Trivallis.

GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

(A Registered Society under Co-operative and Community Benefit Societies Act 2014)

Contents

Board Members and Professional Advisors

Board Members

Name	Positions Held	Date Appointed/Resigned
Jonathan Huish	Chair, Trivallis Board	
Collette Taylor	Vice Chair, Trivallis Board	Appointed 28 September 2020
Paul Mee	Chair, Assurance Committee	
Catrin Stark	Chair People Committee	
Stephen Brooks	Vice Chair, Assurance Committee	Appointed 28 September 2020
Margaret Griffiths	Vice Chair People Committee	
Chibuzo Amadi	Assurance Committee	Appointed 28 September 2020
Leonie White	People Committee	
Julian John	People Committee	Appointed 28 September 2020
Paul Fegan	Assurance Committee	Stood down 12 February 2020
David Palmer	Vice Chair, Remuneration & Governance Committee	Stood down 28th September 2020
Ken Bowles	Audit & Risk Committee	Stood down 28th September 2020
Adam Hill	Remuneration & Governance Committee	Stood down 11 September 2020
Tom Pritchard	Vice Chair, Trivallis Board Audit & Risk Committee	Stood down 28 September 2020

Executive Directors

Ian Thomas	Chief Executive
Lynda Clark	Executive Director of Resources & Innovation
Keiron Montague	Executive Director of Communities

Company Secretary

Kelly Wells

Registered Office

Tŷ Pennant
Mill Street
Pontypridd
CF37 2SW

Funders

Lloyds Bank plc
25 Gresham Street
London
EC2V 7HN

Bank

Lloyds Bank plc
Market Square
Pontypridd
CF37 2TF

External Auditor

Haines Watts Wales LLP
7 Neptune Court
Vanguard Way
CF24 5PJ

Internal Auditor

Mazars LLP
45 Church Street
Birmingham
B3 2RT

Welsh Government Registration Number L143

Company Registration Number
A Registered Society under Co-operative & Community Benefit Act 30261R

Subsidiary Companies

Company	Company Number	Registration	Company Status
Bellerophon (Project 1) LLP	OC391633	Registered in England & Wales	Active
Porthcwlis Limited	07994420	Registered in England & Wales	Dormant

The registered office of all the above companies is Tŷ Pennant, Mill Street, Pontypridd, CF37 2SW.

Trivallis Limited owns 100% of all the above companies with the exception of Bellerophon (Project 1) LLP. Trivallis Limited is entitled to 88% and Porthcwlis Limited 2% of the profits generated by the partnership. The remaining 10% is owned by Bellerophon Projects LLP.

Group Chair's Introduction

"The Board is committed to strong and effective governance practices and the highest ethical standards. These strong foundations enable us to have robust decision making processes that benefit the customers and communities we serve."

Jonathan Huish
Trivallis Group Board Chair

Strategic Report

The Board is pleased to present its Strategic Report for The Trivallis Group (the Group) for the year ended 31 March 2021.

The Trivallis Group

Our Vision:	Prosperous People and Places
Our Purpose:	Together, we create great places to live and work
Our Values:	Listen, Engage, Respect, Progress

Trivallis Group

Porthcwlis Limited (Dormant)

Bellerophon (Project 1) LLP

Trivallis was formed in December 2007. Trivallis is regulated by the Welsh Government and governed by a volunteer Board. Trivallis operates under the rules of a Community Mutual organisation and is a Community Benefit Society.

Board Chair and CEO

The Chief Executive, Ian Thomas, and Board Chair, Jonathan Huish both completed three years' service during the period. The Chief Executive and the Board Chair remain committed to ensuring that Trivallis remains focussed on people and communities and working in partnership with others to achieve the best outcomes for our customers. The development of meaningful partnerships including with the local authority, other social landlords and third sector organisations means that Trivallis can deliver more to its tenants and the wider community as well an increasing its presence in the local economy.

Governance

The Board members were pleased to welcome several new members to the Board during 2020/21. The new members bring extensive experience and expertise to support the organisation deliver its Vision.

Board members reviewed the committee structure supporting the main Board and decided to alter the focus of the existing committees. Consequently, the Audit & Risk Committee was replaced with an Assurance Committee and the Remuneration & Governance was replaced with a People Committee.

Review of 2020/21

Five Year Summary Financial Results

	2020/21	2019/20	2018/19	2017/18	2016/17
	£'000	£'000	£'000	£'000	£'000
Income and Expenditure Account					
Turnover	56,730	56,136	54,208	52,448	49,772
Operating costs	(44,707)	(49,488)	(46,286)	(44,185)	(44,238)
Operating Surplus	**12,022**	**6,648**	**7,922**	**8,263**	**5,534**
Sale of fixed assets	295	2,050	2,348	758	996
Surplus on revaluation	923	(145)	(279)	184	-
Net interest payable	(3,722)	(3,681)	(3,818)	(4,128)	(3,035)
Taxation	-	-	31	(22)	(44)
LGPS actuarial gain/(loss)	(2,810)	(3,920)	4,130	1,160	(3,260)
Total Comprehensive Income	**6,709**	**952**	**10,334**	**6,215**	**191**
Statement of Financial Position					
Fixed assets	186,395	179,460	178,060	177,718	170,885
Net current liabilities	15,919	5,096	(1,283)	(9,096)	(12,701)
Long term creditors	(53,546)	(53,352)	(53,623)	(34,041)	(29,745)
Loans	(50,125)	(39,181)	(32,151)	(53,910)	(53,985)
	98,733	**92,024**	**91,003**	**80,671**	**74,454**
Reserves	**98,733**	**92,024**	**91,003**	**80,671**	**74,454**
Cashflow Statement					
Net cash generated from operating activities	23,172	17,336	21,260	18,220	11,605
Tax paid	-	-	31	(22)	(44)
Net cashflow from investing activities	(8,695)	(8,687)	(7,259)	(10,091)	(23,782)
Net cashflow from financing activities	(3,506)	(3,605)	(14,300)	(5,572)	1,851
Increase/(Decrease) in cash	**10,971**	**5,044**	**(268)**	**2,535**	**(10,370)**

The results above show Trivallis' improving financial position over the previous five years. We are committed to further improving these results in future to enable us to meet our aspirations.

2020/21 – A Year Like No Other

The UK started 2020/21 in full lockdown due to the Coronavirus Pandemic and many restrictions remained in place for most of the financial year. Like many other businesses this had major impacts for the services we were able to deliver to our tenants and the way our staff had to work.

Trivallis operated under its Business Continuity Plan for the entirety of 2020/21 and was only able to deliver restricted services to tenants and communities during this period. Board members would like to express their sincere thanks to all our staff for their commitment during this period. Special thanks go to staff who continued to provide services in tenants homes and communities during these very difficult times.

Despite the many challenges that 2020/21 brought there have been a number of achievements that have been made during the year, all delivered while ensuring the Association followed Welsh Government guidelines and through our safe systems of work.

Homes and Neighbourhoods

Safe systems of work were put in place that enabled us to continue to provide our compliance service and emergency repairs in tenants homes when full lockdown measure were in place. During this period, we completed 15,014 number of emergency repairs and our gas statutory compliance measures have now recovered to 100%. As part of service recovery have worked with tenants and our staff to make considerable inroads into the backlog however this has been challenging due to the second wave of COVID -19.

As restrictions have lifted, we have taken a cautious approach to service reintroduction putting the safety of our staff and tenants at the heart of recovery planning. This has meant a focus on external works through our planned maintenance programme through April to September, before we look to introduce internal component replacements through October to March, as well as innovative ways of meeting the needs of disabled residents in partnership with RCT CBC.

Working with our partners in the Local Authority we have proactively supported tenants through local Resilience Hubs and have maintained contact and support services throughout the pandemic through our safe systems of work.

Our frontline teams have worked with communities during this challenging period with Trivallis seeing large increases in reporting around Anti-social behaviour and Domestic Violence. Working with our statutory and non-statutory partners the teams have supported tenants to deal with these issues despite restrictions and as we move back physically into our communities these will continue to be priority areas for the business.

Tenant Engagement

During the early stages of the pandemic engagement services were halted however recognising the need to put tenants' views at the heart of decisions we quickly put in place new digital methods of engagement for our existing tenant engagement structures. This has meant providing new hardware to tenants, training people in the use of new technology as well as learning together around what works best through digital channels.

Alongside formal groups we engaged over 1200 tenants in understanding their priorities for service reintroduction and this has formed the basis of our Corporate Plan and 2021/2022 operational plans.

Development

Trivallis' development programme continued to progress throughout 2020/21 despite the effects of Covid-19. Sites that were live at the start of the financial year either experienced a temporary closure and subsequently resumed works or continued indefinitely throughout the pandemic. Progression was ultimately at a slower pace than originally planned as a result of strict social distancing adherence on site or via difficulties experienced within the supply chain, but despite this most sites progressed encouragingly.

41 new homes were delivered including: 8 at Forge Lane Pentre, 14 at Appletree Avenue, 12 at Crown Avenue, 2 at Edward Street Abercynon and 5 buybacks.

Technology

Due to the adoption of Microsoft Office 365 staff were able to smoothly transition to remote working when the Government guidance was for people to stay at home. All staff that were previously office based have remained working remotely during 2020/21. We are currently working hard to develop further technology-based solutions to improve tenant access to services.

Business Change

Despite the pandemic, the Association undertook a review of the way in which our servces were being delivered in order to ensure that we were delivering high quality services and giving our tenants value for money. As part of this process, and working closely with GMB our recognised union, we were able to offer staff the opportunity for voluntary redundancy. As a result, 50 staff chose to take up this offer and leave the Association. This has allowed us to change some of our businesses practices to streamline in some areas, as well as presenting new opportunities for staff to progress their careers in the business.

Corporate Plan

A new Medium Term Corporate Plan was approved in 2020. The Medium-Term Corporate Plan covers the period from 2021 to 2026 and sets out the actions required to deliver the organisations's Vision. The Plan includes the following Strategic Goals:

- SG1: build as many carbon neutral affordable homes as possible, that meet the needs of our communities.
- SG2: provide warm, safe, energy efficient homes that provide the foundations for tenants to have healthy prosperous lives.
- SG3: work in partnership to carry out regeneration that benefits our communities and the association on a social, economic, environmental, and financial basis.
- SG4: do everything in our power to sustain tenancies – this will include putting people in the right places at the right time with the right support.
- SG5: work towards operating as a carbon neutral business.
- SG6: we will build foundations that enable us to put people at the heart and lead us to success.

