

Bron Afon 

Bron Afon Community Housing Ltd

Annual Report & Financial Statements
For the year ended 31 March 2024

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Board Members, Executive Officers and Professional Advisors

Board Members

Andrew Lawrence (Chair – resigned 31/12/2023)

David Michael (resigned 31/12/2023)

Craig Nowell (Chair from 01/01/2024)

Mandy Eddolls (resigned 31/12/2023)

Patrick Odling-Smee

Philippa Armstrong-Owen

Jane Pound

Peter Jackson

Amanda Owen

David Selway

Hilary Drinkwater

David Williams

Jill Wadley (appointed 25/05/2023)

Marc Leppard (appointed 01/01/2024)

Executive Officers

Alan Brunt

Claire Burton (appointed 2/5/2023, resigned 18/8/2023)

Lynsey Harris (appointed 21/8/2023)

Unji Mathur

Catherine Love

Neil Edwards (resigned 19/5/2023)

Chief Executive

Director of Finance and Procurement

Executive Director of Finance and Procurement

Executive Director of People, Change and Technology

Executive Director of Operations and Deputy Chief Executive

Director of Resources & Company Secretary

Company Secretary

Mark Taylor

Registered Office:

Tŷ Bron Afon
William Brown Close
Llantarnam Industrial Park
Cwmbran, Torfaen, NP44 3AB

Bankers:

National Westminster Bank Plc
Cwmbran and District Branch
36-37 Gwent Square
Torfaen, NP44 1YW

External Auditor:

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

Funders:

Principality Building Society
PO Box 89 Principality Buildings
Queen Street
Cardiff, CF10 1UA

Internal Auditors:

Barcud Shared Services
2 Alexandra Gate, Ffordd Pengam
Cardiff, South Glamorgan, CF24 2SA

NatWest Corporate Banking
3rd Floor, One Kingsway
Cardiff, CF10 3AQ

Strategic Report

Introduction

As with the previous year, the part financial year continued to be challenging for both Bron Afon and customers alike, due to the cost-of-living crisis, economic volatility and political instability across the UK and the rest of the world. As a social business we continue to balance current economic pressures with supporting our colleagues, delivering good quality affordable services to our customers, progressing towards our decarbonisation goals and investing in our properties and communities.

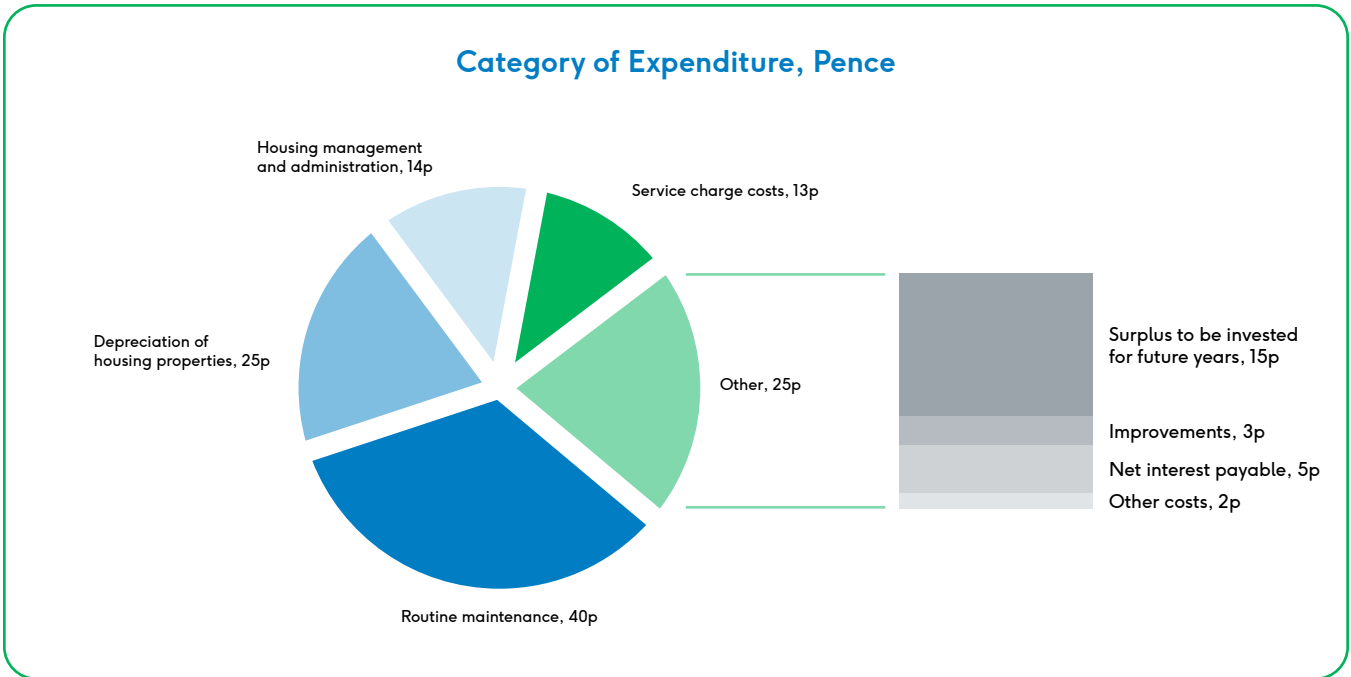
We are pleased to announce that Bron Afon has achieved much improved annual results and remains a financially robust organisation with a high level of liquidity and a relatively secure income stream. This enables us to continue our commitment to providing quality homes within safe local communities, despite the current difficulties in finding accessible land on which to build within the local area.

As a community mutual, our annual performance is not measured solely using financial metrics, but also on the social value that we deliver which we measure using suitable KPIs that involve a measure of our engagement with our customers. We have demonstrated bringing our values to life through partnering with local health and support services and regularly operating from local hubs to support the communities that we work in. We are excited and committed to continuing to build on this in the next financial year.

How £1 in Rent and Service Charges is Spent

In the year to 31 March 2024, an equivalent £1 received in income increased to £1.17 due to grants, income for non-social housing activities etc.

The equivalent £1.17 was spent as follows:-



Historical Background

Bron Afon is a not-for-profit social enterprise and Registered Social Landlord which received the transfer of over 8,000 properties from Torfaen County Borough Council on 31st March 2008. Bron Afon has been established as a Community Mutual and we:

- Provide high quality affordable homes and excellent services to customers in Torfaen and
- Promote and support vibrant, sustainable, safe, clean and healthy communities and maximise other benefits to the community.

Our specific objectives on transfer were to maintain and improve services to customers and to meet the commitments made in the Offer Document issued by the Council and supplemented by our Corporate Plan.

Legal Structure

Bron Afon Community Housing Ltd is authorised and regulated by the Financial Conduct Authority as a registered Society with charitable rules. It is registered with the Welsh Government (WG) as a Registered Social Landlord (RSL). Bron Afon currently has 2,299 shareholder/members all of whom must be either residents of Torfaen or Board members.

Bron Afon has two active subsidiaries, Afon Community Trust (ACT) and Ardal Homes Limited. ACT is a registered charity and aims to attract and direct charitable funding to support those in distress, support employment and contribute to the regeneration of communities. It spent £2,472 during the year (2023: £1,100). Ardal Homes Ltd is a commercial subsidiary set up to carry out work which does not directly meet our charitable objectives. It was not active during the year but incurred £2k in fees and charges. We also have a third subsidiary, Afon Energy Limited, which is currently dormant.

The financial statements from page 35 onwards, include the accounts for the Group and for Bron Afon Community Housing Ltd.

Vision, Objectives and Strategy

At Bron Afon we believe everyone should have a place they are proud to call home. As a leading partner in a network of organisations, we work with people who want to make a difference in the communities where they live. By working with our customers, colleagues and partners we will focus on four areas that will help us deliver our vision and strategic aims.



Great Customer Service



Provide High Quality Homes



Build New Homes



Partnerships and Communities



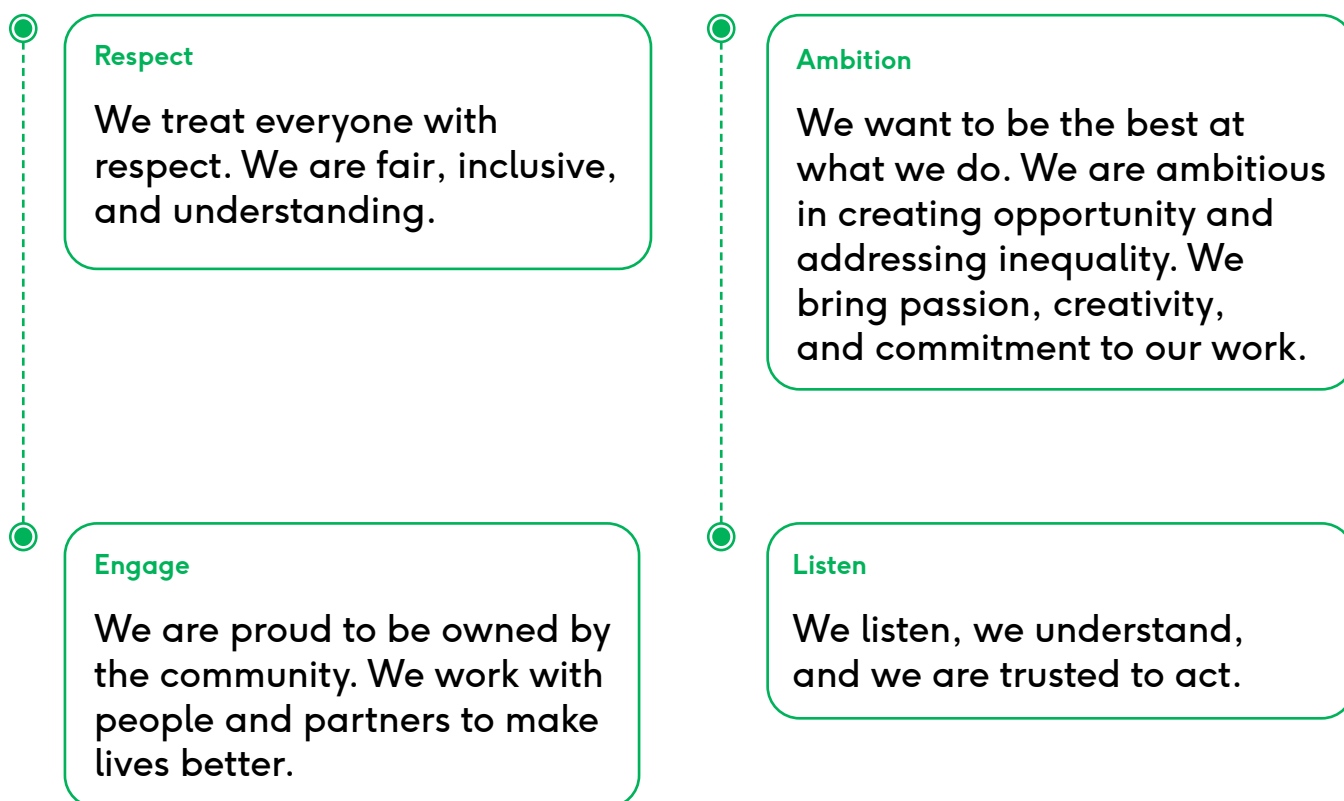
Our Vision

“We are trusted to help build safe and strong communities where everyone has a place they are proud to call home.”

Our People Promise

We believe our people are our best asset and the key to our success. Our strategy sets out a clear promise to our people, including to provide a great place to work, promote and embed equality, inclusion, and diversity into every aspect of our business, create opportunities, trust colleagues to make sound decisions and support everyone to work safe and be well.

Our values are important to us and guide how we work. They were developed with our members, colleagues and partners and help make sure our decisions are the right ones. They are REAL.



We live our REAL values. We show respect to our customers and to each other. We engage. We work collaboratively in our teams and across the business, and we work with people and partners in the community to make lives better. We are ambitious about what we want to achieve, and we want to be the best at what we do. We listen. We listen to each other; we listen to our customers, and we take appropriate action.

We are a long-term business. We have been here for 15 years, and our new Corporate Strategy launched in 2023 is another milestone on a long journey. Delivering this strategy will make a positive impact on thousands of people's lives.

A View From Our Executive Directors

"I'm passionate about the work Bron Afon does, because I know that every day, people in our organisation do work that positively makes a profound difference to peoples' lives.

I'm very proud of the fact that every day our teams bring our REAL values (Respect Engage Ambition and Listen) into the way they carry out the great work they do and that has a fantastic impact."

Alan Brunt, Chief Executive

"Being part of Bron Afon means I get to be part of an organisation that is completely focused on providing homes and supporting communities that people are proud of. This is at the heart of everything we do and motivates us all. It's this shared purpose and energy that inspires me every day to work with all our teams delivering important services and shaping sustainable communities for now and the future with customers. No two days are the same, and there are many challenges, but seeing the difference our committed teams make to people's lives every day and being so close to our customers and communities who trust us enough to tell us what they think is incredibly satisfying."

Catherine Love, Executive Director of Operations

"I love working for Bron Afon because it is such a caring, supportive and respectful organisation. Our core values are ingrained in our colleagues and this really shines through. As a new member of the Senior Management Team with just over a years' service, I'm excited to be working with my peers on our ambitious goals. These will maximise the value that we can deliver to our customers and make South Wales a more prosperous place to live, creating opportunities for our current and future generations."

Lynsey Harris, Executive Director of Finance and Procurement

"I'm excited to be working for Bron Afon at this time and believe passionately that everyone should have a place they are proud to call home.

We've already made significant changes in the ways we work, improving services and rolling out new technology that delivers better value and helps us work together and with our customers more effectively. We've also become much better at using and understanding data so that we are making better decisions more quickly.

We couldn't do any of this without our highly skilled teams and we want to create an environment where everyone is supported to be their best. Embedding learning and innovation, helping colleagues achieve a balanced working life and creating a place of work where everyone feels valued remains our ambition. Our People Promise is a core part of our strategy and central to our success."

Unji Mathur, Executive Director of People, Change and Technology

"Why do I love working at Bron Afon? Well, it's the people, everyone is so friendly, supportive and wanting to do the best job they can. My team is responsible for developing and building new homes, which is always complex and never easy, but without exception everyone across the whole organisation wants to play their part and see us not only build as many new homes as possible but also create great places to live. This makes the job much easier, and importantly, really enjoyable."

