

Grŵp Cynefin

Annual Report s Financial Statements

For the Year Ended 31 March 2026

Legal and Administrative Details

REGISTERED OFFICE

Tŷ Silyn
Y Sgwâr
Penygroes
Gwynedd, LL54 6LY

MANAGEMENT BOARD MEMBERS

Tim Jones	Chair
Sally Baxter	Vice-Chair
Siôn Fôn	
Llinos Iorwerth	
Mike Corfield	
Jane Lewis	
David Lloyd	
Nigel Finney	
Ken Beech	(resigned September 2025)
Tony Oakley	
Delyth Lloyd	
Paul Robinson	
David Lewis	
Paul McGrady	(appointed September 2025)

EXECUTIVE LEADERSHIP TEAM

Melville Evans	Chief Executive
Nia Rhian Owen	Director of Resources (resigned January 2026)
Sion Gethin Roberts	Director of Property and Investment (resigned December 2025)
Sharon Morris	Director of Neighbourhoods (resigned August 2026)
Nerys Price-Jones	Director of People and Culture
Elfyn Owen	Chief Officer Canllaw
Lynda Colwell	Chief Officer Conwy and Denbighshire Care and Repair

COMPANY SECRETARY

Helen Wyn Jones

BANKERS

Barclays
PO Box 3333
One Snowhill
Snowhill Queensway
Birmingham
B3 2WN

AUDITOR

Menzies LLP
The Colmore Building
20, Colmore Circus Queensway
Birmingham
B4 6AT

LEGAL STATUS

Registered under the Co-operative and Community Benefit Societies Act 2014: **No 211G4R**
Registered with the Welsh Government, **Number L02G**
The Association has adopted charitable rules and operates for the benefit of its tenants, customers and communities.

Strategic Report

Group Structure and Principal Activities

The Board is pleased to present its Annual Report and the audited Financial Statements for Grŵp Cynefin for the year ended 31 March 2026.

Grŵp Cynefin is a housing association operating across North Wales and North Powys. We provide quality, affordable and sustainable homes, alongside services that support people and communities to thrive. Our work focuses on creating strong, resilient communities by offering quality housing and helping people to live well in their chosen neighbourhoods.

Our subsidiary companies, Canllaw and Conwy and Denbighshire Care & Repair, provide essential care, repair and home adaptation services that help individuals remain safe and independent at home.

Cywaith remains a dormant subsidiary of Grŵp Cynefin. The company did not undertake any trading activities during the period and there have been no significant changes to its status. Appropriate governance and statutory compliance arrangements continue to be maintained.



Vision, Mission, Values

In April 2025, Grŵp Cynefin launched its new Corporate Plan, **A Place to Belong 2025–2028**, following an extensive co-design process involving tenants, customers, staff and Board members from across the group. More than 500 tenants and stakeholders contributed to the development of the new Corporate Plan and helped shape the organisation's future direction and priorities.

GRŴP CYNEFIN

Our vision is:

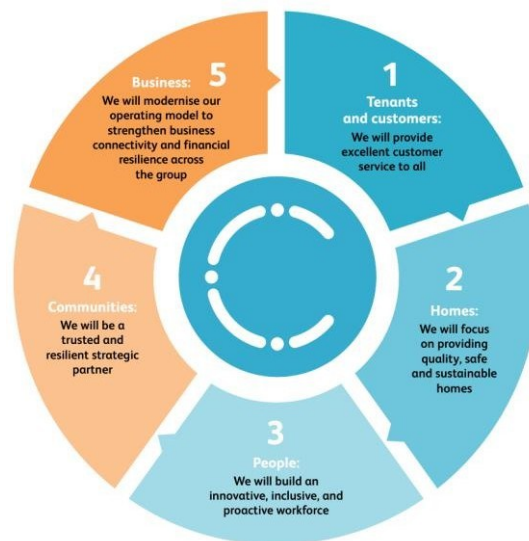
“To be an inclusive and effective organisation that provides safe, quality, and sustainable homes”.

Our mission is to deliver excellent housing and community services that support people and places to thrive, whilst promoting and celebrating our Welsh identity, language and culture.

Our values underpin how we work, make decisions, and engage with our tenants, customers, and communities. Together, they support delivery of our five strategic priorities:

- Tenants and Customers
- Homes
- People
- Communities
- Business

These priorities provide a clear framework for improving customer outcomes, investing in homes and communities, supporting our people, and maintaining the long-term sustainability and resilience of Grŵp Cynefin.



Our values and behaviours are:



Public Benefit

The Board has considered the public benefit requirement in reviewing Grŵp Cynefin's objectives, activities and performance for the year. Grŵp Cynefin's activities are carried out for the public benefit through the provision of safe, affordable and sustainable homes, investment in existing homes and communities, and services that support people to live well and independently. The Board assesses delivery of public benefit through regular monitoring of strategic objectives, performance indicators, tenant outcomes, financial resilience, and assurance reporting.

Corporate Plan Performance

The year ended 31 March 2026 marks the completion of the first year of delivery of **A Place to Belong 2025–2028**.

During 2025/26, Grŵp Cynefin continued to deliver against its Corporate Plan priorities in a challenging operating environment. The Group maintained a strong focus on customer services, asset performance, compliance and financial resilience whilst continuing to invest in homes, communities and support services. Progress against key priorities is reflected in the performance indicators set out below.

It continued to strengthen its governance, assurance and performance management arrangements as part of its ongoing improvement journey. The Group maintained a compliant regulatory judgement of "Yellow/Yellow" throughout the year and continues to work closely with the Regulator, with an updated judgement anticipated during 2026/27.

During 2025/26, the Board approved and implemented a new Board Assurance Framework, including a new governance structure which was introduced to strengthen the link between strategic objectives, principal risks, controls, assurance activity and performance monitoring. This provides a clearer line of sight between organisational

priorities and the assurance required to support effective governance and decision making.

A significant achievement during the year was the commencement of a comprehensive review and rebuild of the 30-Year Business Plan. This work was undertaken to reflect the substantially changed operating environment facing the social housing sector, including increasing regulatory expectations, decarbonisation requirements, inflationary pressures, changing customer expectations and future investment demands. The refreshed Business Plan provides a stronger evidence base for long-term financial planning and informed decision-making across existing homes, new development, sustainability programmes and community services.

Alongside these strategic developments, Grŵp Cynefin delivered a range of improvements across its services, homes, people and communities. Customer engagement was strengthened through the delivery of customer journey mapping workshops, and initiatives to increase tenant participation in shaping services and improvement programmes, with further work planned to introduce a new set of Service Standards. A new Good Neighbourhood Policy which was co-produced with tenants was also launched, strengthening arrangements relating to anti-social behaviour, lettings and service charges.

Investment in homes remained a priority, with the implementation of a new Strategic Asset Management Plan, improved decision-making tools to support investment planning, enhancements to void performance and repairs delivery, continued compliance with the Welsh Housing Quality Standard 2023 Addendum, and the delivery of 32 new homes.

Progress was also made in strengthening organisational capability and community outcomes through the implementation of the People and Equality, Diversity and Inclusion Strategies, progress towards the new Welsh Language Standards, establishment of an internal Learning and Development function, and completion of the first phase of the Quality in Equality and Diversity (QED) assessment.

In addition, significant progress was made in advancing Grŵp Cynefin's Digital and Data Transformation Programme and enhancing cyber security arrangements.

The achievements highlighted below demonstrate the progress made during the first year of the Corporate Plan and provide a strong platform for continued improvement during 2026/27 and beyond.

Key Performance Indicators

During the year, Grŵp Cynefin developed and implemented a new Performance Reporting Framework to strengthen organisational oversight, accountability and decision-making. The framework provides a clearer line of sight between the Corporate Plan, strategic objectives, operational performance and key performance indicators, enabling the Board and Committees to monitor delivery more effectively, identify emerging trends and risks, and ensure resources remain focused on priority outcomes for tenants, customers and communities.

Below is a summary of the strategic KPIs for year ending 31/03/26:

	Target	2026	2025
Tenant satisfaction with service provided	79%	81%	76%
Repairs completed within target time	95%	84%	83%
Emergency work completed within 24 hours	98.5%	98%	97.5%
Average days to complete responsive repairs work	16.5 days	13.2 days	14.4 days
Average days to relet a property	50 days	44 days	42 days
% annual gas inspections completed	100%	100%	100%
% Rent Arrears (Gross)	2.3%	2.33%	2.63%
% rent loss due to empty properties	1.00%	1.43%	2.72%
Number of damp and mould cases	-	116	99

Operational Performance Review 2025/26

The Group delivered strong operational performance across a range of key measures during the year. Performance remained particularly strong in compliance and customer-facing services, whilst targeted action was taken in areas requiring improvement. The

Board continued to monitor performance closely through regular reporting and scrutiny arrangements.

Grŵp Cynefin delivered notable improvements in customer satisfaction, income collection and asset utilisation. Tenant satisfaction increased to 81%, while gross rent arrears reduced to 2.33%, achieving the lowest arrears level recorded in the last four years. Rent loss from empty properties also reduced significantly from 2.72% to 1.43%, reflecting effective management of the housing portfolio and supporting the Group's financial resilience.

Operational performance remained strong, with improvements in responsive repairs services and continued 100% gas servicing compliance, providing assurance that customer safety and service quality remain a priority.

A small area of under-performance was the increase in average relet times from 42 to 44 days. However, this was largely attributable to strategic investment activity, including the return to use of properties linked to development, disposal and Transitional Accommodation Capital Grant Funding Programme (TACP), and occurred alongside a reduction in overall void losses.