The Medium-Term Corporate Plan is supported by the following:

Guiding Principles – We will engage, innovate, utilise technology and be financially resilient.

- We will have an engaged and diverse tenant base who help inform decision making
- We will have an engaged team that put tenants at the heart of decision making.
- We will work in partnership to ensure that we maximise impact for our communities.
- We will use innovation to improve services to our tenants.
- We will maximise the use of technology to improve services to tenants

A new performance framework is being developed to ensure delivery of the Medium-Term Corporate Plan actions.

Management of key risks

Whilst operating under Business Continuity arrangements the Association continued to actively manage its Business Critical risks which were identified as:

- Ineffective management of COVID-19/Impact of Stakeholders
- Due to an unfit ICT platform, the business delivers poor service leading to low customer satisfaction, cost inefficiencies and statutory intervention.
- Business Data (stock and non-stock) is not maintained in one source location
- Ineffective governance framework to deliver regulatory standards.
- Poor standard of management and leadership unable to adapt to a changing financial and regulatory operating environment.
- Material change in the environment adversely impacting upon the key assumptions within the Financial Plan:
    - Rent collection
    - Dowry payment
    - Efficiency gains.
- Inability to deliver efficiencies through VfM to meet Regulatory Standards and deliver Trivallis Vision and Strategy.
- Defective design and construction of new build properties

Key Performance Indicators

Trivallis operated under its Business Continuity Plan for the entirety of 2020/21 and as a result amended its Performance Indicators to reflect the operating environment.

The results for 2020/21 are shown in the table below:

Performance Indicator	**2020/21 Actual**
Customers	
Customer Satisfaction with repairs as at Q1 20/21	93.52%
Calls answered	94.56%
Calls resolved at first contact	75.59%
Calls received	70368
Percentage of calls answered	93.76%
Number of unique website hits	57,460

Homes & Communities	
Emergency Repairs completed on time	92.12%
Repairs we complete at first visit	85%
Statutory Compliance	99.3%
Non Statutory Compliance	97.47%
Homes let during the year	759
Number of tenants moved out of their homes	838
New Voids	493
Number of voids at year end	301
No of ASB incidents resolved	740
No of ASB cases reported	852
Sustainable Future	
Cash collected	99.12%
Number of new homes built	34
Number of tenants paying by direct debit	4610
Number of tenants helped to save money	1543
Additional income gained for tenants through money advice team	£2,243,191
Covenant compliance	Compliant

Future Financial Performance

The financial plan for the period 2021-51 has been approved by the Board. The Association's financial plan demonstrates the capacity to deliver the aspirations of the Association.

In reviewing the financial results and the forecasts, the Welsh Government has assessed that the Organisation meets viability requirements and has the financial capacity to deal with scenarios appropriately. Therefore, the Regulatory Judgement published in July 2019 provides a standard Financial Viability judgement. The Welsh Government did not undertake full Regulatory Judgements during 2020/21.

Key Accounting Policies

The principal accounting policies are set out in Note 1 to the financial statements.

Going Concern

The Board have a reasonable expectation that the Group and Company will continue to generate sufficient resources to meet the liabilities as they fall due and have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in presenting the financial statements.

Statement of Compliance

It is considered to be best practice for Registered Social Housing Providers with more than 5,000 units in management at the balance sheet date to publish a Strategic Report.

Approved by the Board and signed on its behalf by:

Jonathan Huish
Chair of the Board **15 July 2021**

Board Report

The Board is pleased to present its Board Report and Financial Statements for the Group for the year ended 31 March 2021.

Performance for the year

The Board reports a surplus for the year before actuarial gains/(losses) of £9.5 million (2020: £4.9 million) as shown in the Statement of Comprehensive Income. As at 31 March 2021 there are net assets of £98.7 million (2020: £92.6 million) as shown in the Statement of Financial Position.

During the year the Association spent £24.8 million (2020: £26.8 million) on reactive and cyclical repairs, planned repairs, improvement of housing properties and new development.

The cashflow statement shows an increase in cash of £11 million (2020: increase of £5 million).

Board and Senior Executives

The day-to-day operations of the business are managed through the Chief Executive and two Directorates:

- The **Chief Executive** who heads the Group and oversees the two Directorates;
- The **Executive Director of Resources** & Innovation who is responsible for the Corporate Functions including Finance, IT, Governance, HR, Innovation, Business Improvement, Income Management, Procurement and Corporate Health & Safety.
- The **Executive Director of Communities** who is responsible for the Operational functions including Customer & Community Engagement, Neighbourhood Management, Reactive Repairs, Void Property Management, Planned Maintenance, Asset Management, Estate Management, Development and Regeneration.
- The Executive Directors are supported by Seven Corporate Directors.

Board and Governance Structure

The Organisation has adopted the Community Housing Cymru's (CHC) Code of Governance 2015. The Board is pleased to report that we comply with the principal recommendations of the Code. The Welsh Government Regulatory Judgement published in July 2019 provides a standard judgement for both Financial Viability and Governance and Service delivery.
The Board approves the strategic direction and business plan for the Group and receives an annual performance report on progress made and the key successes and challenges.

All members of the Board (who are detailed on page 3) served throughout the year unless otherwise indicated. Other than the Chair of the Board, the members of the Board receive no remuneration and the Executive Management Team do not hold any interest in the Group, acting only within the authority delegated to them by the Board.

The Group Structure is explained on page 5.

The overall purpose of the Board is to direct Trivallis' affairs in accordance with its objects and rules and ensure its functions are properly performed. Each Group Board Member supports the Group board in ensuring the success of Trivallis in meeting its corporate plan objectives and gaining assurance that the Group complies with all legal, regulatory and funder obligations. Along with the Executive Leadership Team, Board Members lead strategic thinking and future planning, setting the strategic direction of the Group. Board provide guidance in relation to the Group's affairs with executive management responsibility delegated through the Chief Executive. All activities are governed by the Scheme of Delegations and Standing Orders which are reviewed and approved regularly.

The current committee structure supporting the work of Trivallis is:

The ***Assurance Committee*** is a Committee of the Trivallis Group Board, ensuring that Trivallis complies with all regulatory and statutory requirements relevant to the Committee's remit and has due regard to good practice. It oversees the systems of internal control, health and safety, the external audit function and the internal audit function for the Group. The Committee's primary role is to ensure that these functions are effective, robust and that risk is effectively managed by the group. The Assurance Committee will ensure that where it identifies a risk in an area that is the functional responsibility of another Committee or Board that it highlights the issue to that Board or Committee

The ***People Committee*** is a Committee of the Trivallis Group Board and is responsible for matters relating to ensuring that people are at the centre of all our decision making. Ensuring that Trivallis complies with all regulatory requirements, all statutory requirements relevant to the Committee's remit and has due regard to good practice. The Committee also oversees the remuneration of staff and Board and Committee members within the Group and has responsibility for monitoring, regulating and recommending to the Trivallis Board, Group-wide remuneration and HR and equality and diversity policies for approval in order that the Group fulfils its responsibilities as an employer.

In addition to the Committees the Group has a Scrutiny Panel and Customer Involvement Network that represents the views of Trivallis' membership and all tenants, working in close partnership with the Board to achieve the aims and objectives of Trivallis. These Group's work with staff to develop effective services that underpin Trivallis' objectives.

Statement of Board's responsibilities in respect of the Strategic Report, the Board Report and the Financial Statements

The directors are responsible for preparing the Annual Report and the Group and Association financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs of the Group and the Association and of the income and expenditure of the Group and the Association for that period.

In preparing each of the Group and the Association financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- assess the Group and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Association or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Association and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Board Member Skills, Qualities and Experience

The Board must have a wide range of skills and experience to carry out its defined role. This includes the ability to understand the impact of the Group's work on local communities and stakeholders. It requires Members to work together and a high level of commitment in order to achieve shared goals.

Board Members should all possess the qualities required to make decisions and monitor the Group's performance. The Board will include experience of the following to enable it to discharge it responsibilities effectively:

- Housing needs;
- Management (including the management of staff and of property);
- Finance;
- Community relations and needs;
- Public presentations; and
- Tenant issues and concerns.

All Board Members are appointed because of their commitment to the aims and objectives of the Group. They are not appointed to represent any particular group.

Internal Control

Under the Housing for Wales Circular RSL 02/10, the Welsh Government requires that Registered Social Landlords (RSLs) report on internal controls.

The Board acknowledges that it is ultimately responsible for ensuring that the Group has in place a system of internal control and risk management that is appropriate to the business environment in which it operates; and for reviewing the effectiveness of the system during the year. The system of control is designed to identify and manage - rather than eliminate - risks that may stop the Group from achieving its objectives. It gives reasonable, rather than absolute, assurance against material misstatement or loss.

Through the Assurance Committee, the Board reviews the effectiveness of the systems of internal control by approving the work programme for internal audit (reflecting the main risks identified in the Risk Register); and reviewing the outcome of internal and external audit work and acting on the recommendations as appropriate.

In addition, the Board and Committees receive regular reports from the executive on performance and governance matters. The process followed to identify, evaluate, mitigate and manage significant risks faced by Trivallis is on-going and continues to be developed.

The key elements of the system of internal control ensure that:

- There are formal policies and procedures in place, which are regularly reviewed. These include documentation relating to delegated authorities to committees, executive directors and staff; and key information systems that physically restrict the unauthorised commitment and/or use of Trivallis' assets.
- Budgets and forecasts with key performance indicators are prepared and reviewed regularly, allowing the Board to monitor the main business risks and financial performance against the operational and financial plans set for the current year, plus the medium and long-term. Management accounts are produced monthly with material variances from budgets investigated and reported as appropriate.
- Experienced and suitably qualified staff are employed and their performance is monitored through an annual appraisal system and regular one-to-one meetings.
- Directors report quarterly to the Assurance Committee on any items that potentially impact internal controls and their effectiveness.
- All significant new initiatives, major commitments, and new investments are subject to formal authorisation procedures in accordance with the Scheme of Delegation.
- The Assurance Committee reviews reports from management, the internal auditor, and external auditor, to get reasonable assurance that control procedures are in place and are being followed. Corrective action is taken to rectify weaknesses identified and is reported to the Board and/or committees on a regular basis.
- The Board and Committees look at continuous improvement programmes for the main business areas and review the progress of the implementation of major operational changes identified in operational plans.
- The Board has developed a risk appetite statement that provides the executive and senior management teams a clear framework within which they can operate, allowing innovation in business development whilst ensuring executive governance remains a priority.

