

REGISTERED COMPANY NUMBER: 03717865 (England and Wales)
REGISTERED CHARITY NUMBER: 1074840

**REPORT OF THE TRUSTEES AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025
FOR
VALLEYS KIDS**

Bevan Buckland LLP (Statutory Auditors)
Ground Floor Cardigan House
Castle Court
Swansea Enterprise Park
Swansea
SA7 9LA

VALLEYS KIDS

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REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2025

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2025. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

Summary Report

The full report presents a comprehensive and honest assessment of the charity's financial challenges and the rigorous actions taken through our Transformation Business Plan (TBP).

Financial Position and Transparency

Valleys Kids continues to face severe financial challenges, despite considerable operational changes. Key financial realities include:

- **Cumulative Deficits:** The charity experienced cumulative deficits of £1 million across the 2022/23 and 2023/24 financial years.
- **Cash Reserves Depletion:** Cash reserves, which stood at £355k on March 31, 2023, have been fully utilised to cover deficits.
- **Reliance on Debt:** Running costs in 2024 were supported by a monthly renewable overdraft facility of £140k from Unity Bank. We remain reliant on loans and/or an overdraft facility to maintain liquidity in the short term.
- **Financial Reporting Failures:** The primary cause of the crisis was a lack of robustness in financial reporting and auditing processes that were insufficiently rigorous to alert us in a timely enough way to the changing funding environment. This included the loss of long-term funding from the local authority, Welsh Government and the EU. Engaging external professional accounting expertise was a crucial factor in ensuring that we had timely reporting, forecasting and planning (which we have shared with key stakeholders).

Immediate Risks

Despite strategic planning and cost reductions, the financial forecast reveals continued instability:

- **Projected Deficit:** The three-year Budget Recovery Plan projects a continued large deficit for the current year (FY 24-25), with only a small projected surplus of £19,410 in the subsequent year (FY 25-26).
- **Critical Funding Dependency:** The organisation's immediate future is contingent upon securing external financing. A submission has been made to WCVA for a £150k loan; approval is essential for stabilisation.
- **VAT Liability:** The sale of Little Bryn Gwyn introduces a significant immediate liability: a VAT repayment of £178,000 to HMRC, which requires immediate attention and will impact remaining cash reserves.
- **Long-Term Grant Gap:** There is a big gap in expected grant funding compared to historical levels, with the current forecast expectation at £700k versus prior years of £900k+. Securing sufficient capacity for securing competitive, targeted grants remains a key goal.
- **Reserves Deficit:** The reserves policy section notes that free reserves as of March 31 2025, were (£334,663), far below the target of approximately £300,000 (three months of operating costs)

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Transformation Business Plan (TBP)

The TBP (focusing on People, Property, Income Generation, and Service Provision) has provided us with a structured approach and implementation has been monitored closely. However, full implementation at strategic and operational levels is ongoing and risk remains high.

TBP Strand	Actions Taken/Planned	Critique
People	Implemented a small, targeted redundancy programme (compulsory and voluntary), reduced hours, and a policy of only backfilling critical or funded roles. Total annual savings of £72k were realised through a Q1/2025 redundancy programme.	This has created a smaller, more connected leadership team and a strongly motivated workforce, delivering services to a high standard. Further reconfiguration of services will have an impact upon staff numbers. Work to clarify roles and responsibilities in the light of downsizing is underway. We are implementing a skills and capacity analysis to determine next steps.
Property	Divested three non-core properties (Bute St, Tylacelyn Rd, and the Library), resulting in a net cash injection of £282k in FY 24/25, with the sale of Cross Street completed. Lease termination on Rhydyfelin Community Centre saved £26k annually. Divestment of Little Bryn Gwyn (valued over £1m) completed August 2025.	We remain aware that property divestment is not income generation but rather "liquidating reserves," thereby reducing overall balance sheet stability. Furthermore, future property divestment is more difficult as remaining properties are core to service delivery and achieving income potential.
Income Generation	Secured £100,000 of unrestricted investment from the Waterloo Foundation toward core costs and income generation. Working with Manchester Business School to design a new marketing strategy. Identified significant potential in utilising current remaining property assets (under occupied @£34k) with a potential income of £80k.	The target for donations is currently minimal (£20k), suggesting untapped potential, with a suggested target being 10% of income (£100k). The success of the recovery plan hinges on rapidly building income-generating capability to fill the funding gap.
Service Provision	Reduced physical footprint by focusing delivery within fewer hubs (two Community and Family Hubs now remain). Adopted a flexible model using sessional workers for specialist projects. Launched new initiatives like Penny Farthings café.	Our commitment is to protect services notwithstanding a leaner operational base by focusing resources where they deliver the "greatest benefit". The reduction from four hubs to two represents a significant cut in physical presence but this has been offset by focusing on impact and achieving targets for participation.

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Service Delivery Operational Highlights

Despite the profound financial difficulties, we can highlight numerous achievements that demonstrate continued commitment to the charity's mission.

- **Community Support:** Continued delivery of the Keeping Connected with your Community initiative to combat isolation among older people.
- **Programme Adaptation:** Successfully adapted Stay and Play pre-school sessions to include supports for neurodivergent children.
- **Partnerships and Innovation:** Established Penny Farthings at Soar, a fully inclusive café following the closure of the Old Library café. Collaborated with the National Gallery on the Take One Picture programme and Black Mountain College on horticulture.
- **Impact Metrics:** The report documents 7,070 total visits by 684 unique visitors across all activities in the past year, reflecting the sustained reach of the programmes.

Viability Considerations

The full Trustees report describes our detailed roadmap for securing the charity's future but also the severe existential nature of the current situation. The immediate reliance on external short-term funding and the large VAT liability present acute liquidity risks.

The trustees have a clear set of emergency options if critical external funding (such as the WCVA loan) is not approved. These options include exploring alternative loans, controlled wind-down and voluntary liquidation, or forced liquidation if the organisation is becoming insolvent. This framework serves as a sober reminder that, while the transformation plan is in place and actions have been taken, our "going concern" status remains precarious, depending heavily on the successful implementation of the Transformation Business Plan strategies and favourable external financing decisions.

In summary, continuing deficits have put us in jeopardy and made us dependent on external financial support. However, actions such as oswever, property sales, redundancies, service configuration, costs reduction and better financial management have enabled us to stay afloat. Key stakeholders such as the bank and the local authority have demonstrated confidence by providing ongoing, concrete support. We now need to time to implement plans for increasing income generation and financial management capacity.

THE FULL REPORT

The trustees, who are also directors of the charity for the purposes of the Companies Act 2006, present their report together with the consolidated financial statements of the group for the year ended 31 March 2025. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

AIMS, OBJECTIVES AND ACTIVITIES

The charity's objectives are:

To provide and assist in the provision of facilities and services for education, play, arts, recreation, and other leisure time occupation to residents of South Wales, targeting those in need because of youth, poverty, or social and economic circumstances, thereby improving their physical, mental, and spiritual well-being. Valleys Kids meets these objectives by continually adapting its community support projects to the changing needs of the community.

Public Benefit

The trustees confirm that they have complied with the duty in Section 17 of the Charities Act 2011 (i.e., to have due regard to public benefit guidance published by the Charity Commission). Our objectives and our work provide benefit to the public. All our work takes place in areas experiencing social disadvantage and we provide our core activities free of charge. While focusing on those most in need, the facilities are open to everyone in the areas we serve and provide substantial benefit to the children and families who participate, as demonstrated in this report.

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Our Principles

We operate under the following principles.

1. Every child is Valued

Every child deserves the best start in life; this is the aim of our pre-school provision. Because we believe that play has a key role in the development and well-being of children, providing out-of-school play opportunities has been one of our commitments from the beginning. Valleys Kids' play services offer exciting opportunities for children to experiment and help them grow. Most importantly, all our play is about children having fun and discovering they can do many different things.

2. Everyone matters

In pursuit of our commitment to place-based community development, Valleys Kids Community and Family Hubs welcome everyone who wants to attend local facilities that offer pre-school, play, youth or adult services and activities. We also provide time-limited, targeted provision which helps people to deal with particular issues, problems or needs.

Often these important programmes are supplemented by continued support available through open access provision. Nobody should be left behind.

