We achieve this through informing our stakeholders consistently, regularly and fully.



Enabling

- > Our services empower our tenants to be able to sustain their tenancies, communities and to develop and grow.
- > We aim to enable our staff to deliver the best service they can and to grow and develop their own careers.
- > We aim to enable our stakeholders to deliver their ambitions.



Innovative

- > We aim to achieve excellence in all we do.
- > We adapt and respond quickly and take every opportunity to learn from experience.
- > We trust our staff and encourage new ideas, enabling staff to try to improve services.



Kind

- > We recognise when people are suffering and take action to help.
- > We want to help each other, tenants and communities.
- > We listen to what everyone has to say.
- > We engage with, listen to and learn from staff, tenants and stakeholders.
- > We embrace diversity and inclusion.
- > We recognise and praise good performance.

Results for the year

Cadarn Housing Group results are set out in the Financial Statements and supporting notes on pages 30 to 56.

Future Developments/Plans

Looking forward to the remainder of our Corporate Plan period, there remains much to do to build on progress so far. Key tasks include:

- > **Increasing the supply of affordable housing:**
We are currently in contract and on site to deliver

a further 200+ new homes and have a healthy pipeline of projects awaiting funding. We anticipate completing 150+ homes during the next 2 years. These include projects funded through Social Housing Grant and section 106 partnerships with private developers.

We remain committed to providing and building affordable homes, with a smaller proportion of our homes available through the Homebuy low-cost home ownership model. The delivery of affordable homes remains our core business, but we are looking to develop feasibilities that allow us to offer mixed tenure developments consisting of affordable rent, market rent and market sale on the same development when market conditions allow.

- > **Reviewing our Environmental, Social and Governance (ESG) Report:** In 2021 we launched our first ESG report as an early adopter of the Sustainability Reporting Standard for Social Housing and in 2026 we will update this to reflect the ever-changing environment that we live and work in and also explore ways that this can best represent the newly expanded Cardan Housing Group.
- > **Corporate Plan:** During the next 12-months, we intend to develop strategies and actions plans under each of the Corporate Plan themes and also develop behaviours to define our values.

Tenant Influence

- > Newydd and Cadwyn have combined their separate scrutiny structures to form a Cadarn Tenant Scrutiny Team. The Scrutiny Team has been involved in rent setting and affordability discussions and been a key part of the self-evaluation process. Members of the Scrutiny Team also sit on recruitment panels across the Group.

Over the last year we have successfully recruited 4 Tenant Board members, 2 for Cadwyn and 2 for Newydd Boards and strengthened the link between Board and the Scrutiny panel.

A new Tenant Involvement Strategy has been developed for the Group blending best practice from both Associations.

- > **Community Pop-ups:** We have continued with our programme of community pop-ups/estate clean ups, across local authority areas. We continue to use these sessions to engage with residents to focus on relevant issues.
- > **QED (Quality in Equality and Diversity):** Both Newydd and Cadwyn have obtained the QED accreditation awarded by Tai Pawb. The QED

framework enables us to measure the impact of our equality and diversity work across a range of areas including culture, governance and services. We have now developed a joint action plan for the Cadarn Group to continue and further improve this work. Our staff EDI Group reports to our Executive Leadership Board on progress and on our work in relation to our Anti Racism Action Plan.

Governance

We aim to deliver the highest standards of governance including the adoption of the Community Housing Cymru Code of Governance. Compliance is regularly reviewed by the Group Audit and Risk Committee (GARC), and the Board and are able confirm that compliance is reviewed and monitored.

Effective governance ensures that the Group operates with transparency, accountability, and integrity, which are essential for building trust with stakeholders, including tenants, employees, and regulatory bodies. It provides a framework for decision-making that aligns with our mission and values, ensuring that resources are used efficiently and that we remain focused on our strategic objectives.

As the Group continues to evolve, we regularly review our structures, governance arrangements and ways of working to identify opportunities to simplify and improve efficiency. Where changes can reduce complexity, strengthen accountability and support better services for tenants, we will actively explore them.

During the year, the Group began considering a number of proposals to further simplify the Group structure, including the transfer of Newydd Maintenance Limited to Cadarn Housing Group and Living Quarters Wales to Newydd Housing Association. These changes form part of a broader programme of continuous improvement, ensuring that our structures remain fit for purpose, resources are used as effectively as possible and capacity is focused on delivering value for tenants and communities. The Group will continue to keep its operating and governance arrangements under review as it seeks opportunities to improve efficiency, strengthen resilience and maximise investment in homes and services. Subject to the necessary approvals and consents, the current proposals are expected to be implemented during Summer and Autumn 2026.

Regulation

Cadarn Housing Group received its last regulatory assessment in June 2025 and received the highest level for both financial viability and governance and tenant services (green/green).

After the year end, in May 2026, the Group entered into a voluntary undertaking with the Welsh Government Housing Regulator, focused on strengthening governance, assurance and organisational resilience. In the Directors' assessment the undertaking does not indicate a threat to the Group's financial viability or a breach of its funders' covenants. It is being delivered in two stages, with independent assurance and Board oversight to evidence delivery, and progress is reported to the Regulator.

How Are We Performing?

Housing Services

Providing support for tenants who are struggling to pay their rent is a high priority. This is especially important in the ongoing cost of living crisis which is affecting our tenants and their families. We continue to provide support to our residents through a team of Financial Inclusion Officers (FIOs) The team manages a Tenant Support Fund, offers support to tenants claiming benefits and applying for grants. Requests for support have unsurprisingly increased in the last year.

Managed Migration (the programme to move all claimants of working age over from legacy benefits to universal credit) has resumed and is leading to rapid increases in the number of tenants claiming Universal Credit. The move away from the payment of Housing Benefit direct to Newydd and Cadwyn and Universal Credit Housing Costs being paid direct to tenants continues, increasing the challenge of income collection and arrears management. The majority of our tenants will receive their rent payments direct yet are increasingly faced with difficult decisions to heat their homes, pay their rent and feed their families. Rent payments are not always seen as a priority payment or as a debt by some tenants.

We continue to take a person-centred approach to income collection and all housing staff have been trained on restorative approaches. Our Account Management Policy has been devised to take account of the challenging environment we operate in and the Welsh Government's policy of no evictions into homelessness, whilst also being mindful that rent and service charges form a significant proportion of our

income. Eviction is a last priority and is only considered once all other options to sustain a tenancy have been unsuccessful and our tenant is no longer engaging with us, the Local Authority and other support providers.

Maintenance Service

Repairs and maintenance continue to be delivered by our own in-house teams. During 2025/26, the Group undertook a comprehensive review of its repairs service to ensure it is positioned to meet future demand, improve customer outcomes, and deliver greater value for money. As a result, the service is being remodelled from a geographically based structure to a dedicated workstream approach, creating greater focus, consistency, and operational efficiency. This transformation will also support the Group's longer-term ambition to bring an increasing proportion of works in-house, strengthening control over quality, responsiveness, and cost.

The learning experience of delivering services directly has been invaluable and, while not without its challenges, improvements in quality, customer satisfaction, and value for money are beginning to be realised. Having our own teams has also proved invaluable in responding to emergency events and adapting services to protect both tenants and staff. To support the new operating model and future service ambitions, additional resources are being identified and recruited across the service. Recent expansion of the maintenance team has already enabled greater support for the delivery of Cadarn's planned works programmes. Improving tenant satisfaction, service efficiency, and the capacity to deliver more work directly remain key priorities for the maintenance service going forward.

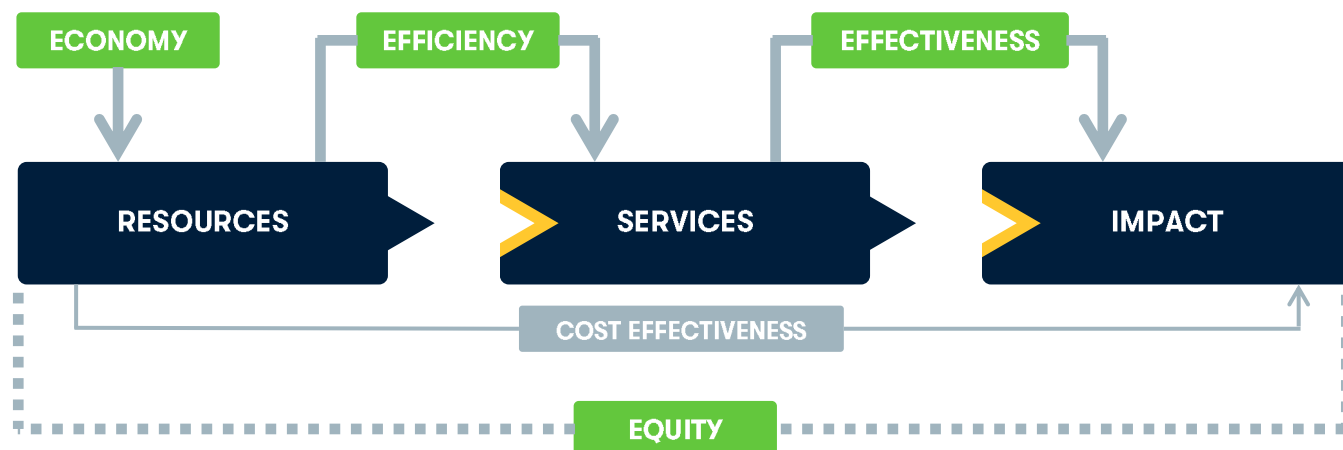
Development

The development team completed 146 new homes in 2025/26. These homes were built in Cardiff (12 homes), the Vale of Glamorgan (27 new homes), Rhondda Cynon Taff (30 new homes) and Powys (77 new homes) and consisted of one- and two-bed flats, and two- and three-bedroom houses. Most of these new homes were for social rent with a small proportion for low-cost home ownership.