The Board has formally reviewed the effectiveness of risk management and internal controls in existence in the Group for the year ended 31 March 2021. All controls that were financial in nature were deemed to be effective.

The internal controls framework has been regularly reviewed and strengthened and a full internal control framework is in place in accordance with the Welsh Government's circular RSL 02/10 and best practice from within the sector.

Directors' Liabilities

The Group maintains indemnity cover, subject to the conditions set out in Section 234 of the Companies Act 2006, protecting all Board, committee or staff members or volunteers from claims made against them in their capacity as representatives of the Group.

Employees

The strength of the Group lies in the quality and commitment of its employees. The Group's ability to meet its objectives and commitments to tenants in an efficient and effective manner depends on the contribution of employees throughout the Group.

Trivallis is committed to equal opportunities for all its employees and supports the employment of disabled people. We support a range of health and wellbeing initiatives, which are led by a cross section of staff employed by the Group.

Modern Slavery Act

The Board has approved a Modern Slavery Act Transparency Statement in compliance with section 54 of the Modern Slavery Act 2015 which is available on the Group's website.

Disclosure of Information to Auditors

The Board confirm that, as far as we are aware, there is no relevant audit information of which the Group's auditor is unaware. The Board also confirms that we have taken all the steps that we ought to have taken to make ourselves aware of any relevant information, and to establish that the auditor of Trivallis and its subsidiaries, Porthcwlis Limited and Bellerophon (Project 1) LLP is aware of that information.

Approved by the Board and signed on its behalf by:

Jonathan Huish
Chair of the Board **15 July 2021**

INDEPENDENT AUDITORS' REPORT TO THE BOARD

Year end 31 March 2021

Opinion

We have audited the financial statements of Trivallis Limited (the 'Association ') for the year ended 31 March 2021 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cashflow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the association and the group's affairs as at 31 March 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-Operative and Community Benefit Societies (Group Accounts) Act 2014, schedule 1 to the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinion on the matters prescribed under Housing Association Circular RSL 02/10 "Internal controls and reporting"

In our opinion, with respect to the Board's statement on internal financial control:

- the Board has provided the disclosures required by the Circular and the statement is not inconsistent with the information of which we are aware from our audit work on the financial statements.

The impact of uncertainties on our audit owing to COVID -19

The Boards' view on the impact of COVID-19 is disclosed on page 8.

Uncertainties related to the effects of COVID-19 are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability and valuation of assets, appropriateness of the going concern basis of preparation of the financial statements and associated disclosures. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

The COVID-19 viral pandemic is one of the most significant economic events for the UK, and at the date of this report, its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We have applied a standardised approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to the COVID-19 pandemic.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Act requires us to report to you if, in our opinion:

- the Association has not kept proper books of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirements of the legislation; or
- the revenue account, any other accounts to which our report relates, and the balance sheet are not in agreement with the Association 's books of account; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on page 15, the Boards 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 Boards 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 Boards is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Boards either intends to liquidate the Association or to cease operations, or has 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our planning procedures identify the legal and regulatory frameworks applicable to the operations and financial statements of the company. These are reviewed internally with the audit team including relevant industry experience and expectations as well as externally with the client management. The key laws and regulations we considered in this context were; Financial Report Standard (FRS) 102, Co-Operative and Community Benefit Societies Act 2014, Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015.

Once identified, we assess the risks of material misstatements in relation to the laws and regulations, irregularities, including fraud and adjust our testing accordingly. Our audit procedures include:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but, except to the extent otherwise explicitly stated in our report, not for the purpose of expressing an opinion on the effectiveness of the Association’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Boards.

- Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Despite the audit being planned and conducted in accordance with ISAs (UK) there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to inherent limitations of the audit, and that by their very nature, any such instances of fraud or irregularities likely involve collusion, forgery, intentional misrepresentation, or the override of internal controls.

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

Auditor's responsibilities in respect of the Housing Association Circular RSL 02/10 "Internal controls and reporting"

We review whether the Board's statement on internal financial control reflects the Association's compliance with the Housing Association Circular RSL 02/10 "Internal controls and reporting" and we report whether the statement is not inconsistent with the information of which we are aware from our audit of the financial statements. We are not required to form an opinion on the effectiveness of the Association's corporate governance procedures or its internal financial control.

Use of Report

This report is made solely to the Association's Boards, as a body, in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the accounting requirements for Registered Social Landlords General Determination (Wales) 2015. Our audit work has been undertaken so that we might state to the Association's Boards 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 Boards as a body, for our audit work, for this report, or for the opinions we have formed.

Clive Edwards
For and on behalf of Haines Watts Wales LLP
Statutory Auditor

7 Neptune Court
Vanguard Way
Cardiff
CF24 5PJ

Date:

Income Statements for the Year
1 April 2020 to 31 March 2021

	Note	*Group* 2021 £'000	*Group* 2020 £'000	*Association* 2021 £'000	*Association* 2020 £'000
TURNOVER	2	56,730	56,139	56,709	56,115
Less: operating costs	2	(44,707)	(49,488)	(44,707)	(49,452)
OPERATING SURPLUS		12,022	6,651	12,002	6,663
Loss on revaluation of Investment properties	12	923	(145)	923	(145)
Dividend Income		-	69	86	69
Surplus on sale of fixed assets	3	295	2,050	295	2,050
Interest receivable and similar income	4	12	47	12	47
Interest payable and similar charges	5	(3,734)	(3,727)	(3,734)	(3,727)
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAX		9,518	4,944	9,584	4,956
Taxation on surplus on ordinary activities	7	-	-	-	-
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION		9,518	4,944	9,584	4,956
Re-measurement (loss)/gain recognised on defined benefit pension schemes		(2,810)	(3,920)	(2,810)	(3,920)
Total comprehensive income for the year		6,709	1,024	6,774	1,036
Total comprehensive income for the year attributable to:					
Association (parent company)		6,707	1,022	6,774	1,036
Non-controlling interests		2	2	-	-
Total comprehensive income for the year		6,709	1,024	6,774	1,036

The Group and the Association's turnover and expenses all relate to continuing operations.

The financial statements on pages 25 to 64 were approved by the Board on **15 July 2021** and signed on its behalf by

Jonathan Huish	**Paul Mee**	**Alison Yandall**
Chair of the Board	**Chair of Assurance Committee**	**Deputy Company Secretary**
15 July 2021	**15 July 2021**	**15 July 2021**

Group Statement of Changes in Reserves
1 April 2020 to 31 March 2021

	Share capital £'000	Income & expenditure account £'000	Total excluding non-controlling interest £'000	Non-controlling interest £'000	Total £'000
At 1 April 2019	**5**	**91,067**	**91,072**	**(69)**	**91,003**
Total comprehensive income					
Surplus for the year	-	4,942	4,942	2	4,944
Re-measurement loss recognised on defined benefit pension schemes	-	(3,920)	(3,920)	-	(3,920)
Cancelled Shared Capital	(3)		(3)		
Total comprehensive income	**(3)**	**1,022**	**1,019**	**2**	**1,021**
At 31 March 2020	**2**	**92,089**	**92,091**	**(67)**	**91,024**
At 1 April 2020	**2**	**92,089**	**92,091**	**(67)**	**92,024**
Total comprehensive income					
Surplus for the year	-	9,516	9,516	2	9,518
Re-measurement loss recognised on defined benefit pension schemes	-	(2,810)	(2,810)	-	(2,810)
Total comprehensive income	**-**	**6,707**	**6,707**	**2**	**6,709**
At 31 March 2021	**2**	**98,796**	**98,798**	**(65)**	**98,733**

Association Statement of Changes in Reserves
1 April 2020 to 31 March 2021

	Share capital £'000	Income & expenditure account £'000	Total £'000
At 1 April 2019	**5**	**91,587**	**91,592**
Total comprehensive income			
Surplus for the year	-	4,956	4,956
Re-measurement loss recognised on defined benefit pension schemes	-	(3,920)	(3,920)
Cancelled Shared Capital	(3)		(3)
Total comprehensive income	**(3)**	**1,036**	**1,033**
At 31 March 2020	**2**	**92,623**	**92,625**
At 1 April 2020	**2**	**92,623**	**92,625**
Total comprehensive income			
Surplus for the year	-	9,583	9,583
Re-measurement loss recognised on defined benefit pension schemes	-	(2,810)	(2,810)
Total comprehensive income	**-**	**6,774**	**6,774**
At 31 March 2021	**2**	**99,397**	**99,399**

Jonathan Huish
Chair of the Board

15 July 2021

Paul Mee
Chair of Assurance Committee
15 July 2021

Alison Yandall
Deputy Company Secretary

15 July 2021

Statements of Financial Position at 31 March 2021

	Note	Group 2021 £'000	Group 2020 £'000	Association 2021 £'000	Association 2020 £'000
Intangible fixed assets	8	894	690	894	690
Property, plant and equipment					
Housing properties	9	174,053	170,697	174,053	170,697
Other tangible fixed assets	10	4,316	4,589	4,316	4,589
Investment in subsidiaries	11	-	-	50	240
Investment properties	12	7,132	6,208	7,132	6,208
		186,395	182,185	186,445	182,185
CURRENT ASSETS					
Stock	13	279	214	279	214
Trade and other debtors	14	3,707	4,192	3,696	3,917
Cash at bank and in hand		19,236	8,264	19,234	8,220
		23,222	12,670	23,209	12,351
Creditors: Amounts falling due within one year	15	(7,303)	(7,573)	(7,292)	(7,535)
Net current assets/(liabilities)		15,919	5,097	15,916	4,816
TOTAL ASSETS LESS CURRENT LIABILITIES		202,314	187,281	202,361	187,241
Creditors: Amounts falling due after more than one year	16	(84,806)	(81,577)	(84,186)	(80,936)
Provisions for liabilities and charges	17	(718)	(803)	(718)	(803)
LGPS pension liabilities	24	(18,057)	(12,877)	(18,057)	(12,877)
NET ASSETS		98,733	92,024	99,401	92,625
CAPITAL AND RESERVES					
Share capital		2	2	2	2
Income and expenditure account		98,796	92,089	99,398	92,623
Non-controlling interest		(65)	(67)	-	-
TOTAL RESERVES		98,733	92,024	99,401	92,625

The financial statements on pages 25 to 64 were approved by the Board on 15 July 2021 and signed on its behalf by

Jonathan VHuish

Jonathan Huish
Chair of the Board
15 July 2021

Paul Mee
Chair of Assurance Committee
15 July 2021

A. Yandall

Alison Yandall
Deputy Company Secretary
15 July 2021

Group Cash Flow Statement for the Year
1 April 2020 to 31 March 2021

		2021		2020	
	Note	£'000	£'000	£'000	£'000
Net cash generated from operating activities	21		23,172		17,289
Tax paid			-		-
Cash flow from investing activities					
Interest received		12		47	
Purchase of social housing properties		(12,137)		(13,438)	
Purchase of investment properties		-		-	
Other tangible fixed assets		(43)		(68)	
Payments to acquire intangible fixed assets		(376)		(296)	
Receipt of non-revenue government grants		3,532		2,724	
Proceeds from sales of tangible fixed assets		318		2,345	
Net cash flow from investing activities			(8,695)		(8,687)
Financing activities					
Interest paid		(2,386)		(2,451)	
Drawdown of loan facility		-		-	
Finance lease facility		(870)		(857)	
Repayment of borrowings		(250)		(250)	
Net cash flow from financing activities			(3,506)		(3,558)
Increase/(Decrease) in cash and cash equivalents			10,971		5,044
Cash and cash equivalents at 1 April			8,264		3,220
Cash and cash equivalents at 31 March			19,236		8,264

Cash and cash equivalents comprises cash at bank and at hand.

