

23/24

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Financial Self-Evaluation



of
the
top

Creating
better
Living Solutions

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A woman with dark hair in a ponytail, wearing a black sleeveless top and grey jeans, is sitting on a brown fabric sofa. She is holding a baby wrapped in a light-colored blanket and is smiling warmly. The background is a plain, light-colored wall. A large, semi-transparent blue shape is overlaid on the bottom left of the image, containing the text.

OUR COMMITMENT TO YOU...

We will always aim to deliver...

**the right service outcomes efficiently with
great customer experience... for the people
and communities of West Wales.**

Purpose of this Financial evaluation

The Welsh Government updated its Regulatory Framework in January 2022. The Framework operates on a co-regulation basis and focuses on nine performance standards. During 2022 the Welsh Government carried out a Transitional Regulatory Review of our compliance against the nine standards with the following outcome:

- **Governance** (including tenant services): Compliant - Green
- **Financial Viability**: Compliant - Green

The full judgement is available on our website www.atebgroup.co.uk

The nine Regulatory Standards are as follows:

- **RS1** - The organisation has effective strategic leadership and governance arrangements which enable it to achieve its purpose and objectives.
- **RS2** - Robust risk management and assurance arrangements are in place.
- **RS3** - High quality services are delivered to tenants.
- **RS4** - Tenants are empowered and supported to influence the design and delivery of services.
- **RS5** - Rents and service charges are affordable for current and future tenants.
- **RS6** - The organisation has a strategic approach to value for money which informs all its plans and activities.
- **RS7** - Financial planning and management is robust and effective.
- **RS8** - Assets and liabilities are well managed.
- **RS9** - The organisation provides high quality accommodation.

This review evaluates the quality of our organisation's financial viability by giving an overview of our finance arrangements and changes made throughout the year, as well as demonstrating how well we are delivering on the following Welsh Regulatory Standards:

- **RS6** - The organisation has a strategic approach to value for money which informs all its plans and activities.
- **RS7** - Financial planning and management is robust and effective.
- **RS8** - Assets and liabilities are well managed.

The finance evaluation forms part of the following suite of self-evaluation documents which each cover a few of the standards and collectively detail how we meet the Regulatory Standards:

- **Governance** - RS1, RS2
- **Performance** - RS3, RS4, RS5 and RS9
- **Financial** - RS6, RS7 and RS8
- **Improvement Plan**



The above documents will provide an evaluation of our organisation’s governance by demonstrating how...

- the Board knows the organisation complies with each regulatory standard including reference to key performance data and sources of assurance
- we comply with the Code of Governance that the organisation has adopted
- we have used the principal evidence which has been relied upon in conducting the evaluation
- the process of evaluation has been robust
- the needs and views of tenants have been understood and considered as part of the self-evaluation
- we have identified our key strategic risks and associated controls or signposted to other documentation where the key risks are articulated
- our continuous improvement plan identifies any gaps or areas for improvement and shows how these will be addressed (this replaces the Regulatory Assurance Plan).



A Financial overview of 23/24

Changing Economic Environment

The ripples of mini budgets, inflation, supply chain restrictions, and skills drain from the employment pool all presented over the last year. There is a new norm emerging where operational cost increases over the last few years are unlikely to be matched by corresponding income increases for a while yet. The employment pool around maintenance and development skillsets is in urgent need of national address, and we all know we need to build more houses but the cost of building them has considerably grown.

Against this backdrop, the year produced positive outcomes for all 3 Group companies. West Wales Care & Repair exceeded our original financial expectations whilst being able to deliver their operational targets. Mill Bay Homes will gift aid a small return on the year but this was primarily due to timing of sales rather than loss of sales or sales prices due to the difficult housing market, and ateb recorded a stronger than expected net surplus for the year. We continue to view Mill Bay Homes as an 'over and above' opportunity i.e. ateb will always be run to stand on its own two feet.

We would like to thank our lenders for their support and pragmatism over a range of events last year. Through constructive dialogue with our lending partners, we were able to reconsider some of our financial metrics to allow greater scope to invest in our homes over the coming years. We also very much appreciated our lenders support at year-end, for their understanding of new audit related issues arising from national changes to housing legislation. My thanks also to our team and partners involved in supporting the above outcomes.

Considerable investment is being made in some critical areas of our ateb business, with Welsh Government support, over £6m investment commenced on first safety improvement works, over £1m (rolling) on carbon reduction works, and a considerable investment in older property. We did adjust our borrowing position towards the end of the year which will bring forward our next expected call for funding to Q2 FY25/26. We have over 1000 homes available for security with a project to prepare these homes well in advance of our needs.

Operating margins were reduced from previous year highs which are reflective of the operational cost base and squeeze on rental income rises. We introduced new budget and business planning software in the year to better support our financial decision-making. The system will start producing stronger data during the next year to allow the business to maximise the resources it has available at any one time.

It has been a busy financial year for all concerned but we remain content that ateb Group is in a favourable position to continue its work for the people and communities of West Wales over the coming years. We are conscious of the investment 'net zero' aspirations will bring, but once we fully understand our investment needs and the Welsh Government publishes its financial support package, we will be able to develop an appropriate financial pathway.

Thanks you again to our Lenders, the Welsh Government, our teams and our consultant partners for their financial support, insight, knowledge and drive to get things done!

David Birch
Chair of ateb
Group Limited



■ RS6

The organisation has a strategic approach to value for money which informs all its plans and activities

ateb Group has developed the ateb Vision that guides our approach to being as good as we can be. The Vision details our strategic approach to optimising value for money as follows:

Customer Outcome Management

Customers should expect ateb to...

“Always deliver the right customer outcomes as effectively as we can.”

Customer Outcome Management is the process of aligning everything we do to achieving successful customer outcomes, plus the experience associated with each outcome e.g.:

- In a timely manner
- Cost effective
- Positive feeling
- Meets our social responsibility

The concept will dictate how we invest, evolve our services, develop our processes and define our structures, i.e. the customer is @ the heart of everything we do.



So, what should our services feel like to our customers?

- **Outcome** - Customers should receive service outcomes that meet their expectations on first contact wherever possible. Where we can't, we should have clear reasons why it's not possible, what we can do to assist further or what alternatives we can offer. We should always learn and improve.
- **Effectiveness** - Customers should receive outcomes as quickly as possible, to a high-quality standard and without the need for multiple interactions. Where we can't, we should be clear on the time frame that is possible, why the quality is not as expected and why we need to refer to someone else. We should always learn and improve..
- **Experience** - Customers should always have a positive experience when interacting with our services. We should understand where this is not the case, learn and improve.

ateb Group Value for Money approach

We should always try to deliver 100% of the right outcome, 100% as effectively as we can, but will always ensure that where we don't, we will improve and learn.

ateb VFM =

**Delivering the right outcomes +
As effectively as we can**

What are the 'right outcomes'?

- Service outcomes must mirror customer need
- Continually monitor customer need to ensure ongoing service alignment
- Actively encourage customer engagement/feedback to help improve outcome understanding
- Develop measures and targets to communicate customer outcomes and achievement

What does 'effectively' look like?

- Service outcomes must mirror customer need
- In the right format - digital, 1 to 1 etc.
- Minimising cost and maximising quality
- With minimal risk
- Clear, concise process design
- Develop measures and targets to communicate effectiveness

Operational framework

To achieve the above we use our Deliver operational framework to shape and manage what we do. Deliver has been developed using lean and system thinking principles where customer outcomes dictate service delivery design. Process mapping and management then ensures the required outcomes are delivered as effectively as possible whilst monitoring risk and identifying improvement.

The whole Group is covered by our Deliver framework, whether the service area is customer facing or a support service. In total we have 37 service areas with 19 of those directly customer-facing. Deliver is a long-term proposition that will need a concerted effort to fully embed within the Group.

Strategic approach to VFM

Our customer outcome management and VFM criteria is applied to our 38 service areas through the following Group wide organisational framework:

Directorates	Management Teams
DR/01 - Corporate	MT/01 – Corporate Services
	MT/02 – People & Communications
DR/02 - Customer	MT/03 – Customer Services
	MT/04 – Property Services
	MT/05 – WWCR
DR/03 - Development	MT/06 – Development
	MT/07 – MBH
DR/04 – Finance	MT/08 – Finance
	MT/09 – Digital Systems

Each management team area has a future state guide detailing the direction of travel to improve our customer outcomes and effectiveness over time, based on the Group’s strategic objectives for the current period.

Our future state guides then inform our annual Directorate Improvement Plans that the Boards monitor to ensure we are delivering the improvements required to better satisfy our customers outcomes as effectively as we can.

VFM Assessment

Our Value for Money (VFM) assessment comes from our measurement of certain indicators and comparing them to our peers. It can be seen from the tables and charts below that our costs are running lower on many measurements. We consider our overall VFM on the backdrop of our rent-setting policy whereby we see ourselves continuously charging rents much lower than what is considered affordable.

ateb Group Limited

As a Registered Social Landlord regulated by the Welsh Government, we share performance and cost data that is then compared to similar Welsh providers. This gives us a broad understanding of our VFM performance. The biennial Welsh Government STAR survey was undertaken in 2024 and uses customer feedback from 12 questions, ateb had the following performance as compared to 46 RSL's and LA's across Wales:

2024 STAR Survey Questions 46 RSL and LA Respondents		RANK (Sum of very or fairly satisfied)
1	How satisfied or dissatisfied are you with the service provided by your social landlord?	16 th
2	How satisfied or dissatisfied are you with the overall quality of your home?	7 th
3	Generally, how satisfied, or dissatisfied are you with the way your social landlord deals with repairs and maintenance?	21 st
4	How satisfied or dissatisfied are you with your neighbourhood as a place to live?	19 th
5	How satisfied or dissatisfied are you that your rent provides value for money?	21 st
6	How satisfied or dissatisfied are you that your service charges provide value for money?	25 th
7	How satisfied or dissatisfied are you that your social landlord listens to your views and acts upon them?	24 th
8	Thinking about your home specifically, how satisfied or dissatisfied are you that your social landlord provides a home that is safe and secure?	22 nd
9	How satisfied or dissatisfied are you with the way your social landlord deals with anti-social behaviour?	2 nd
10	How satisfied or dissatisfied are you with opportunities given to you to participate in your social landlord's decision-making processes?	17 th
11	How satisfied or dissatisfied are you that your social landlord gives you a say in how services are managed?	25 th
12	To what extent do you agree with the following statement - "I trust my social landlord"	28 th

Green = top 25% | Yellow = mid 50% | Red = bottom 25%

Annually all Welsh housing associations contribute to the national global housing association accounts compiled by CHC. The latest sector indicators publicly available are for 2022 and can be seen as follows:

Value for Money Indicators – annual sector averages	2022 Sector Average	2022 ateb Average	Variance
Turnover per social housing unit	£5,831	£5,923	£91
Total operating costs per social housing unit	£3,680	£3,018	-£662
Management costs per social housing unit	£1,283	£912	-£371
Reactive costs per social housing unit	£1,251	£1,149	-£102
Major repairs & components per social housing unit (Capital)	£773	£397	-£376
Major repairs & components per social housing unit (Capital and Revenue)	£1,192	£970	-£222
Bad debt costs per social housing unit	£24	£2	-£22
Weighted average cost of capital	3.9%	3.9%	0.0%
Free cash inflow (outflow) per social housing unit	£540	£1,689	£1,150
Gross arrears / social housing turnover	4.4%	4.2%	-0.2%
Rental void loss per social housing unit	£80	£33	-£47

ateb has developed the following new homes over the last 3 years:

	23/24	22/23	21/22
New homes (excluding s.106 and MBH funded)	65	55	63
Grant (SHG) attributable to new homes £m	1.25	5.1	7.1
New homes (including s.106 and MBH funded)	72	59	66

All new developments are assessed against the WG Average Cost Guidance and our own viability assessment criterion that models projected VFM over a 40/50 year period.