Value for Money

The shared ownership of our values brings a consistent approach to the delivery of value for money throughout Cadarn, making it an important part of our culture.

What tenants value is an important part of how we measure service performance. The indicators are periodically reviewed with our tenants to ensure we continue to measure what is most valued. Value for money is more than just saving money, it's providing the best quality services at the best price. When we are considering value for money we look closely at the relationships between economy, efficiency, effectiveness and equity; the “4 E’s”:



Economy – Spending Less

Economy is about minimising the resources we use, whether it's money, time or effort.

Efficiency – Spending Well

Efficiency is about how we turn our resources into services we provide. It looks at our processes to see if we can cut out wasted money, time or effort and still deliver valuable services.

Effectiveness – Spending Wisely

Effectiveness is about looking at whether it worked, did we meet our objectives and are our services better for the same or less money, time or effort.

Equity – Spending Fairly

Equity is about making sure the decision we make are fair and do the services we provide reach the people they are intended for. Equity is the foundation of our approach to value for money.

Our Value for Money Commitment

Delivering value for money is critical to providing excellent services. We are committed to value for money being integral to our governance, business planning and the decisions we make.

To do this we aim to create a culture that enables everyone to contribute towards value for money - ensuring everyone understands what it means to Cadarn and consistently challenging ourselves to be better.

At the heart of value for money is understanding how tenants feel about the services we provide and we will continue to ask, listen and act.

How do we Compare

By comparing our performance and achievements to the sector in Wales helps us continually improve our services.

* 2025/26 sector averages are not available at the time of producing this report. Comparisons with the prior year should be viewed in the context of Cadarn Group's growth. The 2024/25 figures included only five months of Cadwyn Housing Association within the consolidated results, whereas 2025/26 reflects a full year of activity across the enlarged Cadarn Housing Group. This has increased both the scale of income and expenditure reported and influences a number of the value for money indicators shown below.

Value for money indicator – annual sector averages	2024/25 sector average *	2024/25	2025/26
Operating margin	17.4%	24.2%	21.3%
Gearing	25.2%	28.0%	30.7%
EBITDA MRI interest cover	139.6%	107.8%	107.0%
Average interest rate	4.2%	5.5%	4.6%
Headline social housing cost per unit	£6,815	£4,319	£5,455
Management cost per social housing unit	£1,537	£1,273	£1,438
Routine maintenance cost per social housing unit	£1,859	£1,352	£1,321
Major repairs (capital and revenue) cost per social housing unit	£2,035	£1,126	£1,278
Void loss per social housing unit	£87	£52	£42
Arrears per social housing unit	£311	£369	£372

Rent Affordability

It is important that our rents are affordable to all our tenants. We want to ensure that rents are fair and are in line with what tenants expect. We are very aware of the impact of the cost-of-living crisis and asked our tenants to complete a rent and service charge affordability survey in the autumn. The majority of tenants who responded indicated that they feel that the rents we charge provide value for money. However, there was less agreement from tenants about service charges representing value for money. When developing new schemes, we look at ways of designing out features that could attract a service charge but sometimes we are obliged to carry out inspections or install components to meet building and fire safety standards. We have been focusing on estate maintenance services in recent months to see how we can improve the service for tenants.

There is no universal measure of affordability, and we have tried to find a method that is simple to apply and understand. We continue to use the principles of the living rent model developed by the Joseph Rowntree Foundation (JRF) to assist in determining the affordability of our rent and service charges. The model produces a benchmark that is in line with tenant expectations of fairness and affordability.

We have set the challenge of improving value for money of core services in return for a living rent. We include service charges as well as rent charge when assessing overall affordability.

Rents and service charges are reviewed for affordability in each location.

Asset performance

The Group's Asset Management Strategy has focused on stock performance, WHQS compliance, and long-term investment planning informed by condition data and component life cycles.

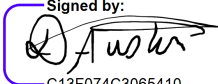
WHQS 2023, effective April 2024, expands requirements to include decarbonisation. In response, Cadwyn's surveying programme was accelerated in 2024 to strengthen the evidence base for future investment and retrofit programmes. A full Asset Management Strategy review was carried out in 2025, assessing the financial and qualitative performance of all assets to set priorities for the next three years.

The Group has secured Welsh Government Optimised Retrofit Programme (ORP) funding, enabling delivery of decarbonisation measures including solar PV, insulation upgrades, intelligent energy systems, and air-source heat pumps.

Further funding will support an expanded programme in 2026/27, which will reduce pressure on core capital budgets.

In summary, the Group's Asset approach is transitioning to a data-driven, performance-led asset strategy aligned to WHQS 2023, with decarbonisation central to the strategy. Strong grant funding and improved asset intelligence support targeted investment and cost control, while delivery will prioritise tangible tenant benefits alongside compliance and long-term sustainability.

The Strategic report was approved by Board on 10 September 2026 and signed on its behalf by:

Signed by:

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 D Austin - Chair

Board Report

Year ended 31 March 2026



Board Report

Statement Of Board Members Responsibilities

Internal Control and Risk Management

The Board is ultimately responsible for setting the future direction and strategy, ensuring that there is a system of controls that is appropriate to the various business environments in which it operates. The Board has in place a formalised framework for:

- a) the identification, review and management risk
- b) the safeguarding of the health and safety of tenants and staff
- c) the reliability of financial information
- d) the maintenance of proper accounting records; and
- e) the safeguarding of assets against unauthorised use or disposition.

Key Elements of the System of Internal Controls

The internal control framework is designed to manage and reduce the risk of failing to achieve business objectives. It can only provide the Board with reasonable, and not absolute, assurance against material misstatement or loss.

The key features of the system of internal control include:

- > 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 restrict the unauthorised use of the Group's assets.
- > policies and procedures are in place that cover the prevention, detection and reporting of fraud, including cyber fraud and the recovery of assets. There have been no losses due to fraud during the year. There have been no cyber breaches during the year.

- > experienced and suitably qualified staff take responsibility for important business functions.
- > forecasts and budgets are prepared which allow management to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up-to-date information and significant variances from budgets are investigated as appropriate.
- > all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through relevant committees comprising Board members and others.

Risk

The Board is committed to the management of risk in order to achieve the vision and goals of Cadarn Housing Group, and to remain a viable and sustainable business.

The Welsh Government, as regulator of the housing association sector, has increased its focus on the management of risk, expecting housing associations and particularly their Boards to fully understand the business and financial risk environment in which they operate and to be confident that these risks are effectively managed.

The Board recognise that Cadarn continues to face a significant range of business and performance related risks and that these have been compounded not only by the cost-of-living crisis and general economic climate, but also by the structural changes across the Group.

To effectively manage these risks the Group prioritised upgrading and integrating its a risk assurance framework throughout integration. The risk register is maintained and reviewed on a quarterly basis by



Decision Time Risk Software

All Heads of Service, Senior Management Team and members of Group Audit and Risk Committee have direct access to the Decision Time risk register.



Group Audit and Risk Committee

The Group Audit and Risk Committee meets quarterly and challenges the strategic risks, top operational risks and emerging issues. It also considers the current levels of assurance and effectiveness of controls.



Cadarn Housing Group Board

The Cadarn Housing Group Board discuss and challenge strategic risks, levels of assurance and emerging issues. The Board also discuss risk appetite.

The Board receives reports of emerging issues that impact the sector and Cadarn Housing Group and what impact that has on Cadarn’s risk register.

The full Risk Register is available to the Group Audit and Risk Committee and Board members enabling understanding of the risks Cadarn faces at any time.

Full details of Cadarn’s approach to risk is set out in the Risk Management Framework which is reviewed every three years.

Health and Safety

The Board recognises health and safety as a core governance responsibility and is committed to maintaining safe homes, safe workplaces and safe ways of working across the Group. The Group's policy is to prevent accidents and cases of work-related ill health by identifying, assessing and managing health and safety risks in a proportionate and systematic way.

Health and safety performance is monitored through regular reporting, operational oversight and assurance activity. This includes:

- > health and safety performance data, including trends, incidents and areas requiring management attention
- > significant landlord, employee and operational risks, together with the controls and actions in place to manage them
- > progress against the Group health and safety action plan, including objectives, timescales and areas where further improvement is required
- > arrangements for consulting employees, engaging health and safety representatives and escalating matters that require senior management or Board attention.