Steve Blake, Executive Director of Development & Regeneration

Governance

The Board consists of eleven members and is supported by three committees:

- a) Assurance Committee;
- b) People and Governance Committee;
- c) Service and Performance Committee.

The Board and Committees ensure that Bron Afon remains a well governed and well managed business.

During the year three non-executive directors left the Board and two were appointed as follows:

Andrew Lawrence (resigned 31/12/2023)

David Michael (resigned 31/12/2023)

Mandy Eddolls (resigned 31/12/2023)

Jill Wadley (appointed 25/05/2023)

Marc Leppard (appointed 01/01/2024)

We have continued to develop the “Your Voice” customer engagement service, obtaining feedback from customers during the year on a range of issues including the experience of moving into a Bron Afon home, ways that customers want to engage with us, the redesign of the service charge system and how we can involve a higher proportion of our customers and communities in decision making. This key strand of our Involvement and Engagement Strategy is complemented by transactional customer satisfaction information from our customer engagement system, “Rant and Rave”, which helps us to target areas for improvement and praise colleagues in real time to their successes.



Financial Review

Overview

The financial statements for 2024 have been prepared under FRS102 accounting requirements and the 2018 Housing SORP ("Statement of Recommended Practice"). The table below shows the summary annual financial results for the last two years.

In 2024 the Bron Afon Group had an operating surplus of £8,567k (2023: £4,926k). There was an overall net surplus of £6,915k (2023: £845k).

Statement of Comprehensive Income	2023 Group	2024 Group
	£'000	£'000
Turnover	51,104	53,927
Operating surplus	4,926	8,567
Net Interest Payable	(2,996)	(2,252)
Pension Scheme Net Interest Adjustment	(1,085)	600
Surplus for the year before tax	845	6,915

Turnover has increased by 5.5% (£2,823k) during the year. This is largely due to the annual percentage increase in rental income in line with the Welsh Government's social rent cap of 6.5%.

However, the related costs of managing and maintaining properties during the year increased due to continuing inflation and unexpected operating costs created pressure on the operating surplus. Despite this increase in direct costs, overall operating costs reduced year on year, primarily driven by a reduction in The Local Government Pension Scheme costs resulting from the latest valuation for year-end by £2.2m compared with last year.

Income from property sales fell by 46% (-£351k) as a result of strategic disposals.

Statement of Financial Position

A summary of the Statement of Financial Position is shown below.

Statement of Financial Position	2019/20 Group	2020/21 Group	2021/22 Group	2022/23 Group	2023/24 Group
	£'000	£'000	£'000	£'000	£'000
Housing Properties	167,661	177,163	183,855	188,057	193,030
Other properties	1,915	1,872	2,928	2,866	2,804
Other fixed assets	3,911	3,505	4,444	5,061	5,149
Intangible assets	452	295	340	311	326
Investments - Shared Equity Loans receivable	-	226	445	445	445
Total fixed assets	173,939	183,061	192,012	196,740	201,754
Net current assets	205,040	142,142	151,974	168,067	169,270
Pension liability*	(29,468)	(50,671)	(37,222)	-	-
Net loan balance	(83,215)	(37,696)	(57,198)	(62,242)	(62,287)
VAT Shelter Agreement	(173,634)	(163,200)	(153,281)	(148,399)	(141,821)
Government Grants	(52,229)	(58,029)	(62,663)	(65,838)	(68,449)
Other Long Term Creditors	(1,331)	(1,925)	(899)	(2,121)	(3,353)
Share capital and reserves	39,102	13,682	32,723	86,207	95,114

*There is no pension liability as at the current year-end because the fund is in surplus. The pension asset of £15,638k is included in net current assets.

Our Properties

Sales and Acquisitions

During the year we sold seven general needs properties as part of our strategic asset disposal programme.

Building new homes remains a key strategic objective. During the year we have focused on growing our development pipeline for the next few years and this will enable our delivery of new homes to increase from current levels. However, due to unforeseen delays, development activity in the year was lower than forecast, being the completion of the Victoria Street site which delivered 13 new homes.

The development pipeline for 2024/25 is increasing since year-end, with schemes under construction at Glanwern House in Pontypool (10 homes) which is due for completion in the year and Osbourne Road, Pontypool (9 homes) which is due for completion in the early part of 2025/26. In addition, during 2023/24 we acquired a former care home in Llanyravon which we intend to re-develop into a modern and vibrant independent living scheme for older people. This will be our first step in a programme of regenerating our accommodation for older people. We also have a number of new housing schemes where we have acquired the land and which are at the planning approval stage which will increase our delivery in 2025/26 and beyond.

During 2023/24 we also commenced a programme of repurchasing existing properties previously sold via 'right to buy', which we are continuing throughout 2024/25. We undertook eight buy backs in the year.

We also continue to secure "options" to purchase land which it is anticipated will be allocated for housing in the Council's Replacement Local Development Plans being prepared for our operational area. These acquisitions are an important step to growing our delivery of new homes in the next 3 - 5 years.

Finally, the organisation is developing its "Place-Making" strategy which is critical not only to the design of the homes and schemes we build but also to ensure the local communities we create meet the varying needs of the people living in and around those areas. As part of this we are exploring potential larger developments where we can take a lead developer role and where we can have a greater influence and impact in achieving our "Place-Making" principles.

Investing in our properties

There has been an increase in the net value of housing properties within the Statement of Financial Position from £188.1m in 2023 to £193.0m in 2024 (Note 14). This increase of £4.9m is primarily due to capitalised work on existing properties (£10.7m), new development schemes (£6.0m), less depreciation and disposals (£11.8m). Capital work on existing properties is funded either by loan drawn down for WHQS work or through internal resources supplemented by grant where available.

We continually invest in our housing stock, ensuring that they are maintained at a high quality. As part of our asset management strategy, we undertake a rolling programme of stock condition surveys which are used to develop our investment and capital strategy.

As part of our garage strategy, we dispose of uneconomic or hard to manage garages, reinvesting the sales profits in the remaining stock. In 2023-24, income from the sale of 35 garages amounted to net income of £164k. However void loss increased to £458k against a rental income of £1,019k (45%). We are developing a garage management process to enable quick decisions on what to do with our vacant garages, with a pilot scheme of 254 garages.

Decarbonisation of homes

The Strategic commitment on Decarbonisation of Homes have been in implementation since June 2021, which has made clear we will aim to achieve ‘a sustained reduction in greenhouse gas emissions from our homes and communities, where all customers are provided with sufficient support and tools to live their lives outside fuel poverty.’

Since then, we have been contributing to moving Welsh housing sector forward on the decarbonisation agenda, particularly through the Welsh Government’s Optimised Retrofit Programme (ORP). To date we have secured over £3.3m from the ORP, which primarily aims to deliver improvements to the fabric of our properties to increase their energy performance. Where possible, we have also provided renewable technology, such as solar PVs and battery storage, to enable our customers to become less reliant on fossil fuel. To date over 120 properties of our stock have benefited from ORP. During financial year 2024/25, we will be delivering the decarbonisation outputs to at least 140 properties more through our commitments to the ORP.

In addition to the tangible outputs to the homes for our customers, we have also been contributing to the wider effort to upskill and increase capacity of our workforce and supply chain, through collaborations with others. We have been proactively sharing our lessons learnt with Welsh Government and others in the sector in Wales and further afield.

For our customers, we have been working on bringing our customers and communities on a journey to reduce carbon emissions from homes. This includes providing our customers with the information that fits for purpose to help them make the most of the investment and technology we have delivered to their homes.

To ensure continuous improvements, we will continue to learn from our own experience and from others in the sector and will continue to work with our customers to ensure that our investments help them contribute to the collective effort of tackling the global climate emergency issue.

We are working towards embedding decarbonisation into our asset management, which will see us adopting a more integrated approach in the delivery of the newly introduced Welsh Quality Housing Standard.

Bron Afon Pension Schemes

1. Schemes Available

In 2024 we operated two pension schemes. The first is the Local Government Pension Scheme (LGPS), a defined benefit scheme adopted at Transfer. It was closed to new entrants in 2016 and replaced by a defined contribution scheme administered through the Pensions Trust. This is our default scheme for auto enrolment. The LGPS scheme remains in place for those employed prior to 1st September 2016.

2. Contribution Rates

The employer's contribution rate for the LGPS is set every three years following the Triennial Valuation which was carried out during 2022. The rates for 2024 are 19% of payroll costs plus an annual contribution of £460k to fund the deficit as the pension surplus is not yet reflected in the current payment arrangements.

The employer's contribution rate for the defined contribution scheme is fixed at a minimum of 7% and a maximum of 10% of payroll costs, depending on the contribution the employee wishes to make into the scheme.

3. FRS102 Pension Calculation

Whilst the Triennial Valuation calculates the financial position of the scheme and the contributions required based on the particular features of the scheme (e.g. its investment strategy), it is also necessary to carry out a calculation of the assets and liabilities of the scheme in accordance with the requirements and assumptions under FRS102. Whilst the Board must approve the assumptions used there is only a limited range over which they can vary. These assumptions are set out in Note 33. The intention of FRS102 is that by using prudent, standardised assumptions, it is possible to compare employers and it is this calculation that features in the accounts.

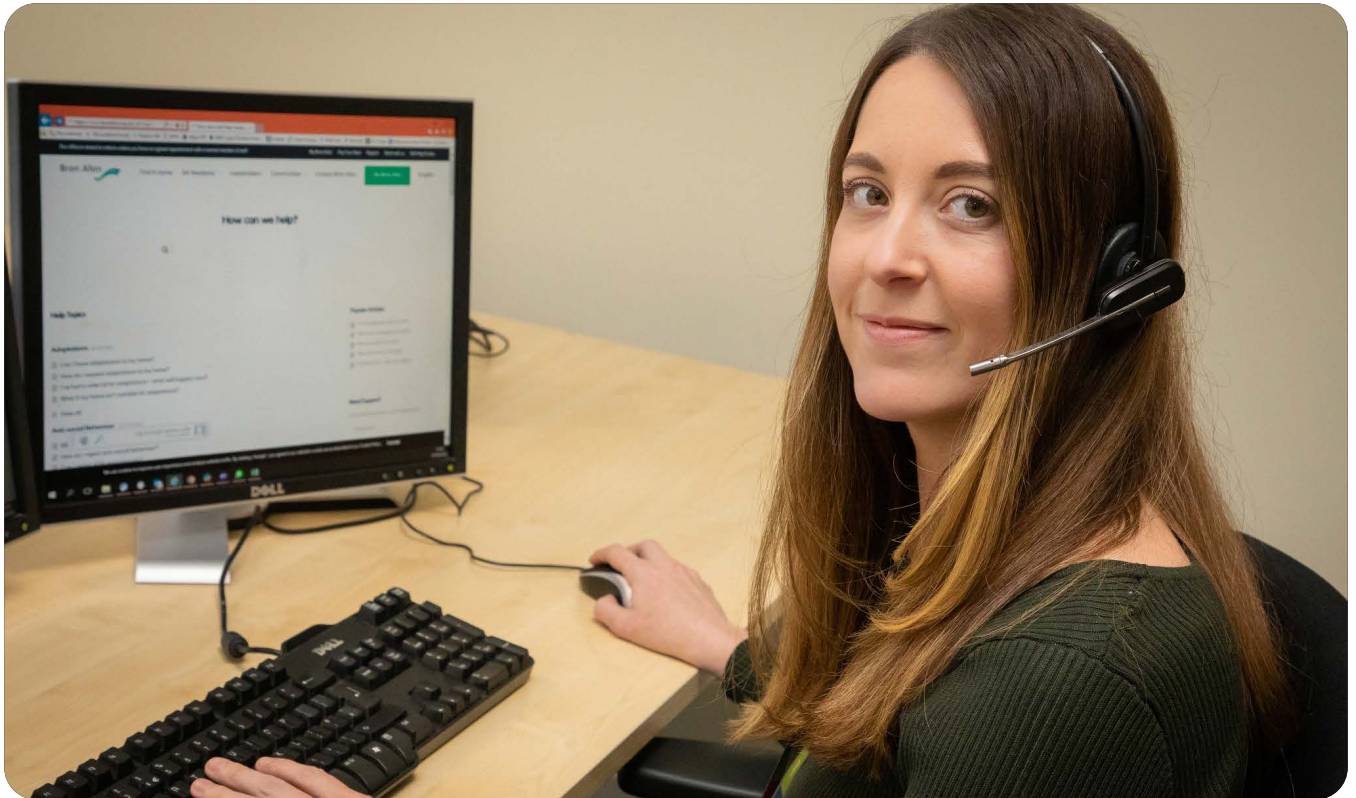
The accounting calculation has a significant effect on the accounts. Due to the impact of improvements in market conditions on the FRS 102 assumptions, the pension position as shown in the Statement of Financial Position has moved from a £12.6m surplus to a £15.6m surplus (2023: increase of £48.8m from £36.2m deficit to £12.6m surplus).

The net pension charge in the Statement of Comprehensive Income (SCI) has reduced to £1.1m (2023: £5.0m). The reduction is due to changes in market conditions resulting in a lower service cost and also a change in the net interest from a charge to a credit as demonstrated in the table below.