The increase in reported damp and mould cases primarily reflects improved identification, reporting and proactive inspections rather than a deterioration in stock condition, together with preparations for the introduction of the WHQS 2023 Addendum requirements. The Group strengthened its processes, monitoring arrangements and case management procedures during the year to ensure continued compliance and support safe, healthy homes for tenants.

Plans for future periods

During 2026/27, Grŵp Cynefin will continue to deliver the priorities set out within **A Place to Belong 2025–2028**, focusing on service improvement, organisational transformation and long-term sustainability.

Particular focus during 2026/27 will be delivering the Target Operating Model, implementing the refreshed 30-Year Business Plan, delivering the Efficiency and Savings Programme and securing formal discharge from the Voluntary Undertaking

Other priorities include:

- Progressing the Digital and Data Transformation Programme.
- Delivering our ambitious development programme to increase the supply of quality homes.

GRŴP CYNEFIN

- Continuing investment in homes through WHQS, retrofit and decarbonisation programmes.
- Further strengthening tenant voice, customer experience and community outcomes.

These priorities will support our ambition to provide safe, quality and sustainable homes whilst maintaining strong governance, financial resilience and excellent services for our tenants, customers and communities.

Voluntary Undertaking

Grŵp Cynefin entered a Voluntary Undertaking with the Welsh Minister for Housing in May 2023 following the identification and self-referral of health and safety data compliance issues.

The Board believes the improvements delivered through the Voluntary Undertaking have resulted in a stronger organisation with enhanced governance, assurance, asset management, compliance and financial planning arrangements.

Independent external assurance is currently underway to evidence implementation of the required actions from these reviews, which is critical to demonstrate that all elements of the Voluntary Undertaking has been completed. Grŵp Cynefin has engaged proactively with the Regulator throughout and has initiated the process to seek formal discharge from the Voluntary Undertaking, which is anticipated to take place during the autumn of 2026.

Environmental, Social, Governance (ESG) Performance

The year marked an important milestone in Grŵp Cynefin's ESG journey. For the first time, Grŵp Cynefin completed a full Social Housing Sustainability Reporting Standard (SRS) submission, providing a transparent and structured assessment of its environmental performance, social impact and governance practices.

Environmental

Environmental sustainability remains a key priority, with continued investment in energy efficiency, decarbonisation and the long-term sustainability of the housing stock. The majority of existing homes (76.45%) are now within EPC bands A-C, while all new homes delivered during the year achieved an EPC A rating.

During the year, 107 homes were upgraded to EPC C / SAP 75+, and funding was secured for a further £4.3m programme expected to improve approximately 191 additional homes. Environmental considerations continue to inform development and asset

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management decisions, including biodiversity enhancement, responsible material sourcing, waste reduction and water efficiency.

Grŵp Cynefin remains committed to achieving Net Zero Carbon by 2044 and will undertake a full review of its Sustainability Strategy during 2027/28.

Social

Grŵp Cynefin continued to focus on providing affordable, safe and high-quality homes while supporting tenant wellbeing and community resilience. Resident engagement remains central to service delivery and decision-making, with tenants actively contributing through the Tenants Committee, consultations, forums and service improvement activities.

The Group is committed to listening to feedback and learning from complaints to improve services. Complaints performance remained positive during the year, with no Ombudsman findings of maladministration and lessons learned continuing to inform service improvements across the organisation.

During 2026/27, the Group will develop a Social Value Policy to strengthen the measurement and reporting of social impact and ensure a clearer understanding of the value created for tenants, communities and wider stakeholders.

Governance

ESG governance considerations are embedded within the Group's decision-making, business planning and risk management processes.

During 2026/27, Grŵp Cynefin intends to publish its first standalone ESG Report, providing further detail on environmental, social and governance performance, priorities and future commitments.

Sustainability Linked Loans

Sustainability-Linked Loans (SLLs) support Grŵp Cynefin's commitment to delivering long-term social, environmental, and economic value. By linking borrowing costs to agreed sustainability targets, SLLs encourage continuous improvement in areas that are important to our tenants, communities, and stakeholders. This approach aligns financial performance with our strategic objectives and supports our purpose to deliver lasting benefits for the communities we serve.

The table below sets out the Sustainability Linked Loan (SLL) measures currently reported by Grŵp Cynefin to its two lenders, together with the associated performance targets.

Target definition	Target FY 2025/26	Actual FY 2025/26
SPT1: Average SAP Rating for new-build housing properties	92	92
SPT2: Average SAP Rating for the existing housing properties (excluding any new homes developed or acquired after 1 April 2021)	74	72.55
SPT3: The number of people supported towards employed work, or self-employed work	44	48

Compliance, Health s Safety

The safety of customers, staff, and contractors remains a key priority for the Group. Robust arrangements were maintained across all key compliance areas, supported by regular monitoring, reporting, and assurance activity. The Board received regular updates throughout the year and remains satisfied with the effectiveness of the Group's compliance framework.

GOVERNANCE s INTERNAL CONTROL

Internal Financial Control

In line with Welsh Government Circular RSL 02/10, the Management Board is responsible for maintaining an effective system of internal control, safeguarding Grŵp Cynefin's assets, and taking reasonable steps to prevent and detect fraud and other irregularities.

The Board receives assurance on the effectiveness of governance, risk management and internal controls through a range of mechanisms, including internal and external audit, performance reporting, financial reporting, regulatory oversight and scrutiny by the Audit and Risk Committee.

The Board appoints an independent Internal Auditor, currently Forvis Mazars, to provide objective assurance through an approved risk-based Internal Audit Plan. During 2025/26, Internal Audit issued an overall 'Substantial Assurance' opinion, representing the highest level of assurance available. Grŵp Cynefin also achieved a 90% implementation rate for internal audit recommendations, exceeding the sector benchmark of 85%.

Having reviewed the effectiveness of these arrangements during the year, the Board is satisfied that the Group's governance, risk management and internal control framework remains effective and appropriate to the scale and complexity of the organisation.

Principle Risks and Uncertainties

The principal areas requiring ongoing oversight by the Board include delivery of the long-term 30-year Business Plan, financial resilience, regulatory compliance, asset investment, cyber security and data management, procurement governance, and service delivery. While these areas present inherent risks and uncertainties, the Board is satisfied that appropriate controls, assurance mechanisms and governance arrangements are in place to support the effective management of these matters and the achievement of the overall strategic objectives.

Corporate Governance

The Grŵp Cynefin Management Board is responsible for directing the organisation in line with its objectives, values and governing rules, and for maintaining an effective governance framework. Its core role includes setting strategy; approving key plans, budgets and financial statements; overseeing risk management and internal control; and monitoring performance.

The Board delegates day-to-day management of the organisation to the Chief Executive, supported by the Executive Leadership Team, within the framework of approved strategies, policies, budgets, financial regulations and delegated authorities.

Grŵp Cynefin is governed in accordance with its adopted Rules and applies the Community Housing Cymru Code of Governance. It operates within the Welsh Government's Regulatory Framework for Housing Associations, which sets out the expectations for governance, financial management, and service delivery.

The Board undertakes an annual review of its skills, knowledge and experience, which informs the review of its Board Succession Plan and supports ongoing effectiveness.

The skills, knowledge and experience required by the Board members are aligned to the organisation's Corporate Plan and strategic objectives, ensuring the Board has the appropriate expertise to provide effective oversight and leadership. Board vacancies are filled with an open and transparent recruitment process in accordance with the Board

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Recruitment Policy. Candidates are interviewed by a panel that includes tenant representation, reflecting our commitment to stakeholder engagement. Successful candidates are formally appointed at the Annual General Meeting.

Board members are remunerated in line with sector comparisons levels, and in line with the Board Remuneration Policy, which will be reviewed September 2026.

The Board is supported by the following Committees, each operating under clearly defined Terms of Reference, which are reviewed regularly to ensure ongoing effectiveness.

- Audit and Risk Committee
- Operations Committee
- People Committee
- Tenant's Committee

Grŵp Cynefin also maintains oversight of its subsidiary companies through a defined governance framework, including reserved matters, service level agreements, regular performance reporting, and representation from the parent Board on subsidiary boards. Members of the subsidiary boards also participate in Grŵp Cynefin's committee structure, while subsidiary Board Chairs are invited to observe Grŵp Cynefin Board meetings, ensuring effective oversight, information sharing and alignment with Grŵp Cynefin's strategic objectives and risk management arrangements.

The remuneration of the Chief Executive and Executive Leadership Team is determined through pay and governance arrangements to ensure that remuneration is fair, transparent, and aligned with strategic objectives. Pay is reviewed biennially, taking account of role responsibilities, affordability, internal pay relativities and relevant market benchmarking within the housing and not-for-profit sectors. Oversight of senior pay arrangements is provided to the People Committee. The Pay Policy is currently being reviewed to ensure it continues to support a fair, transparent and sustainable approach to reward, while enabling us to recruit, retain and develop high-quality leadership and deliver value for money for tenants and stakeholders.

Financial and Treasury Matters

For the year ending 31 March 2026, Grŵp Cynefin's loan portfolio shows that the Association have outstanding loans of £146.9M with c.79% of these being on fixed interest rate agreements. The Bank Deposits had a balance of £5.1M. At the year end, Grŵp Cynefin had adequate liquidity in place for approximately 23 months.