3. Everyone has potential.

Our role is to enable people of all ages to believe in themselves, grow in confidence and realise their ambitions. We take considerable pride in creating the many pathways to increased well-being and achievements needed by people of all ages in all our communities. This can range from a young person getting re-engaged in education and succeeding in school/college/university, training and employment to an isolated older person taking advantage of opportunities to socialise, getting involved in arts and acting as a volunteer. Our Youth Work is about helping young people face up to the challenges in their lives and to seek solutions. Valleys Kids' aim is to provide for all young people but with a commitment to engage the most challenging and challenged. To do this, we create situations where young people want to participate, places which they feel belong to them and which are warm, welcoming and friendly spaces staffed by quality youth workers. In-depth youth work happens when young people feel comfortable and able to develop relationships with trusted adults.

ACTIVITIES

For nearly fifty years, Valleys Kids has worked in communities in the South Wales Valleys, supporting people to grow in self-confidence, improving their skills and knowledge and encouraging them to have high aspirations and high expectations to achieve their potential. We now have two Community and Family Hubs in disadvantaged communities where activities and services are provided for all ages, from babies to those over ninety. We have also developed a Hub for the Arts and Cultural Industries so that the people from Valleys communities can gain the skills and knowledge which will enable them to secure employment in this growing industry in Wales. The Family Team provides targeted services for the most disadvantaged families. We are developing the social enterprise of Valleys Creative through the Play Yard, Coffee Shops and The Factory. Our Arts programme through Sparc continues to thrive with the inclusion of visual arts.

Operational Highlights and Impact (FY 24-25)

Despite significant organisational changes this year, we have maintained a comprehensive programme of support, engaging people across all age groups. Key achievements include:

- **Impact Metrics:** In the past year, we recorded 7,070 total visits by 684 unique visitors across all activities, demonstrating our continued presence and value in the community during a challenging time.
- **Service Continuity and Innovation:** Building on previous work, we adapted our Stay and Play pre-school sessions to better support neurodivergent children, incorporating structured and free-play options

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- **Creative Partnerships:** We partnered with the National Gallery to deliver the Take One Picture programme, engaging around 200 local children in art workshops. Our collaboration with Black Mountain College transformed the Penyreglyn garden with planters and a polytunnel for their NVQ in Regenerative Horticulture.
- **Community Reach:** Our Keeping Connected with your Community initiative continues to combat loneliness and isolation among older people through art and quilting classes. We distribute surplus food collected from local organisations, alongside food parcels and vouchers, to address food insecurity.
- **Intergenerational Storytelling:** Funded by the Heritage Lottery, our Valleys Voices project continued to capture the experiences of local families.
- In November, we hosted a community event bringing together people of all ages to share memories. Archive photos and materials were displayed.

The progress made

Grant funding received in the year has been instrumental in enabling us to deliver strategic initiatives as well as a wide range of support services and creative projects that meet the needs of children, young people, and families across our communities.

We have continued to deliver a varied programme of activities this year, albeit from a smaller number of locations. These activities have engaged people from all sections of the community, from parent and toddler groups to older people's programmes, helping individuals build connections and a strong sense of belonging.

- 1) Following the sale of the Old Library, we successfully launched Penny Farthings at Soar, a fully inclusive café where staff are trained to support customers living with dementia and where pupils from Hen Felin School gain work experience.
- 2) In partnership with local schools, we ran a series of numeracy workshops for parents wanting to strengthen their skills. This boosted confidence in managing everyday tasks and supported parents to engage more fully in their children's learning.
- 3) We continue to make the most of our spaces through partnerships, ensuring wraparound support for families. For example, Eye to Eye provides youth counselling alongside our youth club, making the service accessible.
- 4) Our collaboration with Black Mountain College has transformed the Penyreglyn garden with planters and a polytunnel, supporting their NVQ in Regenerative Horticulture. Welcome to our Woods is making use of this and helping local families to grow produce to take home.
- 5) We have been active in wider community environmental projects. Working with Rhondda Housing Association and Cambrian Village Trust, our Afterschool Club children redeveloped land opposite Soar, building a bug hotel, planting fruit trees, and taking pride in ongoing maintenance.
- 6) Everyday we collect surplus food from local organisations that would otherwise go to waste, offering it freely to anyone in the community. This includes older people living alone and children grabbing snacks before school. We complement this with food parcels and vouchers throughout the year.

These are just a few highlights from a wide-ranging programme.

The number of people we worked with in the past year

Activity	Unique visitors	Sessions	Total visits
Babies and toddlers	85	30	333
Children and young people	287	192	3937
Adults	107	75	463
Older adults	57	100	841
Partner organisations	148	336	1496
TOTAL	684	733	7070

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What we are especially proud of

- We are proud that, during a period of challenge and change, we have maintained our commitment to the communities we serve. Not only have we kept our doors open, but we have continued to offer people of all ages activities that inspire, engage, and add real value to their lives.
- One Youth Arts Worker reflected: "I have been involved with Valleys Kids since I was seven. I progressed through drama workshops and into youth theatre, gaining many wonderful experiences. Then in 2020, I graduated with an Honours Degree in Drama – and I'm now a youth worker."
- Feedback from participants this year included: *"I really do not know what I would do without this place. If I didn't come to youth I would be on the streets wandering about."* and *"I like this group because it gets me out of my house – my household is really stressful"*.
- We were honoured to be recognised at the BBC Make a Difference Awards, which celebrate individuals and organisations going above and beyond in their communities. This reflects the dedication of our staff and volunteers and the positive impact our work continues to have.

Significant changes in the organisation

- At the start of the year, we restructured our senior management team to reflect a smaller core staff and greater use of sessional workers. This has created a more connected leadership team, with shared responsibilities at CEO and COO level and closer links to day-to-day delivery. Decisions are now even more firmly grounded in what beneficiaries tell us they need.
- Alongside this, we have taken proactive steps to strengthen our sustainability. This has included filling only business-critical or externally funded posts and implementing a small, targeted redundancy programme. We have retained a skilled core team, with the flexibility to bring in experienced sessional workers for specific funded projects.
- We have also reduced the number of properties from which we deliver work to lower ongoing costs.

What we did not achieve and why

- We have not been able to expand our reach in the way we had hoped. A continued decline in local authority funding has limited the growth of our work with children and young people. This has been compounded by increased competition for funding from traditional grant makers.
- We have learned that growth is not always about reaching more families or opening new centres. With the closure of several sites and voluntary redundancies, we have had to think creatively about how to use our available space and staff time.
- Although reducing the size of the organisation was not part of our original plan, it has provided an opportunity to adapt. We are now concentrating on the activities that deliver the greatest benefit to service users and taking a more intentional approach to securing restricted funding.

What we learned this year

- Reducing our physical footprint does not necessarily reduce our impact. By concentrating delivery in fewer hubs, enhancing these hubs through capital improvements, and making better use of local and national partnerships, we can still reach similar numbers of people while lowering costs.
- Careful use of sessional workers has given us the capacity to deliver specialist or time-limited projects without overextending core staff. This approach has also helped us manage overheads while ensuring we can bring in the right skills for specific pieces of work.
- Maintaining a varied and engaging programme during a period of organisational change strengthens trust and reinforces Valleys Kids as a dependable presence in the community. While other local services have closed, we have remained a constant in the lives of local people.

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STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

Valleys Kids is a registered charity and is a company limited by guarantee, incorporated in 1999, governed by its Memorandum and Articles of Association.

Valleys Kids' mission is to work with and support people living in disadvantaged communities enabling them to realise their potential. The people we work with are involved in shaping the services we provide. Our centres provide a welcoming atmosphere, are not judgmental and operate open access activities free at the point of access. We offer targeted activities including activities for adults, parenting, youth programmes and provide challenging activities enabling people to explore their lives and see that they have potential, that they can change and improve the quality of their lives and of the communities where they live. We consult with our local people in a variety of ways to ensure that our activities and services meet the needs of the communities. We continually explore diverse ways and methods of working to ensure that we offer the best opportunities to people.

The charity has a trading subsidiary, Valleys Creative Limited, which undertakes all non-charitable trading activity.

Organisational structure

Members of the Board of Trustees are also the directors of the company. They are responsible for overseeing the management of all the affairs of Valleys Kids. They are subject to fixed-term appointments and election or re-election according to procedures set out in our Memorandum and Articles of Association. Working groups are established to undertake specific pieces of work.

New trustees take part in an induction to the charity that includes meetings with staff and existing trustees. They are provided with a history of the charity and copies of the Charity Commission's Guidance for Trustees.