Total Charge to SCI	2023	2024
Current service cost (note 33)	3,949	1,710
Net interest charge/(credit) (note 10)	1,085	(600)
Net pension charge	5,034	1,110

Treasury Management

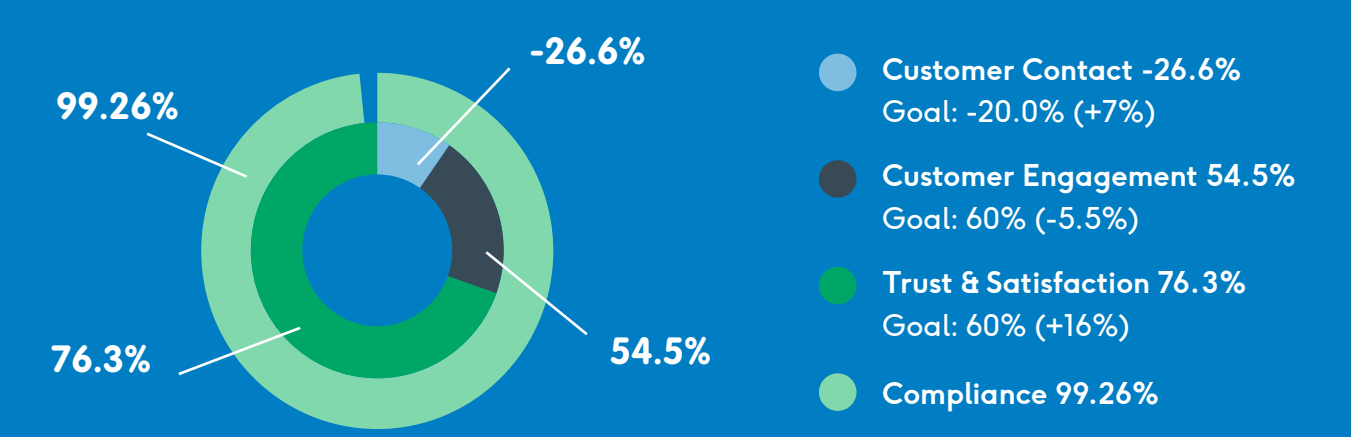
Bron Afon's approach to treasury management is set out in our Treasury Strategy and Management policy, and focuses on the successful identification, monitoring and control of risk. The funding strategy within the Treasury Policy is based on the long-term nature of our business. Most of our debt consists of long term agreements and is currently entirely on fixed rate terms. This allows us to mitigate exposure to short and medium term interest rate fluctuations, therefore providing us certainty during a time of volatility. We utilise any surplus funds for investment purposes, benefitting from the current high interest rate environment.



Performance Review

Bron Afon's approach to agile working has continued throughout 2024 and has proven to be a productive way of working which is effective in assisting our colleagues to maintain a healthy work life balance.

Bron Afon redefined in 2023 a set of core KPIs that are closely linked to the corporate strategy, and these will be used to monitor performance across the organisation. The KPI performance for the last 12 months is detailed below, along with the targets that have been set for the next 12 months.



Customer contact (used as a measure of issues reported) has reduced by 26.6% which marries with much improved trust and satisfaction results compared with the goal.



3.09%
Arrears
Goal: 3.50% (+0.41%)



91.8
Re-let Days 91.8
Goal: 50 (-41.8)



4.46
Rent & Rave 4.46
Goal: 4.50 (-0.04)



2.02%
Rent Loss on Voids
Goal: 1.75% (0.27%)



£1,320
Cost Per Property Repairs & Voids
Goal: £1,205 (-£115)



£2,010
Cost Per Property Major Works & Cyclical
Goal: £2,368 (-£358)



£477
Cost Per Property Housing Management
Goal: £491 (+14)



15.27%
Current Operating Margin



15.73
Working Days Lost
Goal: 10 (-5.73)



609.50
Best Companies
Goal: 620 (-10.50)



17
Incidents



13
New Homes Delivered
Goal: 43 (-69.77%)

A man with a grey beard and glasses, wearing a blue and white plaid shirt, is smiling and looking down. The background is slightly blurred, showing a wall with a framed sign that partially reads "We manage our properties w".

Reduction in Arrears

With the ongoing cost-of-living crisis and financial uncertainty, we are pleased with the continuing reduction in arrears, from 3.48% in 2023 to 3.09%.

Performance Review (continued)

With the ongoing cost-of-living crisis and financial uncertainty, we are pleased with the continuing reduction in arrears, from 3.48% in 2023 to 3.09%. This resulted from a number of initiatives to support our customers and the anticipation of potential difficulties. In addition, we have engaged in partnership with Torfaen County Borough Council with high arrears cases and with employees of the Citizens Advice Bureau who receives referrals and give support to our staff.

Re-let days require improvement and there is a continuing focus on void improvement and cost control, but costs per property major and cyclical works and housing property met our targets but costs per property for repairs & voids was higher than target.

A significant focus continues to be on reducing the number of voids. However, there were 159 voids at year end with a rise since February due to, unfortunately, a higher rate of mortality than expected. (2023: 132).

Working days lost is a concern and underlying reasons are being reviewed and separated between long term and short-term absence. Access to a BUPA Wellbeing policy is available to all employees, as well as telephone access to a GP and also an Employee Assistance Programme, which is a funded helpline for employees who wish to access a confidential support service. Employee satisfaction is measured using Best Companies' surveys and we have almost reached our goal of 620.

Delivering new homes continues to be a challenge, but there are new build developments in place to be completed in 2024/25 and a considerable number of potential builds in the pipeline for the future. Please refer to our commentary on page 10-11.

Value for Money (VfM) Strategy

Through implementation of our VFM strategy, we aim to achieve greater financial value within our organisation for the purpose of investing in the business, new homes, and communities we work in. Bron Afon recognises that focusing on (VfM) is of increasing importance given the negative impact that the current economic pressures such as high inflation, cost of living crisis, high interest rates and economic and political uncertainty have on business operations and profit margins.

VfM is not just a Board responsibility, it is the duty of all Bron Afon employees. The Board and the Senior Leadership Group are responsible for creating and cascading a culture of routinely acting in ways designed to achieve positive VfM outcomes across all our activities.

We have 18 VfM ambitions, ranging from achieving greater financial value; to enabling customer access to services in the way that serve them; to delivering efficient Housing and Support Services; and Community Housing and Support teams working proactivity and in partnership to encourage thriving communities.

We also work in partnership with other agencies and also the Check and Challenge Group, which is represented by our customers.

As you can see the strategy is not all about the money, but with a focus on improving the experience of colleagues and customers as well as that of the wider community.

We have also set up a VfM working group, consisting of representatives from across the whole business to identify opportunities to enhance value for money throughout the business.

The Board of Bron Afon is committed to achieving optimal value for customers through the efficient and effective deployment of the organisation's resources. The VfM principle drives decisions and actions, with continuous identification of opportunities to improve the financial and social return on investment of these resources. Examples included clarification of which repairs should be incurred by Bron Afon and those that should be borne by our customers, negotiated discounts on material costs. Also, as well as benefiting from income generated by garage sales this year, a garage management plan is being piloted to ensure the best use of our assets into 2024-25. Systems are also under review to make best use of our data and ensure that processes are more efficient as part of our digital roadmap programme.

Annual Trust and Satisfaction Survey

We undertake an annual Trust and Satisfaction survey in a format set out by Welsh Government. The last survey was completed in June/July 2023.

The survey is one of the key tools that we use to track how customer focused improvements to services have been embedded and we use the insight collated from each survey to hone direction and priorities. As a result of previous surveys, for example, we undertook an Anti-Social Behaviour process review, made improvements to our repairs service and expanded channels through which customers are able to engage with decision making, helping them feel assured that they are listened to and their feedback acted upon.

As well as helping us to shape services and prioritise actions using service plans, the survey also gives us an idea of how we are performing compared to all other landlords in Wales.

Our Trust and Satisfaction scores below have improved across all areas year-on-year as a result of our continued tenacity and attention to detail, which means that our rankings have also improved when compared with others. Significant improvements included satisfaction with services provided; the overall quality of customer homes; and the neighbourhood as a place to live. Areas that we plan to give greater focus to going forward include listening to customers' views and allowing them to participate more with decision making processes.

Investment in Our Stock

The book value of Bron Afon's housing stock has risen from £nil in 2008, when the properties were transferred from Torfaen Council at zero value to £182m at March 2024. The majority of the book value (£143m) relates to capital expenditure incurred on stock that existed at transfer in order to achieve and maintain WHQS. The estimated market value of these properties based on a revaluation exercise for insurance purposes is £1,616m. This expenditure therefore represents good value for money and builds up an asset base which we can use as security not only for the existing loan facility but for further new development in the future.

Looking to the Future

Corporate Strategy

Our Corporate Strategy sets out our overarching aims and objectives from 2023 to 2028.



Activities and Risks

Throughout the year the Board and the Assurance Committee review progress on our high strategic risks and consider those risks that are emerging. Key risks currently facing Bron Afon include the following:

Financial Sustainability & Viability

Bron Afon is operating in a difficult economic environment. Controlling costs and achieving optimal value for money in a high inflationary period is challenging but essential in order to maintain a healthy profit margin, particularly given that previous annual rental increases have been capped by the Welsh Government and our customers continue to encounter the impacts of the cost of living crisis. Over the past few years, these financial challenges and strains on the organisation have been successfully overcome through a value for money focus, budgetary controls and improving our approach to managing contract holder arrears. To manage these risks, the financial position and performance is continually reviewed by the senior leadership group with a focus on arrears and expenditure levels.

In addition, the 30-year Business Plan assumes the receipt of £5.8m Gap Funding per annum until 2037/38, so withdrawal of this funding is a key financial risk. Bron Afon continue to monitor this situation and work closely with the Welsh Government and CHC to ensure the importance of the funding is understood.

The Group is financially strong, considerably improving on 2023 with achieving a net surplus of £6,915k during the financial year, with cash balances of £7.1m and short term investments of £15.5m at the year end. Based on the 30-year business plan and stress testing risk assessments, management have sufficient assurance that the business can continue to operate successfully over the foreseeable future and the Bron Afon is therefore considered as a going concern.

Welsh Housing Quality Standard 2023 (WHQS2023)

During April 2024, the Welsh Government published the new WHQS2023. These new standards replace the existing WHQS Standard.

The WHQS2023 sets the requirements that all social housing is updated and kept in good condition so social tenants have the opportunity to live in a home that:

- Is in a good state of repair;
- Is safe and secure;
- Is affordable to heat and has minimal environmental impact;
- Has an up-to-date kitchen and utility area;
- Has an up-to-date bathroom;
- Is comfortable and promotes wellbeing;
- Has a suitable garden; and
- Has an attractive outside space.

For the affordable warmth of tenants, the new standard will also require social landlords to achieve an Energy Performance Certificate (EPC) A rating for each social home in the future. This will be done incrementally, with landlords expected to ensure that all their homes reach a fabric-based EPC C by 31 March 2030.

The changes to the standard are designed to further enhance the quality of social housing meaning that RSLs will be required to make further improvement to housing stock. This translates into increased financial risk, compliance risk and supply chain risk for Bron Afon. Prioritisation of resources is key to ensure these risks are mitigated.

Digital Transformation/Cyber security

Technology is advancing at an unprecedented pace and Bron Afon acknowledges the need to constantly assess and adopt new ways of working to ensure that ICT infrastructure does not become unstable or obsolete. Bron Afon is currently undertaking a digital transformation programme which will improve the experience of both colleagues and customers. This involves significant process and technological change. There are a number of effective controls to manage these IT risks such as mandatory cyber security training for all staff, network protection, cyber insurance, maintaining software within supported versions and adopting a hardware renewal cycle of 5 years.

Developing and Financing Affordable Housing

The Development Strategy aspires to build over 300 new homes in the 5 years to March 2026, to help tackle the under-supply of affordable housing in Wales. This is a cautious estimate because we continue to be significantly constrained by the lack of emerging sites and delays to the revised local development plan will lead to under achievement against this target.

To manage this risk, Bron Afon are continuing to widen the geographical scope beyond Torfaen Borough through establishing working relationships with other local authorities, exploring commercial partnerships, recruiting people with the required skillset and experience, and considering using the Ardal Homes subsidiary to deliver housing development for private sale, reinvesting profits into affordable housing. In addition, we recognise the need to regenerate some of the localities we currently operate in which brings with it the opportunity to develop more much needed new homes.

Health and Safety

Management recognise that embedding a culture of Health & Safety ownership throughout the organisation is vital to minimise the risk of injury to our staff, customers, visitors and contractors. Workplace injuries could result in legal, financial and reputational implications for both those responsible and the organisation. H&S Policies and Procedures are therefore subject to an annual internal audit review and there is mandatory incident and near miss reporting as well as staff training and an appropriate level of governance and insurance. All senior leadership received IOSH training during the year and remain committed to a risk averse Health and Safety approach to ensure our colleagues get home safe at the end of a working day.



Board report

Principal Activities

Our principal activities involve assisting people in need by reason of poverty, illness, age or disability to meet their housing needs including the provision and management of affordable housing, and to promote community development and involvement.

Bron Afon owns, manages and maintains 8,145 rented homes, located within the County Borough of Torfaen, plus we have between 20% and 70% equity held in 70 shared ownership properties, on which we receive rental income. We also have 886 Leasehold properties.

In addition to housing management and community development we have a large in-house maintenance department which is used not only for responsive repairs and voids work but also to carry out our internal improvements work to achieve and maintain the Welsh Housing Quality Standards.

Performance for the year

These accounts have been prepared under the accounting standard FRS102. Under this standard the Board reports a surplus for the year for the Bron Afon Group of £6.9m (2023: £0.8m) which is stated after accounting for gap funding of £1.3m (2023: £1.1m) and a total pension cost of £1.1m (2023: £5.0m), comprising a service cost (which is the change in the defined benefit liability from employee service in the reporting period) of £1.7m less finance credits of £0.6m.

During the year, the organisation spent £20.3m (2023: £20.7m) on revenue maintenance and improvements expenditure on housing properties. This has been financed through cash balances and operating surpluses. Additionally capitalised expenditure of £10.7m relating to improvement and component cost (2023: £13.1m) and homes under construction (£6.0m) was incurred during the current year, financed through grant, loan and cash balances.

Events since Year End

There have been no events since the financial year end to the date of these accounts that we are aware of that have had a significant effect on the financial position of the organisation.

Board members and executives

The present Board members (who are detailed on page 3) served throughout the year unless otherwise indicated. Their obligations are set out in the authorities delegated to them by the Board. The Executive team are set out on page 3. Members of the Executive team hold no interest in Bron Afon or its subsidiaries, acting within the authority delegated to them by the Board.

Employees

Bron Afon recognises that its strength lies in the quality and commitment of its employees. The organisation's ability to deliver its vision, commitments and objectives in an efficient and effective manner depends on the contribution of employees throughout the business.

We continue to work towards our corporate priorities to become an agile organisation, able to respond quickly to customer needs and changes in our external environment. A flexible working system was introduced during the pandemic and this continues to be an effective way of working that contributes to the achievement of a successful work life balance for our employees.

Bron Afon aims to create an inclusive and supportive environment where everyone from all backgrounds feels valued, able to be themselves, can perform at their very best and knows their unique contributions are welcomed and valued. Bron Afon pays the Living Wage Foundation rate as a minimum rate and is committed to closing the gender pay gap. There is equal access to extensive training and development opportunities, including professional qualification-based training. At 31 March 2024, the group employed 379 full time equivalent staff (31 March 2023: 387).