Mill Bay Homes

Mill Bay Homes (MBH) receives on lending from ateb to undertake its development activities. As MBH pays a commercial interest rate for this facility, neither ateb nor MBH are being adversely financially impacted. All inter-Group company charges are apportioned in accordance with time expended at a rate validated through our external auditors.

MBH sold 12 homes last year and gift aided £58k to ateb representing on average £5k gift aid per home sold. As the homes are sold competitively on the open market the sales values are deemed to be the decider on value for money.

MBH is constantly appraising its sales values in the marketplace to ensure purchasers remain satisfied with their purchase. Additionally, MBH seeks to ensure that both pre and after sales service meet the expectations of the purchaser.

West Wales Care & Repair Limited

West Wales Care & Repair (WWCR) receives funding from a range of organisations including Ceredigion and Pembrokeshire local authorities, the health authority, and Welsh Government. Generally, all these funds/grants come with a monitoring arrangement to ensure the activities required are delivered as expected across the year. This requires WWCR to regularly report on customer and financial performance to its funders and nationally to Care and Repair Cymru, the overarching trade organisation of Welsh Care and Repair providers.

WWCR's business model is one which typically sees the business making modest surpluses and the business planning process is key to ensuring costs are commensurate with income.

Where WWCR provides private works to customers, they are undertaken on a quote basis with the customer deciding whether the work represents value for money to them. Satisfaction with our private works is very high.

VFM Summary

Based on our assessment of our Group's activities against our VFM criteria, we believe the Group is providing Value for Money. However, we are planning improvements to further embed our Deliver framework and therefore increase our VFM effectiveness.





■ RS6 – FY 23/24 EVALUATION CHECK

“The organisation has a strategic approach to value for money which informs all its plans and activities”

We have made the following evaluation:

Our Board has reviewed our analysis and evidence and considers we are compliant with this performance standard.

Evaluation Check

1. Does the Board know it meets this standard?

The Board has:

Concluded that our Vision, #4 Deliver, defines Value for Money as always trying to deliver the 'right outcomes as effectively as we can', where right outcomes refers to delivering our customers what they expect, and effectiveness relates to maximising our vision, time frames, cost, quality, and risk when delivering those expectations. Our systems are designed to deliver the right customer outcomes as effectively as we can by adopting a customer outcome management approach. We are making improvements in areas, such as our procurement service, to ensure we are effectively considering the full economic, social, and environmental value of our partnerships in line with our VFM definition.

2. What was the principal evidence used to evaluate this standard?

The Board has:

Considered the following key evidence for this standard:

- ateb Vision
- #4 Deliver
- Performance reports
- Financial reports
- STAR survey
- Customer satisfaction feedback
- WG Global accounts
- Procurement policy
- Strategy
- Business Plan
- Stress and scenario testing of Business Plans
- Treasury management reports

3. Is there Improvement planning in place?

The Board has:

Included the following improvement actions for FY 24/25 in our Improvement Plan:

- IP/17 - Continue to support smaller local suppliers and contractors to join our supply chain. (Corporate): **Carried Forward to FY 24/25.** Progress has already been made with meet the supplier events taking place and support for tender completion. Improvement actions continuing in 23/24 and 24/25.
- IP/43 - We will increase our understanding and reporting of VFM across the Group and highlight cost/value savings. (Corporate): **Carried Forward to FY24/25.**

■ RS7

Financial planning and management is robust and effective

The Group undertakes a range of regular financial and planning activities across the year aimed at ensuring the Group has sufficient financial strength and resources to deliver on its strategic aims.

Constitutional framework

The Group's constitutional framework supports the financial planning and management functions of the Group. The following are of particular importance:

- Financial Regulations
- Schedule of Delegated Authority
- Treasury Management Policy Statement
- Financial Recovery Plan

These documents detail the key financial mechanisms that must be in place to ensure the financial framework of the Group is robust and effective. The Board reviews and approves these documents on an annual basis as do our external auditors, where necessary.

Budgeting

On an annual basis the Group develops budget proposals based on the needs of the Group for the FY ahead. The Boards provide appropriate challenge to these proposals and approve budgets within which the Group manages financial resources for that year.

Business Plan

The Group produces a 5-year Business Plan in line with our regulatory requirements. The Plan is revisited each year with changes modelled against a base Business Plan, the base plan is the plan produced to support a new strategy (FY 24/25 will be a base plan year).

Year 1 of the plan is always the budget with subsequent years being developed from strategy objectives, likely economic factors in future years and service growth and improvement. The Business Plan is always approved by the Board and is shared with our regulator and lenders.

As the Business Plan is presenting a view on the future, the assumptions we use e.g. CPI, interest rate changes etc. are derived independently and reviewed by the Board before being applied. A key feature of approving the Business Plan is to test 'what ifs', we undertake stress and scenario exercises to see how robust the Plan is if things changed over the 5-year period

Financial Plan

Again, to meet our regulatory requirements, we produce a 30-year financial plan around September each year. This plan extends the Business Plan assumptions up to 30 years in the future to test that the long-term obligations we have to our existing homes and commitments, can be met.

We include development activity up to year 5 in this plan and then show our capacity to develop from year 6. This best reflects the reality of the development cycle and clearly shows our ability to meet existing commitments.

Treasury Management Plan

As we borrow significant sums, we regularly review our borrowings and investment to ensure we achieve the best returns for the Group in terms of value and risk. Each year our independent treasury advisors meet our Board to assess our treasury portfolio and any actions we may want to consider.

Management Accounts

Each month we produce a set of accounts to show us how we are doing against our approved annual budget. These accounts are used by budget holders and managers to adjust or make decisions regarding expenditure and financial targets we want to achieve across the year. Each quarter, we send a copy of our management accounts to our lenders and regulator for their review.

Statutory Accounts

At the end of our financial year (March), the Board employs an external auditor to validate our financial position at that point in time. The external auditor looks at a range of data and undertakes a lot of financial checks so that they can say whether the accounts give a fair representation of ateb Group's financial position.

Financial Controls

Throughout the year we undertake a range of financial checks and reports such as balance sheet reconciliations and checking that we are meeting our lenders' loan covenants (ratios that demonstrate our financial strength). These checks are an important part of making sure that we are not missing something that could impact our financial plans.

FINANCIAL ASSESSMENT

Over the last year each of our 3 Group companies have demonstrated robust financial performance and strong financial position. (EBS remains a dormant company).



ateb Group Limited

FY 23/24 Financial Statements.
(Please note the statements are for the Group)

Headlines:

- Turnover has decreased by 5.7% vs 22/23 to £25.4m, primarily due to fewer sales made by Mill Bay Homes, driven by phasing of our development schemes & timing of sales.
- Rental income (including service charges) increased by 10.6% to £21.5m.
- Number of homes has increased by 2.4% to 3,203.
- Operating surplus at £5.2m, has decreased by 0.5% or £25k vs 22/23.
- Operating surplus % has increased from 19.4% to 20.4%.
- Net surplus (after pension adjustments), at £2.8 is up 27.0% on FY 22/23, including a £(0.4)m actuarial loss on pension schemes (22/23 saw a £0.2m loss).



MBH limited

FY 23/24 Financial Statements

Headlines:

- Turnover has decreased by 55.4% on 22/23 down to £2.9m, due to fewer properties sold, driven by phasing of our development schemes & timing of sales.
- Number of properties sold has decreased to 12 (FY 22/23: 23).
- Gross Profit (GP) fell by 68.9% to £317k.
- Gross Profit % (GP%) has decreased from 29.6% to 20.7% this year due to reduced scheme profitability from outstanding performance in prior years.



West Wales **Care & Repair**
Gofal a Thrwsio Gorllewin Cymru

West Wales Care & Repair Limited

FY 23/24 Financial Statements

Headlines:

- Turnover has increased by 1.1% on FY 22/23 to £1,046k.
- Operating surplus decreased by £8k to £23k with increases in materials costs, project expenses and salaries.
- Net surplus (before pension adjustments) up £6k to £44k with interest received boosting the overall result.
- £34k actuarial loss in respect of defined benefit pension scheme vs £13k loss in FY 22/23.

Statement Of Comprehensive Income

SOCI Summary	Group* £m	ateb £m	MBH £m	WWCR £m
Turnover	25.4	21.5	2.9	1.0
Operating Costs & Cost of sales	(20.2)	(16.7)	(2.6)	(0.7)
Operating Surplus	5.2	4.9	0.3	0.3
Net Interest and Other Costs/Income	(2.0)	(1.7)	(0.3)	(0.3)
Actuarial gain/(loss) pension schemes	(0.4)	(0.4)	-	-
Surplus for the Year	2.8	2.8	0.1	-
Operating Margin %	20.5%	22.6%	11.0%	30.3%

* Group results shown after consolidation adjustments

Statement of Financial Position	Group* £m	ateb £m	MBH £m	WWCR £m
Tangible Fixed Assets/Investments	266.1	266.1	-	-
Net Current Assets	13.1	7.1	6.1	0.7
Total Assets	303.0	302.2	6.5	0.9
Payables > 1 Year	234.6	235.1	6.1	0.0
Reserves	50.3	49.6	-	0.6