At an operational level, the Group maintains health and safety competence through a combination of qualified staff, trained representatives and specialist external support. Relevant formal qualifications and accreditations include IOSH Managing Safely, NEBOSH General and NEBOSH Construction qualifications, Health and Safety at Work Level 2, Fire Marshal Level 2 and DSE assessor training.

During the period we collaborated with another housing association and employ a Health and Safety Manager and a Health and Safety Officer who develop and oversee the delivery of the Group's health and safety plan, carry out performance monitoring, policy development, provide guidance and advice to managers and staff and attend quarterly health and safety meetings. The Group also engages external consultants and auditors to undertake regular inspections of both the operational and administrative functions to provide further assurance.

Compliance

The Group's primary regulator is the Welsh Government. The Government's Regulatory Framework has nine regulatory standards to which associations must conform. Evidence of conformity is

done by undertaking a self-evaluation exercise on an annual basis. Since the Regulatory Framework was introduced, we have attained the highest level of compliance (green) for Governance and Tenant Services and Financial Management. Our last report was published in July 2025.

The Group has adopted the Community Housing Cymru Code of Governance. Full compliance is evidenced through the self-assessment.

We have also achieved several other accreditations in order to benchmark performance or to drive improvement to meet a national standard.

Group accreditations include:

- > Best Companies – Two-star status
- > Investors in People – Gold
- > Corporate Health Standard – Gold
- > Disability Confident Employer
- > QED Tai Pawb national recognised standard for equality and diversity
- > RNIB Cymru Visibly Better
- > Sustainability Reporting Standard for Social Housing early adopter

Statement of Board Members Responsibilities in Respect of the Board's Report and the Financial Statements

Registered Social Landlord legislation requires the Board to prepare financial statements for each financial year. Under that legislation, the Board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Registered Social Landlord legislation, the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and of the surplus or deficit for that year. In preparing these financial statements, the Board is required to:

- > select suitable accounting policies and then apply them consistently
- > make judgements and estimates that are reasonable and prudent
- > state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in these financial statements; and

- > prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and subsidiaries will continue in business.

The Board are responsible for keeping adequate accounting records that are sufficient to show and explain transactions and disclose with reasonable accuracy at any time the financial position to enable them to ensure that the financial statements comply with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, The Accounting requirements for Registered Social Landlords General Determination (Wales) 2015, and the Statement of Recommended Practice for Registered Social Housing Providers issued in 2018.

The Board are also responsible for safeguarding assets and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board are responsible for the maintenance and integrity of the corporate and financial information included on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board, the Group Audit and Risk Committee has reviewed the effectiveness of the system of internal financial control in existence in the

Group for the year ended 31 March 2026. Based on the audit work carried out during the year, no weaknesses were found in internal financial controls which resulted in material losses, contingencies, or uncertainties which require disclosure in the financial statements or in the auditors' report on the financial statements.

Disclosure of Information to the Auditor

In so far as the Board are aware:

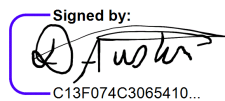
- > There is no relevant information of which auditors are unaware;
- > The Board members have taken all the steps that they ought to have taken to make itself aware of any relevant information and to establish that the auditors are aware of that information.

The auditor, Bevan Buckland, previously traded through the legal entity Bevan Buckland LLP, following a restructure and regulatory changes, Bevan Buckland LLP ceased to hold an audit registration with the engagement transitioning to Bevan Buckland Audit Ltd.

Auditor

Bevan Buckland Audit Ltd were re-appointed as auditor to Cadarn Housing Group Limited (the "parent" association) and its subsidiaries (the "group") on 10 September 2026.

The Board report was approved on 10 September 2026 and signed on its behalf by:

Signed by:

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D Austin
Chair

Independent Auditor's Report

To the members of the Cadarn Housing Group Limited



Independent auditor's report to the members of the Cadarn Housing Group Limited on corporate governance

Year ended 31 March 2026

In addition to our audit on the financial statements for the year ended 31 March 2026, we have reviewed the Board's statement of the Cadarn Housing Group's ("the Group") 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 Group's corporate governance procedures or its internal financial control.

Opinion

With respect to the Board's statement on internal controls assurance on page 13, 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 on the financial statements.

Signed by:

Bevan Buckland Audit Ltd

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Bevan Buckland Audit Ltd
Chartered Accountants & Statutory Auditors
Ground Floor, Cardigan House,
Castle Court,
Swansea Enterprise Park
Swansea
SA7 9LA

Date: 15 September 2026

Independent auditor's report to the members of the Cadarn Housing Group Limited

Year ended 31 March 2026

Opinion

We have audited the financial statements of Cadarn Housing Group Limited (parent) and its subsidiaries (group) for the year ended 31 March 2026 which comprise the Group and the parent association's Statements of Comprehensive Income, the Group and the parent association's Statements of Financial Position, the Group and the parent association's Statements of Changes in Reserves, the Group and the parent association's Statement of Cash Flows and related notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- > give a true and fair view of the state of Cadarn Housing Group Limited (parent) and its subsidiaries (group) affairs as at 31 March 2026 and of its income and expenditure for the year then ended;
- > have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- > have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Board is responsible for the other information. The other information comprises the information included in the strategic report and the report of the Board, other than the financial statements and our auditor's report 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 in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- > the parent association has not kept proper accounting records or
- > a satisfactory system of control over transactions has not been maintained; 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 require for our audit.

Responsibilities of the Board

As explained more fully in the Statement of the Board's responsibilities set out on pages 13 to 16, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the group or the parent association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 2024 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;

- 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.

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.

Signed by:

Bevan Buckland Audit Ltd

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Bevan Buckland Audit Ltd
Chartered Accountants & Statutory Auditors
Ground Floor, Cardigan House,
Castle Court,
Swansea Enterprise Park
Swansea
SA7 9LA

Date: 15 September 2026

Financial Statements

Year ended 31 March 2026



Cadarn Housing Group | Consolidated

Statement of Comprehensive Income

Year ended 31 March 2026

	Notes	2026 £'000	2025 £'000
Turnover	3	37,745	28,552
Operating expenditure	3	(29,696)	(21,761)
Gain/(loss) on disposal of housing properties	3	989	616
Operating surplus	3	9,038	7,407
Surplus on disposal of property, plant and equipment		-	-
Other finance income	5	323	352
Interest payable and finance costs	6	(7,022)	(5,426)
Surplus / (loss) on revaluation of investment properties		109	(145)
Surplus for the year before taxation		2,448	2,188
Taxation	8	(79)	(30)
Surplus for the year		2,369	2,158
Actuarial gain / (loss) in respect of pension schemes	24	223	615
Total comprehensive income for the year		2,592	2,773

Cadarn Housing Group | Association

Statement of Comprehensive Income

Year ended 31 March 2026

	Notes	2026 £'000	2025 £'000
Turnover	3	5,491	4,878
Operating expenditure	3	(5,230)	(4,620)
Operating surplus	3	261	258
Other finance income	5	5	7
Interest payable and finance costs	6	(54)	(57)
Surplus for the year		212	208
Actuarial gain / (loss) in respect of pension schemes	24	52	153
Total comprehensive (expense) / income for the year		264	361

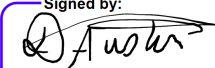
None of the Association's activities were acquired or discontinued during the year.

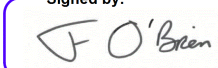
Cadarn Housing Group | Consolidated Statement of Financial Position

Year ended 31 March 2026

	Notes	2026 £'000	2025 £'000
Fixed assets			
Intangible assets	12	18	32
Tangible fixed assets – housing properties	13	453,674	417,248
Investment properties	14	6,758	6,898
Tangible fixed assets – other property, plant & equipment	15a	5,007	5,133
Investments – Homebuy loans receivable	16	4,659	4,693
Total fixed assets		470,116	434,004
Deferred debtors	18	4,225	4,283
Current assets			
Stock	19	207	702
Debtors	20	6,264	5,232
Cash at bank and in hand		10,728	19,617
Total current assets		17,163	25,551
Creditors: amounts falling due within one-year	21	(24,459)	(33,235)
Net current liabilities		(7,260)	(7,684)
Total assets less current liabilities		467,081	430,603
Creditors: amounts falling due in more than one-year	22	(419,139)	(384,236)
Provisions for liabilities Pensions provision	24	(1,035)	(2,052)
Net assets		46,907	44,315
Capital and reserves			
Share capital	23	-	-
Revenue reserves		46,907	44,315
Total capital and reserves		46,907	44,315

These financial statements were approved by the Board on 10 September 2026 and signed on its behalf by:

Signed by:

 C13F074C3065410...
 D Austin
 Chair

Signed by:

 B9314EBDEB78466...
 F O'Brien
 Vice Chair

Signed by:

 ECCB68998F6741E...
 N Gimblett-Williams
 Secretary

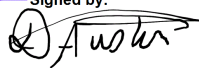
Cadarn Housing Group | Association

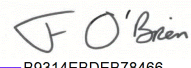
Statement of Financial Position

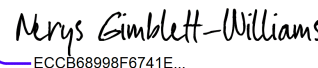
Year ended 31 March 2026

	Notes	2026 £'000	2025 £'000
Fixed assets			
Intangible assets	12	18	32
Tangible fixed assets – other property, plant & equipment	15b	177	287
Investments	17	180	180
Total fixed assets		375	499
Current assets			
Debtors	20	884	581
Cash at bank and in hand		7	111
Total current assets		855	692
Creditors: amounts falling due within one-year	21	(789)	(678)
Net current assets		102	14
Total assets less current liabilities		477	513
Creditors: amounts falling due in more than one-year	22	-	-
Provisions for liabilities Pensions provision	24	(295)	(595)
Net assets / (liabilities)		182	(82)
Capital and reserves			
Share capital	23	-	-
Revenue reserves		182	(82)
Total capital and reserves		182	(82)

These financial statements were approved by the Board on 10 September 2026 and signed on its behalf by:

Signed by:

 C13F074C3065410...
 D Austin
 Chair

Signed by:

 B9314EBDEB78466...
 F O'Brien
 Vice Chair

Signed by:

 ECCB68998F6741E...
 N Gimblett-Williams
 Secretary

Cadarn Housing Group | Consolidated

Statement of Changes in Reserves

Year ended 31 March 2026

	2026 Total £'000	2025 Total £'000
At 1 April	44,315	32,102
Cadwyn Housing Association Pre-acquisition reserves as at 1 November 2024	-	9,440
Total comprehensive income for the year	2,592	2,773
At 31 March	46,907	44,315

Cadarn Housing Group | Association

Statement of Changes in Reserves

Year ended 31 March 2026

	2026 Total £'000	2025 Total £'000
At 1 April	(82)	(433)
Total comprehensive income for the year	264	361
At 31 March	182	(82)

Cadarn Housing Group | Consolidated

Statement of Cashflows

Year ended 31 March 2026

	Notes	2026 £'000	2025 £'000
Net cash generated from operating activities		11,616	7,662
Cashflows from investing activities			
Purchase of property, plant and equipment		(43,178)	(40,589)
Investment in Homebuy loans		(228)	(660)
Proceeds from sale of property, plant and equipment		1,681	742
Proceeds from sale of investment property		280	139
Proceeds from sale of Homebuy investments		175	1,273
Grants received		15,946	8,593
Interest received		330	348
Net cashflows from investing activities		(24,994)	(30,154)
Cash flows from financing activities			
Interest paid		(7,024)	(5,427)
New loans		38,357	17,000
Repayment of borrowings		(10,748)	(4,308)
Repayment of revolving credit facility		(15,000)	-
Pension deficit		(1,017)	(593)
Tax		(79)	-
Net cash flows from financing activities		4,489	6,672
Net increase / (decrease) in cash and cash equivalents		(8,889)	(15,820)
Cash balances on acquisition of Cadwyn Housing Association 1st November 2024		-	24,861
Cash and cash equivalents at the beginning of the year		19,617	10,576
Cash and cash equivalents at the end of the year		10,728	19,617

Cadarn Housing Group | Association

Statement of Cashflows

Year ended 31 March 2026

	Notes	2026 £'000	2025 £'000
Net cash generated from operating activities		264	460
Cashflows from investing activities			
Purchase of property, plant and equipment		(34)	(170)
Interest received		5	7
Net cashflows from investing activities		(29)	(163)
Cash flows from financing activities			
Interest paid		(54)	(57)
Pension deficit		(351)	(331)
Net cash flows from financing activities		(405)	(388)
Net decrease in cash and cash equivalents		(170)	(91)
Cash and cash equivalents at the beginning of the year		111	201
Cash and cash equivalents at the end of the year		(59)	110

Notes to the Financial Statements

Year ended 31 March 2026



Notes to the Financial Statements

Year ended 31 March 2026

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with the Statement of Recommended Practice for registered social housing providers 2018 (SORP) and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015. Newydd Housing Association (1974) Limited and Cadwyn Housing Association are a public benefit entity, as defined in FRS 102 and applies the relevant paragraphs prefixed 'PBE' in FRS 102.

The Group also adopts the going concern basis in preparing the annual report and financial statements. The accounting policies within this note have been applied consistently.

Basis of consolidation

The Group Financial Statements consolidate the accounts of Cadarn Housing Group Limited, the parent Association and its subsidiary undertakings, being Newydd Housing Association (1974) Limited, Cadwyn Housing Association Limited, Living Quarters (Lettings and Sales) Wales Limited, Newydd Maintenance Limited and Igneous Limited using acquisition accounting.

Cadwyn Housing Association Limited and Igneous Limited were acquired on 1st November 2024.

The subsidiaries of Cadarn Housing Group Limited are:

Newydd Housing Association (1974) Limited

Status: Registered Society

Principal activity: Housing Association

The association is a subsidiary of the Cadarn Housing Group, the Parent.

Living Quarters (Lettings and Sales) Wales Limited

Status: Private Limited Company

Principal activity: Lettings agency

Living Quarters (Lettings and Sales) Wales Limited is a wholly owned subsidiary of The Cadarn Housing Group Limited. Its purpose is to develop and sell

market sale properties and to let and manage specific properties on behalf of Cadarn (and other Cadarn Group members).

Newydd Maintenance Limited

Status: Private Limited Company

Principal activity: Property repairs and maintenance

Newydd Maintenance Limited is a wholly owned subsidiary of The Cadarn Housing Group Limited. Its purpose is to provide a repairs and maintenance service on behalf of the wider Cadarn Group.

Cadwyn Housing Association Limited

Status: Registered Society

Principal activity: Housing Association

The association is a subsidiary of the Cadarn Housing Group, the Parent.

Igneous Limited

Status: Private Limited Company

Principal activity: Housing Association

Igneous Limited is a wholly owned subsidiary of Cadwyn Housing Association Limited and is part of the wider Cadarn Group. Its purpose is to undertake development projects, including developing homes for outright sale, affordable homes and commercial units. Any profits distributed by Igneous to Cadwyn (or any gift aid payments Igneous makes to Cadwyn from its profits) will be used by Cadwyn to further Cadwyn's charitable objects.

Going concern

Whilst the Group reported net current liabilities at 31 March 2026, this primarily reflects the timing of expenditure, funding and borrowing arrangements. The Association has access to significant committed undrawn borrowing facilities and manages liquidity through a combination of cash reserves and revolving credit facilities, which are drawn as required. The Board has reviewed cash flow forecasts and is satisfied that the Group has adequate resources to meet its obligations as they fall due for a period of at least twelve months from the date of approval of these financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

Turnover and revenue recognition

Turnover comprises rental income receivable in the year, income from shared ownership first tranche sales, amortisation of social housing and other government grants, and other services included at the invoiced value (excluding VAT) of goods and services supplied in the year and revenue 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. Surpluses or deficits resulting from the sale of properties and fixed asset investments are shown in the income and expenditure account under surpluses/deficits from the sale of fixed assets. Revenue is recognised when sale completion of the property has been achieved.

Properties for outright sale

Properties developed for outright sale are held at the lower of cost and estimated selling price less costs to complete and sell. Cost includes materials, direct labour and an attributable proportion of overheads based on normal levels of activity.

Social housing grant and other government grants

Government grants are recognised using the accrual model and are classified either as a grant relating to revenue or a grant relating to assets. Grants relating to revenue are recognised in income on a systematic basis over the period in which related costs for which the grant is intended to compensate are recognised. Where a grant is receivable as compensation for expenses or losses already incurred it is recognised as revenue in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised in income over the expected useful life of the housing property structure. Where a grant is received specifically for components of a housing property, the grant is recognised in income over the expected useful life of the component.

Grants from non-government sources are recognised immediately as revenue using the performance model.

Housing finance grant

Housing Finance Grant (HFG) is paid in instalments over a period of 30-years by the Welsh Government

towards the capital and interest costs of developing affordable housing. The capital grant element of HFG previously received is deemed to be repayable upon disposal of a related housing asset. This is treated as Recycled Capital Grant and included in the Statement of Financial Position as a creditor.

Recycling of grants

Where there is a requirement to either repay or recycle a grant received for an asset that has been disposed of, a provision is included in the Statement of Financial Position to recognise this obligation as a liability. When approval is received from the funding body to use the grant for a specific development, the amount previously recognised as a provision for the recycling of the grant is reclassified as a creditor in the Statement of Financial Position.

On disposal of an asset for which government grant was received, if there is no obligation to repay the grant, any unamortised grant remaining within liabilities in the Statement of Financial Position related to this asset is derecognised as a liability and recognised immediately as revenue in the Statement of Comprehensive Income.