Association Cash Flow Statement for the Year
1 April 2020 to 31 March 2021

	Note	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Net cash generated from operating activities	21		22,938		17,333
Tax Paid			-		-
Cash flow from investing activities					
Interest received		12		47	
Purchase of social housing properties		(12,137)		(13,438)	
Purchase of investment properties		-		-	
Other tangible fixed assets		(43)		(68)	
Payments to acquire intangible fixed assets		(376)		(296)	
Receipt of government grants		3,532		2,724	
Proceeds from sales of tangible fixed assets		318		2,345	
Redepmtion of Shares/ Dividend Income		276		69	
Net cash flow from investing activities			(8,418)		(8,618)
Financing activities					
Interest paid		(2,386)		(2,498)	
Drawdown of loan facility		-		-	
Finance lease facility		(870)		(857)	
Repayment of borrowings		(250)		(250)	
Net cash flow from financing activities			(3,506)		(3,605)
Increase/(Decrease) in cash and cash equivalents			11,014		5,110
Cash and cash equivalents at 1 April			8,220		3,110
Cash and cash equivalents at 31 March			19,234		8,220

Cash and cash equivalents comprises cash at bank and at hand.

Notes to the Financial Statements for the Year 1 April 2020 to 31 March 2021

1. Accounting policies

Statement of compliance

Trivallis is a registered society under Co-operative and Community Benefit Societies Act 2014 incorporated in Wales. Its registered office address is at page 4.

The financial statements have been prepared in accordance with The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as it applies to the financial statements of the Group for the year ended 31 March 2020. The financial statements comply with the Statement of Recommended Practice "Accounting by Registered Social Housing Providers" effective from 1 January 2019 ("the 2018 SORP") and The Accounting Requirements for Social Landlords General Determination (Wales) 2015.

The Board believe that Trivallis is a Public Benefit Entity as defined by FRS 102. A Public Benefit Entity is an entity whose primary objective is to provide goods or services for the general public, community or social benefits and where any equity is provided with a view to supporting the entity's primary objectives rather than with a view to producing a financial return to equity providers, shareholders or members.

Basis of Preparation

The financial statements of Trivallis were approved by the Board on 15 July 2021. As outlined in the Board Report, the financial statements have been prepared in accordance with applicable accounting standards and on a Going Concern basis.

The financial statements are prepared in Sterling which is the functional currency of the Group and rounded to the nearest £'000.

Basis of Consolidation

The Group financial statements consolidate the financial statements of Trivallis and its subsidiaries at 31 March each year.

Subsidiaries are consolidated from the date of acquisition. This is the date upon which the Group achieves control. This is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries continue to be consolidated until the Group ceases to have control, with any minority interest of other shareholders removed in accordance with FRS102.

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

Entities other than subsidiary undertakings or joint ventures in which the Group has a participating interest and where the Group exerts significant influence are treated as associate companies and are accounted for using the equity method.

In the Association's financial statements, investments in associates, joint ventures and subsidiaries are accounted for at cost less impairment.

Critical Accounting Estimates and Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenditure during the year. The Group based its estimates and assumptions on parameters available at the time the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market circumstances, legislation or other circumstances beyond the Group's control. Such changes are reflected in the assumptions and estimates when they occur.

The following judgements have had the most significant effect on amounts recognised in the financial statements.

Estimated useful lives of property, plant and equipment

At the date of capitalising tangible fixed assets, the Group estimates the useful life of the asset based upon management's judgement and experience. Due to the significance of capital investment to the Group, variances between actual and estimated economic lives could affect the Group's result positively or negatively.

Impairment of non-financial assets

An annual review for indicators of impairment to housing properties is carried out and, if appropriate, an annual impairment review in accordance with FRS 102 (S27) and the 2014 SORP is undertaken. Where there is impairment, fixed assets are written down to their recoverable amount and the write down is charged to the Income & Expenditure Account.

Provisions

The estimate of the amount of the provision corresponds to the expenditure likely to be incurred by the Group to settle its obligation. If a reliable estimate cannot be made of the amount of the obligation, no provision is recorded and the obligation is deemed to be a contingent liability. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of the provisions within the next financial year as follows:

- Short term employment benefits – the cost of employees' entitlement to outstanding leave at the balance sheet date.
- Insurance claims - the number of claims outstanding and estimates of settlement costs.
- Leased vehicles – frequency of accidental damage.
- Environmental warranty – changes to the interest rate applied to the provision calculation or the underlying cost of the potential liability.

Defined benefit pension scheme

Trivallis employees are eligible to join the Rhondda Cynon Taff County Borough Council Pension fund which is a local government scheme. This is a fully defined benefit scheme. The Group's defined benefit pension scheme's asset or liability, which is assessed each period by actuaries, is based upon key assumptions including discount rates, mortality rates, inflation, future salary costs and future pension costs. These assumptions individually or collectively may vary from actual outcomes. See note 24 for details.

Taxation and deferred taxation

Whilst Trivallis is treated as charitable for tax purposes, non-charitable activities are undertaken in Bellerophon (Project 1) LLP. This creates a Group taxation charge and at each financial year end, judgement is required in determining the provision for Corporation Tax. The Group recognises liabilities for anticipated tax issues based upon the best estimates at the balance sheet date.

Where the final tax outcome of the above is different from the amounts which were initially recorded, such differences will impact the current tax and deferred tax provisions in the year in which such determination is made. The final outcome of these tax items may give rise to material income and expenditure account and cash flow movements.

Intangible Assets – Computer Software

The Group's only intangible assets comprise computer software and associated development costs. This is recognised at cost on acquisition. Computer software is depreciated over five years.

Property, Plant and Equipment

Housing properties cost

Housing Properties classified as property, plant & equipment are those let at a social rent. They are stated at cost less depreciation.

Housing properties are divided into four types. These are:

1. The properties purchased from Rhondda Cynon Taff County Borough Council (RCT Council) on 10 December 2007 were capitalised at nil cost as the works required to bring them up to WHQS and maintain them at that level resulted in a negative valuation derived from the discounted cash flows over 30 years. Subsequent improvements and major works are capitalised at cost to enhance the economic benefit of the asset.
2. Purchased properties where cost is the cost of acquiring the property plus associated fees and works required to bring them into use.
3. New development where new homes are commissioned and built. The development cost of properties includes the following:
    - Cost of land and buildings;
    - Professional fees;

- Management costs directly related to the development scheme;
- Finance charges incurred during the development period are capitalised and added to the cost of completed housing properties based on the Group's net investment and its average borrowing costs during the year; and
- Provision for the cost of work completed but not paid for at the year end.

4. Leasehold properties constructed as a result of the Bellerophon Project 1 LLP transaction. The capital cost of these properties includes the following:
    - Cost of land and buildings;
    - Professional fees;
    - Management costs directly related to the development scheme;
    - Finance charges incurred during the development period are capitalised and added to the cost of completed housing properties based on the directly attributable cost; and
    - Provision for the cost of work completed but not paid for at the year end.

The cost of housing properties includes directly attributable costs in bringing them into working condition for their intended use or developing new properties. Directly attributable costs are defined as: the labour costs of Trivallis employees arising directly from the construction or acquisition of property; and incremental costs that would have been avoided only if individual properties had not been constructed or acquired.

Any abortive costs incurred relating to developments that do not proceed are written off to the Income & Expenditure Account in the year identified as abortive.

Expenditure on existing housing properties is capitalised to the extent that it improves the economic benefit of the asset. Such enhancements can occur if the improvements result in either:

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

Only main elemental improvements that meet these criteria are capitalised and these are depreciated over their estimated elemental life span, on a straight-line basis. Depreciation periods are shown below. All other costs are written off to the Income & Expenditure Account as incurred.

The sale of properties held for rent is shown in the Income & Expenditure Account as surpluses or deficits from the sale of fixed assets.

Depreciation

Freehold land

Freehold land is not depreciated.

Housing properties

Depreciation of buildings, excluding the improvements detailed below, is charged so as to write down the net book value to their estimated residual value on a straight-line basis over their useful economic lives to the business:

- Traditionally built properties are depreciated over 50 years.
- Non-traditional properties are depreciated over 40 years.

Leasehold properties

Leasehold properties are depreciated over the remaining life of the lease at the date the properties are brought into use.

Improvements to housing properties

The main elemental improvements capitalised are depreciated over their estimated elemental life span, on a straight-line basis over the following periods:

Kitchens	15 years	Solar panels	20 years
Bathrooms	25 years	Mains gas supply	50 years
Central heating boilers	15 years	Doors	10 years
Whole house rewires	30 years	Lifts	25 years
New roofs – Houses	50 years	New roofs– Flats	30 years
Windows – Houses	40 years	Windows – Flats	30 years
Non-traditional property improvements	40 years	Door entry systems	20 years

A cost threshold of £1,000 for capitalisation applies, though assets costing less than £1,000 may be grouped and capitalised if appropriate.

Other fixed assets

Depreciation is calculated to write off the cost of the fixed asset on a straight-line basis over its estimated useful life. The rates used are as follows:

Freehold buildings	50 years	Vehicles	4 years
Furniture, fixtures & fittings	10 years	Plant and tools	4 years
Office equipment	5 years	Computer hardware	3 years
Leased property	Over the remaining life of the lease		
Leased office improvements	Over the remaining life of the lease		

Investment properties

Properties held for the purpose of generating revenue or capital appreciation are classified as investment properties and held at fair value with changes in fair value taken directly to the Statement of Comprehensive Income. A desktop valuation is carried out internally using an appropriate BCIS index, with an external valuation being undertaken every four years.