In accordance with the Welsh Government requirements, comprehensive 'stress-testing' of the 30-year financial forecasts is carried out on an annual basis with the Management Board, and potential mitigation strategies are discussed.

The Group turnover for the year was £45M (2025 - £40M), of which £29M (2025 - £27M) was rental and Service Charge income. The Group's surplus for the year amounted to £2.9M (2025 - £1.5M) and following the defined benefit pension adjustment that was required during the year, showing an actuarial gain of £0.2M (2025 gain - £0.7M), the revenue reserves stood at £37.7M (2025 - £34.6M) at the year-end. The Management Board considers this a positive result for the year. Housing properties stood at a net book value of £358M at the year-end (2025 - £344M).

Statement of Board Responsibilities

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Management Board to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the parent association and Grŵp Cynefin, and of the Statement of Comprehensive Income for that period. 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 accounting standards have been followed, (subject to any material departures disclosed and explained in the financial statements); and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that Grŵp Cynefin will continue in business.

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of Grŵp Cynefin and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2016.

The Management Board is also responsible for maintaining an adequate system of internal control and safeguarding the assets of Grŵp Cynefin and hence for taking reasonable steps for the protection and detection of fraud and other irregularities.

In so far as the Management Board is aware:

- there is no relevant audit information of which the Association’s auditor is unaware; and
- the members of the Management Board have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

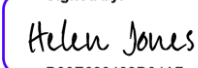
Grŵp Cynefin’s Annual General Meeting will be held on the **17 September 2026**. At this meeting, the Group’s **2025-26 Annual Report** will be presented for adoption.

External Auditors

We will appoint Grŵp Cynefin’s auditors in line with the requirements of our registered rules.

By order of the Management Board

Signed by:



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.....Helen Wyn Jones - Secretary

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Independent Auditors Report

OPINION

We have audited the financial statements of Grŵp Cynefin ('the Association') and its subsidiaries ('the Group') for the year ended 31 March 2026 which comprise the Consolidated and Association's Statement of Comprehensive Income, the Consolidated and Association Statement of Financial Position, the Consolidated and Association Statement of Changes in Reserves, the Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2026 and of the Group's and Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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Independent Auditors Report

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the parent Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information, and except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

We have reviewed the Board's statement on the Association's compliance with the Welsh Government circular RSL 02/10 'Internal controls and reporting'. We are not required to express an opinion on the effectiveness of the Association's system of internal control.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the housing association circular RSL 02/10: Internal Controls and Reporting

In our opinion, based on the work undertaken in the course of the audit with respect to the Board's statement on internal control:

GRŴP CYNEFIN

Independent Auditors Report

- the Board has provided the disclosures required by the Welsh Government circular RSL 02/10 'Internal controls and reporting'; and
- the statement is not inconsistent with the information of which we are aware from our audit work on the financial statements.

Matters on which we are required to report by exception

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

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

Responsibilities of the Board

As explained more fully in the Statement of the Board's responsibilities set out on page 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 association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

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.

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Independent Auditors Report

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

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

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

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

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

- We obtained an understanding of laws and regulations that affect the group and parent association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud.
- We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing, recognising the nature of the group's activities and the regulated nature of the Association's activities.

GRŴP CYNEFIN

Independent Auditors Report

- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

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

Use of the audit report

This report is made solely to the Association's members as a body in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014 and Chapter 4 of Part 2 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body for our audit work, for this report, or for the opinions we have formed.

Signed by:

Menzies LLP,
The Colmore Building
20, Colmore Circus Queensway
Birmingham
B4 6AT

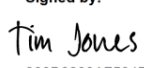
Date: 23-Sep-2026

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 March 2026

	Note	2026 £'000	2026 £'000	2025 £'000	2025 £'000
TURNOVER	3		<u>44,841</u>		<u>39,872</u>
Operating expenditure		(37,680)		(34,560)	
Cost of Sales		-		-	
Surplus on disposal of property, plant and equipment	3	567		463	
			<u>(37,115)</u>		<u>(34,097)</u>
OPERATING SURPLUS	10		7,728		5,775
Share of (loss) in joint venture	15		(18)		(42)
Interest receivable	8		199		173
Interest and financing costs	9		(5,055)		(4,426)
SURPLUS BEFORE TAX			2,854		1,480
Taxation	11		-		-
SURPLUS FOR THE YEAR			2,854		1,480
Other comprehensive income					
Actuarial gain on defined benefit pension scheme	26		168		689
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			3,022		2,169

These financial statements were approved by the Management Board on 9 September 2026

Signed on its behalf by:

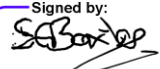
Signed by:

 383B6283A7584B9...

..... Tim Jones - Chair

Signed by:

 D90E639483D04A7...

.....Helen Wyn Jones - Secretary

Signed by:

 E7D8D72174B54B7...

..... Sally Baxter - Vice-Chair

The notes on pages 39 to 65 form part of these financial statements

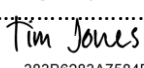
ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2026

	Note	2026 £'000	2026 £'000	2025 £'000	2025 £'000
TURNOVER	3a		<u>40,911</u>		<u>36,568</u>
Operating expenditure		(33,830)		(31,428)	
Cost of sales		-		-	
Surplus on disposal of property, plant and equipment	3a	567		463	
			<u>(33,263)</u>		<u>(30,965)</u>
OPERATING SURPLUS	10		7,648		5,603
Interest receivable	8		172		141
Interest and financing costs	9		(5,042)		(4,426)
			<u>2,778</u>		<u>1,318</u>
SURPLUS BEFORE TAX			2,778		1,318
Taxation	11		-		-
SURPLUS FOR THE YEAR			2,778		1,318
Other comprehensive income:					
Actuarial gain on defined benefit pension scheme	26		150		643
			<u>2,928</u>		<u>1,961</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			2,928		1,961

These financial statements were approved by the Management Board on 9 September 2026

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Signed by: Sally Baxter Vice-Chair  E7D8D72174B54B7...	

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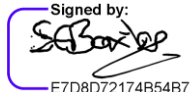
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2026

	Note	2026 £'000	2025 £'000
FIXED ASSETS			
Intangible assets	12	224	333
Housing properties	13	357,933	344,082
Other property, plant and equipment	14	10,381	10,575
Investments – Low-cost home ownership loans	15	29,873	28,414
Investments – Joint Venture	15	4,373	4,391
		402,784	387,795
CURRENT ASSETS			
Stock	16	122	91
Debtors	17	8,413	5,485
Debtors: amounts receivable after more than one year	17a	8,198	8,503
Investments	18	1,609	1,538
Cash		4,462	11,154
		22,804	26,771
CREDITORS: amounts falling due within one year	19	(18,348)	(18,045)
NET CURRENT ASSETS		4,456	8,726
TOTAL ASSETS LESS CURRENT LIABILITIES		407,240	396,521
CREDITORS: amounts falling due after more than one year	20	(367,498)	(358,656)
Provisions for liabilities and charges	20a	(229)	(357)
Defined benefit pension liability	26	(1,836)	(2,854)
NET ASSETS		37,677	34,654
CAPITAL AND RESERVES			
Called-up share capital	23	-	-
Revenue reserve		37,654	34,632
Restricted reserve		23	22
TOTAL RESERVES		37,677	34,654

These financial statements were approved by the Management Board on 9 September 2026

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Signed by:  E7D8D72174B54B7...	
..... Sally Baxter - Vice-Chair	

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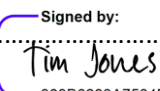
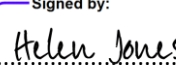
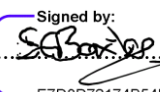
ASSOCIATION STATEMENT OF FINANCIAL POSITION

At 31 March 2026

	Note	2026 £'000	2025 £'000
FIXED ASSETS			
Intangible assets	12	224	333
Housing properties	13	357,933	344,082
Other property, plant and equipment	14a	10,364	10,542
Investments – Low-cost home ownership loans	15	29,873	28,414
Investments – Joint Venture	15	5,502	5,502
		403,896	388,873
CURRENT ASSETS			
Stock	16	-	-
Debtors	17	7,898	5,326
Debtors: amounts receivable after more than one year	17a	8,198	8,503
Investments	18	1,609	1,538
Cash		3,517	9,826
		21,222	25,193
CREDITORS: amounts falling due within one year	19	(18,218)	(17,878)
NET CURRENT ASSETS		3,004	7,315
TOTAL ASSETS LESS CURRENT LIABILITIES		406,900	396,188
CREDITORS: amounts falling due after more than one year	20	(367,498)	(358,656)
Provisions for liabilities and charges	20a	(229)	(357)
Defined benefit pension liability	26	(1,664)	(2,594)
NET ASSETS		37,509	34,581
CAPITAL AND RESERVES			
Called-up share capital	23	-	-
Revenue reserve		37,509	34,581
Restricted reserve		-	-
TOTAL RESERVES		37,509	34,581

These financial statements were approved by the Management Board on 9 September 2026

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Signed by:  E7D8D72174B54B7...	Sally Baxter – Vice-Chair		

The notes on pages 39 to 65 form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

At 31 March 2026

	Hardship Fund (restricted)	Revenue Reserve	Total
	£'000	£'000	£'000
At 1 April 2025	22	34,632	34,654
Surplus for the year	1	2,854	2,855
Other comprehensive income			
• Actuarial gain	-	168	168
Reserves at 31 March 2026	23	37,654	37,677