Accommodation managed by agents

Revenue grant received in relation to these schemes is included in turnover. A substantial portion of the grant is paid over to the managing agent, this expenditure being incorporated in operating costs. Managing agents collect rent on the schemes, which are applied by them towards the cost of housing the residents.

Capital expenditure

Capital expenditure is defined as expenditure where the benefits last more than 12-months and relates to the acquisition, creation or enhancement of a fixed asset such as land, housing properties, new buildings, vehicles, furniture and equipment. This is different to revenue spending, which covers day-to-day items to run services such as staffing and purchase of services.

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

Intangible assets

This consists of computer software that is used for administrative and operating purposes and is stated at historic cost less accumulated depreciation. Depreciation is provided on intangible assets at a rate

calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, at the annual rate of 33%.

Housing properties

Housing properties are stated at cost less accumulated depreciation. Cost includes:

- > cost of land and buildings
- > professional fees
- > management costs directly related to the development scheme.
- > interest incurred during the development period is capitalised and added to the cost of completed housing properties based on net investment and the average borrowing costs during the year
- > provision for the cost of work completed but not paid for at the year end.

The cost of housing properties includes staff costs and overheads which are directly attributable to bringing the housing properties into working condition for their intended use. Expenditure on existing housing properties is capitalised to the extent that it improves the economic benefit of the asset. Such enhancement can occur if the improvements result in either:

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

Only main component improvements that meet these criteria are capitalised and these are depreciated over their estimated component life-span, on a straight line basis.

Where properties come into ownership of Cadarn Housing Group Limited (parent) and its subsidiaries (group) under Section 106 agreements, these are often purchased at below cost price. Where this is the case the cost is increased to the full cost and the difference is shown as imputed cost within property acquisitions, with the corresponding balance shown as imputed grant within creditors.

Depreciation periods are shown below. All other costs are written off to the Statement of Comprehensive Income as incurred.

Surpluses or deficits on sale of properties are recognised at the date a sale becomes certain. The surplus or deficit is the difference between the sale price and the aggregate of the depreciated cost and any allocated cost of disposal such as legal and valuation fees.

Depreciation

Freehold land

Freehold land is not depreciated.

Housing properties

Depreciation of buildings is charged by component so as to write down the net book value to their residual value on a straight line basis over their estimated useful economic lives to the business.

The estimated economic lives of the principal components are as follows:

<u>Component type</u>	<u>Newydd (years)</u>	<u>Cadwyn (years)</u>
Structure – rehabilitated properties	150	100
Structure – new developments	150	150
Roofs	45	150
Windows	35	30
Electrical consumer unit	N/A	30
Electrical wiring	N/A	30
Bathrooms	25	28
Doors	35	26
External works	N/A	26
Solar PV panels	25	25
Kitchens	15	19
Heating systems	20	18
Sheds	N/A	15
Intelligent Energy Systems	10	10
Lifts and service assets	15% per annum	4%–12.5% per annum

Leaseholders

Leaseholders and tenants are recharged for improvements carried out under the terms of the lease, recharges are recognised in the Statement of Comprehensive Income along with the corresponding income from the leaseholder or tenant.

Impairment of social housing properties

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential.

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of the asset exceeds its recoverable amount, an impairment

loss is recognised in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their social potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is considered a suitable measurement model.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and included in surplus or deficit in the Statement of Comprehensive Income.

Investment properties

Investment properties earn commercial and market rents and are measured at fair value annually with any change recognised in surplus or deficit in the Statement of Comprehensive Income.

Other property, plant and equipment

Other property, plant and equipment are used for administrative and operating purposes and stated at historic cost less accumulated depreciation. Depreciation is provided on all other property, plant and equipment at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis (unless otherwise stated) over its expected useful life, as follows:

Freehold office	2% per annum
Office premises improvements	10-15% per annum
Furniture, fixtures and fittings	10-15% per annum
Service assets	4-15% per annum
Vehicles	20% reducing balance per annum

Homebuy loans receivable

Equity loans have been made, under low-cost home ownership arrangements, to homeowners who were not otherwise able to fully afford their homes using commercially available mortgages. Equity loans are included in the Statement of Financial Position at historic cost. Newydd Housing Association (1974) Limited is entitled to a portion of the market value corresponding to the equity interest at a time when homeowners either dispose of their property or when they choose to repurchase some, or all, of the equity loan. Grants are recycled where they are deemed to be repayable. Included in investments are Homebuy loans which meet the definition of a public benefit entity concessionary loan and are therefore accounted for at cost

Financial instruments

Financial assets carried at amortised cost

Financial assets comprise rent and service charge arrears, other debtors, and cash and cash equivalents. Where the effect of discounting is material, financial assets are measured at amortised cost using the effective interest method. At the reporting date, the effect of discounting is not material to the value of the financial assets of Cadarn Housing Group Limited (parent) and its subsidiaries (group), so discounting is omitted.

A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and reward are transferred.

Financial liabilities carried at amortised cost

Financial liabilities include trade and other creditors and interest bearing loans and borrowings.

Loans which are classed as basic financial instruments under FRS 102 are measured at amortised cost using the effective interest method, with interest and related charges recognised as an expense in finance costs in the Statement of Comprehensive Income. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

Concessionary loans

Public Benefit Entity concessionary loans are treated in line with paragraph PBE34.90 to PBE34.97 of the Housing SORP and are recognised as liabilities in the accounts at point of drawdown as there is no commitment to the loan until this has occurred. Any subsidy related to the loan is not reflected in the accounts.

Stocks

Stocks are stated at the lower of cost or net realisable value.

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 effective interest method less any impairment. Where deferral of payments terms have been agreed at below market rate and where material, the balance is

shown at the present value, discounted at a market rate.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Creditors

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

Bad and doubtful debts

Provision is made against rent and service charge arrears for both current and former tenants and against sundry debts to the extent that they are considered by management as irrecoverable.

Leased assets

Finance Leases

Assets held under finance leases are included in the balance sheet and depreciated in accordance with the Group's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to expenditure over the period of the lease in proportion to the balance of capital repayments outstanding.

Operating Leases

Costs in respect of operating leases are charged to the Statement of Comprehensive Income in the period to which they relate. Operating lease premiums are accounted for within debtors as lease prepayments and are amortised over the life of the lease period.

Hostels

Nightingale House and Hafan are directly managed family hostels. The rental income and grant monies receivable have been included within the supported housing column in note 3.

Other Hostels are managed by agencies. Social Housing Grants and other revenue grants are claimed by the Association as owner of the hostel premises. The grants are included in the Statement of Comprehensive Income and Statement of Financial Position of the Association. The treatment of other

income and expenditure in respect of hostels depends upon whether the Association carries the financial risk. Where the Agency carries the financial risk, the Statement of Comprehensive Income includes only that income and expenditure which relates solely to the Association. Other income and expenditure relating to the hostels (within this category) is excluded. (See note 3).

Leasing schemes – CanDo Lettings

These leasing schemes involve the Association working in partnership with Cardiff County Council and private and other social landlords. The scheme aims to get homeless people rehoused in the Private Rented Sector (PRS), speeding up the move-on from hostels and reducing the blocking up of hostel bed spaces. All costs incurred in bringing the scheme on-line have been expended to the Statement of Comprehensive Income.

Interest and financing costs

Financing costs are interest and other costs incurred in connection with the borrowing of funds, including fees paid to financing parties for their commitments to lend money to Cadarn Housing Group Limited (parent) and its subsidiaries (group) in the future. Borrowing costs are amortised over the period that benefit is derived from a financial instrument, such as a loan, using the effective interest rate method.

Taxation

Value Added Tax

Cadarn Housing Group charges Value Added Tax (VAT) on some of its non-rental income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT on expenditure to the extent that it is suffered and not recoverable from HM Revenue and Customs. Recoverable VAT arises from partially exempt activities and is credited to the Statement of Comprehensive Income.

Corporation Tax

Newydd Housing Association (1974) Limited and Cadwyn Housing Association Limited are treated as charitable for taxation purposes. Surpluses derived from primary charitable activities are exempt from taxation.

Pension obligations – defined benefit scheme

The Group is able to identify its share of the scheme assets and scheme liabilities from 1 April 2018 and has applied defined benefit accounting from this date onwards.

The Group makes payments to defined benefit pension schemes on behalf of its employees. The schemes are funded by contributions partly from the employees and partly by the Association at rates determined by independent actuaries. The scheme assets are invested separately from the Association assets in independently administered multi-employer funds. The cost of these benefits and the present value of the obligation depends on a number of factors including life expectancy, salary increases and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. Variations in these assumptions could significantly impact the liability.

Pension obligations – defined contribution scheme

The Group makes payments to defined contribution schemes on behalf of its employees. The schemes are funded by fixed contributions from both employees and the Group. The scheme assets are invested separately from the Group assets in independently administered funds in the names of the employees concerned and there is no residual liability for the Group beyond remittance of these contributions. The associated expenditure is recognised immediately in the Statement of Comprehensive Income in the year in which contributions are earned.