Impairment of Non-financial Assets

An annual review for indicators of impairment to housing properties is carried out and, if appropriate, an annual impairment review in accordance with FRS 102 (S27) and the 2018 SORP is undertaken. The following indicators are used to determine whether impairment exists:

- Annual fall in house price index Jan-Dec in RCT exceeding 2.5%
- 3-month LIBOR above or expected to rise above 7.5%
- Void loss in excess of 5%
- Bad debt loss in excess of 6%
- Reactive maintenance overspend in excess of 10%
- Component write offs in excess of 5% of housing property depreciation
- Actual or forecast covenant breach
- Forecast development overspends in excess of 20% without recourse
- Forecast development handover delays in excess of 6 months without recourse

Where there is impairment, fixed assets are written down to their recoverable amount and the write down is charged to the Income & Expenditure Account.

Cash Generating Units are defined according to the economic characteristics of the underlying assets. Properties transferred at zero from Rhondda Cynon Taff County Borough Council comprise a single cash generating unit. New build properties let at a commercial rent and new build properties let at social rents will comprise separate cash generating units, on a scheme by scheme basis.

Capitalised Finance Charges

Any finance charges directly attributable to the construction of tangible fixed assets are capitalised where material.

Assets Received through Non-exchange Transactions

Assets received through non-exchange transactions (donations and legacies) are included in the Statement of Financial Position at fair value if this exceeds the Group capitalisation threshold.

Assets where the fair value cannot be reliably measured are not recognised in the Statement of Financial Position.

Where there are no future performance related conditions attached to the legacy or donation, the fair value of the asset is taken to income. When future performance related obligations apply the fair value of the assets received is only recognised in income when these are complied with.

Where revenue recognition criteria have not been complied with, the fair value of the asset is treated as deferred income.

Legacies are to be recognised when measurable i.e. when probable or when the estate accounts are settled.

Revenue Recognition

Revenue is recognised to the extent that the Group obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of consideration received excluding discounts, rebates, VAT and other sales taxes or duty.

Where the consideration receivable in cash or cash equivalents is deferred and the arrangement constitutes a financing transaction, the fair value of consideration is measured as the present value of all future receipts using the imputed rate of interest.

Rental and service charge income is stated net of losses from voids.

Income in respect of services provided is recognised when the Group has fulfilled its contractual obligations

Government Grants

Government grants are defined in the 2018 SORP as "Assistance by government in the form of a transfer of resources to the entity in return for past or future compliance with specified conditions relating to the operating activities of the entity". Government means government, government agencies and similar bodies whether local, national or international.

Government grants are recognised when the Group has complied with the required conditions and there is certainty that the grant will be received.

Government grants relating to housing properties held at cost are accounted for using the accrual model and are amortised over the life of the related assets.

The unamortised portion of grants received is held in the statement of financial position separately as deferred grant.

Where grant funded assets are disposed of and there is no requirement to repay the grant, the unamortised portion of the grant is released as income.

Grants repayable are accounted for using management's best estimate of the liability.

In line with the accruals model, revenue related grants are released to the Income and Expenditure account over the period in which the related costs are recognised.

Non-government Grants

Grants received from non-government sources are accounted for using the performance model as follow:

- A grant which does not impose specified future performance requirements on the Group is recognised as revenue when the proceeds are received or receivable.
- A grant which imposes specified future performance related conditions is recognised as revenue only when the performance related conditions are met.
- A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Stocks

Stocks are stated at the lower of cost or net realisable value. Cost includes all costs incurred in bringing each item to its present location and condition. Net realisable value is based upon estimated selling price less any further costs expected to be incurred to completion and disposal.

Financial Instruments

Trivallis has chosen to apply Sections 11 and 12 of FRS 102 in respect of financial instruments. Financial Instruments include items such as trade receivables, trade payables and straightforward bank loans. Bank loans are measured at amortised cost. Trade receivables and payables are classified as current assets or current liabilities and are measured at the undiscounted amount of cash expected to be paid or received.

Short term debtors and creditors

Short term debtors and creditors with no stated interest rate receivable and payable within one year are recorded at transaction price. Any losses from impairment are recognised in the income and expenditure account in other operating expenses.

Financing transactions

Basic financial assets, where the arrangement constitutes a financing transaction, are measured at the present value of the future receipts discounted at a market rate of interest.

Public benefit entity concessionary loans

Public benefit entity loans are loans made or received by a public benefit entity or a member of a public entity group at an interest rate below that prevailing in the market. They are not repayable on demand and are made to further the objectives of the public benefit entity or the public benefit entity parent.

Public benefit entity loans made or received by the Group are recognised in the statement of financial position at the amount paid or received, together with accrued interest. Where a loan is irrecoverable, an impairment loss is recognised in income and expenditure.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity date of three months or less.

Interest bearing loans and borrowings

All interest bearing loans and borrowings which are basic financial instruments are measured initially at fair value, including transaction costs and are measured subsequently at amortised cost using the effective interest rate method.

Leases

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

Assets held under finance leases are recognised initially at fair value of the leased asset (or if lower the present value of the minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and the reduction of the lease obligation so as to achieve a constant rate of return on the remaining balance of the liability. Finance charges are included in interest payable and similar charges in the income and expenditure account. Assets held under finance leases are held in property, plant and equipment and are depreciated over the lesser of the lease term and the assets' useful economic life. They are assessed for impairment losses in the same way as owned assets.

Contingent rentals are recognised as an expense in the period in which they are incurred.

Lease payments under operating leases are charged to the income and expenditure account on a straight-line basis over the lease term.

Lease incentives are recognised over the lease term on a straight-line basis.

Transaction costs relating to assets acquired under finance leases are added to the value of the amount recognised as an asset.

Where material, transaction costs relating to assets acquired under operating leases are recognised as an asset and amortised over the life of the lease.

Provisions for Liabilities

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and also that a reliable estimate can be made of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligations is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as finance cost in the income and expenditure account in the period in which it arises.

Employee Benefits

Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the service is received.

Defined benefit pension scheme

Trivallis is a member of the Local Government Pension Scheme (LGPS), administered by Rhondda Cynon Taff County Borough Council ("RCTCBC"). The LGPS is a funded defined benefit scheme with benefits earned up to 31 March 2014 based upon final salary. Benefits earned after 31 March 2014 are based upon a Career Average Re-valued Earnings Scheme.

The liability recognised in the balance sheet in respect of the defined benefit pension scheme is the present value of the defined benefit obligation less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually, the Group engages independent actuaries to calculate the obligation. The present value is determined by discounting expected future payments using the market yields on high quality corporate bonds

The net interest element is determined by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the income and expenditure account as Interest payable and similar charges.

Actuarial gains and losses arising from experience adjustments are charged to other comprehensive income. These amounts, together with the return on plan assets, less amounts included in net interest payable, are disclosed as re-measurement of net defined benefit liability.

Reporting the Substances of Transactions in Relation to the Improvement of the Properties

The Housing Stock was acquired from RCTCBC on an improved basis, simultaneously entering into a sub-contract (development agreement) to undertake a programme of improvement works on behalf of RCTCBC (known as a VAT Shelter).

FRS 102.2.8 which requires that transactions should be accounted for and presented in accordance with their substance and not merely their legal form, has been applied to the corresponding transactions. Expenditure under the development agreement is therefore accounted for as it is incurred, over 15 years, rather than as a transaction that took place legally on the date of transfer. The VAT on the initial transaction will be recovered over the 15-year period of the Development Agreement.

Taxation

Trivallis is treated as charitable for taxation purposes. This was confirmed by HM Revenue & Customs (HMRC) on 20 November 2007. Consequently, the surpluses derived from primary purpose charitable activities are outside the scope of corporation tax. This treatment is reviewed annually in line with the activities undertaken by Trivallis to ensure the exemption still applies.

Non-primary charitable activities undertaken in Trivallis or its subsidiary companies are subject to corporation tax in line with applicable legislation. The accounting policies applied are as follows:

Current tax

Current taxation is recognised in respect of corporation tax payable in respect of the profits of current or past reporting periods, using the tax rates and laws that have been enacted or are substantively enacted by the reporting date.

Deferred tax

Deferred tax arises in respect of timing differences between taxable profits and accounting profits as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date apart for the following exceptions. Unrelieved tax losses and other deferred tax assets are only recognised to the extent that it is probable that they will be recoverable against the reversal of deferred tax liabilities or other future taxable profits.

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

Value Added Tax (VAT)

Trivallis is registered for VAT and charges VAT on some of its income and is able to recover part of the VAT it pays on expenditure. The financial statements include VAT on expenditure to the extent that it is not recoverable from HMRC. The balance of VAT payable or receivable at the end of the financial year is included as a current liability or asset as appropriate.

Related party transactions

Related parties are identified by the annual disclosure of interests exercise performed. All transactions with related parties are made at arm’s length, on normal commercial terms and the related parties cannot use their position to their advantage.

2. Turnover, operating costs and operating results

Group

Note A

	2021			2020		
	Turnover £'000	Operating costs £'000	Operating surplus £'000	Turnover £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings (Note B)	56,099	(44,633)	11,466	55,051	(49,377)	5,675
Other social housing activities						
Other	-	-	-	-	-	-
Non-social housing activities	630	(74)	556	1,088	(111)	976
Total	56,730	(44,707)	12,022	56,139	(49,488)	6,651

Association

Note A

	2021			2020		
	Turnover £'000	Operating costs £'000	Operating surplus £'000	Turnover £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings (Note B)	56,099	(44,633)	11,466	55,051	(49,377)	5,675
Other social housing activities						
Other	-	-	-	-	-	-
Non-social housing activities	609	(74)	535	1,064	(75)	988
Total	56,709	(44,707)	12,001	56,115	(49,452)	6,663

Government grants taken to income includes £7.3m annual dowry funding from Welsh Government agreed as part of the stock transfer in 2007.