	Hardship Fund (restricted)	Revenue Reserve	Total
	£'000	£'000	£'000
At 1 April 2024	25	32,460	32,485
Surplus for the year	-	1,480	1,480
Transfer in the year	(3)	3	-
Other comprehensive income			
• Actuarial gain	-	689	689
Reserves at 31 March 2025	22	34,632	34,654

The notes on pages 39 to 65 form part of these financial statements

ASSOCIATION STATEMENT OF CHANGES IN RESERVES

At 31 March 2026

	Revenue Reserve	Total
	£'000	£'000
At 1 April 2025	34,581	34,581
Surplus for the year	2,778	2,778
Other comprehensive income		
• Actuarial gain	150	150
Reserves at 31 March 2026	37,509	37,509

	Revenue Reserve	Total
	£'000	£'000
At 1 April 2024	32,620	32,620
Surplus for the year	1,318	1,318
Other comprehensive income		
• Actuarial gain	643	643
Reserves at 31 March 2025	34,581	34,581

The notes on pages 39 to 65 form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2026

	Note	2026 £'000	2025 £'000
Net cash generated from operating activities	27	5,896	4,653
Cash flows from investing activities			
Purchase and construction of housing properties		(13,769)	(14,428)
Sale of housing properties		1,046	667
Social housing grant received		8,339	10,196
Purchase of other fixed assets		(131)	(666)
Component replacements		(4,253)	(6,480)
Sale of other fixed assets		108	213
Other fixed assets grant disposals		831	(819)
Investment in Low-cost home ownership loans		(1,459)	(1,474)
Interest received		199	173
Net cash from investing activities		(9,089)	(12,618)
Cash flows from financing activities			
Loans received		7,990	15,300
Repayment of borrowings		(6,650)	(631)
Interest paid		(4,769)	(3,999)
Net cash from financing activities		(3,429)	10,670
Net increase in cash and cash equivalents		(6,622)	2,705
Cash and cash equivalents at the beginning of year		12,692	9,987
Cash and cash equivalents at end of year		6,070	12,692

The notes on pages 39 to 65 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

ACCOUNTING POLICIES

Legal Status

Grŵp Cynefin is incorporated in England and Wales under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Welsh Government as a Registered Social Landlord (number L029). The registered office is Tŷ Silyn, Y Sgwâr, Penygroes, LL54 6LY. Grŵp Cynefin's principal activity is to provide social housing. The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

General information and basis of accounting

The financial statements have been prepared under the historical cost convention 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), the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015, the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 and the Housing and Regeneration Act 2008.

Basis of consolidation

The Group financial statements consolidate the financial statements of the parent Association and its subsidiary undertakings drawn up to 31 March each year.

Acquisitions

Business combinations that are considered to be acquisitions are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Public benefit entity combinations

Combinations carried out at nil consideration are accounted for so that any excess of fair value of the assets received over the fair value of the liabilities assumed is recognised as income within the Statement of Comprehensive Income.

Joint venture

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

are accounted for at cost less impairment and dividends receivable. The Group assesses at each reporting date whether there is any indication of impairment.

Government grants received in respect of investments in the Welsh Housing Partnership and the properties leased are accounted for on the basis that they have provided by the government to fund part of the investment in the Partnership joint venture. It is considered that the Group will only realise the benefit of the grant if and when the investment is redeemed. On receipt of the grant, this is a government grant received in advance and therefore recognised as deferred income in the Statement of Financial Position up until the point the related Investment is redeemed.

Property, plant and equipment - housing properties

Housing properties are stated at cost or valuation less accumulated depreciation and accumulated impairment losses. Cost includes the cost of acquiring land and buildings, directly attributable development costs and borrowing costs directly attributable to the construction of new housing properties during the development. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

Depreciation is charged in order to write down the net book value of housing properties to their estimated residual value, on a straight-line basis, over their useful economic lives.

Major components of housing properties, which have significantly different patterns of consumption of economic benefits, are treated as separate assets and depreciated over their expected useful economic lives at the following annual rates:

	Years
Main structure	150
Other components:	
Kitchens	15
Bathrooms	25
Roof	70
Windows	25
External doors	25
Heating - boilers	13
Heating – wet systems	25
Electrics	30

Components on leasehold land are depreciated over the shortest of the above and the remaining lease term. Freehold land is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

Where there are improvements to housing properties that are expected to provide incremental future benefits, these are added to the carrying amount of the property. Any works to housing properties that do not replace a component or result in an incremental future benefit are charged as expenditure in surplus or deficit in the Statement of Comprehensive Income.

Non-housing property, plant and equipment

Non-housing property, plant and equipment are stated at historic cost less accumulated depreciation and any provision for impairment. Depreciation is provided on all non-housing property, plant and equipment, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

	Years
Office equipment C furniture	5
Computer hardware and software	4
Motor vehicles	3

Other various equipment charged through services charges are depreciated at different rates according to their type.

Intangible assets

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

Computer software	10 years
-------------------	----------

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 surplus or deficit 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 service potential, value in use is determined by the present value of the asset's remaining service

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is taken as 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.

Social Housing Grant and other Government grants

Government grants are recognised using the accrual model and are classified as either 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 or for the purpose of giving immediate financial support with no future related costs, 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 for revenue expenditure are recognised in comprehensive income over the same period as the expenditure to which they relate once performance related conditions have been met.

Donation or acquisition of land or other asset at below market value

Where a donation of land and/or other assets is received or acquisitions of land and/or other assets at below their market value from a third party that does not meet the definition of a government source the transaction is recognised as an asset in the Statement of Financial Position at fair value, taking account of any restrictions on the use of the asset and income equivalent to the difference between any amounts paid or payable for the asset and the fair value of the asset is recognised in surplus or deficit in the Statement of Comprehensive Income as a donation when future performance-related conditions are met.

Housing Finance Grant

Housing Finance Grant (HFG) is paid by the Welsh Government towards the costs of housing assets over a period of 30 years to subsidise the capital and interest costs for the provision of affordable housing. The net present value of the HFG receivable over the agreed payment term is recognised as a capital grant and a deferred debtor.

Upon receipt of the grant payments, the debtor decreases by the capital element and the difference between this, and the amount of grant received is credited to surplus or deficit in the Statement of Comprehensive Income as a contribution towards the financing cost of

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

that scheme. The discount rate used for the net present value calculations is the same rate that applies to the associated borrowing to fund the housing assets.

The capital grant element of HFG previously received is deemed repayable upon disposal of a related housing asset. This is treated as Recycled Capital Grant in the Recycled Capital Grant Fund 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 as revenue in surplus or deficit in the Statement of Comprehensive Income.

HomeBuy

HomeBuy loans meet the definition of a public benefit entity concessionary loan and are recognised in the Statement of Financial Position at the amount paid. HomeBuy grants provided by the Welsh Government to fund all or part of a HomeBuy loan provided by the Group to the purchaser of the housing property are government grants received in advance and recognised as deferred income in the Statement of Financial Position until the point the related HomeBuy loan is redeemed. When the HomeBuy loan is redeemed, the respective HomeBuy grant is recognised in the recycled capital grant fund.

Shared ownership property sales

Shared ownership properties are split between non-current assets and current assets. The split is determined by the percentage of the property to be sold under the first tranche disposal, which is shown on initial recognition as a current asset, with the remainder classified as a non-current asset within property plant and equipment.

Rent to Own and Shared ownership Rent to Own

Rent to Own properties, including those under construction, are initially accounted for as non-current assets. Twenty five percent of the rent is treated as current assets and the remainder is treated as rent. If the option to purchase the property is exercised, then the value accrued within current assets is transferred to the tenant to be utilised as a deposit, and the property is sold to the tenant at the Current Market Value. If at the end of the five years the tenant decides not to take the option, then the amount accrued in current assets is then recognised as rental income in the Statement of Comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

Shared ownership Rent to Own is accounted for by combining the principles of Shared Ownership, whereby the amount that is rented to the tenant is treated as Rent to Own.

Restricted reserves

Where reserves are subject to an external restriction, they are separately recognised within reserves as a restricted reserve. Revenue and expenditure are included in surplus or deficit in the Statement of Comprehensive Income, and a transfer is made from the general reserve to the restricted reserve.

Operating leases

Payments under operating leases are charged to surplus or deficit in the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases.

Interest payable

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are calculated using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument and is determined on the basis of the carrying amount of the financial liability at initial recognition.

Taxation

Grŵp Cynefin is treated as a charitable organisation for tax purposes. This was confirmed by HM Revenue & Customs (HMRC) on 11 March 2005, ref no XR85179. Consequently, the surpluses derived from primary activities are exempt from taxation. This treatment is reviewed annually in line with the activities undertaken by the organisation to ensure the exemption still applies.

Pensions

Grŵp Cynefin and Canllaw (Eryri) Cyf participate in the Social Housing Pension Scheme (SHPS), which is a multi-employer pension scheme. Gofal a Thrwsio Conwy a Sir Ddinbych participates in a Defined Contributions scheme with NEST.

Multi-employer defined benefit pension scheme – Social Housing Pension Scheme

The Group participates in the Social Housing Pension Scheme ('SHPS'), a defined benefit multiemployer pension scheme administered by TPT Retirement Solutions ('TPT').

The cost of the defined benefit pension plan is determined using an actuarial valuation with scheme liabilities measured using the projected unit credit method and discounted at appropriate high-quality corporate bond rates. The scheme assets are measured at fair

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

value. The net surplus or deficit is recognised on the statement of financial position. The finance cost is calculated on the net defined benefit liability. Remeasurements are reported in other comprehensive income. '

Defined contribution scheme

The Group participates in a defined contribution scheme where the amount charged to surplus or deficit in the Statement of Comprehensive Income in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

Turnover

Turnover represents rents and service charges receivable (net of rent and service charge losses from voids) and disposal proceeds of current assets such as shared ownership properties together with revenue grants from Welsh Government and local authorities.