The Board seeks to ensure that all activities are within UK law and come within agreed charitable objectives. Its work includes setting strategic direction and agreeing the financial plan. The Board acts on advice and information from regular meetings with the senior managers. Decisions made at other levels of the organisation are reported to the Board. Where appropriate, Trustees are able to take independent professional advice.

The Board is looking to put in place a three-year strategic plan with the following sections:

- Organisation purpose
- Leadership
- Strategy
- Risk
- Board capability
- Board behaviours
- Board development and support
- Delivery
- Internal control and reporting
- Stakeholder relations

This will be supplemented by an 18-month operational plan to take forward the work.

Equal opportunities

Valleys Kids is committed to the principle and practice of Equal Opportunities. Our activities are open to all, and we take every opportunity to integrate those with disabilities within our everyday work. We aim to be an equal opportunities employer and seek to ensure that all staff receive equal treatment. Policies and procedures are in place for Child Protection, Whistle Blowing and Health and Safety.

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Key management remuneration

Valleys Kids aligns its pay structure with legislative requirements.

Financial Report

This report outlines the current financial challenges facing Valleys Kids and our response to those challenges. It reflects a belief shared by the charity and significant stakeholders that the long-term future of Valleys Kids can be secured through a slimmed down organisation with a smaller but still highly skilled workforce and a more focused property portfolio, together with better business planning and strict financial discipline.

This update is a compressed version of the detailed plan which now underpins our programme of change. It sets out the factors which led to the current position, the journey and actions taken so far, and the plans in place to provide a more secure future. It describes how we intend to transform the financial position of Valleys Kids through combined measures that include:

- reviewing the services it provides.
- increasing income.
- reducing costs (including staffing costs).
- disposing of non-core properties.
- ensuring better financial management at strategic and operational levels.

It does not include information about the history and services we have provided to communities; this story is told very well elsewhere. Similarly, it does not attempt to demonstrate at length the strength of feeling in the community about the valued contribution Valleys Kids has made changing lives. The Covid 19 Impact Report, attendance at a series of public meetings and a petition signed by over 800 people locally in support of Valleys Kids are all testament to the high regard in which the Charity is held.

The plan incorporates advice from an independent financial report provided by FRP Advisory Trading Ltd which sets out options and recommendations that trustees and the Senior Management Team have taken on board as the best approach to resolving the current difficulties. It refers to the Watershed Group which was set up in July 2023 in response to signals that the charity would be facing a financial crisis.

The main purpose of the group is to manage Valleys Kids through the current situation and to devise a plan for navigating the immediate cash shortfall and to prepare/implement actions that will secure the long-term future of the charity. Comprising the Senior Executive Team and various trustees and board members, the Watershed Group meets regularly.

To continue acting as an integral pillar of support for the communities it serves, Valleys Kids needs to change substantially. Securing support from its three main long-term sponsors and other stakeholders in providing short, medium and long long-term finance will be crucial in ensuring that the Transformation Business Plan succeeds. The measures being taken to increase income, dispose of property and reduce costs lead us to conclude that:

- this financial support provided can be serviced.
- we can meet commitments to funders in respect of service provision levels and quality.
- the Charity has a long-term sustainable future.

Valleys Kids Senior Leadership Team and the Trustees/Directors are committed to securing the viability of Valleys Kids by carrying out the actions proposed in this plan and to bringing about change, however difficult the task. In addressing the current challenges, all three key business sponsors and other long-term partners and stakeholders have provided considerable support for our own efforts.

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The Current Financial Position

Between 2016-2021, Valleys Kids was able to generate over £2m in income annually (including a significant contribution from funding for capital projects). The years 2022/3 and 2023/4 saw the financial position significantly deteriorate with cumulative deficits of £1m.

Decreases in grant income and inflationary cost increases contributed to the £580k net deficit in FY23/24, during which time cash reserves of £355k were used to support the organisation. During 2024, while the recovery plan was being actioned, running costs of the Charity were supported by a monthly renewable overdraft facility from Unity Bank of £140k.

As part of a "lessons learnt" exercise, the Watershed Group has analysed the factors that led to this deterioration in the financial position.

- **Lack of funding opportunities via traditional funders.** Historically, the charity generated two-thirds of its income independently from grants, commissions, contracts, fundraisers and donations (FY 2022 £1.227 Million FY 2023 £1.228 Million FY 2024 £1.115 Million) and the remaining third from RCT County Borough Council ("the Council"). (FY2022 £518k FY 2023 £195k FY 2024 £183k). However, none of these sources of funding are immune from financial pressures and they have been unable to continue the level of support previously provided.
- **An increase in demand for our services and the impact of Covid.** The pandemic led to a substantial increase in the need for services that Valleys Kids were providing to individuals and the wider community. During that time, considerable access to additional, temporary funding was made available for organisations like ours. However, when the immediate crisis ended, these temporary funds dried up although demand for services remained exceptionally high. Unwilling to deny help to growing numbers of people in need of long-term support, Valleys Kids did not respond quickly enough in adapting to this situation.
- **A lack of robustness in financial reporting.** Our financial systems were not robust enough and auditing processes (internally and externally) were insufficiently rigorous to alert us in a timely enough way to the changing funding environment. The charity was slow in producing accurate and timely data to assist good decision-making.
- **The Transition Programme (2020-2021),** which organised our response to the retirement of the founding senior managers helped us make good progress in tackling organisational shortfalls and introduced a more focused Senior Management Team structure. The focus on transition and dealing with the Covid pandemic, however, meant that less headway was achieved in areas such as income generation, robust financial management, divesting non-core assets and a much-needed change of approach to how we commercialise Social Enterprise elements of the organisation (i.e., Valleys Creative).

The result was a considerable cash flow crisis. As outlined earlier, our response to the immediate funding gap was to secure an overdraft facility with Unity Trust Bank and to set up the Watershed Group tasked with designing and implementing an interim Transition Business plan to resolve the crisis. It was apparent that urgent and tough decisions were required about the levels of service Valleys Kids could provide to the

community, the way we resource the organisation and how we manage our property portfolio. To date, deficits have been funded by:

- opening cash reserves which stood at £355k on 31/03/2023 but have now been fully utilised.
- arranging and using a temporary overdraft facility provided by Unity Bank and approved on a month-by-month basis. as referred to above.
- reducing staff costs by ensuring that only essential attrition is backfilled and introducing a programme of voluntary redundancy/ reduced hours, leading to savings of £407k since 2021.
- giving up the lease on Rhydyfelin Community Centre when funding ceased, leading to an annual saving of £26k and our Dinas base.
- Divesting Properties has generated £1.5m cash injection
- Within the 24-25 financial year £295k was generated through property divestment
- Within the 25-26 financial year £1,136k was generated through property divestment
- In all the property divestment strand of the recovery programme has generated £1.43m

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These measures were designed to be short-term solutions, but they have given us time to design robust plans for the short-, medium- and long-term sustainability of the charity and to begin implementing a Transformation Business Plan that would bring about substantial change for Valleys Kids.

We recognise the amount of work still needing to be done and we will continue to work closely with stakeholders to maintain strong relationships moving forward.

The Transformation Business Plan

To design and implement the Transformation Business Plan, it was clear that the Watershed Group would need timely and accurate financial information to assist with good planning and decision-making. With the help of the Finance Team at RCTCBC and FRP Advisory Trading, the charity now has a much clearer view of current and future cash flow projections. The engagement of a professional accountant to prepare these reports has been invaluable. The Watershed Group reviews weekly the reports. Provision for the cost of permanent financial expertise support is included in the request for longer-term financial support, as referenced in the Executive Summary.

In addition to achieving timely and accurate reporting, the Transformation Business Plan focused on four main areas that are essential to overcoming the current cash flow challenges and securing the long-term future of the charity: People; Property; Income Generation and Cost Control; Service Provision. There is an action plan for each strand.