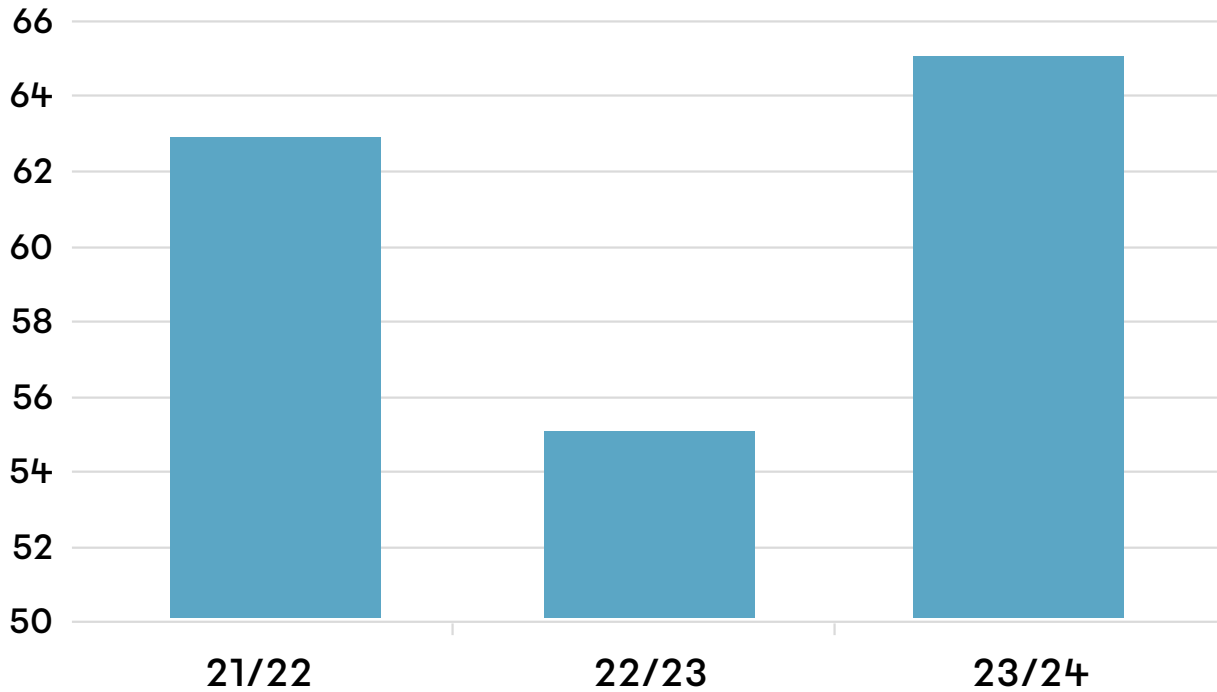
* Group results shown after consolidation adjustments

ateb Loan Covenants	Min/Max	22/23	21/22	20/21
Interest Cover (EBITDA MRI / Interest)**	110%	236%	162%	197%
Interest Cover EBITDA /Interest **	150%	382%	198%	230%
Gearing – Historic	55%	30%	32%	38%

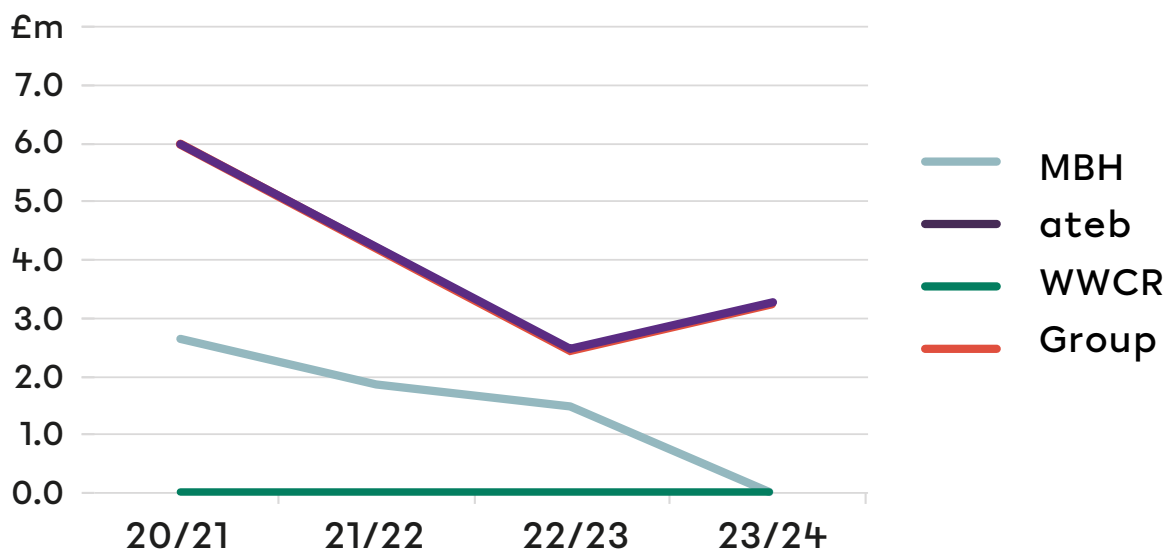
** Showing the most onerous Lender calculation of the covenant



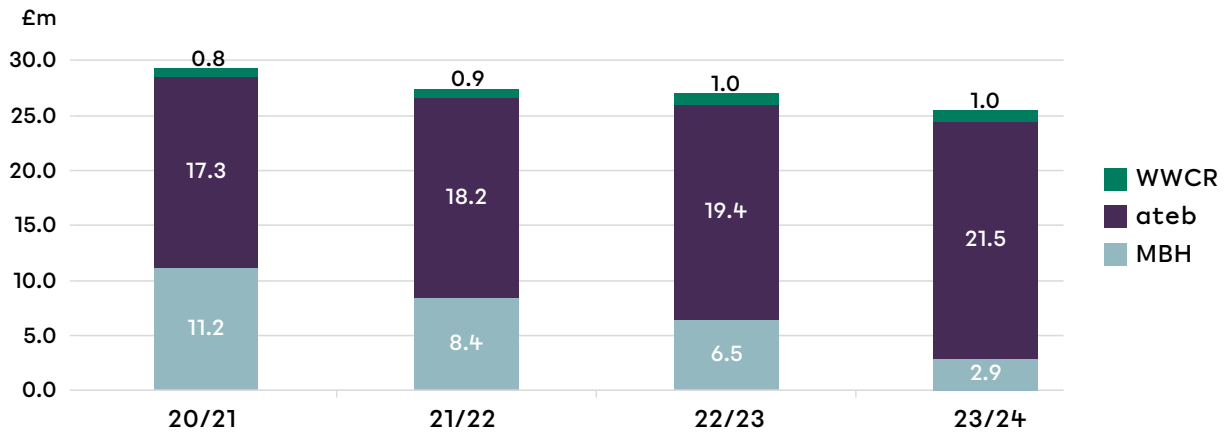
New homes developed (excluding S106 & MBH Funded)