Note B

Group and Association

	General needs £'000	Sheltered housing £'000	Non Social Housing Activities £'000	2021 Total £'000	2020 Total £'000
Income					
Rent receivable	42,901	2,399	609	45,910	45,770
Service charge income	540	973	-	1,513	1,561
Income for support services – Supporting People Grants	748	-	-	748	750
Government and other grants taken to income	8,206	-	-	8,206	7,376
Amortised government grant	145	-	-	145	122
Other social housing income	187	-	-	187	536
Turnover from social housing lettings	**52,727**	**3,373**	**609**	**56,709**	**56,115**
Cost					
Management costs	19,409	753	74	20,237	21,796
Services	1,529	462	-	1,990	2,064
Routine maintenance	9,630	-	-	9,630	11,221
Major repairs expenditure (exc. capital spend)	3,345	-	-	3,345	4,831
Bad debts	352	-	-	352	346
Depreciation of tangible fixed assets	8,764	-	-	8,764	8,687
Depreciation of intangible fixed assets	341	-	-	341	293
Write off of tangible fixed assets	48	-	-	48	214
Operating costs on social housing	**43,418**	**1,215**	**74**	**44,707**	**49,452**
Operating surplus on social housing lettings	**9,309**	**2,158**	**535**	**12,001**	**6,663**
Rent loss due to voids (memorandum note)	**1,659**	**71**	**177**	**1,907**	**1,177**

Operating surplus for the year is after charging:

	Group		Association	
	2021 £’000	**2020 £’000**	**2021 £’000**	**2020 £’000**
Amortisation - intangible assets	171	79	171	79
Depreciation – housing properties	8,618	8,551	8,618	8,551
Depreciation – other assets	316	323	316	323
Write off of tangible fixed assets	48	214	48	214
Auditors remuneration:				
Audit of these financial statements	29	29	29	29
Taxation compliance services	0	-	0	-
Taxation advisory services	0	-	0	-
Other assurance services	-	-	-	-
Operating lease rentals (premises)	80	75	80	75
Operating lease rentals (other)	341	291	341	291

3. Surplus on sale of fixed assets

Group	Vehicles £'000	Housing properties £'000	2021 Total £'000	2020 Total £'000
Proceeds from sale	-	318	318	2,345
Cost of sale	-	(23)	(23)	(295)
Total	**-**	**295**	**295**	**2,050**

Association	Vehicles £'000	Housing properties £'000	2021 Total £'000	2020 Total £'000
Proceeds from sale	-	318	318	2,345
Cost of sale	-	(23)	(23)	(295)
Total	**-**	**295**	**295**	**2,050**

4. Interest receivable and similar income

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Investment income	12	47	12	47

5. Interest payable and similar charges

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Loan interest and fees	3,400	3,544	3,400	3,544
Amortised transaction costs	63	63	63	63
Pension finance costs	270	120	270	120
Total	**3,734**	**3,727**	**3,734**	**3,727**

6. Directors emoluments and staff costs

Directors' emoluments

	Group		Association	
The remuneration paid to the executive directors was:	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Emoluments (including benefits in kind but before pension contributions)	371	503	371	503
Payments to for service of interim directors	0	0	0	0
Termination payments	0	194	0	194
	371	697	**371**	697
Emoluments (excluding pension contributions) paid to the highest paid senior executive	148	186	148	186
Termination payments made to the highest paid senior executive	0	0	0	0

Number of paid directors in the year	3	6	3	6

The Chief Executive was an ordinary member of the Trivallis defined benefit scheme with no enhanced or special terms applied to his membership and Trivallis made no contribution to any individual pension arrangement in respect of the Chief Executive other than LGPS contributions.

Remuneration of £10,000 was paid to the Group Board Chair (Page 3 lists 9 members with 1 vacancy) during the year . They received expenses of £3,104 (2020: £11,312).

The emoluments of Directors, excluding pension contributions, were in the following ranges:

	2021	2020
Full Year	**No.**	**No.**
£Nil*	9	12
£0- £10,000	1	-
£10,001- £20,000	-	-
£20,001- £30,000	-	-
£30,001 - £40,000	-	1
£40,001 - £50,000	-	-
£50,001 - £60,000	-	-
£60,001 - £70,000	-	-
£70,001 - £80,000	-	-
£80,001 - £90,000	-	-
£90,001 - £100,000	-	-
£100,001+	3	5

**These figures relate to board members as detailed on page 3. Executive Directors are not members of the Board.*

Staff costs

	Group		Association	
	2021	**2020**	**2021**	**2020**
Staff costs during the period:	**£'000**	**£'000**	**£'000**	**£'000**
Wages and salaries	14,826	13,962	14,826	13,962
Social security costs	1,322	1,271	1,322	1,271
Other pension costs *(see Note 24)*	4,231	4,726	4,231	1,946
Total staff costs	**20,379**	**19,959**	**20,379**	**17,179**

	Group		Association	
	2021	**2020**	**2021**	**2020**
	No.	**No.**	**No.**	**No.**

The average monthly number of staff – full time equivalent, comprising:	456	505	456	505
Central Support Services, encompassing:	0	0	0	0
Finance, HR, Corporate Service and Administration	94	108	94	108
Investment and Regeneration	42	37	42	37
Housing	232	269	232	269
Operatives	88	91	88	91
Total	**456**	**505**	**456**	**505**
Staff employed at year end - full time equivalent	394	445	394	445

7. Group Taxation

	2021 £'000	2020 £'000
Current tax		
UK corporation tax	-	-
Adjustment in respect of previous period	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Adj prev periods	-	-
Tax on surplus for the period	-	-

	2021 £'000	2020 £'000
Reconciliation of effective rate		
Surplus on ordinary activities before tax	12,001	6,663
Profit multiplied by current rate of tax of 19% (2017: 20%)	2,280	1,266
Effects of	**0**	**0**
Changes in tax rates	0	0
Adjustment in respect of previous period	-	-
Non-taxable surpluses (due to Charitable status)	(2,280)	(1,266)
Total current tax charge	-	-

8. Intangible Fixed Assets

Group & Association

	2021 Software £'000	2020 Total £'000
Cost		
At beginning of year	1,913	1,617
Additions during year	376	296
Disposals during year	-	-
At end of year	2,289	1,913
Depreciation		
At beginning of year	1,224	1,116

Charge for year	171	107
Depreciation on disposals	-	-
At end of year	1,395	1,224
Net book value		
At end of year	894	690
At beginning of year	690	501

9. Group and Association Tangible Fixed Assets – Housing & other Properties

Group & Association

	Housing properties held for letting	Housing properties in the course of construction	2021 Total	2020 Total
Cost	**£'000**	**£'000**	**£'000**	**£'000**
At beginning of year	223,186	5,598	228,784	216,220
Additions during year	7,516	4,569	12,085	13,438
Transferred to letting	4,742	(4,742)	-	-
Transferred to investment property	-	-	-	-
Disposals during year	(251)	-	(251)	(874)
At end of year	**235,193**	**5,425**	**240,618**	**228,784**
Depreciation				
At beginning of year	58,087	-	58,087	49,858
Charge for year	8,618	-	8,618	8,551
Depreciation on disposals	(140)	-	(140)	(322)
At end of year	**66,566**	**-**	**66,566**	**58,087**
Net book value				
At end of year	**166,628**	**5,425**	**174,053**	**170,697**
At beginning of year	**165,099**	**5,598**	**170,697**	**166,362**

The net book value of housing properties held for letting includes £10.8m (2020: £11.2m) held under a finance lease arrangement, as disclosed in note 16.

Lloyds banking group have a fixed and floating charge over the remaining £155.9m (2020: £153.9m) as disclosed in note 16.

Additions to housing properties held for letting includes £7.5m (2020: £9.3m) of capitalised major repairs and component replacements. There has been no impairment of properties during the year

Number of Units in General Management	2021 No.	2020 No.
General needs	10,105	10,066
Leased	639	638
Garages	1,687	1,687
Retail premises	54	52
Market Rent	52	52
Properties managed by Trivallis	2	2
Total	**12,539**	**12,497**

10. Tangible Fixed Assets – Other

Group	Office premises	Scheme equipment	Vehicles & office equipment	2021 Total	2020 Total
Cost	£'000	£'000	£'000	£'000	£'000
At beginning of year	5,472	799	2,751	9,021	8,954
Additions during year	-	-	43	43	68
Transferred from Investment properties	-	-	-	-	-
Disposals during year	-	-	2	2	-
At end of year	5,472	799	2,796	9,066	9,022
Depreciation					
At beginning of year	1,476	356	2,603	4,434	4,111
Charge for year	107	39	169	316	323
Depreciation on disposals	-	-	-	-	-
At end of year	1,583	395	2,773	4,750	4,434
Net Book Value					
At end of year	3,889	404	23	4,316	4,588
At beginning of year	3,996	443	148	4,587	4,843

Association

Cost	Office premises £'000	Scheme equipment £'000	Vehicles & office equipment £'000	2021 Total £'000	2020 Total £'000
At beginning of year	5,472	799	2,751	9,021	8,954
Additions during year	-	-	43	43	68
Transferred from Investment properties	-	-	-	-	-
Disposals during year	-	-	2	2	-
At end of year	5,472	799	2,797	9,066	9,022
Depreciation					
At beginning of year	1,476	356	2,603	4,434	3,786
Charge for year	107	39	169	316	323
Depreciation on disposals	-	-	-	-	-
At end of year	1,583	395	2,773	4,750	4,109
Net Book Value					
At end of year	3,889	404	24	4,316	4,588
At beginning of year	3,996	443	148	4,588	4,843

11. Investments

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Igloo - Protected cell company	-	-	-	190
Porthcwlis Limited	-	-	50	50
	-	-	50	240

12. Investment Properties

Group & Association

	2021 £'000	2020 £'000
At beginning of year	6,209	6,354
Additions	-	-
Transferred to Tangible fixed Assets - Other	-	-
Disposals	-	-
(Loss)/Surplus on revaluation	923	(145)
At end of year	7,132	6,209

Investment properties with a value of £5.4m (2020 £5.1m) are held under a finance lease arrangement as disclosed in note 16.
Investment properties with a value of £1.7m (2020 £1.2m) are secured against a loan with RCTBC as disclosed in note 16.