People

People are the biggest expense to the charity, with an average monthly cost of £75k from April to September 2023 but falling to £60k post introduction of a compulsory redundancy programme. A full assessment of the people portfolio was undertaken with specific consideration given to the skills needed for a future streamlined and effective organisation. Various steps were introduced to reduce staff costs. These included:

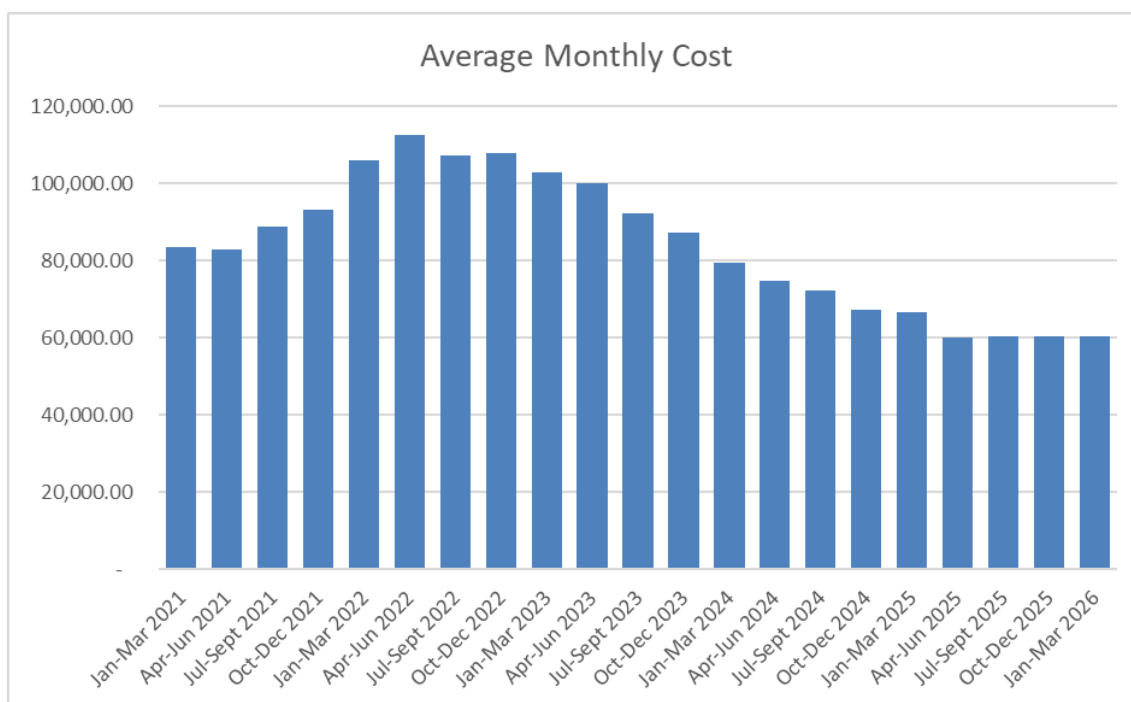
- A policy of only backfilling crucial roles or funded roles was introduced in 2021- **Total savings to date £370k.**
- A voluntary Redundancy Programme in Q4/2023 - Total annual savings £63k.
- A voluntary reduced hours programme in Q4/2023 - Total annual savings £18k.

Further savings have been realised through a voluntary and compulsory Redundancy Programme in Q1/2025 – Total annual savings £72k.

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The table below demonstrates the fall in staff costs because of measures taken since January 2021.



Comments:

Wages peaked in 1st half 2022 at
£112,000 monthly average*

Dinas, Future Families, Parenting support and Sparc projects
are main drivers of increase

Wages have been steadily reducing since Jan 2023 through natural wastage
and voluntary redundancies

Total wages reduction has been £56,000 average per month, or a reduction to half of what it
was in 1st half of 2022.

*Monthly averages have been used per quarter as wages fluctuate month on month due to 4 week v 5 week
months, overtime etc

Graph does not include Fundraising new hire(s)

Year on year savings realised through the reduction programme

2022-23	15,084.63
2023-24	157,320.75
2024-25	127,631.96
2025-26	111,373.74
	411,411.08

*Monthly averages have been used per quarter as wages fluctuate month on month due to 4 week v 5 week
months, overtime etc.

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Property

A Property Sub-Group was established to assess the current property portfolio and identify which properties were deemed core to the service provision of Valleys Kids. A plan was then drawn up for the disposal of all non-core properties.

Part of the advice given by FRP Advisory Trading was to divest all non-core assets in the property portfolio. In effect, the charity was asset rich but cash lean. In February 2024, it was identified that four of the seven properties could be put on the market without a detrimental impact on the provision of services. Valleys Kids has sold three of these (Bute St, Tylacelyn Rd and the Library, bringing a net cash injection of £282k this financial year). The sale of Cross Street In June 2025 contributed a further cash injection of circa £140k.

Little Bryn Gwyn was sold for £1m in August 2025. This has enabled Valleys Kids to clear the business loan and overdraft facilities and generate operational savings of £100k between operating costs and financing of debt.

In January 2024, the lease on Rhydyfelin Community Centre was terminated early, saving £26k p.a. in rental and servicing costs.

Income Generation and Cost Control

Historically, Valleys Kids has been highly successful in its fund-raising efforts, with over £1m secured in 2023. However, because of the factors referred to earlier in this report, it has become evident that a new approach is needed to generate sufficient income and control costs effectively. The way we manage, spend, co-ordinate and approve grant and funding applications are all in the process of change. We have focused on securing longer term grant funding, which, while the grant funding for 24-25 has reduced compared to budget, has secured over £1 million in grant funding over the next three years.

In addition to the appointment of a Financial Controller referred to previously in this section of the report, we have recently secured £100,000 of unrestricted investment from Waterloo Foundation towards core costs, including an income generation function to identify, apply for and secure investment from independent, private, public and other funding bodies.

As the competition for limited funds is becoming tougher, marketing and evidence of positive outcomes are becoming increasingly important. How we sell the ambition of Valleys Kids and the impact it has on individuals and communities are critical factors in securing funds.

Valleys Kids has fostered a good working relationship with Manchester Business School which for the past three years has conducted annually a Not-for-Profit project on our behalf. In Q4 of last calendar year, they delivered a marketing strategy and specifically make recommendations about to whom who we should be applying for funds and how we should conduct this programme. This service comes free of charge but is estimated to be worth £10k- £100k in consultancy fees. This year they are reporting on commercial opportunities for the Factory.

Valleys Kids is nearly two years into a three-year budget recovery plan.

VALLEYS KIDS

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2025

Valleys Kids

Forecast Income and Expenditure

INCOME

Category	Current Year	
	25-26	26-27
Grant Income	554,588	652,062
Sales Receipts	41,863	33,141
Donations	25,762	40,000
Rental / VH Income	98,048	103,719
Valleys Creative	157,700	180,147
Miscellaneous	433	-
Interest Earned	437	-
Additional Income generation	-	100,000
Property	1,136,968	450,000
Loan Drawdown	100,000	50,000
	2,115,801	1,609,069

OVERHEADS

Category	Current Year	
	25-26	26-27
Property	575,250	215,232
Supplies & Services	29,771	30,573
Project Costs	145,798	92,000
External Support	25,680	35,999
Training	1,392	2,000
People / staffing	757,794	713,551
Servicing Debt	441,186	170,489
Capital Projects	484	23,750
	1,977,355	1,283,594

Cash Position

	25-26	26-27
Opening Cash in bank	(124,157)	6,704
Cashflow	138,446	325,475
Balance sheet movement	(7,585)	-
Cash at end of Year	6,704	332,179

Service Provision

The Service Redesign strand looks at areas for which there is confirmed funding. It assesses where and how the services we provide the community needs to change in adapting to a new environment which initially involves lower staffing numbers, less funding and fewer properties. The action plan considers how we can best protect services delivered to the community, how we can maximise the contribution from our very skilled complement of staff and from volunteers.

While the transformation business plan was evolving, a new management structure was put in place that included posts of Chief Executive Officer, Chief Operating Officer and two further Director posts which has helped to clarify designated areas of responsibility.

The following information has been put together to support the future forecasting and demonstrate the shift in income generation needed going forward. Forecasting has been undertaken for a 3-5 year period and realistic, optimistic and pessimistic scenarios have been developed.

VALLEYS KIDS
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2025

Valleys Kids

Forecast Notes

Notes to assist with the interpretation of the financial forecasts

General Assumptions

Foremost the forecast is a cashflow forecast, as such the working assumption is that all income and expenditure is on a cash basis. There is no attempt to adjust for timing between Commitment of expenditure and payment.

As such, while there are balance sheet movements built in these are to accommodate timing and to reconcile the forecast with the financial statements which include non cash items such as provisions and depreciation.

Forecast Growth

Valleys Kids is going through a transformation in structure and operations. The organisation has successfully downsized the property portfolio and reduced the workforce to a level needed to deliver the services and impact at a sustainable level

"The forecast is deliberately modest in terms of projected increases in income as it is better to take small steps and succeed.