During 2024 we spent £252k on training (2023: £274k); this includes the cost of the Learning and Development team. The expenditure equates to an average of £664 per employee (2023: £709).

Board and Committees

Bron Afon's business is governed and managed by the Board and the Executive. The Board of Management has up to twelve members plus one co-optee, with a wide range of skills, knowledge and experience.

The Board is ultimately responsible for setting the future direction and strategy for Bron Afon, for determining policies, managing risk and monitoring performance but must also ensure that there is active community involvement in these activities. The Board is accountable to the members when carrying out these responsibilities. The Board Members are drawn from the following groups:

- Two Customer members;
- Two Council nominated members;
- Seven Independent members with one vacancy.

Board Committees

1. The Assurance Committee – gives the Board assurance on matters relating to risk and finance, governance, risk management and internal control.
2. The People and Governance Committee – responsible for considering employment matters, organisational structures and governance matters.
3. The Service and Performance Committee – responsible for supporting the Board by providing scrutiny of all business activities and receiving appropriate assurance on its effectiveness.

Membership of the Committees comprise selected Board members and one co-optee each.

The Board and its Committees obtain external specialist advice as and when it is necessary. The obligations of the Board Members are set out in the Code of Conduct.

Membership

Bron Afon customers and residents of Torfaen can become members of Bron Afon and are issued a 10p share certificate. Members' meetings are held on a regular basis in a number of forums including the Annual Members' Meeting, the function of which is to monitor Bron Afon in the delivery of its objectives. In addition, members can become involved in a number of different ways depending on their interests through Bron Afon's Community Involvement team.

Internal Audit

Bron Afon outsources internal audit to Barcud shared services, who work exclusively with five local RSLs within the South Wales housing sector. This relationship delivers the additional benefit of provision of shared learning.

Bron Afon, along with the other 4 RSLs is a Guarantor of Barcud shared services. In the event of Barcud being wound up, the liability in respect of the guarantee is £1 per member.

Going concern

After making enquiries, the Board has a reasonable expectation that Bron Afon has adequate resources to continue operations for the foreseeable future. This includes consideration of the current economic turbulence, the financial resources that Bron Afon has access to, and the possible financial risks facing the organisation. No events or conditions that cast significant doubt upon the entity's ability to continue to operate into the foreseeable future have been identified. For this reason, the going concern basis has been adopted in these financial statements.

Internal Control framework

The Board acknowledges its responsibilities for Bron Afon's systems of internal control and for reviewing their effectiveness. The Board also acknowledges its responsibility for the wider aspects of risk management.

Whilst the Board cannot delegate ultimate responsibility for the system of internal control, it has delegated responsibility to the Assurance Committee to review the effectiveness of the system of internal control. The Assurance Committee has received the Chief Executive's Annual Review of internal controls assurance and the Annual Report of the internal auditors and reported its findings to the Board.

Bron Afon's systems are designed to provide reasonable, and not absolute, assurance against material misstatement or loss, regarding the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information and the management of risks which could adversely affect Bron Afon's ability to achieve its Business Plan objectives.

The following mechanisms constitute the key elements of the framework designed and implemented by management to provide effective internal financial control:

- effective corporate governance arrangements and compliance with the Code of Governance;
- our rules, standing orders, financial regulations and scheme of delegated authority setting out clearly the system of delegation;
- clearly defined corporate and management responsibilities and reporting structures ensuring that experienced and suitably qualified staff take responsibility for important business decisions;
- careful staff recruitment, appropriate training and the development of individual performance monitoring systems;
- procedure manuals for staff which are constantly being developed, reviewed and updated;
- defined business and strategic planning process including the preparation of annual budgets and a 30 year financial forecasting model and the production and review of monthly management accounts;
- a comprehensive process for assessing and managing strategic, financial and operational risks, including periodic reviews with the Senior Management Team supported by the use of our Strategic Risk Register;
- performance management information and control systems, with regular reporting of financial results and other performance indicators against budgets and other appropriate internal and external targets;
- a Board approved treasury management strategy and policy, against which the quarterly treasury position is reported to each Assurance Committee meeting as part of the management accounting information;
- an established programme of internal audit activities derived from an assessment of key business risks;
- the Assurance Committee review and monitor reports from management, from Internal Audit and from External Audit to provide reasonable assurance that control procedures are in place and are being followed;
- monitoring of the control system by the Assurance Committee, the Internal Auditors and External Auditor and senior management.

Risk Management Framework

Bron Afon recognises it has a responsibility to manage both internal and external risks as a key component of good corporate governance and is committed to embedding risk management into daily operations, from the setting of objectives to service and financial planning through to departmental processes. We believe that effective risk management helps Bron Afon achieve its corporate objectives and provide better services.

Bron Afon has an ongoing process for identifying, evaluating and managing the significant risks faced by the organisation, we have a corporate/strategic risk register which is continuously updated. In addition, services are required to maintain operational risk registers which ensures risks are regularly reviewed at all levels. These form part of an overall Business Assurance Framework. The Assurance Committee also reviews current and emerging risks at each of their meetings and the Board receives a quarterly overview of the key strategic risks as part of the Corporate Plan update report.

There are a number of Risk Management controls in place which are aimed at reducing the level of risk Bron Afon is exposed to, including insurance, purchasing, management information, contract procurement processes, risk management training and analysis of lessons learnt.

Register of Detected Frauds

The Executive Director of Finance & Procurement maintains the register of suspected and detected frauds. All suspected frauds and fraud attempts, whether or not successfully executed are reported to the Assurance committee. Any executed frauds have been investigated and findings reported to the Assurance Committee.

Effectiveness of Bron Afon's Internal Control System

The Board has reviewed the effectiveness of Bron Afon's internal control and risk management systems for the period 1 April 2024 to the date the annual accounts are approved. An effective system of internal control has been maintained.

Disclosure of information to Auditor

The Board members who held office at the date of the approval of this Board report confirm that, so far as they are each aware, there is no relevant audit information of which the Organisation's auditor is unaware. The Board also confirm that each member has taken all the steps they ought to have taken to make them aware of any relevant information, and to establish that the auditor of Bron Afon Community Housing is aware of that information.

A resolution to appoint the External Auditor will be proposed at the Annual Members Meeting on 23rd August 2024.

Statement of Board's Responsibilities

The Board is responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

The Board is required under the Co-operative and Community Benefit Societies Act 2014 to prepare financial statements for each financial year. Under those regulations the Board has elected to prepare the financial statements in accordance with UK Accounting Standards.

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates which are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice 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 Bron Afon will continue in business.

The Board is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the RSL and enable them to ensure that its 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) 2015.

The Board has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of Bron Afon, to prevent and detect fraud and other irregularities, and for maintaining an adequate system of internal control.

Annual Members Meeting

The Annual Members Meeting will be held on 23 August 2024.

Approved on behalf of the Board by:



Craig Nowell
Chair of the Board

Independent Auditor's Report to the Members of Bron Afon Community Housing Ltd

Opinion

We have audited the financial statements of Bron Afon Community Housing Limited (Bron Afon) and its subsidiaries (the Group) for the year ended 31 March 2024 which comprise the Group and Bron Afon Statement of Comprehensive Income, Group and Bron Afon Statement of Financial Position, Group and Bron Afon Statement of Changes in Reserves, Group and Bron Afon Statement of Cash Flows and the notes to the financial statements. 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 Group's and of Bron Afon's affairs as at 31 March 2024 and of the Group's income and expenditure and Bron Afon'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 Group and Bron Afon in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the Boards's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group and Bron Afon's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent Auditor's Report to the Members of Bron Afon Community Housing Ltd (continued)

Other matters

The financial statements of the association for the year ended 31 March 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on 18 September 2023.

Other information

The other information comprises the information included in the Strategic Report and Board 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.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- Bron Afon has not kept adequate accounting records; or
- Bron Afon's financial statements are not in agreement with books of account; or
- we have not received all the information and explanations we require for our audit.

Independent Auditor's Report to the Members of Bron Afon Community Housing Ltd (continued)

Responsibilities of the Board

As explained more fully in the Statement of Board's Responsibilities set out on page 28, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Group and Bron Afon'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 Bron Afon 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.

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

Extent to which the Audit was Considered Capable of Detecting Irregularities, Including Fraud

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

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

Independent Auditor's Report to the Members of Bron Afon Community Housing Ltd (continued)

Identifying and assessing potential risks related to irregularities.

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

- Enquiring of management, including obtaining and reviewing supporting documentation, concerning Bron Afon's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- Discussing among the engagement team how and where fraud might occur in the Financial Statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas:
 - purchasing in relation to the development and maintenance programmes, including any sales to connected individuals at below market value;
 - the recognition of development and maintenance expenditure in the correct period;
 - the rationale for any major fund flows during the period;
 - the potential of rent fraud arising as a result of collusion between the asset and housing teams.
- Obtaining an understanding of the legal and regulatory frameworks that the Company operates in, focusing on those laws and regulations that had a direct effect on the Financial Statements or that had a fundamental effect on the operations of the Company. The key laws and regulations we considered in this context included the UK Companies Act and relevant tax legislation.

Independent Auditor's Report to the Members of Bron Afon Community Housing Ltd (continued)

Audit response to risks identified

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

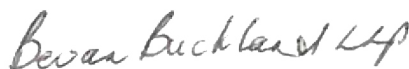
- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations;
- enquiring of management concerning actual and potential litigation and claims; performing analytical procedures to identify any unusual or unexpected relationships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

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

Use of our report

This report is made solely to the Association, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 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.

Statutory Auditor:



Bevan Buckland LLP

Date: 26 July 2024

Address:

Ground Floor, Cardigan
House
Castle Court
Swansea Enterprise Park
Swansea
SA7 9LA

Independent Auditor's Report to the Members of Bron Afon Community Housing Ltd (continued)

In addition to our audit on the financial statements for the year ended 31st March 2024, we have reviewed the Board's statement of Bron Afon's compliance with the Welsh Government Circular 02/10, Internal Financial Control and Financial reporting ('the Circular').

The objective of our review is to enable us to conclude on whether the Board has provided the disclosures required by the Circular and whether the statement is consistent with the information of which we are aware from our audit work on the financial statements.

We are not required to form an opinion on the effectiveness of Bron Afon's corporate governance procedures or its internal financial control.

Opinion

With respect to the Board's statement on internal financial control on page 25, in our opinion the Board has provided the disclosures required by the Circular and the statement is consistent with the information of which we are aware from our audit work in the financial statements.

Statutory Auditor: 

Bevan Buckland LLP

Date: 26 July 2024

Address: Ground Floor, Cardigan
House
Castle Court
Swansea Enterprise Park
Swansea
SA7 9LA

Group Statement of Comprehensive Income Year Ended 31 March 2024

	Note	2024	2023
		£'000	£'000
Turnover	3	53,927	51,104
Less: Operating costs	3	(45,769)	(46,938)
Surplus on disposal of fixed assets	6	409	760
Operating surplus		8,567	4,926
Interest receivable and other income	8	917	129
Interest payable and similar charges	9	(3,169)	(3,125)
Pension scheme net interest adjustment	10	600	(1,085)
Surplus before taxation		6,915	845
Taxation	12	-	-
Surplus for the year	7	6,915	845
Actuarial gain on pension scheme	33	1,992	52,639
Total comprehensive income for the year		8,907	53,484

The above relates wholly to continuing activities.

The notes on pages 44 to 85 form an integral part of the financial statements.

Bron Afon Statement of Comprehensive Income Year Ended 31 March 2024

	Note	2024	2023
		£'000	£'000
Turnover	3	53,927	51,106
Less: Operating costs	3	(45,801)	(46,973)
Surplus on disposal of fixed assets	6	409	760
Operating surplus		8,535	4,893
Interest receivable and other income	8	917	129
Interest payable and similar charges	9	(3,169)	(3,125)
Pension scheme net interest adjustment	10	600	(1,085)
Surplus before taxation		6,883	812
Taxation	12	-	-
Surplus for the year	7	6,883	812
Actuarial gain on pension scheme	33	1,992	52,639
Total comprehensive income for the year		8,875	53,451

The above relates wholly to continuing activities.

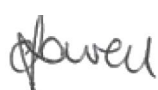
The notes on pages 44 to 85 form an integral part of the financial statements.