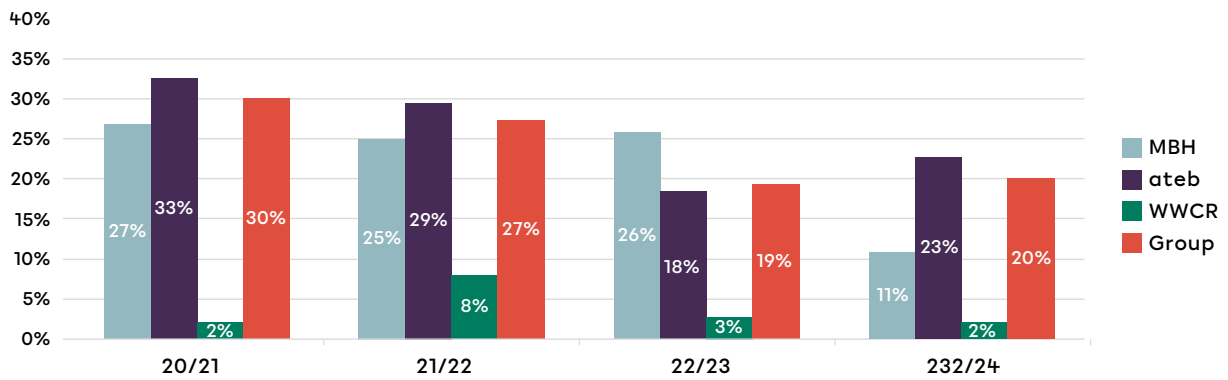
Net surplus



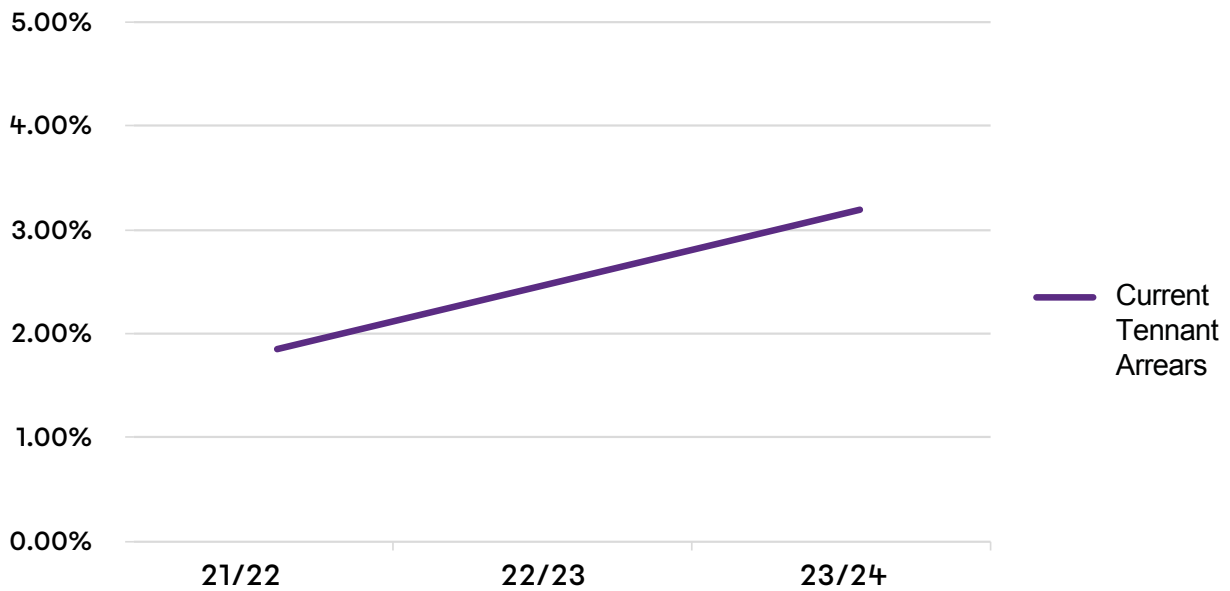
Turnover



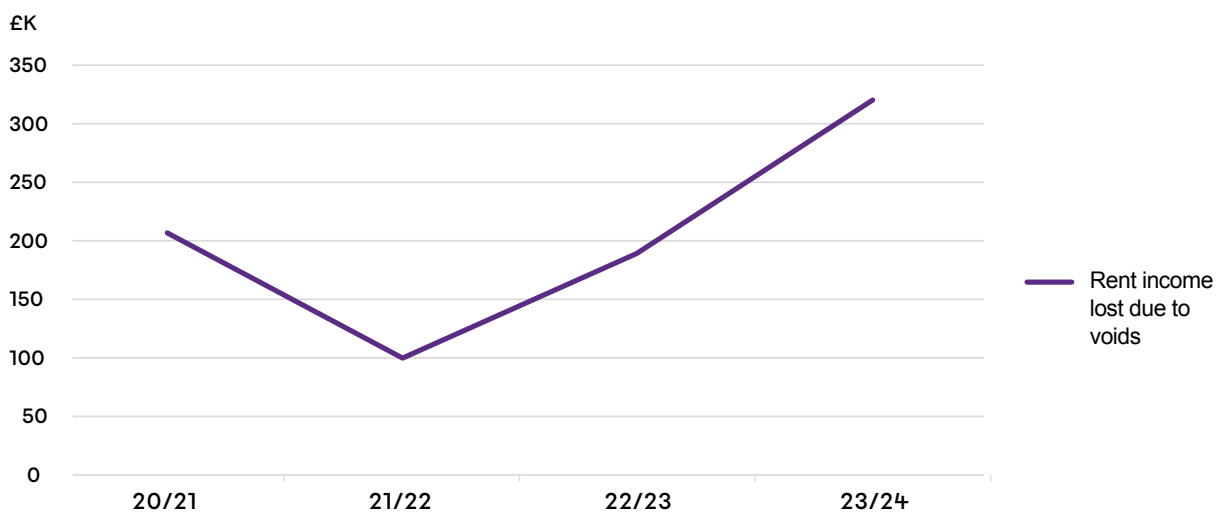
Operating margin



Current Tenant Arrears as a % of annual rent roll



Rental Income lost due to voids



Group Treasury Management Assessment

As at the year-end, 92% of debt is on a fixed interest rate. ateb benefits from a SONIA linked short-term Revolving Credit Facility (provided by Barclays) and £3m this was utilised at the year end being repaid in April. The weighted average interest rate of our loan portfolio is 3.75% at 31ST March 2024.

ateb's Business Plan suggests there is sufficient capacity in the existing agreements to see us through the next year before further borrowing is needed. However, should conditions change, we are well placed to secure additional finance owing to our general performance and levels of unencumbered stock (see RS8 section below). We also plan to develop further housing stock across our 5-year Business Plan period, which would provide further security for additional finance if needed.

How we are funded



■ BAE

■ Welsh Government

■ M&G

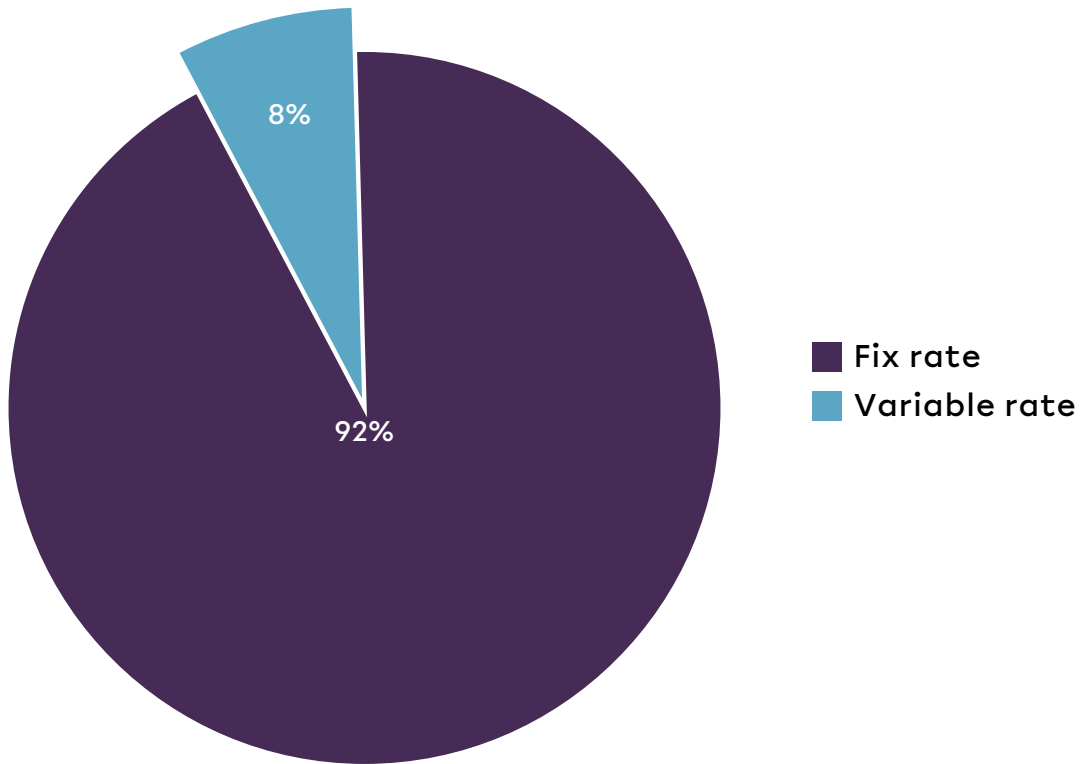
■ Yorkshire BS

■ RBS

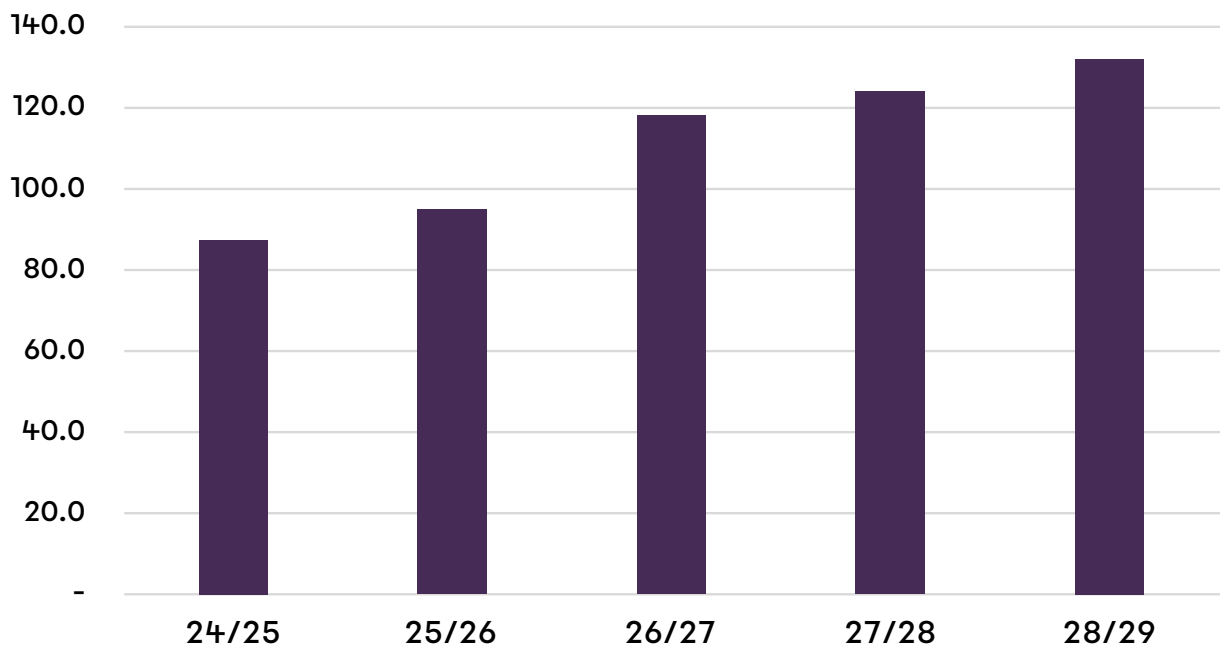
■ THFC

■ Principality BS

Interest rate risk



Forecast 5 Year movement in debt - £m



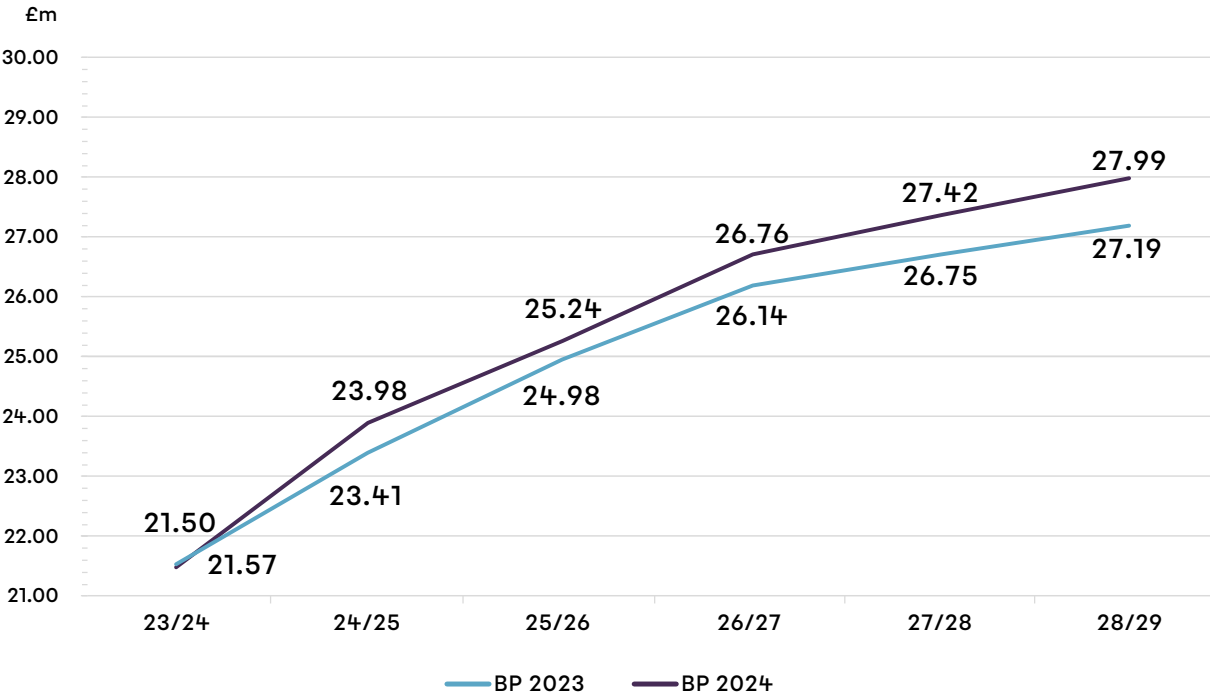
Financial Planning and Management Outlook

Having updated our 5-year Business Plan and 30-year financial plans we continue to show a positive financial position but recognise that the current economic and political environments as well as catch-up from the Covid disruptions and the economic turmoil of 2022 have impacted our outlook compared to previous years.