Also steady moderate growth is desirable. If the organisations forecast growth were too rapid there would be a danger that potential funders may perceive their funding as building reserves rather than delivering outcomes."

"The business as usual is based on historical performance, with costs more closely aligned to the grant delivery commitments than has previously been the case.

Additionally there is a 10% across the board reduction in forecast income to stress the targets and determine the outcomes if income generation falls short of target. This is reflected in the forecast cash position."

The early drawdown of the loan tranches will help to facilitate a cash positive year end position, which is important when applying to grant funders as this is a key metric alongside Valleys Kids proven ability to deliver on project outcomes.

Target Rental / VH Income

Venue hire targets

Based on 50% Utilisation and charity published rates potential income of	£	79,800
Existing forecast income from remaining properties	£	33,677
Therefore there is a potential increase in income of	£	46,123

However - need to monitor and understand the current internal use as well as potential external hire to ascertain the true potential increase in income.

Have suggested using a booking system to monitor use and control room hire as well as automate the charging of external room hire

As Valleys Creative is currently using a booking system it makes sense to use this for Valleys Kids also as there is familiarity and confidence in how it works.

	Current	Optimistic	Pessimistic
The Annual forecast is therefore downgraded from the potential above to:	38,588	46,305 20%	19,294 -50%
Potential property income therefore	£ 72,265	£ 79,982	£ 52,971

Revenue recognition

For each site, where Rent / Venue hire is greater that the original budget for 25-26 this will be shown as target rental / venue hire income. This will help to demonstrate and recognise where gains have been achieved.

VALLEYS KIDS
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2025

Service Redesign

Incremental increase in chargeable services. Mainly utilising current Family Team expertise and staff capacity alongside existing services

Current	Optimistic	Pessimistic
10,000	12,000	8,000
	20%	-20%

Service redesign also covers redefining how existing and future services are delivered. This is explored in the operational plan and is expected to be cost neutral.

Income Generation

Increase in Fundraising and Donations through fundraising initiatives and Business development opportunities.

Fundraising team comprising of existing Grant Officer plus Fundraiser(s)

The existing grant officer is included in existing operational budget

	Current	Optimistic	Pessimistic
Projected additional Income	100,000	120,000	80,000
Incremental costs	(36,720)	(36,720)	(36,720)
£	63,280	£ 83,280	£ 43,280
No of People	1.00	1.00	1.00

It is anticipated that the additional income generating resources will also increase grant fund raising and reporting capacity.

The current grant funding landscape is such that grants are more difficult to obtain, more targeted, and will require increased reporting to funders. Therefore will require additional resource in order to maintain the grant funding target.

It is also recognised that income generation is perhaps the most challenging operational change for Valleys Kids, therefore the additional income projections have been deliberately modest.

(The transformation Plan initially targeted £272,000 of income generation)

Income generation initiatives already budgeted @ Feb 2025 (Included in the operational budget)

	26-27	27-28 and onwards
Donations		
Increase in donations across the organisation	14,238	+ 10% YoY
Valleys Creative		
Increase profitability and therefore donation to Valleys Kids	22,447	+ 5% YoY

Operational Costs

Divestment of properties and the redundancy programme has resulted in a steady reduction in operating costs:

26-27 Monthly operating cost (Not including new initiatives above)	103,333	+ 2% YoY
24-25 Average	107,000	
25-26 Average	97,000	

Savings compared to 24-25	44,000	per year
Savings compared to 25-26	(76,000)	per year

	Current	Optimistic	Pessimistic
Combined effect of Income Generation initiatives and cost savings	72,552	102,270	31,258

Conclusion

It is evident that Valleys Kids needs to change substantially if we are to continue to act as an integral pillar of support for the communities we serve.

The measures being taken to increase income, dispose of property and reduce costs lead us conclude that:

- this financial support can be serviced,
- we can meet commitments to funders in respect of service provision levels and quality;
- the Charity has a long-term sustainable future.

VALLEYS KIDS

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2025

Investing in key new roles to drive the Plan forward is critical to success but it is essential also that the considerable talent we have within Valleys Kids is kept and nurtured. This means maintaining an environment which is open, supportive and entrepreneurial and where staff and volunteers are highly motivated and feel happy and valued. Also critical is retaining a transparent and close working relationship with all stakeholders, particularly RCT CBC, Unity Bank and the WCVA.

The Valleys Kids Senior Leadership Team and the Trustees/Directors are committed to securing the long-term future of Valleys Kids by carrying out the actions proposed in this plan and to bringing about necessary change, however challenging.

Where we are now

So Far

Withdrawal of RCT contract has left a significant budget shortfall operationally this combined with other factors, such as the grant funding landscape generally is far more challenging, has had a negative impact on the organisation.

As a result, VK has utilised £1.5million of reserves since 2022 in an attempt to maintain services VK has divested properties worth £1.3million and is currently debt free. However, the organisation is still not in a secure position

Transformation plan

People:

Voluntary then compulsory redundancies have reduced the workforce significantly. We ask ourselves is it enough? Are the right people in the right places? (The skills matrix we have developed and capacity planning will help to highlight gaps and any spare capacity).

Properties:

Valleys Kids has divested relatively easy to sell properties that have been surplus to core requirements The remaining properties are more difficult to divest.

Divesting them may not necessarily be a good idea as remaining properties:

Have a significant income potential

Are occupied by Valleys Kids

Are used for service delivery and by the local community

We must also remember property divestment is not income generation; it is liquidating reserves thereby reducing reserves on the balance sheet.

Income Generation:

Grant Funding: there is a big gap compared to historically. Focus has been on securing longer term grant funded projects. Grant funding ALWAYS comes with performance requirements. These performance requirements, service delivery plans and reporting all require capacity. The current forecast expectation is £700k (vs £900k+ in previous forecasts).

It is useful to remember **unrestricted income** can be used for whatever legal purpose the charity decides. Therefore, is a very desirable income to have.

The target for **donations** is currently minimal @ £20k. Suggested target of 10% of income £100K

Property Income: is there significant potential for growth in property income as currently properties are under utilised.

Chargeable services:

The Family Team have sold services e.g. Trauma Informed Training. Is there scope to do more? We need to identify and pursue chargeable services. This should not be to the detriment of committed grant funded activity. It requires spare or additional capacity to be factored in.

VALLEYS KIDS

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2025

Where to next?

We still have a long way to go to reach sustainability.

Therefore, in the short term VK will be still reliant on Loans and/or Overdraft facility to maintain liquidity..

The organisation recognises that achieving long-term financial sustainability remains a significant challenge. The recently approved WCVA loan of £150,000 (approved on 28 January 2026) provides essential short-term liquidity and allows time for the organisation to implement its strategic plans to strengthen income generation. The loan includes a one-year repayment holiday, followed by repayments over a five-year period, or earlier should the property securing the loan be sold.

Following the sale of Little Bryn Gwyn, the organisation is required to repay £178,000 of VAT apportionment to HMRC. Discussions with HMRC are ongoing to agree an appropriate repayment approach.

While the WCVA loan offers much-needed stability, the organisation remains reliant on it in the short term. Continued progress on delivering the income-generation strategy, alongside careful financial management, will be essential to securing future sustainability.

Further contingency measures have been considered.

We still have a long way to go to reach sustainability

Need to build income generating capability to fill the gap

The organisation recognises the need to strengthen its income-generating capacity to address funding gaps and ensure long-term sustainability. Close monitoring is required to ensure that expenditure on service delivery remains aligned with income from grant funders, and particular care must be taken to ensure that all funded activity is fully cost-recovered.

The recent redundancy programme has reduced staffing costs, but ongoing review is needed to ensure the organisation has the right skills and capacity to move forward. Additional capability is required in fundraising, income generation, financial management and facilities management, and work is underway to recruit these skills while also exploring whether existing staff can be redeployed into critical roles.

The Board has undertaken comprehensive contingency planning, including the development of a "worst-case" roadmap that covers a range of potential scenarios such as a managed voluntary wind-down or forced closure. This planning includes assessment of borrowing options, with early research identifying a potential alternative lender if required. The possible sale of further capital assets has also been considered, supported by appropriate legal and financial advice.