13. Stock

Analysis of stock held:

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Maintenance consumables	279	214	279	214
Total	279	214	279	214

14. Debtors

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Amounts due within one year				
Arrears of rent	3,561	3,388	3,561	3,388
Less: Provision for bad and doubtful debts	(2,432)	(2,131)	(2,432)	(2,131)
	1,129	1,257	1,129	1,257
Staff car loans and other staff advances	7	29	7	29
Intercompany	-	-	-	-
Other debtors and prepayments	2,227	2,636	2,215	2,361
Total	**3,363**	**3,922**	**3,352**	**3,647**
Amounts due after one year	-	-	-	-
Arrears of rent	420	339	420	339
Less: Provision for bad and doubtful debts	(76)	(69)	(76)	(69)
Total	344	270	344	270
Total Debtors	**3,707**	**4,192**	**3,696**	**3,917**

15. Creditors: Amounts Falling Due Within One Year

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Maintenance and other supplies	3,801	4,528	3,801	4,528
Capital expenditure on housing properties	822	683	822	683
Loan interest	782	758	782	758
Accruals and deferred income	344	383	323	334
Prepayments of rents and service charges	1,165	847	1,165	847
Salary and other employee costs	-	26	-	26
Unamortised government grants	145	105	145	105

Intercompany	-	-	11	11
Bank loans due within one year	-	-	-	-
Other loan finance due within one year	244	244	244	244
Corporation tax	-	-	-	-
Deferred tax	-	-	-	-
Total	**7,303**	**7,573**	**7,292**	**7,535**

Government Grants – Group and Association

	2021 £'000	2020 £'000
At beginning of year	123	141
Transfer from creditors: Amounts due after one year	145	105
Amortisation of grant	(145)	(122)
At end of year	**123**	**123**

16. Creditors: Amounts Falling Due Within One Year

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Bank loans	49,178	49,129	49,178	49,129
Other loans	4,278	4,223	4,278	4,223
Other creditors	-	-	-	-
Finance leases	17,659	17,848	17,659	17,848
Deferred income	621	641	-	-
Unamortised government grants	13,215	9,736	13,215	9,736
	84,951	81,577	84,331	80,936
Analysis of debt:				
Non instalment debts falling due after more than 5 years	49,178	49,129	49,178	49,129
Debt instalments falling due after more than 5 years	20,638	21,070	20,638	21,070

Government Grants – Group and Association

	2021 £'000	2020 £'000
At beginning of year	9,736	7,117
Transfer to creditors: Amounts due within one year	(145)	(105)
Grant received	3,624	2,724
At end of year	**13,215**	**9,736**

Bank Loans

A loan facility of £80 million has been arranged with Lloyds Bank to enable Trivallis to undertake a major improvement programme to our housing stock. The unamortised value of £49 million (2020: £49 million) of this facility had been drawn down at the year end. Transaction costs of £822,000 (2020: £822,000) in respect of the loan facility remain unamortised at the balance sheet date.

There are four embedded interest rate swaps in place at the year end in respect of these borrowings, each maturing in twenty years from the issue date:

1. £5 million 1 October 2010 at 4.875% plus margin
2. £15 million 3 October 2011 at 4.825% plus margin
3. £10 million 1 October 2012 at 4.795% plus margin
4. £20 million 18 December 2018 at 1.87% plus margin

These loans are secured through the Prudential acting as Security Trustee on all the housing stock as described in note 9. There is a floating charge over all the housing stock.

A loan of £5.3 million has been arranged with RCTCBC to enable the purchase of an office building for own use and as an investment. The loan is repayable by instalments over 10 years. The value outstanding as at 31 March 2021 was £4.5 million (2020 £4.5 million). The loan attracts interest at a fixed rate of 3.74%. This loan is secured against the office building purchased as disclosed in notes 11 and 12.

In September 2020 Trivallis applied for and was successful in obtaining an interest free loan via the Land for Housing Scheme 2020-21. This was for the pending Graig Ddu development and the amount borrowed was £300,000, and this remains outstanding as at 31 March 2021. The entire loan must be repaid on the earliest of:

a. the issue of a certificate of practical completion of last unit in the housing development
b. the fifth anniversary of the purchase of the land

The other creditors above relate to a development agreement to develop properties that will then be subject to a lease arrangement once completed. Funds are received by M&G in order to facilitate the development of housing properties, which are situated on land that is leased from the funder.

The finance lease obligation relates to the units described above that have handed over into management. Units developed include assets for social and market rent and are included in notes 10 and 12. The lease payments include annual increments linked to RPI and details of minimum lease payments are given in note 20.

17. Provisions for Liabilities and Charges

Group and Association	Insurance claims £'000	Leased vehicles £'000	Short Term Employment Benefits £'000	Total £'000
Opening balance at 1 April 2020	230	273	300	802
Released unused	(50)	(146)	-	(196)
Provision utilised	-	(120)	-	(120)
New provision made	80	61	91	232
Closing balance at 31 March 2021	**260**	**67**	**391**	**718**

Short term employment benefits-the cost of employees' entitlement to outstanding leave at the balance sheet date.

Insurance claims- money set aside to cover the excess value of outstanding insurance claims;

Leased vehicles- to cover damage to leased vehicles at the end of the lease term;

18. Financial Instruments

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Financial assets that are equity instruments measured at cost less impairment	-	-	-	-
Investment in subsidiary companies	-	0	50	240
Financial instruments that are debt instruments measured at amortised cost	-	0	0	0
Other debtors	2,138	2,802	2,138	2,527
Financial liabilities measures at amortised cost	-	-	-	-
Bank loan	49,178	49,129	49,178	49,129
Other loans	4,523	4,466	4,523	4,466
Finance leases	17,659	17,848	17,659	17,848
Trade creditors	4,623	5,211	4,623	5,211
Other creditors	-	26	11	37

Other debtors relates to the cash value of Debtors less the accounting adjustment for prepayments.

The bank loan is stated at amortised cost and is the total of amounts falling due within 1 year of £nil (2020: £nil) and amounts due after 5 years of £49 million (2020: £49 million).

Other loans relate to the loan secured with RCTBC to fund the purchase of an office building.

The finance lease relates to the lease of specific market and social rent housing stock.

Trade creditors relates to maintenance and other supplies plus capital expenditure on housing properties.

Other creditors relates to salary creditors, intercompany creditors and corporation tax due, together with funding secured from M&G to develop properties on land leased from them.

19. Non-equity Share Capital

	2021 £	2020 £
At beginning of year	1,018	4,152
Issued during the year (unpaid)	5	2
Cancelled or redeemed during the year	(594)	3,136
At end of year	429	1,018

There are an additional 10 (2020: 10) members who have no voting rights.

	2021 No:	2020 No:
Members who are tenants	421	1,010

The shares provide members with the right to vote at General Meetings but the shares do not carry the right to dividend payments or distribution on winding up. Shares cancelled or redeemed are written back to reserves. All tenants who qualify are entitled to one share. There is no maximum number of shares that can be issued.

20. Commitments

Operating Leases

As at 31 March 2021 minimum lease commitments under non-cancellable operating leases are as follows:

	Group		Association	
Minimum amounts payable as lessee	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Within one year	138	108	138	108
Between two and five years	1,978	-	1,978	-
In more than five years	-	258	-	258
	2,116	366	2,116	366

	Group		Association	
Minimum amounts receivable as lessor	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Within one year	33	-	33	-
Between two and five years	71	95	71	95
In more than five years	1,076	1,131	1,076	1,131
	1,180	1,226	1,180	1,226

Finance Leases

As at 31 March 2021 minimum lease commitments under finance leases are as follows:

Minimum amounts payable as lessee	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Within one year	893	884	893	884
Between two and five years	3,857	3,817	3,857	3,817
In more than five years	39,536	41,359	39,536	41,359
	44,286	46,059	44,286	46,059

Group and Association Capital Commitments

	2021 £'000	2020 £'000
Amount of contracts for capital expenditure, not yet provided for	12,170	-
Amounts of capital expenditure approved by the Board but not contracted for:		
15 year VAT Shelter capital expenditure to 2023	33,443	49,150
30 year capital expenditure to 2050	638,984	586,912

Capital commitments identified will be financed by the on-going rental income streams from the housing stock, gap funding of £7.3 million per annum from the Welsh Government and a £80 million loan facility with Lloyds Bank and further funding.

21. Notes to the Group Cash Flow Statement

a. Reconciliation of operating surplus to net cash inflow from operating activities	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Operating surplus	12,022	6,651	12,001	6,663
Depreciation of tangible fixed assets	8,934	8,875	8,934	8,875
Amortisation of intangible fixed assets	171	79	171	79
Assets written off	48	214	48	214
Amortisation of government grants	(145)	(122)	(145)	(122)
Post-employment benefits less payments	2,100	2,780	2,100	2,780
Movement in provisions	(85)	146	(85)	146
Decrease/(Increase) in inventories	(64)	57	(64)	57

Increase in debtors	462	(858)	221	(975)
Decrease in creditors	(271)	(532)	(243)	(384)
Net cash inflow from operating activities	23,172	17,289	22,938	17,333

b. Free cashflow	**Group**		**Association**	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Net cash inflow from operating activities	23,172	17,289	22,938	17,333
Interest paid	(2,386)	(2,451)	(2,386)	(2,498)
Interest received	12	47	12	47
Taxation paid	-	-	-	-
	20,798	14,885	20,564	14,882
Adjustments for reinvestment in existing properties				
Component replacements	(12,085)	(13,438)	(12,085)	(13,438)
Purchase of other replacement fixed assets	(43)	(68)	(43)	(68)
	(12,128)	(13,506)	(12,128)	(13,506)
Free cash (consumed)/generated before loan repayments	8,670	1,378	8,435	1,375
Loans repaid (excluding revolving credit and overdrafts)	(250)	(250)	(250)	(250)
Free cash generated/(consumed) after loan repayments	8,420	1,128	8,185	1,125

c. Reconciliation of net cash inflow to movement in net debt	**Group**		**Association**	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Increase/ (decrease) in cash	10,972	5,044	11,014	5,110
Increase/ (decrease) in loans	83	201	83	201
Decrease/ (increase) in net debt	11,056	5,244	11,097	5,311
Net Debt at 1 April 2020	79,707	74,864	79,663	74,754
Net Debt at 31 March 2021	68,651	69,620	68,566	69,443

d. Analysis of net debt	Cash at bank and in hand £'000	Loans due in less than 1 year £'000	Loans due in more than 1 year £'000	Changes in net debt £'000
Group				
At 1 April 2020	8,264	244	71,199	79,707
Net cashflows	10,972	0	(84)	10,889
At 31 March 2021	19,236	244	71,116	90,596
Association				
At 1 April 2020	8,220	244	71,199	79,663
Net cashflows	11,014	0	(84)	10,930
At 31 March 2021	19,234	244	71,116	90,594

22. Related Party Transactions

Entities that have significant influence over the Group – RCTBC

RCTCBC is a party to the Transfer Agreement that established the Group and holds the right to nominate up to four members to the Board. Four council representatives served as members during the year. Rhondda Cynon Taff Pension Fund are considered to be a related party as a defined benefit pension provider for Trivallis. Details about transactions with the Pension Fund are included in note 24 to the accounts.