Group Statement of Financial Position as at 31 March 2024

	Note	2024	2023
		£'000	£'000
Fixed assets			
Intangible assets	13	326	311
Housing properties	14	193,030	188,057
Investments- shared equity loans	15	445	445
Other properties held	16	2,804	2,866
Property, plant and equipment – other	17	5,149	5,061
		201,754	196,740
Current assets			
Stock	18	134	143
Debtors due within one year	19	8,922	8,533
Debtors due in more than one year	19	159,032	162,585
Current asset investments		15,544	9,470
Cash at bank and in hand		7,055	9,447
		190,687	190,178
Creditors: amounts falling due within one year	20	(21,417)	(22,111)
Net current assets		169,270	168,067
Total assets less current liabilities		371,024	364,807
Creditors: amounts falling due after more than one year	21	(275,910)	(278,600)
Pension liability	33	-	-
Net assets		95,114	86,207
Represented by: Capital and reserves			
Non-equity share capital	24	-	-
Revenue reserve		95,114	86,207
		95,114	86,207

The financial statements on pages 44 to 85 were approved by the Board on 26 July 2024 and signed on its behalf by:

Craig Nowell
Chair



Mark Taylor
Secretary

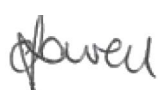


Bron Afon Statement of Financial Position as at 31 March 2024

	Note	2024	2023
		£'000	£'000
Fixed assets			
Intangible assets	13	326	311
Housing properties	14	193,030	188,057
Investments- shared equity loans	15	445	445
Other properties held	16	2,804	2,866
Property, plant and equipment – other	17	5,475	5,422
		202,080	197,101
Current assets			
Stock	18	134	143
Debtors due within one year	19	8,922	8,533
Debtors due in more than one year	19	159,032	162,585
Current asset investments		15,544	9,470
Cash at bank and in hand		7,043	9,434
		190,675	190,165
Creditors: amounts falling due within one year	20	(21,412)	(22,108)
Net current assets		169,263	168,057
Total assets less current liabilities		371,343	365,158
Creditors: amounts falling due after more than one year	21	(275,910)	(278,600)
Pension liability	33	-	-
Net assets		95,433	86,558
Represented by: Capital and reserves			
Non-equity share capital	24	-	-
Revenue reserve		95,433	86,558
		95,433	86,558

The financial statements on pages 44 to 85 were approved by the Board on 26 July 2024 and signed on its behalf by:

Craig Nowell
Chair



Mark Taylor
Secretary



Group Statement of Changes in Reserves for the Year Ended 31 March 2024

	Revenue Reserve	Total
	£'000	£'000
At 1 April 2022	32,723	32,723
Surplus for the year	845	845
Actuarial gain on the pension scheme	52,639	52,639
At 31 March 2023	86,207	86,207
At 1 April 2023	86,207	86,207
Surplus for the year	6,915	6,915
Actuarial gain on the pension scheme	1,992	1,992
At 31 March 2024	95,114	95,114

Bron Afon Statement of Changes in Reserves for the Year Ended 31 March 2024

	Revenue Reserve	Total
	£'000	£'000
At 1 April 2022	33,107	33,107
Surplus for the year	812	812
Actuarial gain on the pension scheme	52,639	52,639
At 31 March 2023	86,558	86,558
At 1 April 2023	86,558	86,558
Surplus for the year	6,883	6,883
Actuarial gain on the pension scheme	1,992	1,992
At 31 March 2024	95,433	95,433

Group Statement of Cash Flows for the Year Ended 31 March 2024

	Note	2024	2023
		£'000	£'000
Net cash generated from operating activities	28	16,302	16,683
Cash flows from investing activities			
Component replacements		(10,694)	(12,974)
Development schemes		(6,024)	(2,510)
Purchase of property, plant and equipment		(677)	(1,190)
Purchase of intangible fixed assets		(121)	(80)
Purchase of other properties held		-	-
Shared equity loan issue		-	-
Proceeds from sale of housing properties		183	808
Proceeds from sale of property, plant and equipment		271	86
Grants received – component replacements		4,454	4,712
Grants received – other		2,173	2,126
Interest received		917	129
Net cash flows from investing activities		(9,518)	(8,893)
Cash flows from financing activities			
Interest paid		(3,102)	(3,050)
New loans		-	5,000
Loans repaid		-	-
Net cash flows from financing activities		(3,102)	1,950
Net increase/(decrease) in cash and cash equivalents		3,682	9,740
Cash and cash equivalents at the beginning of the year		18,917	9,177
Cash and cash equivalents at the end of the year	28	22,599	18,917

Group Free Cash Flow for the Year Ended 31 March 2024

	Note	2024	2023
		£'000	£'000
Net cash generated from operating activities	28	16,302	16,683
Interest paid		(3,103)	(3,050)
Interest received		917	129
Adjustment for reinvestment in existing properties			
Component replacements and other additions		(10,694)	(12,974)
Purchase of other replacement fixed assets (notes 13,16 & 17)		(798)	(1,270)
Component replacement grant received		4,454	4,712
Free cash generated before loan repayments		7,078	4,230
Loans repaid (excluding revolving credit and overdrafts)		-	-
Free cash generated after loan repayments		7,078	4,230

Bron Afon Statement of Cash Flows for the Year Ended 31 March 2024

	Note	2024	2023
		£'000	£'000
Net cash generated from operating activities	28	16,304	16,686
Cash flows from investing activities			
Component replacements		(10,694)	(12,974)
Development schemes		(6,024)	(2,510)
Purchase of property, plant and equipment		(677)	(1,190)
Purchase of intangible fixed assets		(121)	(80)
Purchase of other properties held		-	-
Shared equity loan issue		-	-
Proceeds from sale of housing properties		454	808
Proceeds from sale of property, plant and equipment		-	86
Grants received – component replacements		4,454	4,712
Grants received – other		2,173	2,126
Interest received		917	129
Net cash flows from investing activities		(9,518)	(8,893)
Cash flows from financing activities			
Interest paid		(3,103)	(3,050)
New loans		-	5,000
Loans repaid		-	-
Net cash flows from financing activities		(3,103)	1,950
Net increase/(decrease) in cash and cash equivalents		3,683	9,743
Cash and cash equivalents at the beginning of the year		18,904	9,161
Cash and cash equivalents at the end of the year	28	22,587	18,904

Bron Afon Free Cash Flow for the Year Ended 31 March 2024

	Note	2024	2023
		£'000	£'000
Net cash generated from operating activities	28	16,304	16,686
Interest paid		(3,103)	(3,050)
Interest received		917	129
Adjustment for reinvestment in existing properties			
Component replacements and other additions		(10,694)	(12,974)
Purchase of other replacement fixed assets (notes 13,16 & 17)		(798)	(1,270)
Component replacement grant received		4,454	4,712
Free cash generated before loan repayments		7,080	4,233
Loans repaid (excluding revolving credit and overdrafts)		-	-
Free cash generated after loan repayments		7,080	4,233

Notes to the Financial Statements for the Year Ended 31 March 2024

1. Legal Status

Bron Afon is registered under the Co-operative and Community Benefit Societies Act 2014 and is a Registered Social Landlord. Bron Afon has adopted charitable rules.

2. Accounting Policies

The principal accounting policies are summarised below. They have all been applied consistently in both the current and preceding year dealing with items considered material in relation to the financial statements.

Basis of Accounting

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. They comply with the Statement of Recommended Practice (SORP) "Accounting by Registered Social Housing Providers" 2018, The Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015 and The Housing and Regeneration Act 2008. The Board is satisfied that the current accounting policies are the most appropriate for Bron Afon. Bron Afon Community Housing Ltd Group is a public benefit entity, as defined in FRS 102 and applies the relevant paragraphs prefixed "PBE" in FRS 102.

Going concern

The activities of Bron Afon together with the factors likely to affect its future development and performance are set out in the Strategic Report. The financial position of Bron Afon, its cash flow, liquidity and borrowings are described in the financial statements.

Bron Afon is financially strong and it is clear that the business is a going concern, able to successfully trade during and after the pandemic. We have a high level of liquidity, having access to a £30 million revolving credit facility as well as cash and short term investments of £23m. The Interest Cover Ratio covenant with the lenders is our most sensitive covenant. The target was 1.1:1 and actual cover ratio was 4.6:1. To break the covenant our net income would have to fall by £7.8m.

Notes to the Financial Statements (continued)

for the Year Ended 31 March 2024

Basis of Consolidation

The consolidated financial statements incorporate the state of affairs of the Group as at 31 March 2024 and of the results of the Group for the year then ended. The Group includes the parent Bron Afon Community Housing Ltd together with its two active subsidiaries, Afon Community Trust and Ardal Homes Limited. Uniform accounting policies are applied across the Group.

Intra-group balances and losses and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

a. Turnover

Turnover represents rental and other income receivable, income from property sales, revenue grants receivable, proceeds from the sale of properties under the Low Cost Home Ownership (LCHO) scheme and Welsh Government GAP funding. It also includes grants reimbursing specific expenditure on the improvement programme as well as income receivable from feed in tariffs (FITs) from photovoltaic panels on both the office and housing properties.

Disposals of fixed assets such as right to buy sales income are not included in turnover; however, following the publication of the 2018 Housing SORP and the clarification within this document regarding which items should be included within operating surplus, disposals of fixed assets such as right to buy sales income is included within operating surplus. Turnover is net of rent and service charge losses from voids.

b. Grant Income

Public sector grant income received is matched with the expenditure to which it relates. The grant will be recognised when there is reasonable assurance that the conditions attached to it will be complied with and that the grant will be received.

Government grants are recognised using the accrual model and are classified either as a grant relating to revenue or a grant relating to assets. Grants relating to revenue are recognised in income over the period in which related costs for which the grant is intended to compensate are recognised.

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. Where grant is received as a contribution towards revenue expenditure, it is included in turnover. GAP funding received from the Welsh Government has been allocated between revenue and capital in accordance with the expenditure incurred.

Notes to the Financial Statements (continued) for the Year Ended 31 March 2024

b. Grant income (continued)

All private sector grant is included in turnover as required by the SORP (2018).

c. Bad and Doubtful Debts

Provision is made against rent arrears of current and former customers as well as other debts to the extent that they are considered potentially irrecoverable.

d. Supporting People

Supporting People income and expenditure is accounted for on an accruals basis, matching income and expenditure and disclosures are made in accordance with relevant standards and legislation.

e. Fixed Assets

Housing Properties and Garages

Housing properties are those properties available for rent. They are measured at cost less accumulated depreciation and impairment. The cost includes only those costs which are directly attributable. Directly attributable costs can include the labour costs of Bron Afon's own direct works employees, materials used and overhead costs directly attributable. Bron Afon has not adopted a policy of capitalising borrowing costs, so all borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

Expenditure relating to planned maintenance or improvement will only be capitalised if it results in an increase to the economic performance of the asset. If the expenditure only maintained the assets performance or arrested its decline in performance, it is not capitalised. To increase an asset's performance, expenditure must result in one or more of the following occurring:

- Increased rental income;
- A reduction in future maintenance costs;
- A significant extension to the life of the property.

Notes to the Financial Statements (continued)

for the Year Ended 31 March 2024

e. Fixed Assets (continued)

Other Properties

Other properties held include the following:

- At transfer, Bron Afon received a number of commercial units which are held at nil value except where additional work of a capital nature has been carried out it has been capitalised as other properties held. A number of the refurbished units are used for social enterprise purposes to encourage the communities into business.
- Commercial Properties acquired or built as part of a refurbishment or new build scheme are capitalised in other properties held.

These properties are held for social purpose and for the benefit of customers and the local communities.

Property, plant and equipment – other

Non-housing property, plant and equipment is stated at historic cost less accumulated depreciation and any provision for impairment.

f. Depreciation

Freehold land is not depreciated.

Housing Properties

In line with the requirements of the SORP (2018), housing properties are depreciated to write down the net book value to their estimated residual lives on a systematic basis over their estimated useful lives.

- Traditional built properties are depreciated over 100 years
- Non-traditional properties are depreciated over 50 years

Depreciation is charged on a straight line basis. The depreciable amount is arrived at on the basis of original cost, less the cost of land, less any residual value.

Improvements to Housing Properties

Expenditure in respect of refurbishment or the replacement of major components is assessed against the life of the component. Repairs with a life of less than 10 years are charged directly to the Statement of Comprehensive Income. Where such refurbishment or replacement is in respect of major components with an estimated useful life in excess of 10 years or more, then the expenditure is capitalised and depreciated over the useful life of the component as follows:

Notes to the Financial Statements (continued) for the Year Ended 31 March 2024

f. Depreciation (continued)

Housing Property Improvements/WHQS

Summary of Components for Housing Properties	Projected Economic Life (years)
Roofs	50
Building structure (Walls, retaining walls, Paths etc.)	50
Windows	30
Rewires	30
Doors	25
Bathrooms	25
Cavity Wall Insulation	25
Lifts	25
Kitchens	15
Showers	15
Central Heating, Boilers and Gas Fires	15
Communal Areas (including - doors, kitchens, door entry, boilers, water storage)	15
Disabled Adaptations	15
Gardens (Hard landscaping including boundary walls and levelling out uneven surfaces)	12
CO Detectors	10

Notes to the Financial Statements (continued)

for the Year Ended 31 March 2024

f. Depreciation (continued)

Property, Plant and Equipment - Other

Depreciation is calculated to write off the cost of fixed assets on a straight line basis unless otherwise stated, over their estimated useful lives. The rates used for other property, plant and equipment are:

Office and Commercial premises	2.0%
Office improvements - Over the remaining time of the leases	
Furniture, fixtures and fittings	10.0%
Office equipment	20.0%
Computer hardware	25.0%
Plant and tools	25.0%
PV panels	4.0%
Inverters	8.3%
Motor vehicles (reducing balance)	25.0%

Timing of Depreciation

The commencement of depreciation charged to Bron Afon Community Housing Limited Statement of Comprehensive Income in respect of an asset is in the year following the acquisition of that asset.

g. Leaseholders

Where the rights and obligations for maintaining a housing property reside with the leaseholder or tenant, any expenditure on works to maintain such properties incurred by Bron Afon is recharged to the leaseholder and recognised in the Statement of Comprehensive Income along with the corresponding income from the leaseholder or tenant.

h. Impairment

At each reporting date, management assess whether an indicator of impairment exists. If so, an impairment assessment is carried out on an income generating unit (such as tenanted rented property) and any such impairment is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of an income generating unit exceeds the higher of its net realisable value or its value in use. Bron Afon assesses impairment using:

- Trends in voids rates and letting of stock;
- Advice from external valuers regarding their expectations of the value of stock.

Notes to the Financial Statements (continued)

for the Year Ended 31 March 2024

i. Sales of Properties

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

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

Equity loans have been made, under low cost home ownership arrangements, to homeowners who were not otherwise able to fully afford their homes using commercially available mortgages. Equity loans are included in the Statement of Financial Position at historic cost. The Association is entitled to a portion of the market value corresponding to the equity interest at a time when homeowners either dispose of their property or when they choose to repurchase some, or all, of the equity loan. Grants are recycled where they are deemed to be repayable.

j. Intangible Assets

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

Computer software including development	20.0%
-----------------------------------------	-------

k. Stocks

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

l. Leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income as incurred.

m. Provisions

Provisions are recognised where uncertainty exists in relation to the timing or amount that may be required to settle potential liabilities. Any amounts provided are charged to the Statement of Comprehensive Income and credited to the Statement of Financial Position based upon the Group's best estimate of potential liabilities.

n. Finance Costs

Finance costs include both interest payments and any costs associated with the issue of the loan. For new loans, these costs are allocated to Statement of Comprehensive Income over the term of the loan. Where loans are redeemed, the full cost of any redemption penalty is recognised in the Statement of Comprehensive Income in the year redemption takes place.

o. Concessionary Loans

The Group receives loans at a subsidized rate from government. As the Association meets the definition of a public benefit entity, the Association initially measures these loans at the amount received and recognized in the statement of financial position. Annually the carrying amount of the loan is adjusted to reflect any accrued interest payable.

p. Taxation

i. VAT

Bron Afon is registered for VAT. The financial statements include VAT to the extent that it is suffered and not recoverable from HM Revenue and Customs (HMRC). The balance of the VAT payable or recoverable at the year-end is included as a current liability or asset.