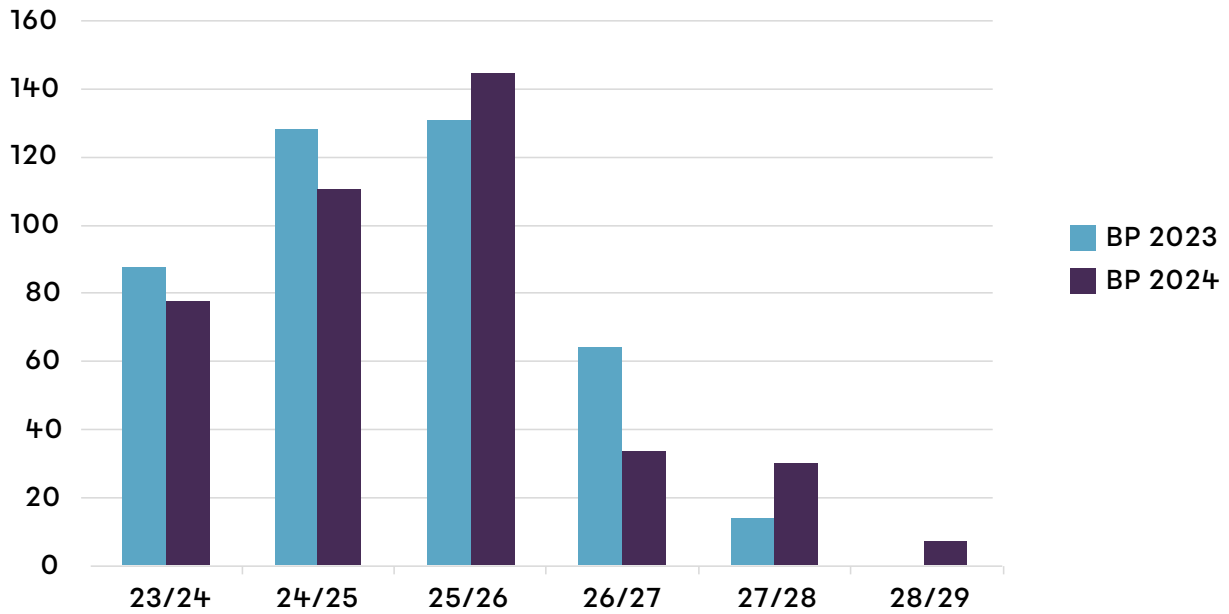
The following charts show some headline metrics from our business and financial plans:

The charts below are derived from the 2023 and 2024 Business Plans (BP) and 30 Year Forecast.