Key management personnel

The Board and Executive Management Team are considered to be key management personnel, together with the Directors of subsidiary companies. The remuneration for these individuals is disclosed in note 6 to the accounts.

One Board Member is a tenant and the tenancy are on normal commercial terms. No tenant Board Members were in rent arrears at 31 March 2021.

23. Group and Association VAT shelter / development agreement

Trivallis entered into a VAT shelter co-incident with the date of transfer of the housing stock from RCTCBC, to carry out an agreed schedule of refurbishment works to the properties. The value of these works was £359 million. The cost to RCTCBC of contracting for these works to be undertaken was offset against an equal increase in the purchase price of the stock paid by Trivallis. This transaction is not reflected in the financial statements in accordance with FRS102, reporting the substance of transactions over the legal form. The works contracted were to be carried out over a 15 year period and will be recognised as they are undertaken, in accordance with the accounting policy for major, cyclical and responsive repairs. In the event Trivallis does not complete the work specified, the development agreement may be terminated at no financial loss to Trivallis.

As detailed in Note 20 it is envisaged that there will be a further £33 million of expenditure under the remaining two years of the VAT shelter.

24. Group and Association Pensions

Introduction

The disclosures below relate to the funded liabilities within the Rhondda Cynon Taf Pension Fund (the "Fund") which is part of the Local Government Pension Scheme (the "LGPS").

The LGPS is a funded defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 31 March 2014 are based on Career Average Revalued Earnings scheme. Details of the benefits earned over the period covered by this disclosure are set out in 'The Local Government Pension Scheme Regulations 2013' and 'The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014'.

Funding/Governance Arrangements of the LGPS

The funded nature of the LGPS requires participating employers and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets. Information on the framework for calculating contributions to be paid is set out in the LGPS Regulations 2013 and the Fund's Funding Strategy Statement. The last actuarial valuation was 31 March 2019 and the contributions to be paid until 31 March 2023 resulting from that valuation are set out in the Fund's Rates and Adjustment Certificate.

The Fund Administering Authority, Rhondda Cynon Taf County Borough Council is responsible for the governance of the Fund.

Assets

The assets allocated to the Employer in the Fund are notional and are assumed to be invested in line with the investments of the Fund for the purposes of calculating the return over the accounting period. The Fund holds a significant proportion of its assets in liquid investments. As a consequence, there will be no significant restriction on realising assets if a large payment is required to be paid from the Fund in relation to an employer's liabilities. The assets are invested in a diversified spread of investments and the approximate split of assets for the Fund as a whole (based on data supplied by the Fund Administering Authority) is shown in the disclosures.

The Fund Administering Authority may invest a small proportion of the Fund's investments in the assets of some of the employers participating in the Fund if it forms part of their balanced investment strategy.

Risks associated with the Fund in relation to Accounting

Asset volatility

The liabilities used for accounting purposes are calculated using a discount rate set with reference to corporate bond yields at the accounting date. If assets underperform this yield this will create a deficit in the accounts. The Fund holds a significant proportion of growth assets which while expected to outperform corporate bonds in the long term creates volatility and risk in the short term in relation to the accounting figures.

Changes in Bond Yield

A decrease in corporate bond yields will increase the value placed on the liabilities for accounting purposes although this will be marginally offset by the increase in the assets as a result (to the extent the Fund invests in corporate bonds).

Inflation Risk

The majority of the pension liabilities are linked to either pay or price inflation. Higher inflation expectations will lead to a higher liability value. The assets are not perfectly correlated with inflation meaning that an increase in inflation will increase the deficit.

Life expectancy

The majority of the Fund's obligations are to provide benefits for the life of the member following retirement, so increases in life expectancy will result in an increase in the liabilities.

Existing employers

Employers who leave the Fund (or their guarantor) may have to make an exit payment to meet any shortfall in assets against their pension liabilities. If the employer (or guarantor) is not able to meet this exit payment the liability may in certain circumstances fall on the other employers in the Fund. Further the assets at exit in respect of 'orphan liabilities' may, in retrospect, not be sufficient to meet the liabilities. This risk may fall on other employers. 'Orphan liabilities' are currently a small proportion of the overall liabilities in the Fund.

Future contributions

Regular employer contributions to the fund for the year ending 31 March 2022 are estimated to be £2,130,000. In addition, strain on fund contributions may be required. Strain costs apply when an employee accesses their pension fund earlier than their normal retirement date.

Assumptions

Principal Financial Assumptions

The latest full actuarial valuation of the fund took place on 31 March 2019. The principal assumptions used by the independent qualified actuaries in updating the latest valuation of the fund for FRS 102 purposes were:

	31 March 2021 (%pa)	31 March 2020 (%pa)
CPI inflation	2.7	1.9
Rate of general long-term increase in salaries	3.95	3.15
Rate of increase to pensions in payment	2.7	1.9
Rate of increase to deferred pensions	2.7	1.9
Discount rate	2.1	2.3

Principal demographic assumptions

Post Retirement Mortality	31 March 2021	31 March 2020
Males		
Base table	Standard SAPS normal health all amounts (S1NMA)	Standard SAPS normal health all amounts (S1NMA)
Scaling to above base table rates	100%	100%
Cohort improvement factors (from 2007)	CM12012	CM12012
Future lifetime from age 65 (currently aged 65)	21.8	21.7
Future lifetime from age 65 (currently aged 45)	22.8	22.7
Females		
Base table	Standard SAPS normal health all amounts (S1NFA	Standard SAPS normal health all amounts (S1NFA
Scaling to above base table rates	95%	95%
Cohort improvement factors (from 2007)	CM12012	CM12012
Future lifetime from age 65 (currently aged 65)	24.1	24.0
Future lifetime from age 65 (currently aged 45)	25.6	25.5

The mortality assumptions are based upon actual mortality experience of members within the Fund based on analysis carried out as part of the 2019 valuation and allow for future mortality improvements. Sample life expectancies at age 65 resulting from these mortality assumptions are shown above. The mortality assumptions are based on the standard SAPS mortality tables with allowance for future mortality improvements, subject to a minimum level of annual improvement of 1.5% per annum for males and females.

Mortality rates in the underlying base table are further adjusted by the use of scaling factors to reflect the actual mortality experience of the fund. To facilitate comparison with other employers, a pensioner who is currently aged 65 is assumed to live, on average, a further 23.1 years for a male, and 26 years for a female.

Trivallis employs a building block approach in determining the rate of return on fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles.

The asset split is set below:

	Asset split at 31 March 2021 (%)	Asset split at 31 March 2020 (%)
Equities	70.7	68.1
Property	6.4	7.5
Government bonds	9.1	11.4
Corporate bonds	13.0	11.8
Cash	0.8	1.2
Total	**100**	**100**

The overall expected rate of return on assets is derived by aggregating the expected rate of return for each asset class over the actual asset allocation for the fund as at 31 March 2019.

Reconciliation of funded status to Balance Sheet - Group and Association	Value as at 31 March 2021 (£'000)	Value as at 31 March 2020 (£'000)
Fair value of assets	92,680	69,940
Present value of funded liabilities	110,740	82,820
Net pension liability	**(18,060)**	**(12,880)**

Analysis of charge / (credit) in the Income and Expenditure Account - Group and Association	For year ended 31 March 2021 (£'000)	For year ended 31 March 2020 (£'000)
Current service cost	4,040	4,260
Past service cost / (credit)	0	83
Curtailment Cost	490	0
Interest cost	270	120
Total	**4,800**	**5,210**

Changes to the present value of the defined benefit obligation	For year ended 31 March 2021 (£'000)	For year ended 31 March 2020 (£'000)
Opening present value of liabilities	82,820	74,120
Current service cost	4,040	4,260
Interest expense on defined benefit obligation	1,890	1,860
Contributions by participants	800	800
Actuarial (gains) / losses on scheme liabilities *	23,030	1,170
Net benefits paid out #	(2330)	(220)
Curtailment Cost	490	0
Past service cost / (credit)	0	830
Closing present value of liabilities	**110,740**	**82,820**

* *Includes changes to the actuarial assumptions.*

\# *Consists of net cash-flow out of the fund in respect of the employer, excluding contributions and any death in service lump sums paid, and including an approximate allowance for the expected cost of death in service lump sums.*

Changes to the fair value of assets during the year	For year ended 31 March 2021 (£'000)	For year ended 31 March 2020 (£'000)
Opening fair value of assets	69,940	68,060
Interest income on assets	1,620	1,740
Actuarial (losses) / gains on assets*	20,220	(2750)
Contributions by the employer	2,430	2,310
Contribution by participants	800	800
Net benefits paid out #	(2330)	(220)
Closing fair value of assets	**92,680**	**69,940**

* *Includes changes to the actuarial assumptions.*

\# *Consists of net cash-flow out of the fund in respect of the employer, excluding contributions and any death in service lump sums paid, and including an approximate allowance for the expected cost of death in service lump sums.*

Actual return on assets	For year ended 31 March 2021 (£'000)	For year ended 31 March 2020 (£'000)
Interest income on assets	1,620	1,740
Actuarial gains on assets	20,220	(2,750)
Actual return on assets	**21,840**	**(1,010)**

Analysis of amount recognised in the Other Comprehensive Income ("OCI")	For year ended 31 March 2021 (£'000)	For year ended 31 March 2020 (£'000)
Total actuarial gains	(2,810)	(3,920)
Total gain	**(2,810)**	**(3,920)**

History of asset values, present value of liabilities and deficit	As at 31 March 2021 (£'000)	As at 31 March 2020 (£'000)
Fair value of assets	92,680	69,940
Present value of liabilities	(110,740)	(82,820)

Deficit	**(18,060)**	**(12,880)**

History of experience losses and gains	As at 31 March 2021 (£'000)	As at 31 March 2020 (£'000)
Experience (losses)/gains on assets		
• Amount	18,060	12,880
• Percentage of assets	19.48%	18.41%
Experience (losses)/gains on assets		
• Amount	23,030	1,170
• Percentage of the present value of the liabilities	24.84%	1.67%

25. Subsidiary Undertakings

The Board considers Trivallis to be the ultimate parent undertaking of Porthcwlis Limited, a company limited by guarantee, which is dormant. Trivallis is also entitled to 88% of the profits generated from Bellerophon (Project 1) LLP. None of these subsidiaries are a Registered Social Landlord.

The above companies' financial results and position for the period 1 April 2020 to 31 March 2021 have been consolidated into the group financial statements.