VAT Shelter

Bron Afon has a VAT Shelter in place, approved by HMRC. The VAT Shelter transfers the VAT cost of the works required to meet the Welsh Housing Quality Standard to Torfaen County Borough Council. The transactions are as follows:

- Under the transfer agreement the Council transferred the properties to Bron Afon together with an obligation to undertake the WHQS works at the Council's expense. The price paid for the properties was £316m; this price reflects the Tenanted market value of the stock which is nil and the estimated value of the works of £316m;
- The Council discharged its obligation to carry out the works under the Transfer Agreement by entering into a 15 year Development Agreement with Bron Afon. This is a fixed price contract for £316m plus VAT of £55m.

Over the life of the Development Agreement, Bron Afon is entitled to reclaim VAT on the costs it incurs from third parties for carrying out the WHQS works, as detailed in the Development Agreement.

In accordance with FRS 102 and the 2018 SORP, the payments and receipts under the VAT Shelter are recognised in advance of the work. The payments are shown in debtors and the receipts in liabilities. These amounts will be shown for the life of the agreement.

Notes to the Financial Statements (continued)

for the Year Ended 31 March 2024

p. Taxation (continued)

ii. Corporation Tax

Bron Afon is not liable for Corporation Tax on its core activities due to its charitable status. However, the non-charitable subsidiaries will be liable to corporation tax on taxable profits.

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Statement of Financial Position date. Timing differences are differences between the Group's taxable surpluses and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

q. Pension Costs

Defined Benefit Scheme

Bron Afon participates in the Greater Gwent (Torfaen) Pension Fund. The Fund is administered by Torfaen County Borough Council. Many of the staff transferred to Bron Afon at the time of transfer were members of the fund, and any pension liabilities on transfer were fully funded by the Council, with subsequent costs to be incurred by Bron Afon.

The scheme was closed to new entrants from 1 September 2016. Therefore, membership of the Fund is limited to those who

- Were members before the 1 September 2016, or
- Transferred from Torfaen County Borough Council in March 2007 as part of the original transfer and so retain their right to join the fund whilst employed by Bron Afon.

It is a defined benefit scheme, providing benefits based on final pensionable pay.

Notes to the Financial Statements (continued)

for the Year Ended 31 March 2024

q. Pension Costs (continued)

Fund assets are measured using market values. Fund liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Bron Afon's share of the Fund surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the Fund surplus/deficit is split in the Statement of Comprehensive Income between operating charges, finance items and actuarial gains and losses.

Defined Contribution Scheme

From 1 September 2016, Bron Afon participates in the Social Housing Pension Scheme defined contribution scheme. 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.

r. Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial Assets

Financial assets comprise rent arrears, trade and other receivables and cash and cash equivalents. Financial assets are initially recognised at the transaction price unless the arrangement constitutes a financing transaction. After initial recognition, they are measured at the undiscounted amount of the cash or other consideration expected to be received. Discounting is omitted where the effect of discounting is immaterial.

At the end of each reporting period, if there is objective evidence that there is an impairment loss for financial assets, Bron Afon recognises an impairment loss in the Statement of Comprehensive Income. The impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced accordingly.

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.

Notes to the Financial Statements (continued)

for the Year Ended 31 March 2024

r. Financial Instruments (continued)

Financial Liabilities

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

Trade and other payables are recognised initially at the undiscounted amount owed to the supplier, which is normally the invoice price. After initial recognition, they are measured at the undiscounted amount of the cash or other consideration expected to be paid.

Non-current debt instruments which meet the necessary conditions in FRS 102, are initially recognised at fair value adjusted for any directly attributable transaction costs. Discounting is omitted where the effect is immaterial. A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

Public Benefit Entity Concessionary Loans

Where loans are made between a public benefit entity within the Group or an entity within the public benefit entity group and other party at below the prevailing market rate of interest that are not repayable on demand and are for the purposes to further the objectives of the public benefit entity or public benefit entity parent, these loans are treated as concessionary loans and are recognised in the Statement of Financial Position at the amount paid or received and the carrying amount adjusted to reflect any accrued interest payable or receivable.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

s. Significant Management Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based 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 judgements 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.

Notes to the Financial Statements (continued)

for the Year Ended 31 March 2024

s. Significant Management Judgements and Key Sources of Estimation Uncertainty (continued)

Key sources of estimation uncertainty

Bron Afon 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

Bron Afon 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, asset valuations and the discount rate on corporate bonds. Management estimates these factors in line with FRS102 in determining the net pension obligation in the Statement of Financial Position. The assumptions reflect historical experience and current trends. Please see note 33 for further information.

Components of housing properties and useful lives

Major components of housing properties have significantly different patterns of consumption of economic benefits. 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. Bron Afon considers whether there are any indications that the useful lives require revision at each reporting date to ensure that they remain appropriate. Please see note 14 for further information.

Gap funding

Where funding is received to compensate for a negative stock transfer value attributed to the housing stock transferred from the local authority the purpose of the grant is considered. Where the funding is considered to be received to fund a repair and improvement programme which replaces housing property components, it is recognised over the life of the component assets to which it relates. Where the funding is considered to be received to fund interest payments, it is recognised as revenue in the period in which it becomes receivable. The calculation of the split between revenue and capital involves judgement on the elements of expenditure for which the funding is considered to be received. Please see note 21 for further information.

Notes to the Financial Statements (continued)

for the Year Ended 31 March 2024

s. Significant Management Judgements and Key Sources of Estimation Uncertainty (continued)

The following judgements include an element of estimation uncertainty when applying the accounting policies of Bron Afon. These could have a significant effect on the amounts recognised in the financial statements.

Impairment of social housing properties

Bron Afon 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 (2018). This is discussed in accounting policy (h).

Capitalisation of housing property & other development costs

Bron Afon 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 calculating the amount of 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. Please see note 14 for further information.

3. Turnover, operating costs and operating surplus

Group	2024		
	Turnover	Operating costs	Operating surplus/ (deficit)
	£'000	£'000	£'000
Social housing lettings (note 4)	50,908	(44,271)	6,637
Other social housing activities			
Other (including leaseholders)	699	(1,129)	(430)
Government grants	1,346	-	1,346
Value Added Tax recoverable	59	-	59
Non social housing activities			
Other	915	(369)	546
Operating results	53,927	(45,769)	8,158

Notes to the Financial Statements (continued)

for the Year Ended 31 March 2024

3. Turnover, operating costs and operating surplus (continued)

Group	2023		
	Turnover	Operating costs	Operating surplus/ (deficit)
	£'000	£'000	£'000
Social housing lettings (note 4)	47,672	(45,192)	2,480
Other social housing activities			
Other (including leaseholders)	753	(1,388)	(635)
Government grants	1,088	-	1,088
Value Added Tax recoverable	85	-	85
Non social housing activities			
Other	1,506	(358)	1,148
Operating results	51,104	(46,938)	4,166

Bron Afon	2024		
	Turnover	Operating costs	Operating surplus/ (deficit)
	£'000	£'000	£'000
Social housing lettings (note 4)	50,908	(44,271)	6,637
Other social housing activities			
Other (including leaseholders)	699	(1,129)	(430)
Government grants	1,346	-	1,346
Value Added Tax recoverable	59	-	59
Non social housing activities			
Other	915	(401)	514
Operating results	53,927	(45,801)	8,126

Notes to the Financial Statements (continued) for the Year Ended 31 March 2024

3. Turnover, operating costs and operating surplus (continued)

Bron Afon		2023	
	Turnover	Operating costs	Operating surplus/ (deficit)
	£'000	£'000	£'000
Social housing lettings (note 4)	47,672	(45,192)	2,480
Other social housing activities			
Other (including leaseholders)	753	(1,388)	(635)
Government grants	1,088	-	1,088
Value Added Tax recoverable	85	-	85
Non social housing activities			
Other	1,508	(393)	1,115
Operating results	51,106	(46,973)	4,133

Within “Other social housing activities” income for Bron Afon and the Group is grant income of £298k (2023: £221k).

Bron Afon and the Group received £5.8m of GAP funding from the Welsh Government, of which £1.3m (2023: £1.1m) has been allocated to revenue.

4. Particulars of income and expenditure from Social Housing lettings – Group and Bron Afon

	2024	2023
	£'000	£'000
Income		
Rents	45,293	42,270
Service charges	1,849	1,609
Supporting People grant	307	335
Amortised Government grant – housing properties	3,408	3,220
Amortised Government grant – other properties	51	50
Government Grant-Transitional Accommodation funding	-	188
	50,908	47,672

Notes to the Financial Statements (continued) for the Year Ended 31 March 2024

4. Particulars of income and expenditure from Social Housing lettings – Group and Bron Afon (continued)

Cost		
Management costs	6,604	6,978
Service charge costs	6,022	6,289
Routine maintenance	18,958	19,304
Improvement expenditure	1,342	1,366
Bad debts	(228)	186
Depreciation of housing properties	11,511	11,007
Depreciation of other properties	62	62
Operating costs on social housing activities	44,271	45,192
Operating surplus on social housing lettings	6,637	2,480
Rent loss due to voids (memorandum note)	1,251	1,306

5. Units in management at end of year – Group and Bron Afon

	2024	2023
Housing accommodation	8,145	8,134
Shared ownership	70	70
Managed on long lease	886	895
Garages	1,962	1,997
Commercial	24	24
Total units in management	11,087	11,120

6. Surplus on disposal of housing properties and property, plant and equipment – Group and Bron Afon

	2024	2023
	£'000	£'000
Housing properties - sales proceeds	183	808
Other property, plant and equipment -sales proceeds	271	86
Housing properties - cost of sales	(10)	(121)
Other property, plant and equipment -cost of sales	(35)	(13)
Surplus on disposal	409	760

Notes to the Financial Statements (continued) for the Year Ended 31 March 2024

7. Surplus for the year

	2024		2023	
	Group	Bron Afon	Group	Bron Afon
	£'000	£'000	£'000	£'000
Surplus for the year is stated after charging:				
Amortisation – intangible assets	106	106	109	109
Depreciation – housing properties	11,131	11,131	10,564	10,564
Depreciation – other properties	62	62	62	62
Depreciation – property, plant and equipment - other	589	624	528	563
External auditor's remuneration (including VAT)				
- In their capacity as auditor	34	29	42	39
- Other services	6	4	5	4
Operating lease rentals (office premises)	728	728	728	728
Operating lease rentals (other)	26	26	26	26

8. Interest receivable and similar income – Group and Bron Afon

	2024	2023
	£'000	£'000
Bank interest receivable	917	129
	917	129

9. Interest payable and similar charges – Group and Bron Afon

	2024	2023
	£'000	£'000
Interest on loans repayable by instalments in more than 5 years		
Loans including HFG interest element	3,125	3,081
Loan issuing fees	44	44
	3,169	3,125

Interest on development loans is net of £65k (2023: £69k) of Housing Finance Grant (HFG) 2 grant income.

Notes to the Financial Statements (continued) for the Year Ended 31 March 2024

10. Pension scheme net interest adjustment – Group and Bron Afon

	2024	2023
	£'000	£'000
Adjustment for finance costs in respect of the defined benefit pension scheme (note 33)	(600)	1,085
	(600)	1,085

The pension scheme net interest adjustment represents the difference between the estimated notional interest we would have earned on our pension assets and the estimated notional interest we would have paid on our defined benefit obligations.

11. Employee information – Group and Bron Afon

The average number of employees as full time equivalents:

	2024	2023
	£'000	£'000
Finance and administration	51	50
Housing management	101	109
Direct maintenance	232	235
	384	394
Full time equivalents at the end of the year was:	379	387

The calculations are based on a 37.5 hour week.

The cost of staff employed by the Group was as follows:

	2024	2023
	£'000	£'000
Wages and salaries	14,125	13,545
Social security costs	1,424	1,386
Pension costs	2,561	2,508
Holiday pay accrual	(15)	(108)
	18,095	17,331

Notes to the Financial Statements (continued) for the Year Ended 31 March 2024

11. Employee information (continued)

Bron Afon has contributed £2.185m into its defined benefit scheme and £377k into its defined contribution scheme during the year (2023: defined benefit scheme £2.183m and defined contribution scheme £325k). Amounts outstanding to the schemes at year end were £nil (2023: £nil). The ratio of highest to lowest paid employee is 13.78 to 1 (2023: 6.36 to 1).

In 2020/21 there was a significant increase in the Holiday Pay accrual to account for the untaken leave built up due to the Covid-19 pandemic. Some of this leave was taken during 2023 so that there is a reduction of £108k and a relatively lower reduction in 2024 of £15k.

Directors' emoluments – Group and Bron Afon

Total emoluments paid to directors who are part of the management team:

	2024	2023
	£'000	£'000
Emoluments (including pension contributions)	558	516
Emoluments (excluding pension contributions) include amounts paid to:		
The highest paid director (Chief Executive)	140	133
	2024	2023
The number of the Directors who received emoluments (excluding pension contributions) were in the following ranges:		
Up to £50,000	3	-
£50,001 to £60,000	1	-
£90,001 - £100,000	-	1
£100,001 - £110,000	1	1
£110,001 - £120,000	1	1
£120,001 - £130,000	-	-
£130,001 - £140,000	1	1

The Chief Executive is an ordinary member of the Bron Afon's Defined Contribution Scheme (Social Housing Pension Scheme). Bron Afon's contribution to the Chief Executive's pension scheme was £15k (2023: £14k).

Notes to the Financial Statements (continued) for the Year Ended 31 March 2024

12. Taxation Group and Bron Afon

a. Analysis of tax on ordinary activities

	2024		2023	
	Group	Bron Afon	Group	Bron Afon
	£'000	£'000	£'000	£'000
UK corporation tax at 19% (2023:19%)	-	-	-	-
	-	-	-	-

b. Factors affecting tax charge for the year

The tax charge for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below.

	2024		2023	
	Group	Bron Afon	Group	Bron Afon
	£'000	£'000	£'000	£'000
Surplus on ordinary activities before tax	6,915	6,883	845	812
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the UK 25% (2023: 19%)	1,729	1,721	161	154
Effects of: Charitable activities	(1,729)	(1,721)	(161)	(154)
Current charge for the year	-	-	-	-

Bron Afon was registered with charitable rules on 18 March 2008 and from that date is accepted as a charity for tax purposes. Consequently, the surpluses derived from primary charitable activities are exempt from taxation. Ardal Homes, one of the members of the Group, was registered under the Companies Act 2006 on 21 June 2011 and is liable to pay Corporation Tax on taxable profits.