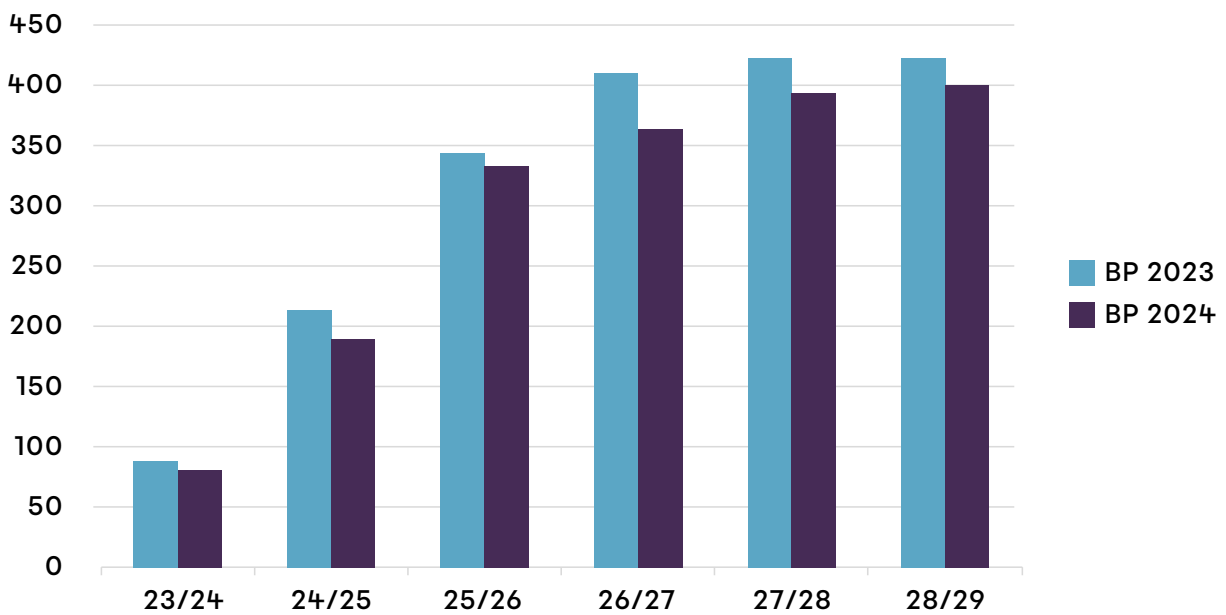
5-year turnover



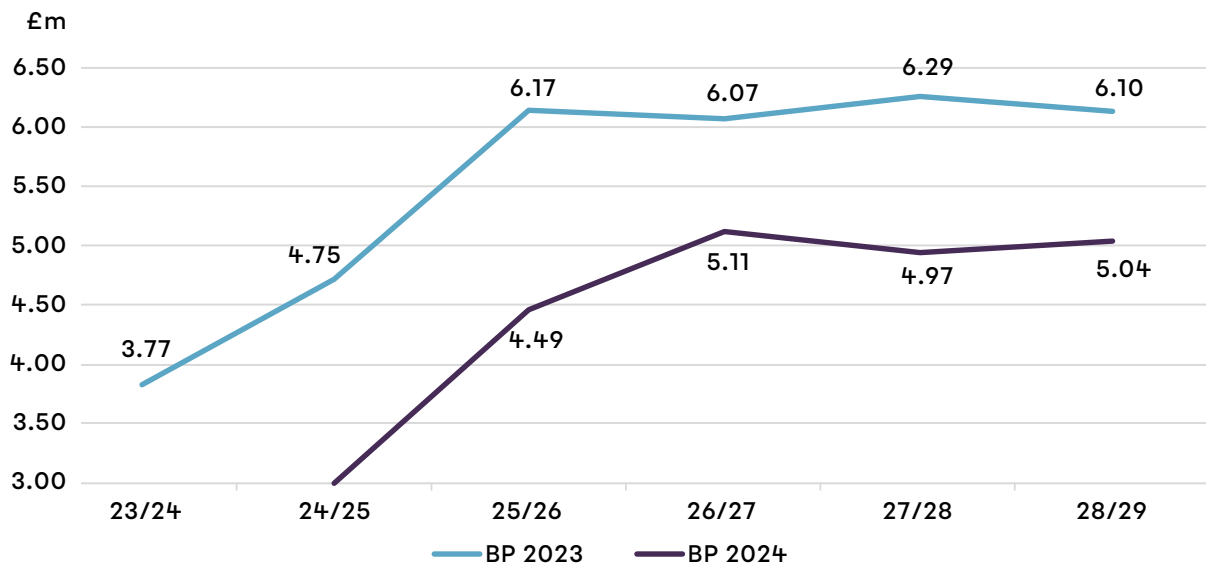
New homes in year



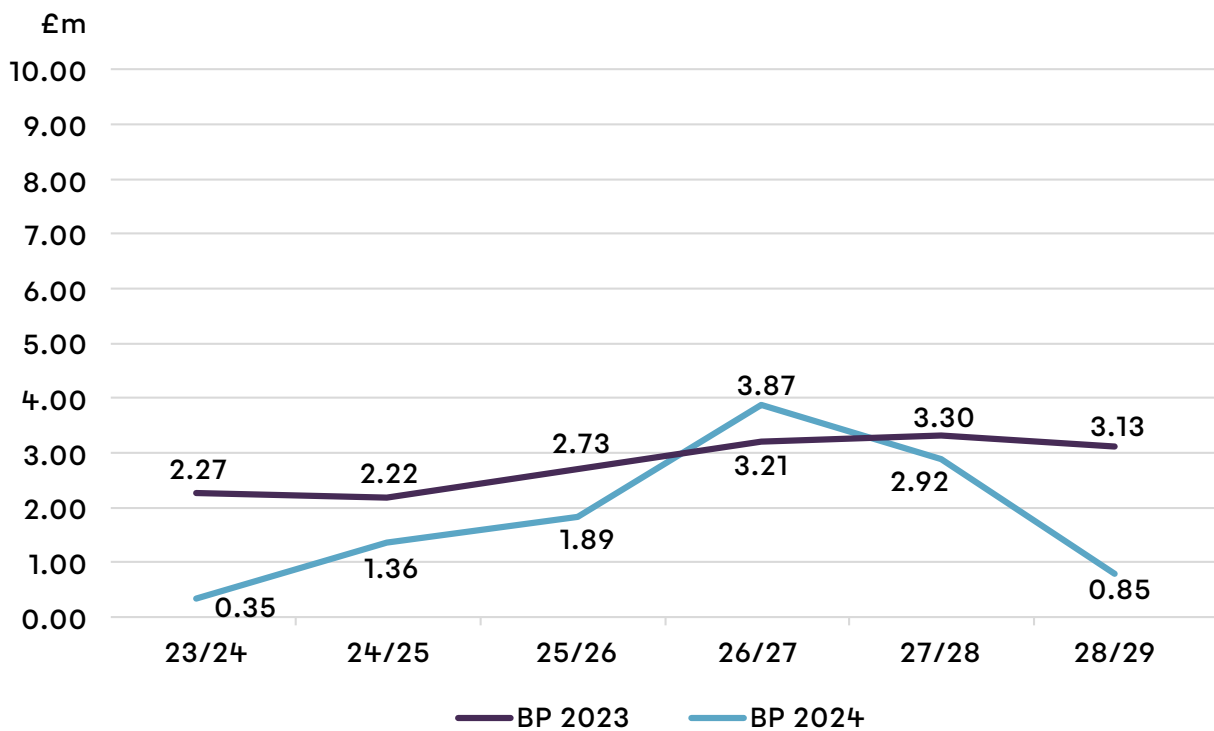
Cumulative new homes



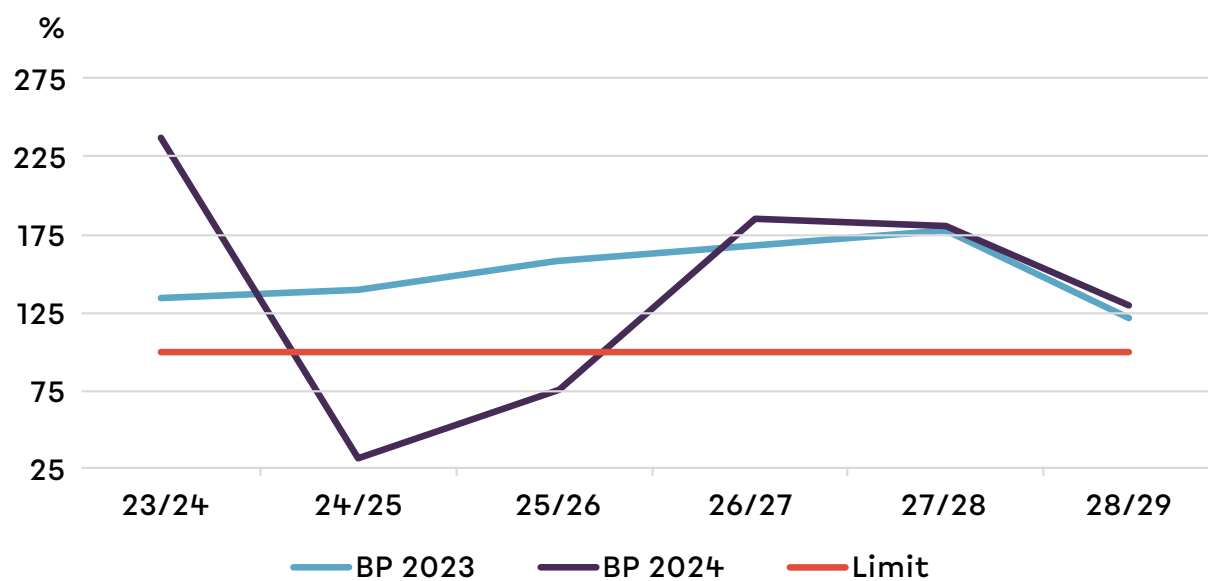
Operating surplus



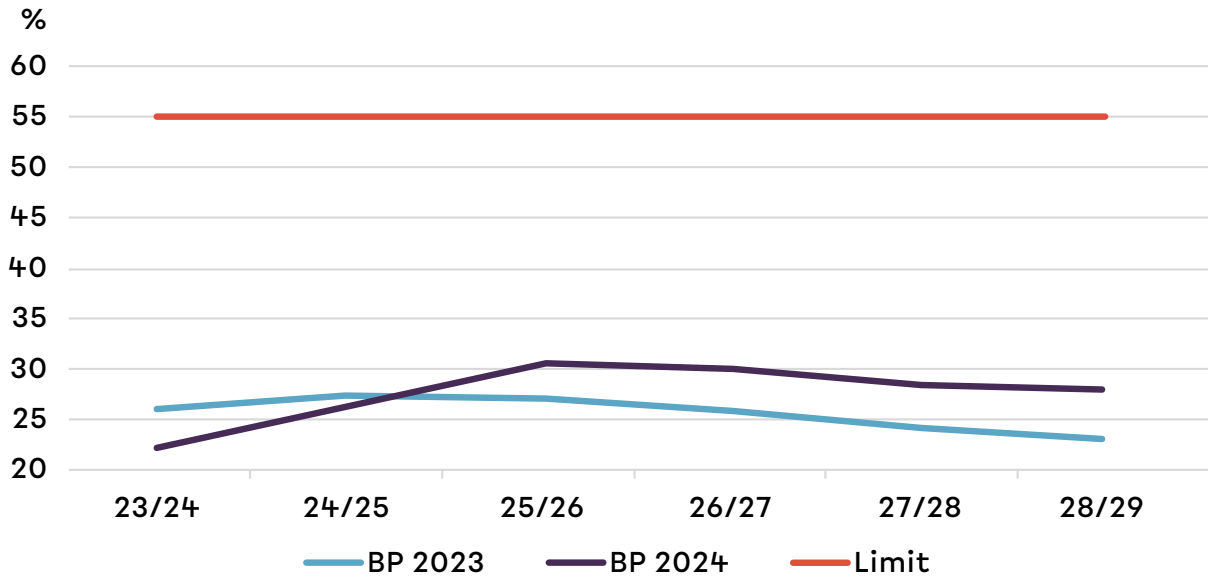
Net surplus



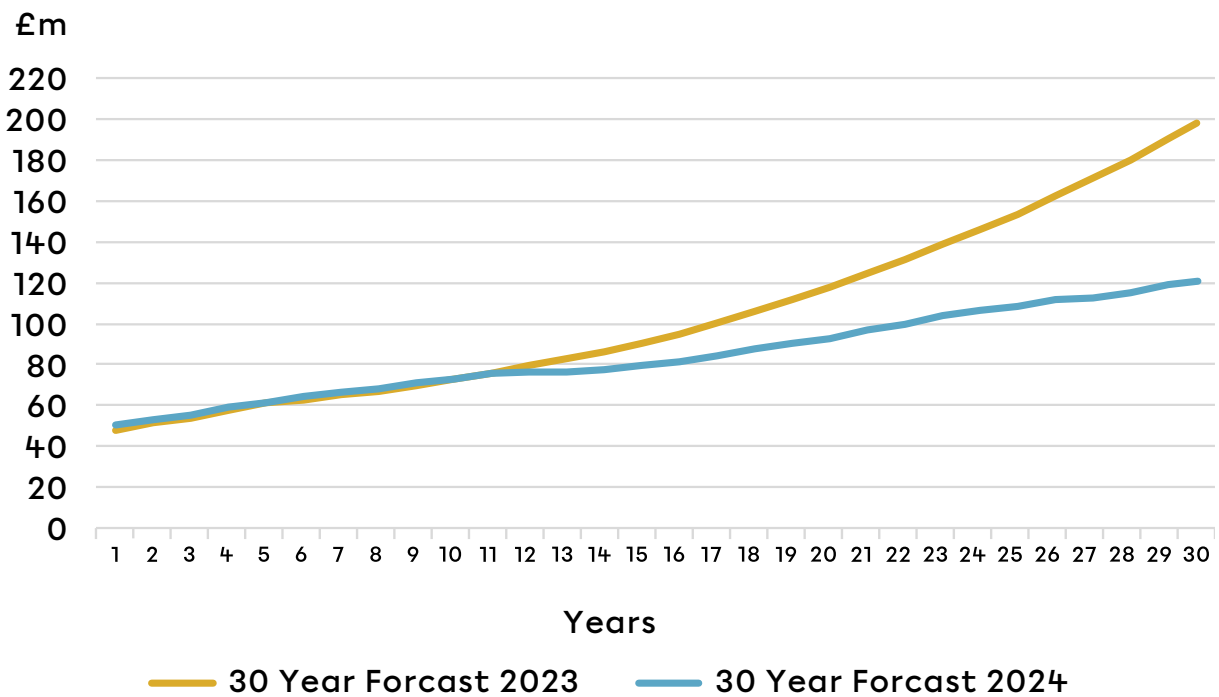
EBITDA MRI



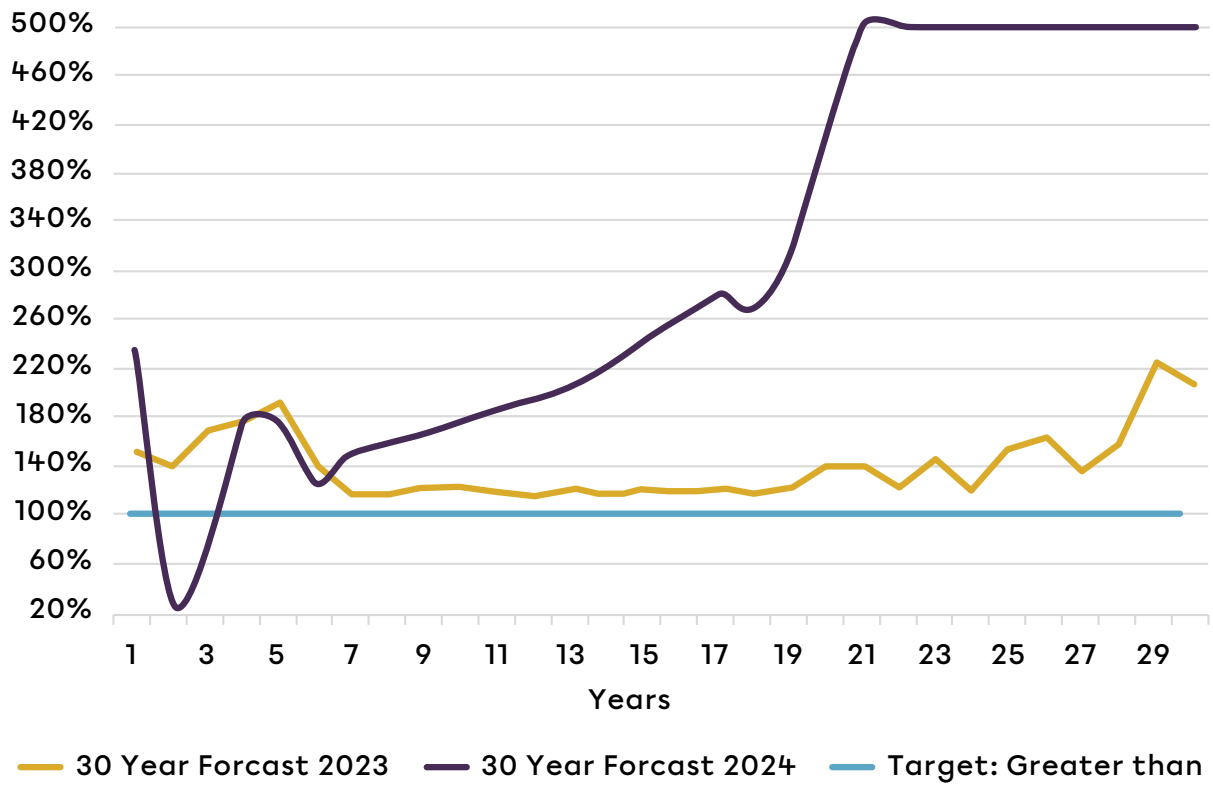
Gearing (Historical Cost)