Proceeds from first tranche disposals are accounted for as turnover in the Statement of Comprehensive Income of the period in which the disposal occurs and the cost of sale is transferred from current assets to operating costs. Proceeds from subsequent tranche sales are treated as disposals of fixed assets.

Investments

Investments that are publicly traded or whose fair value can be measured reliably are measured at fair value with changes in fair value recognised in surplus or deficit in the Statement of Comprehensive Income. Other investments are measured at amortised cost less impairment.

Financial instruments

Financial assets carried at amortised cost

Financial assets carried at amortised cost comprise rent arrears, trade and other receivables and cash and cash equivalents. Financial assets are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, they 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 Grŵp Cynefin, therefore 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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

Financial liabilities include trade and other payables and interest-bearing loans and borrowings.

Loans, which are classified as basic financial instruments under FRS102, 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.

2. SIGNIFICANT MANAGEMENT JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant management judgements

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

Impairment of social housing properties

The Group has to make an assessment as to whether an indicator of impairment exists. In making the judgement, management considered the detailed criteria set out in the SORP. An assessment has been made to consider the fair value of the social housing properties, their future cash flows, and service potential.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

Capitalisation of housing property C other development costs

The Group capitalises development expenditure in accordance with the accounting policy on housing properties and other fixed assets. The capitalisation requires a range of judgements, such as setting the period over which interest can be capitalised, calculating the amount of staff time and overheads which should be capitalised and establishing which associated development costs should be capitalised and which costs should be written off. Judgement is also exercised over the likelihood that projects will continue.

Estimation uncertainty

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

Defined benefit pension scheme

The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend 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 (see note 26)

Components of housing properties and useful lives

Major components of housing properties have significantly different patterns of consumption of economic benefits and estimates are made to allocate the initial cost of the property to its major components and to depreciate each component separately over its useful economic life. The Group considers whether there are any indications that the useful lives require revision at each reporting date to ensure that they remain appropriate.

GRŴP CYNEFIN

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

3. CONSOLIDATED TURNOVER AND OPERATING COSTS

	Turnover	2026 Operating Costs	Operating Surplus/(deficit)	Turnover	2025 Operating Costs	Operating Surplus/(deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Income and expenditure on lettings (Note 4)	36,563	(28,593)	7,970	32,343	(26,169)	6,174
Other income and expenditure						
Affordable Homes team	225	(927)	(702)	205	(847)	(642)
Conwy Homeless Scheme	-	-	-	42	(42)	-
Development services	-	(888)	(888)	-	(811)	(811)
Gorwel	2,558	(2,493)	65	2,589	(2,670)	(81)
HWB	278	(274)	4	181	(176)	5
Rural Housing Enablers	119	(102)	17	153	(129)	24
Other Income and Expenditure	965	(357)	608	848	(367)	481
Enterprise Centre	155	(145)	10	134	(117)	17
Energy Wardens	47	(45)	2	45	(51)	(6)
Y Shed, Meliden	-	(5)	(5)	28	(49)	(21)
Canllaw (Eryri) Cyf	1,887	(1,862)	25	1,596	(1,490)	106
Gofal a Thrwsio Conwy a Sir Ddinbych	2,044	(1,989)	55	1,708	(1,642)	66
Total	44,841	(37,680)	7,161	39,872	(34,560)	5,312
Surplus on disposal of property, plant and equipment			567			463
Operating Surplus			7,728			5,775

GRŴP CYNEFIN

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

3a ASSOCIATION TURNOVER AND OPERATING COSTS

	Turnover	2026 Operating Costs	Operating Surplus/(deficit)	Turnover	2025 Operating Costs	Operating Surplus/(deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Income and expenditure on lettings (Note 4)	36,563	(28,593)	7,970	32,343	(26,169)	6,174
Other income and expenditure						
Affordable Homes team	225	(927)	(702)	205	(847)	(642)
Conwy Homeless Scheme	-	-	-	42	(42)	-
Development services	-	(888)	(888)	-	(811)	(811)
Gorwel	2,558	(2,493)	65	2,589	(2,670)	(81)
HWB	279	(275)	4	181	(176)	5
Rural Housing Enablers	119	(101)	17	153	(129)	24
Other Income and Expenditure	965	(357)	608	848	(367)	481
Enterprise Centre	155	(146)	10	134	(117)	17
Energy Wardens	47	(45)	2	45	(51)	(6)
Y Shed, Meliden	-	(5)	(5)	28	(49)	(21)
Total	40,911	(33,830)	7,081	36,568	(31,428)	5,140
Surplus on disposal of property, plant and equipment			567			463
Operating Surplus			7,648			5,603

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

4. TURNOVER FROM LETTINGS

Group and Association

			2026	2025
	General Needs £'000	Supported Housing £'000	Total £'000	Total £'000
Rents	24,398	1,913	26,311	24,585
Service charge	2,840	105	2,945	2,832
	27,238	2,018	29,256	27,417
Other Government Grants	4,090	-	4,090	2,125
Amortisation of grant	3,005	212	3,217	2,801
Total income	34,333	2,230	36,563	32,343
Operating costs of lettings				
Services	2,690	175	2,865	2,847
Management	4,451	1,022	5,473	5,160
Day-to-day maintenance	6,508	422	6,930	6,744
Planned maintenance	7,697	500	8,197	6,493
Community development	435	28	464	432
Depreciation of housing properties	4,380	285	4,664	4,240
Impairment	-	-	-	-
	26,161	2,432	28,593	25,916
Losses from bad debts	-	-	-	253
Total expenditure	26,161	2,432	28,593	26,169
Operating surplus/deficit	8,172	(202)	7,970	6,174
Void Losses	394	11	405	477

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

5. UNITS UNDER MANAGEMENT

As at the end of the year, Grŵp Cynefin had the following number of properties under management:

Properties in management	Opening Properties 01/04/2025	New Build	Purchase of homes	Sold or held for sale	Transfers	Closing Properties 31/03/2026
General & Sheltered	3,526	28	3	(5)	3	3555
Supported Housing (including bedspaces)	340	6	-	-	(4)	342
Extra Care	239	-	-	-	-	239
Social Housing Homes	4,105	34	3	(5)	(1)	4,136
Shared Ownership : rented	23	-	-	(1)	(2)	20
Welsh Housing Partnership	142	-	-	-	-	142
Rent to own	16	-	-	(2)	-	14
Elizabeth Owen	7	-	-	-	-	7
Tai Elen Glyn	10	-	-	-	-	10
Non Social Housing Homes	198	-	-	(3)	(2)	193
Total Properties Managed	4,303	34	3	(8)	(3)	4,329

Grŵp Cynefin currently has an interest in, or manages, a total of **5,019** units. This comprises 4,329 rented homes as stated above, which are either owned by Grŵp Cynefin, leased from the Welsh Housing Partnership or managed on behalf of the stated charities. Grŵp Cynefin also retains an interest in a further **762** intermediate market units (HomeBuy and Shared Equity properties).

6. DIRECTORS' EMOLUMENTS

The emoluments paid to the highest paid officer, namely the Chief Executive Officer, were £137K excluding pension contributions (2025 - £135K). The pension for the Chief Executive (who was an ordinary member of the pension scheme) is on the same basis as for all other employees and amounts to £10.5K (2025 - £10K); whilst other benefits namely travel provision amounted to £6.3K (2025 - £6K).

During the year the number of persons, including the highest paid, who received emoluments (excluding national insurance, pension contributions and redundancy pay) in the following range was:

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

	2026 £'000	2025 £'000
£30,001 - £40,000	-	-
£40,001 - £50,000	-	1
£50,001 - £60,000	-	1
£60,001 - £70,000	-	-
£70,001 - £80,000	1	-
£80,001 - £90,000	1	1
£90,001 - £100,000		1
£100,001 - £110,000	1	-
£110,001 - £120,000	-	-
£120,001 - £130,000	1	-
£130,001 - £140,000	1	1

The Management Team's emoluments and pension:

	2026 £'000	2025 £'000
Wages and salaries	479	406
Social security costs	64	47
Pension	48	30
Redundancy costs	52	-
	<u>643</u>	<u>483</u>

During the year fees of £66,191 were paid to the Management Board members (2025 – £65,138). In accordance with the Welsh Federation of Housing Associations (WFHA) Code of Conduct, the Board has established a policy and procedure in relation to the payment of expenses to Board members. The Association is prepared to reimburse out of pocket expenses incurred on Association business.

	2026 £'000	2025 £'000
Total Management Board member expenses claimed	<u>1</u>	<u>1</u>

7. EMPLOYEE INFORMATION

The average number of persons, full time equivalent, (including senior executives) employed during the year:

	Group 2026 No.	Group 2025 No.	Association 2026 No.	Association 2025 No.
Administrative staff	256	250	224	218
Wardens	8	9	8	9
Workforce	32	20	12	5
	<u>296</u>	<u>279</u>	<u>244</u>	<u>232</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

Staff costs were as follows:	£'000	£'000	£'000	£'000
Wages and salaries*	10,465	9,769	8,782	8,246
Social security costs and levy	1,363	1,050	1,165	909
Pension contributions	264	244	154	141
	<u>12,092</u>	<u>11,063</u>	<u>10,101</u>	<u>9,296</u>

* The wages and salaries figure excludes redundancy payments made for loss of office. In 2026 the total was £98K (2025 - £58K), including two Directors at £52.5K.