Notes to the Financial Statements (continued)

for the Year Ended 31 March 2024

13. Intangible assets – Group and Bron Afon

	Computer Software	2024 Total
	£'000	£'000
Cost		
At the beginning of the year	2,898	2,898
Additions and other capitalised costs	121	121
Disposals during year	-	-
At the end of the year	3,019	3,019
Amortisation		
At the beginning of the year	2,587	2,587
Charge for the year	106	106
Disposals during year	-	-
At the end of the year	2,693	2,693
Net book value		
At end of year	326	326
At beginning of year	311	311

Notes to the Financial Statements (continued)

for the Year Ended 31 March 2024

14. Housing properties – Group and Bron Afon

	Freehold Housing properties held for letting	Components under construction	Freehold Housing Properties under construction	2024 Total
	£'000	£'000	£'000	£'000
Cost				
At beginning of year	266,648	3,757	3,970	274,375
Opening balance adjustment	-	(85)	-	(85)
Additions and other capitalised costs:-				
- Component replacements	7,007	3,687	-	10,694
- New development schemes	193	-	5,832	6,025
Development Schemes completed during the year	2,601	-	(2,601)	-
Components completed during the year	3,552	(3,552)	-	-
Disposals during the year	(2,002)	-	-	(2,002)
At end of the year	277,999	3,807	7,201	289,007
Depreciation & Impairment				
At beginning of year	86,233	85	-	86,318
Opening balance adjustment	-	(85)	-	(85)
Charge for the year	11,131	-	-	11,131
Disposals during year	(1,387)	-	-	(1,387)
Impairment charge for the year	-	-	-	-
At end of the year	95,977	-	-	95,977
Net book value				
At end of year	182,022	3,807	7,201	193,030
At beginning of year	180,415	3,672	3,970	188,057

Notes to the Financial Statements (continued) for the Year Ended 31 March 2024

14. Housing properties – Group and Bron Afon (continued)

There has been no interest capitalised in the year (2023: £nil). Improvement and component replacement expenditure capitalised in the year amounted to £10.69m (2023: £13.1m). Freehold housing properties under construction includes the cost of new developments incurred during the year; once complete, some of the properties constructed may be designated as properties for sale under the low cost home ownership scheme, and the appropriate adjustments will be made in the financial statements at this time. The depreciation charge of £11.1m (2023: £10.6m) relates to additions in years 2022/23 and earlier. This is in line with Accounting Policy note f, which states that depreciation commences in the year following acquisition.

Bron Afon is in receipt of £5.8m per annum of GAP funding from the Welsh Government, of which £4.5m (2023: £4.7m) has been allocated to Housing Properties.

Freehold land and buildings with a carrying amount of £146.5m (2023: £146m) have been pledged to secure borrowings of Bron Afon. Bron Afon is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

15. Shared equity loans receivable

	2024 Total	2023 Total
	£'000	£'000
At beginning of year	445	445
Loans issued during the year	-	-
At end of year	445	445

Shared Equity loans receivable represent the initial value of Bron Afon's remaining equity share in 8 (2023: 8) properties funded under low cost home ownership arrangements.

Notes to the Financial Statements (continued)

for the Year Ended 31 March 2024

16. Tangible fixed assets – other properties held - Group and Bron Afon

	Land	Other Properties	2024 Total
	£'000	£'000	£'000
Cost			
At beginning of year	166	3,077	3,243
Additions and other capitalised costs	-	-	-
Disposals during year	-	-	-
At end of year	166	3,077	3,243
Depreciation & Impairment			
At beginning of year	-	377	377
Charge for the year	-	62	62
Disposals during year	-	-	-
At end of year	-	439	439
Net book value			
At end of year	166	2,638	2,804
At beginning of year	166	2,700	2,866

Other properties held relate to our commercial units. Land is being held for possible future sale.

Notes to the Financial Statements (continued)

for the Year Ended 31 March 2024

17. Property, plant and equipment - other

Group	Office leasehold improvements	Office & computer equipment	Fixtures & Fittings	Other	Motor vehicles	Plant & Tools	PV panels	PV inverters	2024 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost									
At beginning of year	975	2,100	653	175	9	169	5,351	1,129	10,561
Additions during year	-	186	18	-	-	23	324	126	677
Disposals during year	-	-	-	-	-	(20)	-	(4)	(24)
At end of year	975	2,286	671	175	9	172	5,675	1,251	11,214
Depreciation									
At beginning of year	724	1,635	432	107	8	120	1,562	912	5,500
Charge for year	50	162	40	8	-	19	215	95	589
Disposals during year	-	-	-	-	-	(20)	-	(4)	(24)
At end of year	774	1,797	472	115	8	119	1,777	1,003	6,065
Net book value									
At end of year	201	489	199	60	1	53	3,898	248	5,149
At beginning of year	251	465	221	68	1	49	3,789	217	5,061

Notes to the Financial Statements (continued)

for the Year Ended 31 March 2024

17. Property, plant and equipment - other (continued)

Group	Office leasehold improvements	Office & computer equipment	Fixtures & Fittings	Other	Motor vehicles	Plant & Tools	PV panels	PV inverters	2024 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost									
At beginning of year	975	2,100	653	175	9	169	5,978	1,270	11,329
Additions during year	-	186	18	-	-	23	324	126	677
Disposals during year	-	-	-	-	-	(20)	-	(4)	(24)
At end of year	975	2,286	671	175	9	172	6,302	1,392	11,982
Depreciation									
At beginning of year	724	1,635	432	107	8	120	1,924	957	5,907
Charge for year	50	162	40	8	-	19	239	106	624
Disposals during year	-	-	-	-	-	(20)	-	(4)	(24)
At end of year	774	1,797	472	115	8	119	2,163	1,059	6,507
Net book value									
At end of year	201	489	199	60	1	53	4,139	333	5,475
At beginning of year	251	465	221	68	1	49	4,054	313	5,422

Notes to the Financial Statements (continued) for the Year Ended 31 March 2024

18. Stock – Group and Bron Afon

	2024	2023
	£'000	£'000
Materials	134	133
Properties held for disposal	-	-
	134	133

19. Debtors

	2024		2023	
	Group	Bron Afon	Group	Bron Afon
	£'000	£'000	£'000	£'000
Debtors due within one year:				
Arrears of rent and service charges	1,810	1810	2,117	2,117
Less: provision for bad and doubtful debts	(1,158)	(1,158)	(1,559)	(1,559)
	652	652	558	558
Leaseholder arrears – major works and service charges	378	378	400	400
Less: provision for bad and doubtful debts	112	112	61	61
Sundry Debtors Less: provision for bad and doubtful debts	(63)	(63)	(45)	(45)
Value Added Tax recoverable	215	215	245	245
VAT shelter agreement	5,904	5,904	4,824	4,824
Other debtors and prepayments	1,763	1,763	2,543	2,543
	8,922	8,922	8,533	8,533

Included within Other debtors and prepayments is an amount due within one year of £44k (2023: £41k) from the Welsh Government in respect of Housing Finance Grant 2.

	2024		2023	
	Group	Bron Afon	Group	Bron Afon
	£'000	£'000	£'000	£'000
Debtors due after more than one year:				
VAT shelter agreement	141,821	141,821	148,399	148,399
Housing Finance Grant 2	1,573	1,573	1,618	1,618
Pension Asset	15,638	15,638	12,568	12,568
	159,032	159,032	162,585	162,585

Notes to the Financial Statements (continued)

for the Year Ended 31 March 2024

20. Creditors: amounts falling due within one year

	2024		2023	
	Group	Bron Afon	Group	Bron Afon
	£'000	£'000	£'000	£'000
Rent received in advance	1,527	1,527	1,478	1,478
Trade creditors	1,664	1,664	1,962	1,962
Other taxation and social security costs	349	349	331	331
Capital creditors	967	967	1,171	1,171
VAT shelter agreement	5,904	5,904	4,824	4,824
Government grants	3,745	3,745	3,418	3,418
Accruals and deferred income	6,959	6,954	8,640	8,637
Provision (see note 23)	-	-	-	-
Other creditors	302	302	287	287
	21,417	21,412	22,111	22,108

Accruals and deferred income includes £1.2m in Social Housing Grant received in advance (2023: £2.4m).

21. Creditors: amounts falling due after one year - Group and Bron Afon

	2024	2023
	£'000	£'000
Housing loans (note 22)	63,000	63,000
Less: Loan issuing fees	(713)	(758)
	62,287	62,242
VAT shelter agreement	141,821	148,399
Government grants	68,449	65,838
Government concessionary loans	2,005	805
Recycled capital grant fund	318	318
Other creditors	23	14
Other provisions (note 23)	1,007	984
	275,910	278,600

Notes to the Financial Statements (continued)

for the Year Ended 31 March 2024

21. Creditors: amounts falling due after one year - Group and Bron Afon (continued)

Recycling of Capital Grant and Disposals Proceeds Fund

	2024 Total	2023 Total
	£'000	£'000
At beginning of year	318	318
Add: funds arising from property sales	-	-
At end of year	318	318

Deferred income – Government grants

	2024	2023
	£'000	£'000
At the beginning of the year	69,256	65,860
Grants receivable	6,627	6,838
Disposals	(230)	(172)
Amortisation to statement of comprehensive Income	(3,459)	(3,270)
At the end of the year	72,194	69,256
Amounts due within one year	3,745	3,418
Amounts due after more than one year	68,449	65,838

Government grants include the amounts received for capital investment from the Welsh Government GAP funding, a European grant received through Torfaen County Borough Council and grants received as part of Torfaen County Borough Council's Vibrant and Viable Places Scheme. The total value of the grants received to date is £97.8m before amortisation (2023: £91.4). During the year, £4.5m of the £6.6m (2023: £5.8m) received from the Welsh Government as GAP funding was allocated to capital spend.

During the year, the Group received a £1.2m concessionary loan from Welsh Government under Other Government Funding for social housing development, interest free with no set repayment date. The existing concessionary loan of £0.8m is also interest free and no set repayment date.

Notes to the Financial Statements (continued) for the Year Ended 31 March 2024

22. Housing loans – Group and Bron Afon

Housing loans are secured by specific charges on Bron Afon Community Housing's properties. The interest rates range from 3.204% to 6.36% for fixed rate loans and 1.35% plus SONIA for variable loans. Existing lenders are NatWest and Principality.

	2024	2023
	£'000	£'000
Repayable by instalments due as follows:		
Five years or more	63,000	63,000
	63,000	63,000

23. Provisions – Group and Bron Afon

	2024 Total	2023 Total
	£'000	£'000
At beginning of year	984	641
Additional provisions arising in the year	23	343
At end of year	1,007	984

£1.007m relates to the anticipated dilapidation costs associated with Ty Bron Afon. The lease on the building ends on 30th March 2028, and there is currently no arrangement to extend beyond this date.

24. Non-equity share capital – Bron Afon

	2024	2023
	£	£
Shares of 10p		
At beginning of year	233.9	250.9
Shares issued during the year	-	-
Shares forfeited in year	(4.0)	(17.0)
At end of year	229.9	233.9

The shares provide members with the right to vote at general meetings, but do not provide any rights to dividends, redemption or distributions on a winding up. In addition to the above, Ardal Homes Limited has £1 authorised and issued share capital in its financial statements. This share is owned by Bron Afon Community Housing Ltd.

Notes to the Financial Statements (continued) for the Year Ended 31 March 2024

25 Capital commitments – Group and Bron Afon

	2024	2023
	£'000	£'000
Expenditure contracted less certified	3,259	5,473
Expenditure authorised by the Board but not contracted	18,281	10,285
	21,540	15,758

The Board expects that any expenditure they have authorised will be fully financed by grants, loans and reserves.

26. Contingent liability

In March 2024, Bron Afon became aware that it may not have been fully compliant with potential legal obligations arising under the Renting Homes (Wales) Act 2016 (“the Act”) and the Renting Homes (Fitness for Human Habitation) (Wales) Regulations 2022 (as amended) (“the Regulations”) at the year end, a result of a potential administrative error. On identification of the issue, immediate steps were taken to ensure compliance with legal obligations as the Association is currently able to understand them. Following legal advice a number of RSL's, in conjunction with Welsh Government, have issued a claim in the High Court to seek a series of declarations as to the correct meaning and interpretation of the potential obligations. Having taken legal advice, we have assessed that the likelihood of an outflow of resources to settle this potential liability following the legal proceedings is less than probable but (acknowledging the inherent uncertainty with such legal proceedings) is more than remote.

A high level of uncertainty remains because the interpretation of the requirements under the Renting Homes (Wales) Act needs clarification which will only be possible following determination of the proceedings that are currently before High Court, hence any financial effect cannot currently be measured with sufficient reliability.

27. Operating leases – Group and Bron Afon

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2024		2023	
	Group	Bron Afon	Group	Bron Afon
	£'000	£'000	£'000	£'000
Payments due:				
Within one year	1,649	1,649	936	936
Between two and five years	3,414	3,414	3,704	3,704
Over five years	10	10	145	145
	5,073	5,073	4,785	4,785

Notes to the Financial Statements (continued)

for the Year Ended 31 March 2024

28. Statement of cash flows

Group	2024	2023
	£'000	£'000
Net cash generated from operating activities		
Surplus for the year	6,915	845
Adjustments for non-cash items:		
Depreciation of housing properties	11,131	10,564
Depreciation of other properties held	62	62
Depreciation of property, plant and equipment	589	531
Amortisation of intangible assets	106	109
Amortisation of Government grants	(3,459)	(3,270)
Disposal of Government grants	(230)	(173)
(Increase)/decrease in stock	9	(10)
Decrease in debtors	6,189	8,884
Decrease in Government grant debtors	45	42
(Decrease) in creditors	(6,457)	(6,998)
Increase in provisions	23	343
Pension contributions – FRS102 costs	(479)	1,764
Carrying value of fixed asset disposals	615	760
Amortisation of loan fees & loan arrangement fees	45	44
	8,189	12,649
Adjustment for investing or financing activities:		
Proceeds from sale of housing properties	(183)	(808)
Proceeds from sale of fixed assets	(271)	(86)
Interest paid	3,169	3,124
Interest received	(917)	(129)
Pension scheme FRS102 finance costs	(600)	1,085
	1,199	3,186
Net cash generated by operating activities	16,302	16,683

The Group has not entered into any finance lease arrangements in respect of assets in either the current or the previous year.