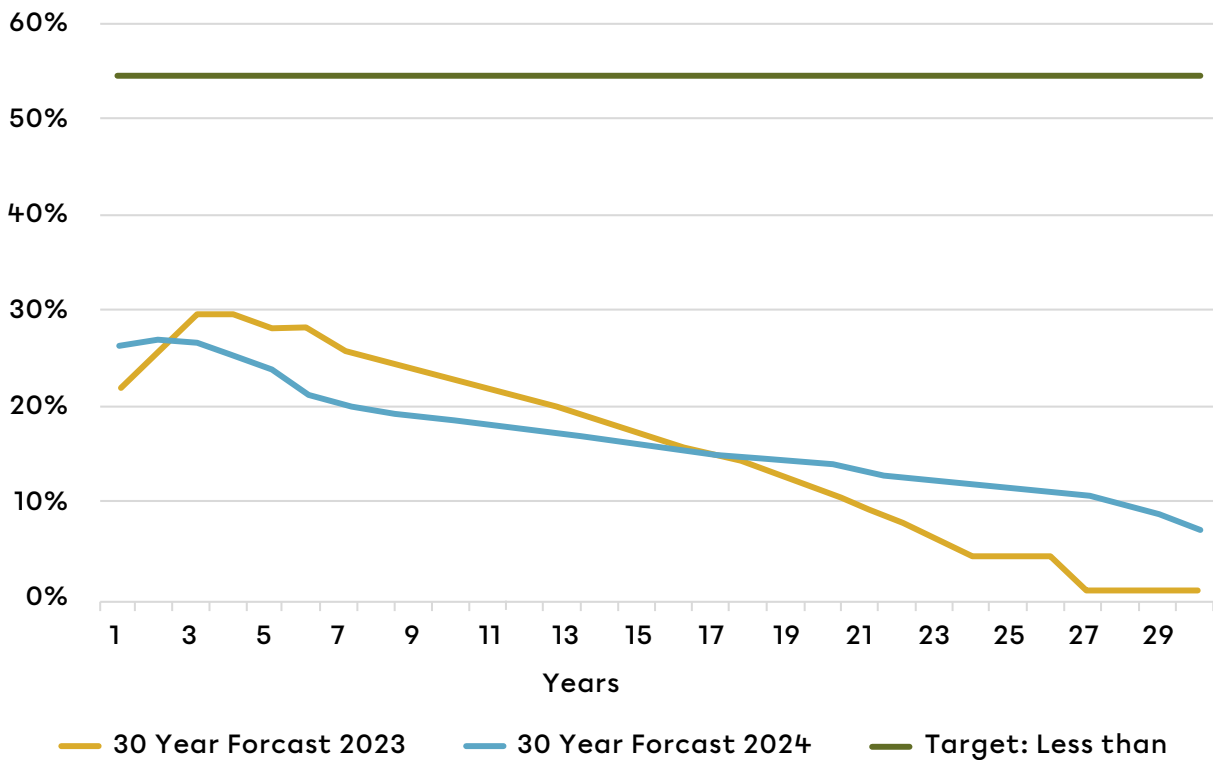
30 Year Forecast - Reserves



Interest Cover (EBITDA MRI / Net Interest)



Gearing (Historic Cost)



External Audit Assurance



Every year we undertake an independent assessment of our financial position. Our External Auditors Bevan & Buckland have written to our Board as follows:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATEB GROUP LIMITED REGISTERED UNDER THE CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETIES ACT 2014

Opinion

We have audited the financial statements of ateb Group Limited (“the Association”) for the year ended 31 March 2024 which comprise the statement of comprehensive income, statement of changes in reserves, statement of financial position, the cash flow statement and its related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”.

In our opinion the financial statements:

- give a true and fair view of the state of the Association’s affairs as at 31st March 2024 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015.

Basis for Opinion

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

Conclusions relating to going concern

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

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

Other Information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material

inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Board

As explained more fully in the Statement of Responsibilities of the Board (set out on page 5), the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Identifying and assessing potential risks related to irregularities

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

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

Audit response to risks identified

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

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

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

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

Use of our report

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

Bevan Buckland LLP

Chartered Accountants & Statutory Auditors

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

Date: 26/07/24

Financial Assessment Summary

We believe the above information demonstrates that a robust and effective financial management approach has been applied across the Group.



■ RS7 – FY 23/24 EVALUATION CHECK

“Financial planning and management is robust and effective”

We have made the following evaluation:

Our Board has reviewed our analysis and evidence and consider we are compliant with this performance standard.

Evaluation Check

1. Does the Board know it meets this standard?

The Board has:

Concluded that our short, medium, and long-term financial planning and financial support systems allow us to organise, control and monitor our financial resources to support the delivery of our Group Business Plan and Group strategic objectives.

Our systems ensure we make best use of our resources, fulfil our commitments to our customers, teams and partners and maintain a strong long term financial stability.

2. What was the principal evidence used to evaluate this standard?

The Board has:

Considered the following key evidence for this standard:

- Budget
- 5-year Business Plan
- 30-year Financial Plan
- Internal & External Audit Opinion
- Management Accounts
- Statutory Accounts
- Treasury management reports and policy statement
- Financial Regulations
- Schedule of Delegated Authority
- Performance reports
- WG and lender returns

3. Is there Improvement planning in place?

The Board has:

Made sure our Improvement Plan includes the following improvement actions for FY 23/24:

- IP/27 - Upgrade our finance systems including new Purchase-to-Pay (P2P) and budgeting/business planning monitoring and reporting. (Finance): **Carried Forward.**
- IP/28 - Review our Digital team processes and resources. (Finance): **Carried Forward.**
- IP/47 - Use lender and regulatory covenants/thresholds to set ideal levels of covenant performance that balance capacity to invest in the business (inc. decarbonisation) against the need to respond to unforeseen operating or economic events, monitor performance against agreed levels. (Finance): **New.**

■ RS8

Assets and liabilities are well managed

Assets under management

We have the following assets under management as at the end of FY 23/24:

Assets under management	At March 2024
Residential Freehold	3,133
Residential Leasehold	30
Shared Ownership	14
Management Only Properties	10
Rent To Own	5
Total Residential	3,192
Homebuy Property Holdings	75
Commercial Properties	3
Total	3,270



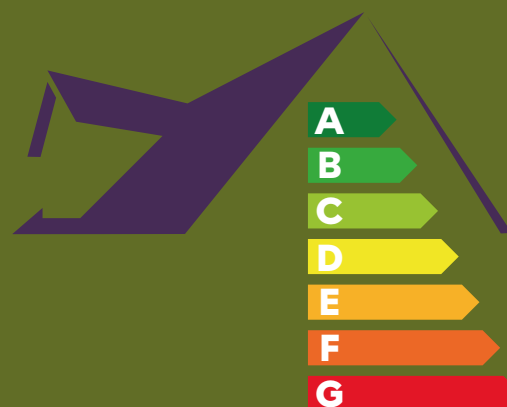
Age profile

Age Bands	No of properties	%
Pre 1900:	114	3.57%
1900-1929:	15	0.47%
1930-1949:	10	0.31%
1950-1966:	144	4.51%
1967-1975:	52	1.63%
1976-1982:	84	2.63%
1983-1990:	153	4.79%
1991-1995:	543	17.01%
1996-2002:	562	17.61%
2003-2006:	130	4.07%
2007-2011:	332	10.40%
2012 Onwards:	1080	33.83%

SAP profile

Energy rating

Our homes had the following energy rating status at the end of March 2024 (excludes Shared Ownership and Rent 2 Own homes):



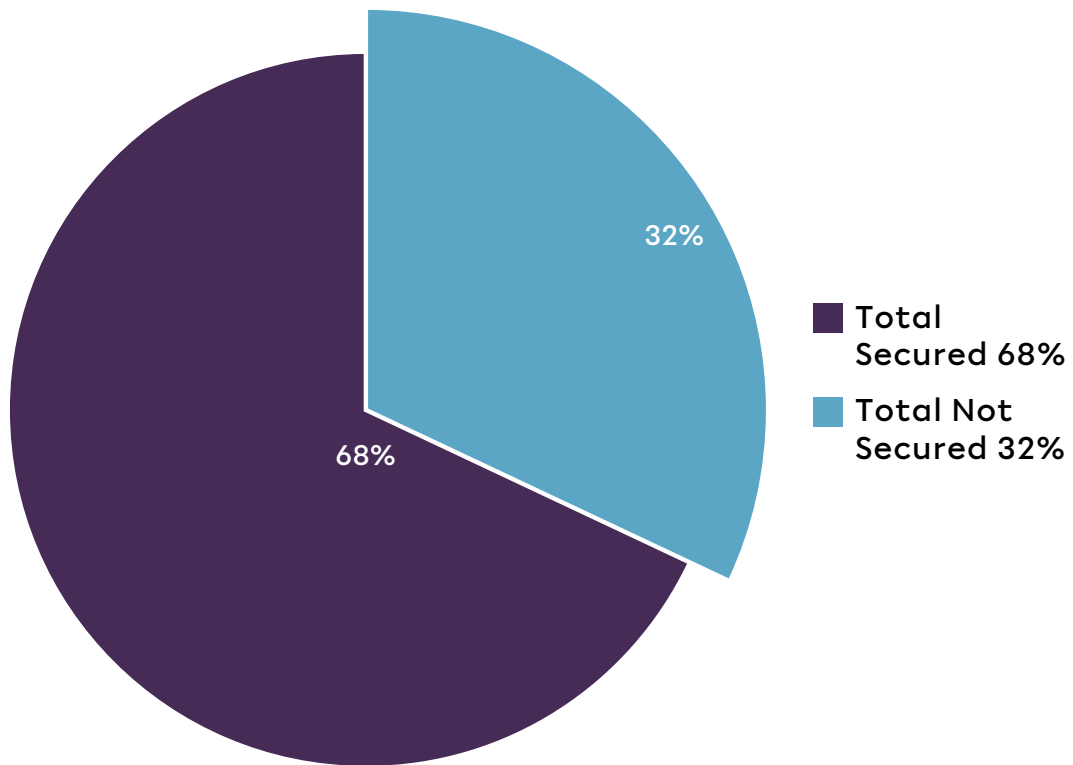
SAP Bands

A:	310	9.59%
B:	1054	32.61%
C:	1559	48.24%
D:	280	8.66%
E:	23	0.71%
F:	6	0.19%
G:	0	0.00%

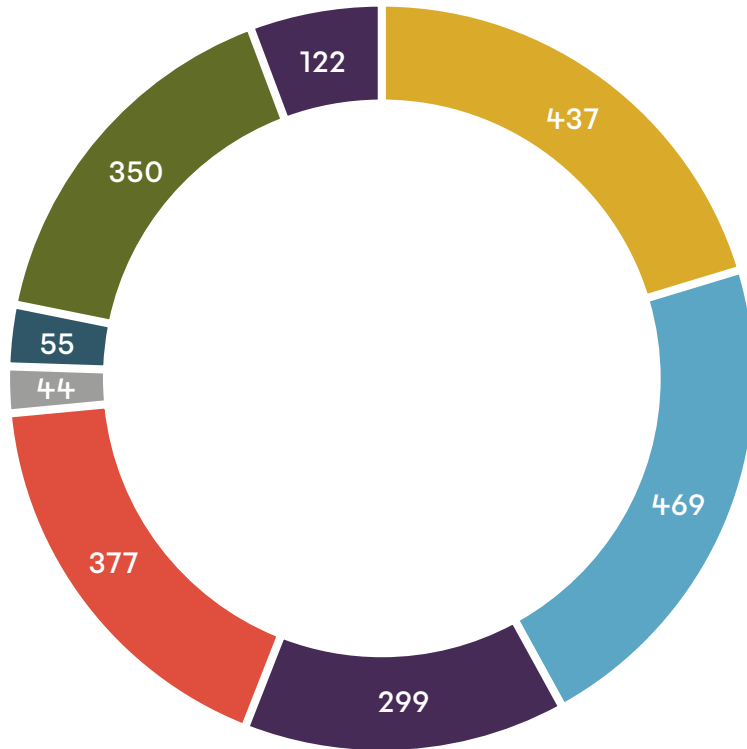
Asset Security

At March 24 we had 1010 residential freehold or leasehold properties that were not charged to a lender. By the end of the 5 year plan, including the properties in the development programme, but before “new” borrowing, ateb will have approx. 1,580 properties available for charging. This equates to over £95m of property value which is well in excess of the ‘new’ borrowing requirement in the plan.