Apportionment of employee administration costs

Direct employee, administration and operating costs have been apportioned to the relevant sections of the Statement of Comprehensive Income on the basis of the actual expenditure. Management, finance and administration costs are further apportioned on the basis of staff salaries.

Reserves

The Association's Revenue (or general) Reserve has built up over several years from annual surpluses generated from its core business. The Designated Reserve will be utilised to fund repairs (if so required) to those properties currently leased under the Calon Adref project, prior to handover back to the landlords (after three years) and properties leased for Temporary Accommodation.

2. Significant management judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with generally accepted accounting principles requires the Board to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results in the future could differ from these estimates. In this regard, the Board believe that the critical accounting policies where judgements or estimations are necessarily applied are summarised below:

Significant management judgements

The following are management judgements in applying the accounting policies of Cadarn Housing Group Limited (parent) and its subsidiaries (group) that have the most significant effect on the amounts recognised in the financial statements.

Impairment of social housing properties

Cadarn Housing Group Limited (parent) and its subsidiaries (group) has to make assessments as to whether an indicator of impairment exists. In making this judgement management has considered the detailed criteria set out in the Statement of Recommended Practice for Registered Social Housing providers (2018).

Depreciation and residual values.

The Board have reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of properties, and have concluded that asset life and residual value is appropriate.

Provisions and accruals

Management bases its judgements on the circumstances relating to each specific event and upon currently available information. However, given the inherent difficulties in estimation liabilities in these areas, it cannot be guaranteed that additional costs will not be incurred beyond the amounts accrued.

3. Turnover, operating costs and operating surplus

Consolidated	Turnover £'000	Other Income £'000	Operating costs £'000	2026 Operating surplus £'000	2025 Operating surplus £'000
Social housing lettings (note 4)	32,623	-	(27,843)	4,780	5,043
Other social housing activities:					
Revenue grants	607	-	(614)	(7)	185
Decarbonisation programme grant	38	-	(39)	(1)	-
Staircasing	-	-	-	-	80
Grant amortisation	1,554	-	-	1,554	1,215
Other	2,421	-	(878)	1,543	124
	37,243	-	(29,374)	7,869	6,647
Non-social housing activities:					
Lettings	447	-	(520)	(73)	(85)
Surplus on sale of properties	-	989	-	989	616
Other	55	-	198	253	229
	502	989	(322)	1,169	760
	37,745	989	(29,696)	9,038	7,407
Association	Turnover £'000		Operating costs £'000	2026 Operating surplus £'000	2025 Operating surplus £'000
Non-social housing activities:					
Management services to other Group companies	5,491		(5,230)	261	258
	5,491		(5,230)	261	258

4. Income and expenditure from social housing lettings

	Group					
	General needs £'000	Sheltered housing £'000	Supported housing £'000	Other social housing £'000	2026 Total £'000	2025 Total £'000
Turnover						
Rents receivable	27,947	955	1,009	48	29,959	22,959
Service charge income	1,894	644	125	1	2,664	2,217
	29,841	1,599	1,134	49	32,623	25,175
Operating costs						
Management	(6,866)	(273)	(987)	-	(8,126)	(5,893)
Service charge costs	(2,106)	(876)	(120)	(2)	(3,104)	(2,632)
Routine maintenance	(6,306)	(210)	(98)	-	(6,614)	(4,757)
Planned cyclical and major repairs expenditure	(1,958)	(71)	(22)	-	(2,051)	(1,499)
Rent loss from bad debts	(191)	(13)	5	-	(199)	(230)
Abortive costs on potential developments	(713)	-	-	-	(713)	(171)
Depreciation of housing properties (including accelerated depreciation on replaced components)	(6,206)	-	-	-	(6,206)	(4,378)
Other costs	(830)	-	-	-	(830)	(572)
	(25,176)	(1,443)	(1,222)	(2)	(27,843)	(20,132)
Operating surplus on social housing lettings	4,665	156	(88)	47	4,780	5,043
Rent loss due to voids	173	28	-	-	201	242

5. Other finance income

	Group		Association	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Bank interest receivable	323	352	5	7
Total	323	352	5	7

6. Interest payable and financing costs

	Group		Association	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	(7,306)	(5,722)	(2)	(2)
Unwinding discount on provisions	(86)	(102)	(52)	(55)
	(7,392)	(5,824)	(54)	(57)
Borrowing costs capitalised	370	398	-	-
Total	(7,022)	(5,426)	(54)	(57)

Borrowing costs have been capitalised based on a capitalisation rate of 5.40% (2025: 4.78%) which is the weighted average of rates applicable to the Group's borrowings during the year.

7. Surplus for the year

	Group		Association	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
The Surplus for the year is stated after charging / (crediting):				
Depreciation on housing properties (including accelerated depreciation on replaced components)	6,247	4,378	-	-
Depreciation on property, plant and equipment	714	600	144	139
Revenue and government grants	(2,199)	(1,990)	-	-
Operating lease rentals	11	13	-	-
External auditors remuneration				
In their capacity as auditors	30	30	6	6
In respect of other services	12	8	2	2

The parent Association is a Registered Society under the Cooperative and Community Benefit Societies Act 2014, it is subject to Corporation Tax. Newydd Housing Association (1974) Limited and Cadwyn Housing Association have exempt taxation status with HM Revenue and Customs. As all of its income is derived from its primary purpose there is no liability for Corporation Tax. Living Quarters (Lettings and Sales) Wales Limited and Newydd Maintenance Limited are subject to Corporation Tax.

8. Taxation charge

	Group		Association	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Current tax				
Adjustments in respect of previous periods	-	-	-	-
	-	-	-	-
Deferred tax				
Origination and reversal of timing differences	-	1	-	-
	-	1	-	-
Tax on profit on ordinary activities	-	1	-	-

The tax assessed for the period is lower than the standard rate applying in the UK (25%).

The differences are explained below:

Profit on ordinary activities at UK tax rate 25% (2025: 25%)	318	83	52
Effects of:			
Expenses not deductible for tax purposes	-	-	-
Deferred tax not recognised	(79)	(52)	(52)
Group relief claimed	-	(1)	-
	(79)	(53)	(52)

9. Board members and senior executives remuneration

Board member and senior executives remuneration relates to the Association only.

Directors who are executive staff members

	2026	2025
	£'000	£'000
The remuneration paid to senior executives was:		
Basic salary	313	289
Social security	45	36
Pension contributions	76	71
Total	434	396

Remuneration of the highest paid director, excluding pension contributions	118	111
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During the year all directors have opted to pay their pension contributions by salary sacrifice, which lowers the gross salary and increases the employer contributions respectively. This option is available to all employees.

The number of key management personnel who received remuneration (excluding pension and national insurance contributions) were in the following ranges:

	2026 Number	2025 Number
£70,001 - £80,000	-	-
£80,001 - £90,000	-	1
£90,001 - £100,000	-	1
£100,000+	3	1

The Chief Executive is an ordinary member of the SHPS pension scheme.

Three senior executives have benefits accruing under the SHPS pension scheme. The pension is funded by contributions from the senior executives and the Association. The contributions are at the same rate as those applying to other members of staff. No special or enhanced terms apply to the senior executives' pension.

Non-executive directors

	2026 £'000	2025 £'000
The remuneration paid to senior executives was:		
Basic salary	33	68
Social security	-	-
Pension contributions	-	-
Total	33	68

Expenses paid to Board members during the year amounted to £33 (2025: £53).

10. Employee information

The average weekly number of persons employed during the year was:

	Group		Association	
	2026 Number	2025 Number	2026 Number	2025 Number
Office staff	217	231	74	71
Wardens, tradesmen and cleaners	63	65	-	-
Total	280	296	74	71
Expressed as full time equivalents	251	268	49	47

Staff costs can be further analysed as follows:

	Group		Association	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Basic salary	10,585	10,103	2,795	2,471
National insurance contributions	1,213	957	309	240
Pension contributions	706	796	176	215
Total	12,504	11,856	3,280	2,926

Amounts paid in relation to redundancy and discretionary payments £209,000 (2025: £56,000).