8. INTEREST RECEIVABLE

	Group 2026 £'000	Group 2025 £'000	Association 2026 £'000	Association 2025 £'000
Interest on bank and money market accounts	199	173	172	141
Other interest	-	-	-	-
	<u>199</u>	<u>173</u>	<u>172</u>	<u>141</u>

9. INTEREST PAYABLE

	Group 2026 £'000	Group 2025 £'000	Association 2026 £'000	Association 2025 £'000
Interest on loans	5,089	4,573	5,089	4,589
Interest capitalised	(437)	(497)	(437)	(497)
Interest paid on defined benefit pension liability	140	192	127	176
Other finance charges	263	158	263	158
	<u>5,055</u>	<u>4,426</u>	<u>5,042</u>	<u>4,426</u>

10. OPERATING SURPLUS

The operating surplus is stated after charging the following:

	Group 2026 £'000	Group 2025 £'000	Association 2026 £'000	Association 2025 £'000
Depreciation - assets owned by the Association	4,913	4,420	4,887	4,392
Amortisation – capitalised grants	(3,217)	(2,801)	(3,217)	(2,801)
External auditor's remuneration (ex-VAT):				
- In their capacity as auditors	50	50	50	50
- Other services	-	1	-	1
	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

11. CORPORATION TAX

Parent Association

Certain activities within Grŵp Cynefin are liable to UK Corporation Tax, although it has charitable status with HMRC and is entitled to the exemptions afforded by Section 505 of the Income and Corporation Taxes Act 1988.

Subsidiary entities

Certain activities within Canllaw (Eryri) Cyfyngedig, and Conwy and Denbighshire Care and Repair are liable to UK Corporation Tax, although they are exempt charities, entitled to the exemptions afforded by Section 505 of the Income and Corporation Taxes Act 1988.

Cywaith Cyfyngedig is a dormant company and would be liable to UK Corporation Tax as it is a registered company.

12. FIXED ASSETS – INTANGIBLE ASSETS

	Group and Association	
	Computer Software £'000	Total £'000
Cost		
At 1 April 2025	1,124	1,124
At 31 March 2026	1,124	1,124
Depreciation		
At 1 April 2025	791	791
Charge for the year	109	109
At 31 March 2026	900	900
Net book value		
At 31 March 2026	224	224
At 31 March 2025	333	333

GRŴP CYNEFIN
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2026

13. TANGIBLE FIXED ASSETS
HOUSING PROPERTIES – GROUP AND ASSOCIATION

	Rented housing		Shared o'ship	Leased properties		
	Completed schemes £'000	Schemes under construction £'000	Completed Schemes £'000	Long lease £'000	Short lease £'000	Total £'000
Cost						
At 1 April 2025	368,258	14,157	3,958	10,155	72	396,600
Additions	-	13,769	-	-	-	13,769
Schemes completed during the year	12,505	(13,760)	95	1,160	-	-
Component additions to existing properties	4,973	-	2	254	-	5,229
Components removed	(819)	-	(2)	(156)	-	(977)
Disposals	(520)	-	(29)	-	-	(549)
At 31 March 2026	384,397	14,166	4,024	11,413	72	414,072
Depreciation						
At 1 April 2025	48,529	-	795	3,127	67	52,518
Charge for the year	4,298	-	8	172	-	4,478
Components removed	(664)	-	(2)	(121)	-	(787)
Disposals	(62)	-	(8)	-	-	(70)
At 31 March 2026	52,101	0	793	3,178	67	56,139
Net book value						
At 31 March 2026	332,296	14,166	3,231	8,235	5	357,933
At 31 March 2025	319,729	14,157	3,163	7,028	5	344,082

The additions to housing properties include capitalised development staff expenditure of £554K (2025 - £586K) and capitalised interest expenditure of £437K (2025 - £497K). The cost of component additions includes capitalised staff costs of £271K (2025 - £167K).

Component additions to existing properties include £259K of TACP (Transitional Accommodation Capital Grant Funding Programme) and £1.82M of ORP (Optimised RetroFit Programme).

GRŴP CYNEFIN

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

14. CONSOLIDATED TANGIBLE FIXED ASSETS – OTHER FIXED ASSETS

	Freehold offices and Community Buildings £'000	Furniture and equipment £'000	Housing capital £'000	Computer equipment £'000	Leasehold office £'000	Motor vehicles £'000	Service charge equipment £'000	Total £'000
Cost								
At 1 April 2025	10,917	446	35	1,735	64	218	743	14,158
Additions	-	1	-	104	-	-	27	132
Disposals	-	(35)	-	(55)	-	(18)	-	(108)
At 31 March 2026	10,917	412	35	1,784	64	200	770	14,182
Depreciation								
At 1 April 2025	1,229	441	35	1,467	64	203	144	3,583
Charge for the year	111	2	-	127	-	15	71	326
Disposals	-	(35)	-	(55)	-	(18)	-	(108)
Impairment	-	-	-	-	-	-	-	-
At 31 March 2026	1,340	408	35	1,539	64	200	215	3,801
Net book value								
At 31 March 2026	9,577	4	-	245	-	-	555	10,381
At 31 March 2025	9,688	5	-	268	-	15	599	10,575

GRŴP CYNEFIN

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

14 a. ASSOCIATION TANGIBLE FIXED ASSETS – OTHER FIXED ASSETS

	Freehold offices and Community Buildings £'000	Furniture and equipment £'000	Housing capital £'000	Computer equipment £'000	Leasehold office £'000	Motor vehicles £'000	Service charge equipment £'000	Total £'000
Cost								
At 1 April 2025	10,917	369	35	1,637	64	127	743	13,892
Additions	-	-	-	95	-	-	27	122
Disposals	-	-	-	-	-	(5)	-	(5)
Reclassification	-	-	-	-	-	-	-	-
At 31 March 2026	10,917	369	35	1,732	64	122	770	14,009
Depreciation								
At 1 April 2025	1,229	365	35	1,386	64	127	144	3,350
Charge for the year	111	1	-	117	-	-	71	300
Disposals	-	-	-	-	-	(5)	-	(5)
Impairment	-	-	-	-	-	-	-	-
At 31 March 2026	1,340	366	35	1,503	64	122	215	3,645
Net book value								
At 31 March 2026	9,577	3	-	229	-	-	555	10,364
At 31 March 2025	9,688	4	-	251	-	-	599	10,542

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

15. FIXED ASSETS - INVESTMENTS

	Low-cost home ownership loans (note 25) £'000	Interest in Joint venture £'000	Total £'000
Consolidated			
At 1 April 2025	28,414	4,391	32,805
Additions	2,337	-	2,337
Disposals	(878)	-	(878)
Share in joint venture	-	(18)	(18)
	<u>29,873</u>	<u>4,373</u>	<u>34,246</u>
At 31 March 2026	<u>29,873</u>	<u>4,373</u>	<u>34,246</u>
Association			
At 1 April 2025	28,414	5,502	33,916
Additions	2,337	-	2,337
Disposals	(878)	-	(878)
	<u>29,873</u>	<u>5,502</u>	<u>35,375</u>
At 31 March 2026	<u>29,873</u>	<u>5,502</u>	<u>35,375</u>

The Welsh Housing Partnership Limited (WHP) and WHP2 are joint ventures between four housing Groups, Hendre, Pennant Housing, Codi Group and Grŵp Cynefin, with the objective of providing quality residential housing at sub-market rent.

The issued and paid-up share capital at 31 December 2025 is as follows:

	Original WHP shares	WHP Tfr to Reserves	WHP Shares	Original WHP2 shares	WHP Tfr to Reserves	WHP2 Shares	Equity %
Hendre Limited	8,880	(3,989)	4,891	7,625	(915)	6,710	30%
Pennant Housing Association Ltd	8,880	(3,989)	4,891	7,625	(915)	6,710	30%
Codi Group Limited	8,880	(3,989)	4,891	7,625	(915)	6,710	30%
Grŵp Cynefin	2,960	(1,330)	1,630	2,542	(305)	2,237	10%
	<u>29,600</u>	<u>(13,297)</u>	<u>16,303</u>	<u>25,417</u>	<u>(3,050)</u>	<u>22,367</u>	<u>100%</u>
At 31 December 2025	<u>29,600</u>	<u>(13,297)</u>	<u>16,303</u>	<u>25,417</u>	<u>(3,050)</u>	<u>22,367</u>	<u>100%</u>

The WHP and WHP2 have a 31 December financial year-end. The latest published audited financial statements for the year ended 31 December 2025 show a combined loss of £18K (£180K @ 10%) in the Joint Venture. WHP recorded a profit after tax of £70K (2024 – profit of £1K) whilst WHP2 made a loss after tax of £250K (2024 – loss of £421K). During the year Grŵp Cynefin and the associated partners did not invest further in WHP or WHP2 Limited.

GRŴP CYNEFIN

NOTES TO THE FINANCIAL STATEMENTS
 Year ended 31 March 2026

	WHP £'000	WHP2 £'000	Tot.,al £'000
Consolidated			
At 1 April 2025	1,904	2,487	4,391
Additions	-	-	-
Share of profit/(loss)	7	(25)	(18)
At 31 March 2026	1,911	2,462	4,373
Association			
At 1 April 2025	2,960	2,542	5,502
Additions	-	-	-
At 31 March 2026	2,960	2,542	5,502
Cost per share (each share carries one vote)	£1	£1	£1

All borrowings within WHP are on fixed rates.