Secured & Not secured properties at March 2024



Secured properties by lender March 2024



Liability Management

We manage and monitor our liabilities by maintaining a Loans Register and Treasury Management Diary, which are regularly updated and reviewed. Through Management Accounts and forecasts we monitor our performance versus our key covenants, as well as managing liquid cash levels to cover interest and capital repayments. We also control our working capital to ensure we meet our trading liabilities as they fall due. Every year we obtain a Treasury Health Check Report from our Treasury Advisers (Savills).

Asset and Liabilities Register (ALR)

As part of our regulatory requirements, we maintain an ALR to demonstrate the Group's assets and liability position at quarterly points through the year. The register helps the Group ensure it understands its long-term obligations. The ALR consists of the following components:

	Examples of what included in each category of the register
Land and Property Assets	Residential Properties for Rent, Land Bank,
Property Investment Liabilities	Development Contracts, Property Maintenance Contracts
Corporate Liabilities	Pension Liabilities, Insurance Policies
Financial Assets & Liabilities	External Loans, Work In Progress, Trade Receivables and Payables,

We assess each component of the ALR with a level of assurance periodically. The levels are "Substantial", "Adequate", "Limited" or "Needs Improvement".

The ALR is reviewed by the Assurance Committee who scrutinises and challenges changes made or omissions to the register. Having visibility of assets and liabilities allows the Group to demonstrate it is a going concern and to maximise return and risk management of its assets.

Asset & Liabilities Management Assessment

We have a good understanding of our assets and liabilities within the Group that is developed from the following activities:

Assets

- Stock condition survey programme through the year
- Lifespan (property database) reporting including EPC and SAP ratings
- WHQS assessments and certification
- Security valuation process – when preparing to borrow
- Inspection/site audits
- New build programme
- Asset Register
- Annual audit of balances
- Balance Sheet reconciliations

Liabilities

- Procurement and Contracts register
- Supplier/contractor spend management
- Annual audit of balances
- Annual verification of lender balances and certificates of compliance
- Balance Sheet reconciliations



We have updated and revised the ALR on a quarterly basis with our Assurance Committee, highlighting key changes within each period. Our ability to raise finance from unencumbered stock is around £60m which puts us in a strong position to finance further developments.

Our liabilities are consistent with the type of Group, and we are not highlighting any exceptional liabilities

at this time. MBH and WWCR, as wholly owned subsidiaries of ateb Group Limited, have subsidiary assurance framework agreements with their parent to ensure the liability relationship between ateb and its subsidiaries is clearly understood and in accordance with WG Group Circular 05/08. MBH has an agreed lending facility with ateb who in turn has a full floating charge over MBH. WWCR is self-funded.

Assets and Liabilities Summary

We believe the above demonstrates that we are managing our assets and liabilities in accordance with the standard.



■ RS8 – FY 22/23 EVALUATION CHECK

**“Assets and liabilities are
well managed”**

We have made the following evaluation:

Our Board has reviewed our analysis and evidence and consider we are compliant with this performance standard.

Evaluation Check

1. Does the Board know it meets this standard?

The Board has:

- Concluded that in line with our purpose, we maximise the use of our Group assets and use the data we collect to inform strategic decision making and planning. Our assets and liabilities register is a reference point and business tool for the Group and is in a form that could be provided at short notice to the Regulator or a rescuer in a crisis.

2. What was the principal evidence used to evaluate this standard?

The Board has:

Considered the following key evidence for this standard:

- ALR
- Assurance Committee papers
- Board papers
- Strategic Asset Management plan
- Internal Audit
- Lifespan
- Stock condition reporting
- Procurement/spend reporting
- 30-year Financial Plan
- Planned & Cyclical programmes of work
- Securitisation process

3. Is there Improvement planning in place?

The Board has:

Made sure our improvement plan includes the following improvement actions for FY 22/23:

- IP/38 - Increase our budgeting, business planning, ALR and financial reporting capabilities to give more detailed and quicker information to the business. (Finance): **Carried Forward to FY 23/24.**



Consolidated Group Financial Statements Summary FY 23/24

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2023

£'000s	FY 22/23	FY 23/24
Turnover	26,961	25,416
Cost of Sales	(4,568)	(2,299)
Gross Surplus	22,393	23,117
Less: Operating costs	(17,239)	(17,944)
Gain/(loss) on disposal of property, plant and equipment	68	24
Operating Surplus	5,222	5,173
Finance/Investment Income	455	1,121
Finance Costs	(3,545)	(3,242)
Interest Capitalised	61	116
Housing Finance Grant	252	(114)
Finance Charges / Issue Costs	(254)	(217)
Donated Land Value Adjustment	303	435
Other Income	-	27
Pension Fund Net Interest Costs	(37)	(59)
Surplus for the year before taxation	2,457	3,240
Taxation	-	-
Other Comprehensive Income	2,457	3,240
Actuarial Gain /(Loss) in respect of pension schemes	(261)	(458)
Total comprehensive income for the year ending 31st March	2,196	2,782

CONTINUING OPERATIONS

None of the Association's activities were acquired or discontinued during the two financial years.

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

For the year ended 31st March 2024

£'000s	Revenue Reserve	Designated	Restricted Reserve	Total Reserves
Balance at 1st April 2023	47,028	233	234	47,495
Surplus from statement of comprehensive income	2,782			2,782
Transfer of Reserves	112	(107)	5	-
Balance at 31st March 2024	49,922	126	229	50,277



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

£'000s	FY 22/23	FY 23/24
Property, Plant & Equipment		
Housing properties - depreciated cost	251,396	265,092
Other	951	1,034
	252,347	266,126
Investments		
Investment Property	98	98
Homebuy loan	2,418	2,344
Receivables: amounts falling due after more than one year	4,915	4,734
	259,778	273,302
Current assets		
Inventories	2,459	5,684
Trade receivables: amounts falling due within one year	2,939	3,349
Cash	28,450	20,707
	33,848	29,740
Trade payables: amounts falling due within one year	(9,436)	(16,603)
Net current assets	24,412	13,137
Total assets less current liabilities	284,190	286,439
Trade payables: amounts falling due after more than one year	(235,289)	(234,621)
Provisions for liabilities		
Pension - deficit funding liability	(1,406)	(1,542)
Net assets	47,495	50,276
Equity		
Called up share capital	-	-
Restricted Reserves	234	229
Designated Reserves	233	126
Revenue Reserve	47,028	49,921
	47,495	50,276

CONSOLIDATED STATEMENT OF CASHFLOWS

For the year ended 31st March 2024

£'000s	FY 22/23		FY 23/24	
Net cash inflow from operating activities		11,296		3,181
Cash flow from investing activities				
Payments to acquire and develop property	(15,122)		(16,672)	
Receipts from sales of Property, Plant and Equipment	69		24	
Social Housing Grant and contributions received	13,975		7,012	
Other Capital Grants	7,529		1,238	
Purchase of other fixed assets	(264)		(254)	
Finance/Investment income	455		1,253	
Net cash outflow from investing activities		6,642		(7,399)
Cash flow from financing activities				
Finance costs	(3,994)		(3,071)	
Mortgage and other loans received - housing	-		9,485	
Finance costs of loans issued	(167)		(19)	
Loans repaid - housing	(7,253)		(9,919)	
Net cash inflow/(outflow) from financing		(11,414)		(3,524)
Net change in cash and cash equivalents		6,524		(7,742)
Cash and cash equivalents at beginning of the year		21,925		28,449
Cash and cash equivalents at end of the year		28,449		20,707

Financial Statement Notes

The consolidated Group Financial Statements have been verified by our external auditors and Board but are subject to Shareholder approval at our AGM due to be held in September 2024. Following the AGM, the full set of financial statements for the Group, ateb, Mill Bay Homes and West Wales Care & Repair will be available on request.

Financial Self Evaluation Summary FY 23/24

Focusing on Property and People

We have always been focused on financial effectiveness and stability but the last year did though up some curve balls. Our operational costs have increased, in some cases faster than the high levels of general CPI, and maintenance and development costs have increased at alarming rates. Additionally, and given our businesses are primarily built on the strength of the people, skills and experience we employ, costs relating to attraction and retention have been tested throughout the year.

Costs rising must always be weighed up against affordable rents and services. We have used our affordable rent-setting policy to good effect to keep our rents at a level which we believe is competitive in the areas we operate. Maintaining the balance is likely to be a challenge in future years with interest rates likely to be double CPI rates, and the new expected rent policy for FY 25/26 not likely to drastically accelerate Welsh rent levels to pick up divergences of previous years.

As a financial ateb priority, we have been focusing (and will continue to do so), on maximising resources into our property and people. During the year we have seen an improving ability to attract fantastic new skills and experience to the Group by showcasing the compelling employment value we offer. ateb provides customers with homes, and without investment in our reactive and planned repairs, we will not be able to match their changing aspirations. Last year saw several new planned maintenance works frameworks agreed that will

serve us well over the coming years. We also agreed on a framework for improvement and investment in our reactive repairs processes to increase customer satisfaction with this service. This investment will support long-term income return and safeguard security for our lenders.

Mill Bay Homes (MBH) delivered a small gift aid return. This was due to the Group slowing market home sites during the housing market uncertainties and the timing of one sales site over the financial end. Sales values were maintained but margins were down due to construction costs being higher than in previous years. West Wales Care & Repair (WWCR) rely on grants on an annually renewed basis. They received in-year top-up funds to bridge a gap between demand for adaptations and the original funding available. This helped WWCR achieve a better than expected year-end surplus. WWCR always need to retain reserves at a minimum level to allow for run-off costs in the event of a failure, and reserves over this level will be used to leverage more service delivery over coming years.

It hasn't been easy to navigate the changing economic picture but we remain confident about our financial position and outlook. This will not stop our desire to get more effective in the future to ensure every aspect of our financial performance is driven into those things that make the biggest impact to our customers. Thanks for such a big effort from our Boards, Teams and partners over the last year.

Nick Hampshire
Chief Executive

Creating
better
Living Solutions