	2023	2022
Cash at bank and in hand	7,055	9,447
Cash equivalents included in current asset investments	15,544	9,470
Cash and cash equivalents	22,599	18,917

Notes to the Financial Statements (continued)

for the Year Ended 31 March 2024

28. Statement of cash flows (continued)

Bron Afon	2024	2023
	£'000	£'000
Net cash generated from operating activities		
Surplus for the year	6,883	812
Adjustments for non-cash items:		
Depreciation of housing properties	11,131	10,564
Depreciation of other properties held	62	62
Depreciation of property, plant and equipment	624	567
Amortisation of intangible assets	106	109
Amortisation of Government grants	(3,459)	(3,270)
Disposal of Government grants	(230)	(173)
(Increase)/decrease in stock	9	(10)
Decrease in debtors	6,189	8,884
Decrease in Government grant debtors	45	42
(Decrease) in creditors	(6,458)	(6,998)
Increase in provisions	23	343
FRS 102 pension costs	(479)	1,764
Carrying value of fixed asset disposals	615	760
Amortisation of loan fees & loan arrangement fees	45	44
	8,223	12,688
Adjustment for investing or financing activities:		
Proceeds from sale of housing properties	(183)	(808)
Proceeds from sale of fixed assets	(271)	(86)
Interest paid	3,169	3,124
Interest received	(917)	(129)
Pension scheme finance costs	(600)	1,085
	1,198	3,186
Net cash generated by operating activities	16,304	16,686

Notes to the Financial Statements (continued) for the Year Ended 31 March 2024

28. Statement of cash flows (continued)

The Group has not entered into any finance lease arrangements in respect of assets in either the current or the previous year.

	2024	2023
	£'000	£'000
Cash at bank and in hand	7,043	9,434
Cash equivalents included in current asset investments	15,544	9,470
Cash and cash equivalents	22,587	18,904

29. Reconciliation of net debt

Group	At 1 April 2023	Cash flows	At 31 March 2024
Cash at bank and in hand	9,447	(2,392)	7,055
Cash equivalents included in current asset investments	9,470	6,074	15,544
Housing loans	(63,000)	-	(63,000)
	(44,083)	3,682	(40,401)

Bron Afon	At 1 April 2023	Cash flows	At 31 March 2024
Cash at bank and in hand	9,434	(2,391)	7,043
Cash equivalents included in current asset investments	9,470	6,074	15,544
Housing loans	(63,000)	-	(63,000)
	(44,096)	3,683	(40,413)

30. Related party transactions

None of Bron Afon's Senior Management Team or Board of Management had any related party transactions with Bron Afon during the year which require disclosure.

The following individuals who served on the Board were also customers of Bron Afon Community Housing:

	Bron Afon	Ardal Homes	Afon Community Trust
Hilary Drinkwater	✓		
Amanda Owen	✓		
Jillian Wadley	✓		✓
David Williams	✓		

The tenancies of all Board Members above are on normal commercial terms and their position as Board Members does not confer any advantage on these individuals as customers.

Notes to the Financial Statements (continued)

for the Year Ended 31 March 2024

30. Related party transactions (continued)

At 31 March 2024, Board members who were customers of Bron Afon had balances as follows:

	2024		2023	
	Rent	Arrears	Rent	Arrears
	£	£	£	£
Bron Afon	13,445	8	12,522	292

Additionally, fees of £nil were paid by Bron Afon on behalf of Afon Community Trust and later recharged (2023:£6,073).

Two of Bron Afon’s Board Members are Councillors of Torfaen County Borough Council. Any transactions with the Council are made at arm’s length, on normal commercial terms and the Council Board members cannot use their position to their advantage. During the year, the value of transactions made with the Council was £852k (2023: £829k). This includes grounds maintenance (£553k), and other services (£299k). The amounts outstanding at the year end were £nil (2023 £7,219).

Bron Afon is one of four members of Barcud LLP, which was set up to provide internal audit services to the member organisations. Barcud also provides procurement services to two of the members, including Bron Afon. The liability of Bron Afon is limited to £1, being the amount that Bron Afon undertakes to contribute to the assets of the company. Expenditure on the services during the year was £166k (2023: £159k) and there were no amounts outstanding at the year end.

Notes to the Financial Statements (continued)

for the Year Ended 31 March 2024

31. Board Members Expenses

Board members have received remuneration since December 2020. The emoluments paid to the non-executive board members were as below:

	2024	2023
	Total	Total
	£	£
Craig Nowell (Chair wef 01/01/24)	8,441	5,625
Andrew Lawrence (Former Chair) (resigned 31/12/23)	8,448	11,000
Patrick Harkness (Former Vice Chair) (resigned wef 01/01/23)	-	6,375
Veronica Crick (resigned wef 27/07/22)	-	1,667
Hilary Drinkwater	4,583	4,583
Mandy Eddolls (resigned 31/12/23)	5,625	7,500
Peter Jackson (Bron Afon and Ardal Homes Ltd)	5,000	5,000
Marc Leppard (appointed 01/01/24)	1,943	-
Stephen Lodge (resigned wef 01/01/23)	-	3,750
David Michael	5,625	7,500
Joanne Oak (resigned wef 01/01/23)	-	3,750
Patrick Odling-Smee (Co-opted Bron Afon and Ardal Homes Ltd w/e 01/01/23)	5,000	3,125
Amanda Owen	5,000	5,000
David Selway	5,625	5,000
Jane Pound (Co-opted w/e 01/01/23)	5,625	3,125
Philipa Armstrong (Co-opted w/e 01/01/23)	5,000	3,125
David Williams (appointed we 27/07/22)	5,000	3,393
Jill Wadley (Bron Afon wef 25/05/23 and Afon Community Trust)	4,167	-
	75,082	79,518

Notes to the Financial Statements (continued) for the Year Ended 31 March 2024

31. Board Members Expenses (continued)

In addition to the emoluments above the Board members have claimed the following expenses during the year. Travel expenses incurred for 2024 were £500 (2023: £177). The expenses of £3,437 incurred in 2024 relate to events, mobile phone, stationery and car parking costs (2023: £2,101).

	2024	2023
	Total	Total
	£	£
Craig Nowell (Chair wef 01/01/24)	446	202
Andrew Lawrence (Former Chair) (Resigned 31/12/23)	515	297
Patrick Harkness (Former Vice Chair) (Resigned wef 01/01/23)	-	170
Phillipa Armstrong-Owen	229	-
Hilary Drinkwater	249	202
Mandy Eddolls (resigned 31/12/23)	65	-
Marc Leppard (appointed 01/01/24)	870	-
Peter Jackson (Bron Afon and Ardal Homes Ltd)	238	202
David Michael	324	429
Joanne Oak (resigned wef 01/01/23)	-	32
Patrick Odling-Smee (Bron Afon and Ardal Homes Ltd)	184	202
Amanda Owen	-	170
Jane Pound	229	170
David Selway	63	-
Jill Wadley (Bron Afon wef 25/05/23 and Afon Community Trust)	322	-
David Williams	203	202
	3,937	2,278

32. Control of related parties

Bron Afon Community Housing Ltd, which is registered as a Registered Social Landlord with the Welsh Government, is the ultimate parent undertaking of Ardal Homes Limited, Afon Community Trust, and Afon Energy Limited. Afon Energy Limited is currently dormant. Ardal Homes Limited is a company limited by guarantee and is registered in England and Wales. Afon Community Trust is a charity registered with the Charities Commission.

During the financial year, both Ardal Homes and Afon Community Trust had only a limited number of transactions. These relate to minor administrative charges.

Notes to the Financial Statements (continued)

for the Year Ended 31 March 2024

32. Control of related parties (continued)

Financial transactions between the parent and the subsidiary consist of recharges from Bron Afon to Ardal Homes Limited and Afon Community Trust. During the year, Bron Afon paid £nil (2023: £nil) to Ardal Homes Limited and Ardal Homes Limited paid £nil (2023: £870) to Bron Afon Community Housing. During the year, Bron Afon paid £nil (2023: £nil) to Afon Community Trust and Afon Community Trust paid £nil (2023: £780) to Bron Afon Community Housing.

33. Pension scheme – Group and Bron Afon Community Housing

Bron Afon employees who joined prior to 1 September 2017 were entitled to be members of the Greater Gwent (Torfaen) Pension Scheme. From this date, the scheme was closed to new entrants. This scheme is the Local Government Pension Scheme operated by Torfaen County Borough Council. Torfaen County Borough Council transferred employees to Bron Afon at the time of the stock transfer. Many of these were members of Greater Gwent (Torfaen) Pension Fund with the pension liabilities on transfer fully funded by the Council with subsequent costs to be incurred by Bron Afon. Under the Council’s actuarial valuation therefore, Bron Afon took on a £nil net liability position on transfer.

The Triennial Valuation was carried out during 2021/22 and impacts 2022/23 onwards. The contribution rates have been held constant. Work is currently taking place with the Scheme Administrators to agree a long term strategy recognising that we will cease to be members once the last employee within the scheme leaves Bron Afon. Contributions paid for the year were £2,188,000 (2023: £2,185,000).

The main assumptions used in this valuation were:

	At end of 31 March 2024	At end of 31 March 2023
Rate of inflation	3.05%	2.80%
Rate of increase in salaries	3.05%	2.80%
Rate of increase in pensions	3.05%	2.80%
Discount rate	4.80%	4.75%

Notes to the Financial Statements (continued) for the Year Ended 31 March 2024

33. Pension scheme (Continued) – Group and Bron Afon

Mortality assumptions:

Non-retired members (retiring in the future in normal health)	SIPA CMI_2018_[1.25%] (98% Males, 97% Females)
Current pensioners (retired in normal health)	SIPA CMI_2018_[1.25%] (98% Males, 97% Females)

	2024 Years	2023 Years
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Retiring today:

Males	18.9	19.7
Females	22.4	23.0

	2024 Years	2023 Years
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Retiring in 20 years:

Males	20.1	20.7
Females	23.9	24.6

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	2024		2023	
	£'000	%	£'000	%
Equities	84,170	79.0	74,410	81.0
Bonds	18,113	17.0	16,012	17.0
Property	3,196	3.0	2,826	3.0
Cash/liquidity	1,065	1.0	942	1.0
Total fair value of plan assets at end of period	106,544		94,190	
Present value of defined benefit obligations	(90,906)		(81,622)	
Surplus/(deficit)	15,638		12,568	

Notes to the Financial Statements (continued)

for the Year Ended 31 March 2024

33. Pension scheme (Continued) – Group and Bron Afon

Movements in the fair value of the scheme assets during the year to 31 March 2024

	2024	2023
	£'000	£'000
Present value of plan assets at beginning of year	94,027	97,164
Interest income	4,477	2,781
Actuarial (loss)/gain on plan assets	7,566	(6,713)
Employers and members contributions	2,784	2,782
Benefits and transfers paid	(2,310)	(1,824)
Present value of plan assets at end of year	106,544	94,190

Movements in the present value of the defined benefit obligations during the year to 31 March 2024

	2024	2023
	£'000	£'000
Present value of scheme liabilities at beginning of year	81,622	134,386
Current service cost	1,710	3,949
Interest cost	3,877	3,866
Members contributions	596	597
Past service cost	-	-
Benefits and transfers paid	(2,310)	(1,824)
Actuarial (gains) on liabilities	5,411	(59,352)
Present value of scheme liabilities at end of year	90,906	81,622

Change in scheme deficit during the year to 31 March 2024

	2024	2023
	£'000	£'000
Deficit in scheme at the beginning of year	12,568	(37,222)
Current service cost	(1,710)	(3,949)
Net interest	600	(1,085)
Employer contributions	2,188	2,185
Past service cost	(163)	-
Actuarial gains	2,155	52,639
Surplus/(deficit) in scheme at the end of the year	15,638	12,568

Notes to the Financial Statements (continued) for the Year Ended 31 March 2024

33. Pension scheme (Continued) – Group and Bron Afon

Amounts recognised in the Statement of Comprehensive Income in respect of the defined benefit pension scheme are as follows:

	2024	2023
	£'000	£'000
Analysis of amounts included in operating costs		
Current service cost	1,710	3,949
Past service cost	-	-
Analysis of amounts included in net pension costs		
Net interest cost (note 10)	(600)	1,085
	1,110	5,034
Actuarial gains on liabilities	(5,411)	59,352
Actuarial (losses)/gains on assets	7,566	(6,713)
Actuarial adjustment 2022-23	(163)	-
Actuarial gain recognised in Other Comprehensive Income	1,992	52,639
Total (credit) relating to defined benefit scheme	(882)	(47,605)
Actual Return on Plan Assets	12,043	(3,932)

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 March 2024:	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	2%	2,079
1 year increase in member life expectancy	4%	3,636
0.1% increase in the Salary Increase Rate	0%	92
0.1% increase in the Pension Increase Rate (CPI)	2%	2,018

Notes to the Financial Statements (continued)

for the Year Ended 31 March 2024

34. Financial Assets

The carrying value of the Group and Bron Afon's financial assets and liabilities are summarised by category below:

Measured at undiscounted amount receivable

	2024		2023	
	Group	Bron Afon	Group	Bron Afon
	£'000	£'000	£'000	£'000
Rent & leaseholder arrears (note 19)	652	652	558	558
Sales ledger debtors (note 19)	49	49	16	16
Cash and cash equivalents (note 29)	7,055	7,043	9,447	9,434
Current asset investments (note 29)	15,544	15,544	9,470	9,470
	23,300	23,288	19,491	19,478

Financial liabilities

Measured at undiscounted amount payable

	2024		2023	
	Group	Bron Afon	Group	Bron Afon
	£'000	£'000	£'000	£'000
Loans payable (note 21)	62,287	62,287	62,242	57,198
Trade creditors (note 20)	1,664	1,664	1,962	921
Rent received in advance (note 20)	1,527	1,527	1,478	1,534
Capital creditors (note 20)	967	967	1,171	1,053
	66,445	66,445	66,853	60,706

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

	2024		2023	
	Group	Bron Afon	Group	Bron Afon
	£'000	£'000	£'000	£'000
Interest income and expense				
Total interest income for financial assets at undiscounted amount receivable (note 8)	917	917	129	129
Total interest (expense) for financial liabilities at undiscounted amount payable (note 9)	(3,169)	(3,169)	(3,125)	(3,125)
	(2,252)	(2,252)	(2,996)	(2,996)



Bron Afon

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