In parallel, the organisation has explored alternative operating models should restructuring become necessary. This includes assessment of continuing service delivery, completing existing grant-funded commitments, and managing associated staffing implications. Options considered include the potential separation of the social enterprise and, where appropriate, exploring opportunities for merger with a like-minded charity.

VALLEYS KIDS

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2025

The risks

Valleys Kids trustees and staff have considered the major risks that affect our work and have put in place controls to deal with them. The controls include clearly documented accounting procedures and risk/ benefit assessments throughout the organisation. We review our risk register regularly to ensure that we are aware of any emerging threats to the organisation.

Reserves policy

The trustees believe it is necessary to maintain reserve funds to ensure that the charity is able to meet ongoing commitments. At the 31 March 2025 total funds amounted to £2,767,574. The unrestricted funds were £2,666,334 and the free reserves after excluding fixed assets and associated loans were (£334,663). The trustees intend to gradually increase reserves to meet the trustees' policy of having sufficient funding to cover up to three months operating costs, which is approximately £300,000

VALLEYS KIDS

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2025

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

03717865 (England and Wales)

Registered Charity number

1074840

Registered office

The Factory
Jenkin Street
Porth
Rhondda Cynon Taff
CF39 9PP

Trustees

(Chair) Philip Evans
(Vice Chair) Ceri Assiratti
(Treasurer) Marian Stokes
Rebecca Booth
Nadine Hussein
Howell Edwards (stepping down AGM 2026)
Lyn Evans
Rhiannon Howells
Jason Camilleri

Executive team

Elise Stewart
Kath Edwards
Miranda Ballin
Debra Jones

Auditors

Bevan Buckland LLP (Statutory Auditors)
Ground Floor Cardigan House
Castle Court
Swansea Enterprise Park
Swansea
SA7 9LA

Solicitors

Darwin Gray Solicitors,
Helmont House
Churchill Way
Cardiff CF10 2HE

Bank

Unity Trust Bank PLC 4 Brindley place
Birmingham
B1 2JB

Barclays Bank UK PLC 1 Churchill Place London
E14 5HP

VALLEYS KIDS
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2025

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Valleys Kids for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year. Under that law, the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, Bevan Buckland LLP (Statutory Auditors), will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 30 January 2026..... and signed on the board's behalf by:



.....
P Evans - Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF VALLEYS KIDS

Opinion

We have audited the financial statements of Valleys Kids (the 'parent charitable company') and its subsidiary ('the group') for the year ended 31 March 2025 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Charity Balance sheet, the Consolidated Cash Flow Statement 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 (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2025 and of the group's incoming resources and application of resources, including 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 Companies Act 2006.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company 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.

Material uncertainty related to going concern

In forming our opinion on the financial statements which is not modified, we have considered the adequacy of the disclosure in Note 2 of the financial statements concerning the group's ability to continue as a going concern.

As disclosed in Note 2, the Group has incurred significant operating losses during the period and is forecasting further losses for the remainder of the current financial year and the year ending 31 March 2027. Although the Group has secured a £150,000 WCVA loan facility on 28 January 2026 to support short-term liquidity, the Group remains dependent on the successful implementation of its revised operating structure and the realisation of assets to generate additional cash.

These conditions, along with the other matters set out in Note 2, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

Other matters

The financial statements of the group for the year ended 31 March 2024 were audited by another auditor who expressed an unmodified opinion on those statements on 21 February 2025.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors 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 this gives rise to a material misstatement in the financial statements themselves. 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF VALLEYS KIDS

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are 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 trustees 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 trustees are responsible for assessing the group and parent charitable company'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 trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF VALLEYS KIDS

Our 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 a Report of the Independent Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

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

We discussed our audit independence complying with the Revised Ethical Standard 2024 with the engagement team members whilst planning the audit and continually monitored our independence throughout the process.

Identifying and assessing potential risks related to irregularities.

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

- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- discussing among the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud.
- obtaining an understanding of the legal and regulatory frameworks that the Group and parent Charitable company operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Group, The key laws and regulations we considered in this context included the UK Companies Act and relevant tax legislation.

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;
- 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 operational rationale of any significant transactions that are unusual or outside the normal course of operations.

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. Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance.

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 Independent Auditors.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF VALLEYS KIDS

Use of our report

This report is made solely to the Group and parent charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Llinos Williams (Senior Statutory Auditor)
for and on behalf of Bevan Buckland LLP (Statutory Auditors)
Ground Floor Cardigan House
Castle Court
Swansea Enterprise Park
Swansea
SA7 9LA

Date: 30 January 2026

VALLEYS KIDS

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2025**

	Notes	Unrestricted fund £	Restricted funds £	2025 Total funds £	2024 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	3	167,453	-	167,453	314,366
Charitable activities	6				
Community Projects		171,850	-	171,850	-
Community Support		223,250	491,457	714,707	854,183
Other trading activities	4	257,716	-	257,716	134,451
Investment income	5	43,236	-	43,236	53,832
Other income		5,033	-	5,033	1,495
Property revaluation gain		-	-	-	171,933
Total		<u>868,538</u>	<u>491,457</u>	<u>1,359,995</u>	<u>1,530,260</u>
EXPENDITURE ON					
Raising funds	7	92,369	-	92,369	106,101
Charitable activities	8				
Community Support		<u>1,034,369</u>	<u>513,076</u>	<u>1,547,445</u>	<u>1,798,211</u>
Total		<u>1,126,738</u>	<u>513,076</u>	<u>1,639,847</u>	<u>1,904,312</u>
NET INCOME/(EXPENDITURE)		(258,200)	(21,619)	(279,819)	(374,052)
RECONCILIATION OF FUNDS					
Total funds brought forward		<u>2,924,534</u>	<u>122,859</u>	<u>3,047,393</u>	<u>3,421,445</u>
TOTAL FUNDS CARRIED FORWARD		<u><u>2,666,334</u></u>	<u><u>101,240</u></u>	<u><u>2,767,574</u></u>	<u><u>3,047,393</u></u>

The notes form part of these financial statements

VALLEYS KIDS
CONSOLIDATED BALANCE SHEET
31 MARCH 2025

	Notes	Unrestricted fund £	Restricted funds £	2025 Total funds £	2024 Total funds £
FIXED ASSETS					
Tangible assets	16	3,417,310	-	3,417,310	3,704,625
CURRENT ASSETS					
Stock		1,916	-	1,916	1,916
Debtors	17	18,366	-	18,366	41,620
Cash at bank and in hand		<u>(71,404)</u>	<u>101,240</u>	<u>29,836</u>	<u>93,536</u>
		(51,122)	101,240	50,118	137,072
CREDITORS					
Amounts falling due within one year	18	<u>(272,526)</u>	-	<u>(272,526)</u>	<u>(342,866)</u>
NET CURRENT LIABILITIES		<u>(323,648)</u>	<u>101,240</u>	<u>(222,408)</u>	<u>(205,794)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,093,662	101,240	3,194,902	3,498,831
CREDITORS					
Amounts falling due after more than one year	19	<u>(427,328)</u>	-	<u>(427,328)</u>	<u>(451,438)</u>
NET ASSETS		<u>2,666,334</u>	<u>101,240</u>	<u>2,767,574</u>	<u>3,047,393</u>
FUNDS	22				
Unrestricted funds				2,666,334	2,924,534
Restricted funds				<u>101,240</u>	<u>122,859</u>
TOTAL FUNDS				<u>2,767,574</u>	<u>3,047,393</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 30 January 2026 and were signed on its behalf by:



P Evans - Trustee

VALLEYS KIDS
CHARITY BALANCE SHEET
31 MARCH 2025

	Notes	Unrestricted fund £	Restricted funds £	2025 Total funds £	2024 Total funds £
FIXED ASSETS					
Tangible assets	16	3,403,988	-	3,403,988	3,645,978
CURRENT ASSETS					
Debtors	17	17,242	-	17,424	116,680
Cash at bank and in hand		<u>(98,127)</u>	<u>101,240</u>	<u>3,113</u>	<u>57,758</u>
		(80,885)	101,240	20,537	174,438
CREDITORS					
Amounts falling due within one year	18	<u>(235,734)</u>	-	<u>(235,734)</u>	<u>(323,399)</u>
NET CURRENT ASSETS		<u>(316,619)</u>	<u>101,240</u>	<u>(215,379)</u>	<u>(148,961)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,087,369	101,240	3,188,609	3,497,017
CREDITORS					
Amounts falling due after more than one year	19	<u>(424,349)</u>	-	<u>(424,349)</u>	<u>(447,705)</u>
NET ASSETS		<u>2,663,020</u>	<u>101,240</u>	<u>2,764,240</u>	<u>3,049,312</u>
FUNDS					
Unrestricted funds				2,663,020	2,926,453
Restricted funds				<u>101,240</u>	<u>122,859</u>
TOTAL FUNDS				<u>2,764,020</u>	<u>3,049,312</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 30 January 2026 and were signed on its behalf by:



.....
P Evans - Trustee

VALLEYS KIDS

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2025

	Notes	2025 £	2024 £
Cash flows from operating activities			
Cash generated from operations	1	(88,634)	(333,080)
Interest paid		<u>(49,051)</u>	<u>(35,076)</u>
Net cash used in operating activities		<u>(137,685)</u>	<u>(368,156)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(7,235)	(7,322)
Sale of tangible fixed assets		109,167	1,499
Interest received		<u>213</u>	<u>464</u>
Net cash provided by/(used in) investing activities		<u>102,145</u>	<u>(5,359)</u>
Cash flows from financing activities			
Loan repayments in year		<u>(21,902)</u>	<u>(17,766)</u>
Net cash used in financing activities		<u>(21,902)</u>	<u>(17,766)</u>
Change in cash and cash equivalents in the reporting period		(57,442)	(391,281)
Cash and cash equivalents at the beginning of the reporting period	2	<u>(35,576)</u>	<u>355,705</u>
Cash and cash equivalents at the end of the reporting period	2	<u><u>(93,015)</u></u>	<u><u>(35,576)</u></u>

The notes form part of these financial statements

VALLEYS KIDS

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2025

1. RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2025 £	2024 £
Net expenditure for the reporting period (as per the Statement of Financial Activities)	(279,822)	(374,052)
Adjustments for:		
Depreciation charges	144,322	129,784
(Profit)/loss on disposal of fixed assets	41,061	2,167
Interest received	(213)	(464)
Interest paid	49,051	35,076
Property revaluation gain	-	(171,933)
Decrease in debtors	26,067	7,286
(Decrease)/increase in creditors	(69,100)	39,099
(Decrease)/Increase in stock		(43)
Net cash used in operations	<u>(88,634)</u>	<u>(395,427)</u>

2. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2025 £	2024 £
Cash at bank and in hand	29,836	93,536
Overdrafts included in bank loans and overdrafts falling due within one year	(122,851)	(129,112)
Total cash and cash equivalents	<u>(93,015)</u>	<u>(35,576)</u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.4.24 £	Cash flow £	At 31.3.25 £
Net cash			
Cash at bank and in hand	93,536	(63,700)	29,836
Bank overdraft	(129,112)	6,261	(122,851)
	<u>(35,576)</u>	<u>(57,439)</u>	<u>(93,015)</u>
Debt			
Debts falling due within 1 year	(21,906)	14,546	(7,360)
Debts falling due after 1 year	(447,705)	20,377	(427,328)
	<u>(469,611)</u>	<u>34,923</u>	<u>(434,688)</u>
Total	<u>(505,187)</u>	<u>(22,516)</u>	<u>(527,703)</u>

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

1. STATUTORY INFORMATION

Valleys Kids is a company limited by guarantee incorporated in Wales within the United Kingdom. The registered office is 1 Cross Street, Penygraig, Tonypany, Mid Glamorgan, CF40 1LD. The nature of the charitable company's operations is to provide and assist in the provision of facilities and services for education, play, arts, recreation and other leisure time occupations with the object of improving the conditions of life.

Valley Creative Limited is a 100% owned subsidiary of Valleys Kids. It is a company incorporated in Wales within the United Kingdom. The registered office is the same as the parent company. The nature of the operations is that of providing recreational, educational and wellbeing facilities for the public at large and in particular people in need.

The financial statements are presented in Sterling (£), the company's functional currency, and rounded to the nearest pound. The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets.

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)' Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention. There have been no material departures from Financial Reporting Standard 102.

Going concern

The trustees have assessed the Group's ability to continue as a going concern. In view of the challenging financial circumstances currently faced, a detailed review has been undertaken. This assessment has taken into account the Group's current and potential income streams, ongoing and planned cost reduction measures, and the extent to which assets could be realised to generate cash.

For the nine month period ended 31 December 2025, the Group reported an operating loss of £140,000. In addition, one off costs of £371,000 were incurred in connection with the sale of the property at Little Bryn Gwyn. As a result, the total loss reported for the period amounted to £512,000. For the remaining three months of the financial year ending 31 March 2026, the Group is projecting a loss of £90,212. For the financial year ending 31 March 2027, the group is forecasting a loss of £66,854.

From a cash flow perspective, a WCVA loan facility of £150,000 has been secured on 28th January 2026. This facility is expected to provide short term liquidity while the Group stabilises under its revised operating structure. The loan will be repayable over a five year period, or earlier on the sale of a property over which the loan is secured upon.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

NOTES TO THE FINANCIAL STATEMENTS - continued

2. ACCOUNTING POLICIES - continued

The sale of this property, which is anticipated to take place during the financial year ending 31 March 2027, is expected to generate sufficient proceeds to repay the loan and to improve the Group's overall financial position. Furthermore, the cessation of operating the property at a loss, together with the associated cost savings, is expected to result in a reduced cost base going forward.

Notwithstanding these plans, the group remains dependent in the short term on securing the proposed loan facility in order to meet its ongoing obligations. The trustees consider that the successful sale of the property will enable the repayment of the loan and support the group's longer term financial sustainability.

The forecasts prepared by the Trustees indicate a deficit of approximately £66,854 for the year ending 31 March 2027. These projections are based on the Charity's strategic commitment to investing in enhanced fundraising capacity in order to develop a more sustainable income base. The anticipated growth in income reflects the expected return on this investment and incorporates targets that have been set following a careful assessment of the group's income-generation strategy. These targets have been established prudently, with the intention of progressively restoring historical income levels, taking into account the current grant-funding environment and the additional resources required to support expanded income-generating activity.

Consolidation

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line-by-line basis.

Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The preparation of the financial statements requires management to make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, be likely to differ from the related actual results.

Depreciation

Depreciation is based upon the useful economic life of the asset which has been estimated by the charity based upon knowledge of the assets. The manual nature of this estimate makes it a risk!

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Donation and legacies income

Donations and legacies income includes donations, gifts and grants that provide core funding or, are of a general nature and are recognised where there is entitlement, probability of receipt and the amount can be measured with sufficient reliability. Such income is only deferred when the donor specifies it must be used in future accounting periods or the donor has imposed conditions which must be met before the charity has unconditional entitlement.

Investment income

Investment income is recognised on a receivable basis. Interest on funds held on deposit is included when receivable, and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Charitable activities

Community support income is recognised when the respective activities occur.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2025

2. ACCOUNTING POLICIES - continued

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Expenditure on charitable activities comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Support costs are those costs that, whilst necessary to deliver an activity, do not themselves produce or constitute the output of the charitable activity. This includes governance costs which are those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit and accountancy fee.

Tangible fixed assets

Fixed assets initially recorded at cost. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	2% straight line
Plant and machinery	20% on cost

Taxation

The charity members of the group are exempt from income and corporation taxes on income and gains to the extent that they are applied for their charitable objects. The trading subsidiaries do not generally pay UK Corporation tax because their policy is to pay taxable profits to the Charitable Company as gift aid.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements

Pension costs and other post-retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

Financial instruments

The Charity has chosen to adopt FRS 102, Section 11: Basic Financial Instruments and Section 12: Other Financial Instruments Issues of FRS 102 in respect of financial instruments.

All financial assets and liabilities are initially measured at transaction price, including transaction costs, except for those financial assets classified at fair value through profit or loss, which are initially measured at fair value (at transaction price excluding transaction costs) unless the arrangement constitutes a financing transaction.

Financial assets and financial liabilities are only offset in the Group balance sheet when, and only when, there is a legally enforceable right to set off the recognised amounts and the Group intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments (other than those repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently amortised using the effective interest method.