As at 31 March 2026, Grŵp Cynefin had a prepayment of £227K (2025-£310K) for lease/rent payments to WHP and WHP2.

No transfer was made from WHP's share capital to their reserves in their year ending 31 December 2025 (2024 – nil), at the same time no distribution was made to their shareholders (2024 – nil).

FRS 102 requires the treatment of jointly controlled entities to follow equity accounting principles in Group accounts, so the consolidated financial statements show a loss £18K (2024- loss of £42K) in the Statement of Comprehensive Income comprising Grŵp Cynefin's percentage share in the Welsh Housing Partnership's profit for the year and Grŵp Cynefin's percentage share in WHP2, loss for the year.

16. STOCK

	Group		Association	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Properties for sale	-	-	-	-
Other stock	122	91	-	-
	122	91	-	-

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NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

17. DEBTORS: AMOUNTS RECEIVABLE WITHIN ONE YEAR

	Group		Association	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Rent debtors: Debit balances	1,084	1,189	1,184	1,189
Bad debt provision	(1,021)	(1,078)	(1,021)	(1,078)
	<u>63</u>	<u>111</u>	<u>63</u>	<u>111</u>
Staff loans	3	9	2	9
Prepayments and accrued income	863	999	852	983
Loans to First Time Buyers from Flintshire Co. Council	100	100	100	100
Other debtors	<u>7,384</u>	<u>4,266</u>	<u>6,881</u>	<u>4,123</u>
	<u><u>8,413</u></u>	<u><u>5,485</u></u>	<u><u>7,898</u></u>	<u><u>5,326</u></u>

17a. DEBTORS: AMOUNTS RECEIVABLE AFTER MORE THAN ONE YEAR

	Group and Association	
	2026	2025
	£'000	£'000
Capital grants	<u>8,198</u>	<u>8,503</u>

18. CURRENT ASSET INVESTMENTS

	Group and Association	
	2026	2025
	£'000	£'000
Money in short-term deposit accounts	<u>1,609</u>	<u>1,538</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

19. CREDITORS: AMOUNTS PAYABLE WITHIN ONE YEAR

	Group		Association	
	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Housing loans (note 21)	625	1,651	625	1,651
Rent received in advance	612	488	612	488
Trade creditors	3,141	4,631	3,227	4,786
Capital grants in advance	3,030	3,993	2,906	3,850
Deferred Income	1,105	1,219	1,105	1,219
Taxation and social security	256	218	256	218
Mortgage and loan interest accrued	734	713	734	713
Accruals	5,472	2,012	5,380	1,833
Social Housing and other Government Grants (note 22)	3,373	3,120	3,373	3,120
	18,348	18,045	18,218	17,878

20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group and Association	
	2026 £'000	2025 £'000
Right to buy reserves	83	83
Recycled capital grant fund	8,496	8,322
Conwy Council recycled grant reserve	1	1
Housing loans (note 21)	144,729	142,238
Loan from Flintshire County Council – First Time Buyer Agreement	100	100
Deferred Income	706	768
Social Housing and other Government grants (note 22)	213,383	207,144
	367,498	358,656

Housing loans are repayable to various Building Societies, Banks, The Housing Finance Corporation Limited and the Affordable Housing Finance PLC. The interest rate payable and the amounts repayable are analysed below. The average interest rate payable during the year was 3.83% (2025 – 3.64%). Security offered for the loans is housing land and buildings.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

20a. PROVISIONS FOR LIABILITIES AND CHARGES

Group and Association

	Additional property sale costs £'000	Major renovation £'000	Total £'000
At 1 April 2025	117	240	357
Utilised in the year	(54)	(74)	(128)
Provided for in the year	-	63	63
Released in the year	(63)	-	(63)
At 31 March 2026	-	229	229

The additional property sale costs related to additional works to be undertaken to make good properties built for re-sale. This work was completed in the year. The major renovation provision is to make good a relatively newly acquired site.

21. ANALYSIS OF HOUSING LOANS

	Group and Association	
	2026 £'000	2025 £'000
The debt is repayable as follows:		
Due between one and two years	599	602
Due between two and five years	20,840	22,734
After five years	124,866	120,593
Loan fees	(1,576)	(1,691)
	144,729	142,238
Due within one year (note 19)	625	1,651
	145,354	143,889

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

22. GOVERNMENT GRANTS

Group and Association

	Housing Properties £'000	Other Fixed Assets £'000	Investments £'000	Total £'000
Deferred income - Grants				
At 1 April 2025	216,506	4,286	31,994	252,786
Grants' receivable	8,390	-	2,387	10,777
Grant disposals	(216)	-	(906)	(1,122)
At 31 March 2026	224,680	4,286	33,475	262,441
Amortisation				
At 1 April 2025	42,009	513	-	42,522
Amortisation	3,175	43	-	3,218
Grant disposals	(55)	-	-	(55)
At 31 March 2026	45,129	556	-	45,685
Net book value				
At 31 March 2026	179,551	3,731	33,475	216,756
At 31 March 2025	174,497	3,773	31,994	210,264
Due within one year				3,373
Due after one year				213,383

	RCG* £'000	Right to Acquire RCG* £'000	Total £'000
Consolidated and Association			
At 1 April 2025	8,322	83	8,405
Additions	1,953	-	1,953
	10,275	83	10,358
Recycled: New build	(336)	-	(336)
Recycled: Homebuy	(1,443)	-	(1,443)
At 31 March 2026	8,496	83	8,579

* RCG = Recycled Capital Grant fund

GRŴP CYNEFIN

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

23. SHARE CAPITAL

	Group and Association	
	2026	2025
	£	£
Allotted, issued and fully paid, ordinary shares of £1 each		
At 1 April 2025	45	44
Additions	5	3
Deductions	(3)	(2)
At 31 March 2026	<u>47</u>	<u>45</u>

24. CAPITAL COMMITMENTS

	Group and Association	
	2026	2025
	£'000	£'000
Expenditure contracted for but not provided for in the financial statements	10,851	6,495
Expenditure authorised but has not yet been contracted for	9,897	14,845
	<u>20,748</u>	<u>21,340</u>

Capital commitments shown above will be funded by a combination of current resources, government grants and private finance.

Operating leases

Amounts payable in respect of leases in the following periods for:	Group		Association	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Office rental:				
Within 12 months	39	53	-	-
One to two years	35	11	-	-
Two to five years	86	6	-	-
	<u>160</u>	<u>70</u>	<u>-</u>	<u>-</u>
Office equipment rental:				
Within 12 months	12	5	10	7
One to two years	4	2	3	3
Two to five years	-	1	-	-
	<u>16</u>	<u>8</u>	<u>13</u>	<u>10</u>
Vehicle leases:				
Within 12 months	218	106	122	46
One to two years	145	92	80	46
Two to five years	173	18	108	50
	<u>536</u>	<u>216</u>	<u>310</u>	<u>142</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

25. LOW-COST HOME OWNERSHIP LOANS

These represent long-term loans provided to individuals purchasing properties under the 'HomeBuy Scheme'. They are mainly funded by Social Housing Grant and Recycled Capital Grants as at 31 March 2026. They become repayable on a subsequent disposal of the property

26. PENSION

Social housing pension scheme (SHPS)

The company participates in the Social Housing Pension Scheme (the Scheme), a multiemployer 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

GROUP SOCIAL HOUSING PENSION SCHEME (SHPS)

	31 March 2026	31 March 2025
Present values of defined benefit obligation, fair value of assets and defined benefit asset (liability)	(£000s)	(£000s)
Fair value of plan assets	19,365	18,311
Present value of defined benefit obligation	21,201	21,165
Deficit in plan	(1,836)	(2,854)

	Year ending 31 March 2026	Year ending 31 March 2025
Reconciliation of opening and closing balances of the defined benefit obligation	(£000s)	(£000s)
Defined benefit obligation at start of period	21,165	22,907
Expenses	28	22
Interest expense	1,227	1,112
Actuarial gains due to scheme experience	(304)	999
Actuarial losses due to changes in demographic assumptions	160	-
Actuarial gains due to changes in financial assumptions	(332)	(3,288)
Benefits paid and expenses	(743)	(587)
Defined benefit obligation at end of period	21,201	21,165

	Year ending 31 March 2026	Year ending 31 March 2025
Reconciliation of opening and closing balances of the fair value of plan assets	(£000s)	(£000s)
Fair value of plan assets at start of period	18,311	18,431
Interest income	1,087	920
Experience on plan assets (excl. amounts included in interest income) – loss	(307)	(1,600)
Contributions by the employer	1,017	1,147
Benefits paid and expenses	(743)	(587)
Fair value of plan assets at end of period	19,365	18,311

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2025 to 31 March 2026 was £780,000 (£680,000).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

Defined benefit costs recognised in statement of comprehensive income (SOCi)	Year ending 31 March 2026 (£000s)	Year ending 31 March 2025 (£000s)
Expenses	28	22
Net interest expense	<u>140</u>	192
Defined benefit costs recognised in statement of comprehensive income	168	214

Defined benefit costs recognised in other comprehensive income	Year ending 31 March 2026 (£000s)	Year ending 31 March 2025 (£000s)
Experience on plan assets (excluding amounts included in net interest cost)	(308)	(1,600)
Experience gains and losses arising on the plan liabilities	304	(999)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation	(160)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation	<u>332</u>	3,288
Total amount recognised in other comprehensive income	168	689