The full time equivalent number of staff who received remuneration including pension and national insurance contributions, in excess of £50,000 were in the following ranges:

	2026 Number	2025 Number
£50,001 - £60,000	4	6
£60,001 - £70,000	3	5
£70,001 - £80,000	1	5
£80,001 - £90,000	-	2
£90,001 - £100,000	-	1
£100,000 +	3	6

11. Properties in management

	2026 Number	2025 Number
Social housing accommodation for letting:		
General needs	4,414	4,285
Sheltered accommodation	205	203
Supported housing	155	140
	4,774	4,628
Low cost home ownership:		
Shared ownership (leased)	17	18
Homebuy	116	116
	133	134
Other:		
Market rent	53	55
Intermediate rent	62	64
Leasehold / freehold with service charges	118	118
Commercial units	9	9
Community office	1	1
Garages	44	44
Managed - Can do	32	32
Managed - The Mill	441	441
	760	764
Total	5,667	5,526

12. Intangible fixed assets

	Group		Association	
	Computer software £'000	Total £'000	Computer software £'000	Total £'000
Cost				
At 1 April 2025	1,300	1,300	1,300	1,300
Disposal	(1,210)	(1,210)	(1,210)	(1,210)
Additions	3	3	3	3
At 31 March 2026	93	93	93	93
Amortisation				
At 1 April 2025	(1,268)	(1,268)	(1,268)	(1,268)
Disposal	1,210	1,210	1,210	1,210
Charge for the year	(17)	(17)	(17)	(17)
At 31 March 2026	(75)	(75)	(75)	(75)
Net book value at 31 March 2026	18	18	18	18
Net book value at 31 March 2025	32	32	32	32

13. Tangible fixed assets: housing properties - Group

	Housing properties held for letting £'000	Housing properties under construction £'000	Shared Ownership properties completed £'000	Total £'000
Cost				
At 1 April 2025	427,635	57,009	2,265	486,909
Schemes completed in the year	33,787	(33,787)	-	-
Disposals	(2,936)	-	-	(2,936)
Additions	9,531	34,078	100	43,709
Impairment	-	(713)	-	(713)
Transfers to stock	(179)	-	-	(179)
At 31 March 2026	467,838	56,587	2,365	526,790
Depreciation				
At 1 April 2025	(69,630)	-	(31)	(69,661)
Disposals	1,376	-	-	1,376
Transfers to stock	46	-	-	46
Charge for the year	(4,875)	-	(2)	(4,877)
At 31 March 2026	(73,083)	-	(33)	(73,116)
Net book value at 31 March 2026	394,755	56,587	2,332	453,674
Net book value at 31 March 2025	358,005	57,009	2,234	417,248

Capitalised interest on properties in construction amounted to £370,000 (2025: £586,000).

14. Investment properties - Group

	2026 £'000	2025 £'000
Valuation:		
At 1 April	6,968	4,731
Acquired from Cadwyn Housing Association 1 November 2024	-	2,231
Disposals	(319)	(117)
Reclassification from stock	198	198
Revaluation of market rented properties	(89)	(145)
Net book value at 31 March	6,758	6,968

Investment properties were professionally valued between March 2022 and March 2026 by Bruton Knowles Limited, independent external valuers, in accordance with the RICS Valuation Global Standards. Valuations were based on market value and considered factors including rental income, lease terms and market yields. Where appropriate, valuations have been uplifted using the Welsh Housing Price Index as at 31 March 2026. The Board has reviewed the valuations and is satisfied that the carrying value reflects fair value at the reporting date.

15. Tangible fixed assets: property, plant and equipment

a) Group	Freehold £'000	Leasehold £'000	Premises improvement £'000	Service assets £'000	Computers, Office Equipment and Motor vehicles £'000	Total £'000
Cost						
At 1 April 2025	566	1,802	4,104	3,784	1,690	11,946
Disposals	-	-	(163)	(180)	(143)	(486)
Reallocation	231	-	-	-	-	231
Additions	-	-	262	320	-	582
At 31 March 2026	797	1,802	4,203	3,924	1,547	12,273
Depreciation						
At 1 April 2025	(213)	(414)	(2,615)	(2,497)	(1,074)	(6,813)
Disposals	-	-	107	176	167	450
Reallocation	(189)	-	-	-	-	(189)
Charge for the year	(12)	(36)	(274)	(212)	(180)	(714)
At 31 March 2026	(414)	(450)	(2,782)	(2,533)	(1,087)	(7,266)
Net book value at 31 March 2026	383	1,352	1,421	1,391	460	5,007
Net book value at 31 March 2025	353	1,388	1,489	1,287	616	5,133

b) Association	Furniture and equipment £'000	Computer equipment £'000	Total £'000
Cost			
At 1 April 2025	6	845	851
Disposals	-	(72)	(72)
Additions	-	34	34
At 31 March 2026	6	807	813
Depreciation			
At 1 April 2025	(5)	(559)	(564)
Disposals	-	72	72
Charge for the year	(1)	(143)	(144)
At 31 March 2026	(6)	(630)	(636)
Net book value at 31 March 2026	-	177	177
Net book value at 31 March 2025	1	286	287

16. Investments: Homebuy loans - Group

	Total £'000
Cost	
At 1 April 2025	4,693
Disposals	(262)
Additions	228
At 31 March 2026	4,659

17. Intangible fixed asset investment - Association

	Total £'000
Cost	
At 1 April 2025	180
Disposals	-
Additions	-
At 31 March 2026	180

Investments consist of a holding of a £1 ordinary share in Salisbury Court Owners Association, a £1 share in Cadwyn Housing Association Limited, a Registered Social Landlord and a Society registered under the Co-operative and Community Benefit Societies Act 2014, a £1 share in Newydd Housing Association (1974) Limited, a Registered Social Landlord and a Society registered under the Co-operative and Community Benefit Societies Act 2014, a £1 share in Newydd Maintenance Limited and 180,000 £1 shares in Living Quarters (Lettings and Sales) Wales Limited.

18. Deferred debtors

	Group		Association	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Deferred grant	2,748	2,841	-	-
Interest repaid	1,477	1,442	-	-
Total	4,225	4,283	-	-

19. Stock

	Group		Association	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Properties held for resale	133	629	-	-
Maintenance stock	74	73	-	-
Total	207	702	-	-

20. Debtors

	Group		Association	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Arrears of rent and service charges	1,776	1,708	-	-
Less: provision for bad and doubtful debts	(1,205)	(1,186)	-	-
	571	522	-	-
Due from Group undertakings	-	-	603	246
Other debtors	3,942	3,621	6	2
Prepayments and accrued income	1,751	1,089	275	333
Total	6,264	5,232	884	581

21. Creditors: amounts falling due within one-year

	Group		Association	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Prepayment of rent and service charge	(1,421)	(1,117)	-	-
Bank loans and overdrafts	(6,038)	(7,320)	-	-
Social housing grants and other grants received in advance	(2,591)	(12,180)	-	-
Grant to be amortised within one-year	(1,551)	(1,454)	-	-
Recycling of capital grant and disposals proceeds fund	(995)	(1,133)	-	-
Pension liability	(544)	(533)	(300)	(294)
Other capital creditors	(4,884)	(3,439)	-	-
Amount due to Group undertakings	-	-	-	(1)

Taxation and social security	(251)	(454)	(37)	(123)
Accruals and deferred income	(3,117)	(3,175)	(248)	(163)
Other creditors	(3,067)	(2,430)	(204)	(97)
Total	(24,459)	(33,235)	(789)	(678)

Recycled capital grant - Group

	2026	2025
	£'000	£'000
Balance brought forward	(1,132)	(1,239)
Balance on acquisition of Cadwyn Housing Association 1 November 2024	-	(125)
Add: funds arising from property sales	(376)	(20)
Less: funds applied in the year	514	252
Total	(994)	(1,132)

22. Creditors: amounts falling due after more than one-year

	Group		Association	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Housing loans	(162,685)	(148,378)	-	-
Premium issue of bonds	(3,782)	(4,011)	-	-
Grants	(252,665)	(231,792)	-	-
Other	(7)	(55)	-	-
Total	(419,139)	(384,236)	-	-

Housing loans

Housing loans are secured by fixed charges on the Group's housing properties. The interest rates are fixed at between 1.08% and 11.41% or vary with the market rate. The loans are repayable in the years 2026 to 2047. Loans repayable by instalments fall due as follows:

	2026	2025
	£'000	£'000
In one year or less	(5,626)	(7,320)
Between one and two years	(2,971)	(3,509)
Between two and five years	(35,613)	(30,917)
In five years or more	(124,101)	(113,952)
Total	(168,311)	(155,698)

Undrawn facilities

At the 31 March 2026 undrawn facilities totalling £57,885,000 were available (2025: £60,000,000).

Pension liability (see note 24)

	Group		Association	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Due within one year (see note 21)	(544)	(533)	(300)	(294)
Due after on year	(1,035)	(2,052)	(295)	(595)
Total	(1,579)	(2,585)	(595)	(889)

Government grants - Group

	Housing properties held for letting £'000	Housing properties under construction £'000	Shared Ownership properties completed £'000	Total £'000
Cost				
At 1 April 2025	226,455	36,896	54	263,405
Received in the year	2,001	20,498	-	22,499
Transfer on completion	19,959	(19,959)	-	-
Transferred (to)/from recycled grants	(430)	514	-	84
Release to the I&E	(66)	-	-	(66)
Disposals	7	-	-	7
At 31 March 2026	247,926	37,949	54	285,929
Depreciation				
At 1 April 2025	30,152	-	7	30,159
Amortised in the year	1,638	-	-	1,638
Eliminated on disposal	(84)	-	-	(84)
At 31 March 2026	31,706	-	7	31,713
Net book value at 31 March 2026	216,220	37,949	47	254,216
Net book value at 31 March 2025	196,303	36,896	47	233,246

23. Share capital

Association	2026	2025
Shares of £1 each issued and fully paid:		
At the beginning of the year	25	25
Shares issued during the year	-	-
Shares cancelled during the year	-	-
At the end of the year	25	25

The shares carry the right to vote at a general meeting. There is no right to a dividend, there is no provision required for the redemption of shares and there is no provision for a distribution following a winding up.