Assets	31 March 2026 (£000s)	31 March 2025 (£000s)
Global Equity	2,146	2,052
Liquid Alternatives	3,448	3,395
Insurance-Linked Securities	28	57
Property	945	917
Infrastructure	1	3
Private Equity	42	16
Real Assets	1,823	2,193
Private Credit	2,339	2,241
Credit	771	700
Investment Grade Credit	1,139	564
Cash	3	248
Long Lease Property	-	5
Secure Income	588	305
Liability Driven Investment	5,905	5,546
Currency Hedging	(1)	30
Net Current Assets	188	39
Total Assets	19,365	18,311

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

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

Key assumptions	31 March 2026	31 March 2025
	% per annum	% per annum
Discount Rate	6.18%	5.90%
Inflation (RPI)	3.28%	3.06%
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:

	Life expectancy at age 65 (Years)
Male retiring in 2026	20.9
Female retiring in 2026	23.2
Male retiring in 2046	22.2
Female retiring in 2046	24.6

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

ASSOCIATION SOCIAL HOUSING PENSION SCHEME (SHPS)

	31 March 2026 (£000s)	31 March 2025 (£000s)
Present values of defined benefit obligation, fair value of assets and defined benefit liability		
Fair value of plan assets	17,697	16,736
Present value of defined benefit obligation	19,361	19,330
Deficit in plan	(1,664)	(2,594)

	Year ending 31 March 2026 (£000s)	Year ending 31 March 2025 (£000s)
Reconciliation of opening and closing balances of the defined benefit obligation		
Defined benefit obligation at start of period	19,330	20,990
Expenses	23	18
Interest expense	1,120	1,019
Actuarial gains due to scheme experience	(240)	885
Actuarial gains due to changes in demographic assumptions	147	-
Actuarial gains due to changes in financial assumptions	(308)	(3,023)
Benefits paid and expenses	(711)	(559)
Defined benefit obligation at end of period	19,361	19,330

	Year ending 31 March 2026 (£000s)	Year ending 31 March 2025 (£000s)
Reconciliation of opening and closing balances of the fair value of plan assets		
Fair value of plan assets at start of period	16,736	16,896
Interest income	993	843
Experience on plan assets (excl. amounts included in interest income) - loss	(251)	(1,495)
Contributions by the employer	930	1,051
Benefits paid and expenses	(711)	(559)
Fair value of plan assets at end of period	17,697	16,736

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2026 was £742,000 (2025 - £652,000).

	Year ending 31 March 2026 (£000s)	Year ending 31 March 2025 (£000s)
Defined benefit costs recognised in statement of comprehensive income (SOCI)		
Expenses	23	18
Net interest expense	<u>127</u>	<u>176</u>
Defined benefit costs recognised in statement of comprehensive income	150	194

	Year ending 31 March 2026 (£000s)	Year ending 31 March 2025 (£000s)
Defined benefit costs recognised in other comprehensive income		
Experience on plan assets (excluding amounts included in net interest cost)	(251)	(1,495)
Experience gains and losses arising on the plan liabilities – loss	240	(885)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation	(147)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain	<u>308</u>	3,023
Total amount recognised in other comprehensive income – gain	150	643

	31 March 2026 (£000s)	31 March 2025 (£000s)
Assets		
Global Equity	1,961	1,875
Liquid Alternatives	3,151	3,103
Insurance-Linked Securities	26	52
Property	864	838
Infrastructure	1	3
Private Equity	38	15
Real Assets	1,666	2,004
Private Credit	2,137	2,048

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

Credit	705	640
Investment Grade Credit	1,041	515
Cash	3	227
Long Lease Property	-	5
Secured Income	537	279
Liability Driven Investment	5,396	5,069
Currency Hedging	(1)	27
Net Current Assets	172	36
Total assets	17,697	16,736

None of the fair values of the assets 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	31 March 2026	31 March 2025
	% per annum	% per annum
Discount Rate	6.18%	5.90%
Inflation (RPI)	3.28%	3.06%
Inflation (CPI)	3.03%	2.80%
Salary Growth	4.03%	3.80%
Allowance for commutation of pension for cash at retirement	75% of max. allowance	75% of max. allowance

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

	Life expectancy at age 65 (Years)
Male retiring in 2026	20.9
Female retiring in 2026	23.2
Male retiring in 2046	22.2
Female retiring in 2046	24.6

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

27. CONSOLIDATED STATEMENT OF CASH FLOWS

	2026 £'000	2025 £'000
Cash flows from operating activities		
Surplus for the financial year	2,854	1,480
Adjustments for non-cash items:		
Pension costs less contributions paid	(990)	(1,126)
Depreciation of property plant and equipment	4,017	3,391
Impairment of housing properties	-	-
Amortisation of grants	(3,162)	(2,786)
Surplus share in joint venture	18	42
Revaluation loss on investment property	-	-
(Increase)/Decrease in trade debtors and other receivables	(2,928)	(3,202)
Decrease in stock	(31)	(3)
Decrease/(Increase) in trade creditors	1,829	3,067
Total non-cash adjustments	(1,247)	(617)
Adjustments for investing or financing activities:		
Profit on disposal of property, plant and equipment	(567)	(463)
Refinancing costs	-	-
Interest payable	5,055	4,426
Interest receivable	(199)	(173)
Total investing or financing activities	4,289	3,790
Cash generated by operations	5,896	4,653
	2026 £'000	2025 £'000
Increase in cash and cash equivalents		
Cash	4,462	11,154
Investments	1,609	1,538
	6,071	12,692

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

NET DEBT RECONCILIATION

	1 April 2025 £'000	Cash flows £'000	31 March 2026 £'000
Cash and cash equivalents			
Cash	11,154	(6,692)	4,462
Investments	1,538	71	1,609
	<u>12,692</u>	<u>(6,621)</u>	<u>6,071</u>
Borrowings			
Debt due within one year	(1,651)	1,026	(625)
Debt due after one year	(143,929)	(2,376)	(146,305)
	<u>(145,580)</u>	<u>(1,350)</u>	<u>(146,930)</u>
	<u><u>(132,888)</u></u>	<u><u>(7,971)</u></u>	<u><u>(140,859)</u></u>

FREE CASH FLOW

	2026 £'000	2025 £'000
Net cash generated from operating activities	5,896	4,653
Interest paid	(5,055)	(4,426)
Interest received	199	173
Adjustments for reinvestment in existing properties		
Components replaced	(4,253)	(6,480)
Purchase of other replacement fixed assets	(17,772)	(18,779)
Component replacement grant received	-	-
	<u>(20,985)</u>	<u>(24,859)</u>
Free cash consumed before loan repayments	(20,985)	(24,859)
Loans repaid (excluding revolving credit and overdraft)	(6,650)	(631)
	<u><u>(27,635)</u></u>	<u><u>(25,490)</u></u>

28. RELATED PARTY TRANSACTIONS

The Association is a shareholder in the Welsh Housing Partnership and WHP2, which is a joint venture between four housing groups; Hafod, Beacon Cymru Group, Codi Group, and Grŵp Cynefin. Further information regarding these transactions is stated in note 15.

The Association also acts as the Corporate Trustee for two Almshouse Charities. The Elizabeth Owen, Llanfair Dyffryn Clwyd and Ellen Glynne Homes, Llandwrog, are separate entities registered with the Charity Commission under Charity numbers 237078 and 219790 respectively. All transactions with the Almshouses are conducted on an arm's length basis. Grŵp Cynefin has charged housing management services to the Almshouses during the year to the value of £14.7K (2024 - £2K). The financial statements of the Almshouses are not

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

consolidated within the financial statements of Grŵp Cynefin, as an exemption from Group accounts was received from the FCA in May 2022.

2G. WHOLLY OWNED SUBSIDIARY UNDERTAKINGS

The subsidiaries listed below fall under the overall control of Grŵp Cynefin:

Organisation	Status	Country of Registration	Principal Activity
Canllaw (Eryri) Cyf	Company Limited by guarantee, a registered charity and is registered with the Welsh Government.	Wales	Care and Repair Agency and a Social Enterprise
Conwy and Denbighshire Care and Repair	Company Limited by guarantee and registered charity.	Wales	Care and Repair Agency and a Social Enterprise
Cywaith Cyf	Dormant Company, Limited by guarantee.	Wales	Community Regeneration

As Cywaith Cyf is a dormant company, no significant transactions have been made by Grŵp Cynefin on its behalf. We continue to retain Cywaith cyf as there may be an option to utilise it again in the future.

Conwy and Denbighshire Care and Repair is not a Registered Social Landlord, and there has been no significant apportionments, recharges or allocation of turnover, costs, assets and liabilities between Grŵp Cynefin or Canllaw (Eryri) Cyf (as the Registered Social Landlord's within the Group) and Conwy and Denbighshire Care and Repair. Grŵp Cynefin's net cash contribution to Conwy and Denbighshire Care and Repair amounted to £0 (2025 - £0) within the year-ending 31 March 2026.

30. CONTINGENT LIABILITY

As at 31 March 2026, the Association has identified the following contingent liability disclosed in accordance with FRS 102 Section 21 and sector guidance.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

The Association is currently involved in legal and commercial discussions concerning a historic development scheme. No provision has been made at this stage, as the likelihood of a resource outflow to settle potential liabilities is considered less than probable, though more than remote. Significant uncertainty remains regarding Grŵp Cynefin's current obligation to undertake remedial works and the associated costs, as these depend on the outcome of ongoing negotiations and legal review.