24. Retirement benefit schemes

Defined contribution scheme

The Association operates a defined contribution retirement benefit scheme for qualifying employees. The total expense charges to Statement of Comprehensive Income in the period ended 31 March 2026 was £233,526 (2025: £233,526).

Defined benefit scheme

The following details apply to the Association only. Equivalent information can be found in the subsidiaries account of Newydd Housing Association (1974) Limited and Cadwyn Housing Association for the year ended 31 March 2026. The Association participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2023. This valuation revealed a deficit of £693m. A recovery plan has been put in place with the aim of removing this deficit by 31 March 2028.

The scheme is classified as a 'last-man standing arrangement'. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the scheme.

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year ends. The latest accounting valuation was carried out with an effective date of 30 September 2025. The liabilities are compared as at 31 March year end, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

Present values of defined benefit obligation, fair value of assets and defined benefit asset (liability)

	2026 £'000	2025 £'000
Fair value of plan assets	5,930	5,550
Present value of defined benefit obligation	6,525	6,439
Deficit in plan	(595)	(889)
Defined benefit liability to be recognised	(595)	(889)

Reconciliation of opening and closing balances of the defined benefit obligation

	2026 £'000
Defined benefit obligation at start of period	6,439
Current service cost	48
Expenses	9
Interest expense	370
Member contributions	-
Actuarial losses due to scheme experience	16
Actuarial losses due to changes in demographic assumptions	56
Actuarial gains due to changes in financial assumptions	(98)

Benefits paid and expenses	(315)
Defined benefit obligation at end of period	6,525

Reconciliation of opening and closing balances of the fair value of plan assets

	2026 £'000
Fair value of plan assets at start of period	5,550
Interest income	327
Experience on plan assets (excl. amounts included in interest income) – gain	17
Employer contributions	351
Member contributions	-
Benefits paid and expenses	(315)
Fair value of plan assets at end of period	5,930

The actual return on the plan assets (including any changes in share of assets) over the period from 31 March 2025 to 31 March 2026 was £344,000.

Defined benefit costs recognised in Statement of Comprehensive Income

	2026 £'000
Current service cost	48
Expenses	9
Net interest expense	43
Defined benefit costs recognised in Statement of Comprehensive Income	100

Defined benefit costs recognised in other comprehensive income

	2026 £'000
Experience on plan assets (excluding amounts included in net interest cost) – gain	17
Experience gains and losses arising on the plan liabilities – loss	(16)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – loss	(56)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	98
Total amount recognised in Other Comprehensive Income – gain	43

Assets

	2026 £'000	2025 £'000
Global equity	657	622
Emerging markets debt	-	72
Liquid alternatives	1,056	1,029
Insurance-linked securities	9	17
Property	289	278
Infrastructure	-	1
Private equity	13	5

Real assets	558	664
Private credit	716	679
Credit	236	212
Investment Grade Credit	349	171
Cash	1	75
Long lease property	-	2
Secured income	-	93
Liability driven investment	-	1,681
Currency hedging	-	9
Net current assets	58	12
Total assets	5,930	5,550

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

Key assumptions

	2026	2025
Discount rate	6.14%	5.87%
Inflation (RPI)	3.29%	3.08%
Inflation (CPI)	3.03%	2.80%
Salary growth	4.03%	3.80%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2026 imply the following life expectancies at age 65:

	2026
Male retiring in 2025	20.9
Female retiring in 2025	23.2
Male retired in 2044	22.2
Female retiring in 2044	24.6

Contributions breakdown

	2026 £'000	2025 £'000
Expenses	10	7
Deficit Contributions	294	331
Normal Employer Contributions	47	99
Total	351	414

25. Financial instruments

The carrying values of the Group and Association's financial assets and liabilities are summarised by category below:

	Group		Association	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Financial assets measured at undiscounted amount receivable:				
Rent arrears	746	521	-	-
Amounts due from Group entities	-	-	603	246
Other debtors	3,458	3,621	-	-
Stock	133	629	-	-
Cash at bank and in hand	9,282	19,617	7	111
Total	13,617	24,388	610	357

Financial assets measured at undiscounted amount payable:				
Loans	(168,311)	(155,698)	-	-
Capital creditors	(4,383)	(3,439)	-	-
Amounts due to other Group entities	-	-	-	(1)
Taxation and social security	(40)	(454)	-	(123)
Other creditors	(7,472)	(2,430)	(206)	(99)
Total	(180,206)	(162,021)	(206)	(223)

The Group and Association's income, expense, gains and losses in respect of financial instruments are summarised below:

	Group		Association	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Interest income and expense				
Total interest expense for financial liabilities	(6,936)	(5,255)	(2)	(2)

26. Analysis of changes in net debt

Group

	1 April 2025	Cashflows	Other non-cash movements	31 March 2026
	£'000	£'000	£'000	£'000
Cash	19,617	(8,889)	-	10,728
Bank loans due within one-year	(7,320)	1,775	(82)	(5,627)
Bank loans due after one-year	(148,378)	(14,307)	-	(162,685)
Total	(136,081)	(21,421)	(82)	(157,584)

Association

	1 April 2025 £'000	Cashflows £'000	Other non-cash movements £'000	31 March 2026 £'000
Cash	111	(104)	-	7
Total	111	(104)	-	7

27. Establishment of the Association

Cadarn Housing Group Limited is a Registered Society under the Cooperative and Community Benefit Societies Act 2014 and is a Registered Social Landlord.

28. Contingent liabilities

The Group receives capital grant from the Welsh Government, which is used to fund the acquisition and development of housing properties and their components. In certain circumstances upon disposal of grant funded properties the Group is required to recycle this grant by crediting the Recycled Capital Grant Fund.

The company participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK. The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2023. This valuation revealed a deficit of £693m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

The Scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2025. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2026 to 28 February 2027 inclusive.

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

29. Financial commitments

Capital expenditure

	Group		Association	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Contracted less certified	8,002	23,415	-	-
Authorised but not contracted	-	34,077	-	-

This spend will be funded by a mixture of Welsh Government grant and private finance.

Operating leases

Total future minimum lease payments for the Group and Association under non-cancellable Operating Leases are as follows:

	Group		Association	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Payments due:				
Within one year	150	13	-	-
Between two and five years	515	11	-	-
Over five years	261	-	-	-
Total	926	24	-	-

30. Post balance sheet events

There were no other events that required reporting between the Statement of Financial Position date and the date on which these financial statements were approved.

31. Related party transactions

The Group lets accommodation to both current and former tenants who are Board members. Currently there are two residents who have been appointed to the Board across the Group. The tenants have been let on the Housing Association's standard terms and cannot use their position to their advantage.

Owing to the nature of Cadarn's operation and composition of the Board being drawn from public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board may have an interest. All transactions involving such organisations are conducted at an arm's length in accordance with Cadarn's financial regulations and normal procurement procedures.

32. Cash flow from operating activities

	Group		Association	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Surplus for the year	2,595	2,773	264	361
Adjustment for non-cash items:				
Interest receivable	(330)	(348)	(5)	(7)
Interest payable	7,024	5,427	54	57
Decrease / (increase) in fair value of properties	(109)	(123)	-	-
Surplus on disposal of plant, property and equipment	(1,023)	-	-	-
Surplus on disposal of property (first tranche LCHO and right to buy)	-	(697)	-	-
Depreciation charges	6,873	4,514	158	161
Impairment	713	-	-	-
Government grant utilised during the year	(1,538)	(1,215)	-	-
Increase in stock	172	(13)	-	-
(Increase) / decrease in debtors	(853)	(2,727)	(207)	(115)
Increase / (decrease) in creditors	(1,796)	571	104	156
Increase in bad debt provision	23	115	4	-
Tax	79	-	-	-
Actuarial (gain) / loss in respect of pension schemes	(214)	(615)	(43)	(153)
Net cash inflow from operating activities	11,616	7,662	329	460

33. Free cash flow

	Group		Association	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Net cash inflow from operating activities	11,672	7,662	329	460
Interest paid	(7,024)	(5,427)	(54)	(57)
Interest received	330	348	5	7
Adjustments for reinvestment in existing properties				
Component replacements	(9,515)	(7,555)	-	-
Component replacement grant received	3,812	1,652	-	-
Proceeds from sale of Property, Plant and Equipment	2,136	2,172	-	-
Purchase of other property, plant and equipment	(555)	(434)	-	-
Free cash generated before loan repayment	856	(1,582)	280	411
Loans repaid (excluding revolving credit and overdrafts)	(10,748)	(4,308)	-	-
Free cash (consumed) / generated after loan repayments	(9,892)	(5,890)	280	411