VALLEYS KIDS

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2025

2. ACCOUNTING POLICIES - continued

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due. The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

3. DONATIONS AND LEGACIES

	2025	2024
	£	£
Donations	12,452	62,790
Grants	<u>155,000</u>	<u>251,576</u>
	<u>167,453</u>	<u>314,366</u>

Grants received, included in the above, are as follows:

	2025	2024
	£	£
The Tudor Trust	-	48,000
Garefield Weston Fund	45,000	45,000
The Hodge Foundation	35,000	60,000
The Waterloo Foundation	50,000	50,000
Leathersellers Foundation	25,000	25,000
Janet and Peter Swinburn Fund- CAF America	-	23,576
	<u>155,000</u>	<u>251,576</u>

4. OTHER TRADING ACTIVITIES

	2025	2024
	£	£
Retail income	2,728	12,132
Income from Valleys Creative Limited	<u>254,988</u>	<u>122,319</u>
	<u>257,716</u>	<u>134,451</u>

5. INVESTMENT INCOME

	2025	2024
	£	£
Rents received	43,023	53,368
Deposit account interest	<u>213</u>	<u>464</u>
	<u>43,236</u>	<u>53,832</u>

VALLEYS KIDS

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2025

6. INCOME FROM CHARITABLE ACTIVITIES

		2025 £	2024 £
Gain on sale of tangible fixed assets	Activity Community Projects	171,850	-
Community activities	Community Support	166,077	212,234
Grants	Community Support	491,457	452,875
Party and play	Community Support	-	118,334
Hire income	Community Support	57,173	70,740
		<u>886,577</u>	<u>854,183</u>

6. INCOME FROM CHARITABLE ACTIVITIES - continued

Grants received, included in the above, are as follows:

	2025 £	2024 £
Voluntary Action Merthyr Tydfil - Regional Integration Fund	21,480	45,120
Interlink RCT	14,146	7,831
Arts Council of Wales	216,420	179,748
National Lottery	19,773	-
The National Lottery Heritage Fund	96,360	120,045
Penygraig Community Project	17,523	-
RCTCBC - Community Dementia Prevention Programme	-	1,899
National Lottery Community Fund	-	9,509
CWVYS	-	9,500
The Neighbourly Food Grant	-	5,500
Save the Children	5,000	7,000
Arts & Business Cymru	-	2,492
RCTCBC - Community Micro Grant	900	1,000
RCTCBC - Winter Hardship Fund	2,000	2,000
RCTCBC - Energy Costs Grant	-	2,700
RCTCBC - Fun, Food & Friends	-	15,615
RCTCBC - Neighbourhood Network Fund	-	1,000
National Grid Electricity Distribution - Warm Place Energy Club	-	9,814
RCTCBC - Food Support Fund	-	1,000
Children in Need	-	29,935
Peny Y Cymoedd Community Fund	22,749	1,167
Trust colwinston	20,000	-
Penyreglyn Hub	26,000	-
NGED Community matters	3,746	-
Together Stronger	<u>25,360</u>	<u>-</u>
	<u>491,457</u>	<u>452,875</u>

7. RAISING FUNDS

Raising donations and legacies

	2025 £	2024 £
Staff costs	10,806	27,190
Premises costs	12,179	10,699
Trading subsidiary costs	<u>69,384</u>	<u>68,212</u>
	<u>92,369</u>	<u>106,101</u>

VALLEYS KIDS

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2025**

8. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 9) £	Support costs (see note 10) £	Totals £
Community Support	<u>1,219,345</u>	<u>328,100</u>	<u>1,547,445</u>

9. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2025 £	2024 £
Staff costs	666,046	857,963
Travel	9,216	17,010
Staff training	1,083	1,031
Telephone and postage	2,182	2,094
Printing and stationery	1,034	1,569
Activities	196,519	219,184
Premises costs	179,232	219,896
Depreciation	122,972	103,584
Loss on sale of assets	<u>41,061</u>	<u>2,167</u>
	<u>1,219,345</u>	<u>1,424,498</u>

10. SUPPORT COSTS

	Management £	Finance £	Other £	Support costs £	Totals £
Community Support	<u>165,230</u>	<u>46,122</u>	<u>104,983</u>	<u>11,765</u>	<u>328,100</u>

11. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2025 £	2024 £
Auditors' remuneration	8,075	17,057
Auditors' remuneration for non audit work	2,690	3,299
Depreciation - owned assets	140,058	129,486
Surplus/(deficit) on disposal of fixed assets	(171,850)	2,167
Property revaluation gain	<u>-</u>	<u>(171,933)</u>

12. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2025 nor for the year ended 31 March 2024.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 March 2025, nor for the year ended 31 March 2024.

VALLEYS KIDS

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2025

13. STAFF COSTS

	2025	2024
	£	£
Wages and salaries	774,112	973,315
Social security costs	51,054	68,181
Other pension costs	<u>13,509</u>	<u>17,926</u>
	<u>838,675</u>	<u>1,059,422</u>

The average monthly number of employees during the year was as follows:

	2025	2024
	<u>44</u>	<u>46</u>
Employees		

No employees received emoluments in excess of £60,000.

The total key management personnel remuneration benefits paid during the year was £162,165 (2024 £106,101).

Included within staff costs are termination payments of £38,507 (2024 £14,564).

14. RESULTS OF THE PARENT CHARITABLE COMPANY

No separate statement of financial activities has been included for the parent charitable company.

The income of the parent charitable company was £1,225,729 and net expenditure was £285,052.

VALLEYS KIDS

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2025

15. COMPARATIVES FOR THE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	147,790	166,576	314,366
Charitable activities			
Community Support	392,680	461,503	854,183
Other trading activities	134,451	-	134,451
Investment income	53,832	-	53,832
Other income	1,495	-	1,495
Property revaluation gain	<u>171,933</u>	<u>-</u>	<u>171,933</u>
Total	<u>902,181</u>	<u>628,079</u>	<u>1,530,260</u>
EXPENDITURE ON			
Raising funds	106,101	-	106,101
Charitable activities			
Community Support	<u>1,178,327</u>	<u>619,884</u>	<u>1,798,211</u>
Total	<u>1,284,428</u>	<u>619,884</u>	<u>1,641,982</u>
NET INCOME/(EXPENDITURE)	(382,247)	8,195	(353,535)
Transfers between funds	<u>82,703</u>	<u>(82,703)</u>	<u>-</u>
Net movement in funds	(299,544)	(74,508)	(374,052)
RECONCILIATION OF FUNDS			
Total funds brought forward	<u>3,224,078</u>	<u>197,367</u>	<u>3,421,445</u>
TOTAL FUNDS CARRIED FORWARD	<u>2,924,534</u>	<u>122,859</u>	<u>3,047,393</u>

VALLEYS KIDS

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2025

16. TANGIBLE FIXED ASSETS - GROUP

	Freehold property £	Plant and machinery £	Totals £
COST OR VALUATION			
At 1 April 2024	5,354,314	180,028	5,534,542
Additions	7,235	7,235	7,235
Disposals	(217,583)	-	(217,583)
At 31 March 2025	<u>5,136,731</u>	<u>187,463</u>	<u>5,324,194</u>
DEPRECIATION			
At 1 April 2024	1,708,108	121,809	1,829,917
Charge for year	119,641	24,681	144,322
Eliminated on disposal	(67,355)	-	(67,355)
At 31 March 2025	<u>1,760,394</u>	<u>146,490</u>	<u>1,906,884</u>
NET BOOK VALUE			
At 31 March 2025	<u>3,376,337</u>	<u>40,973</u>	<u>3,417,310</u>
At 31 March 2024	<u>3,646,206</u>	<u>58,419</u>	<u>3,704,625</u>

16. TANGIBLE FIXED ASSETS – CHARITY

	Freehold property £	Plant and machinery £	Totals £
COST OR VALUATION			
At 1 April 2024	5,307,655	262,994	5,570,649
Additions	-	7,235	7,235
Disposals	(170,924)	-	(170,924)
At 31 March 2025	<u>5,136,731</u>	<u>270,229</u>	<u>5,406,960</u>
DEPRECIATION			
At 1 April 2024	1,703,443	221,228	1,924,671
Charge for year	118,708	21,350	140,058
Eliminated on disposal	(61,757)	-	(61,757)
At 31 March 2025	<u>1,760,394</u>	<u>242,578</u>	<u>2,002,972</u>
NET BOOK VALUE			
At 31 March 2025	<u>3,376,337</u>	<u>27,651</u>	<u>3,403,988</u>
At 31 March 2024	<u>3,604,212</u>	<u>41,766</u>	<u>3,645,978</u>

VALLEYS KIDS

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2025

17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		CHARITY	
	2025	2024	2025	2024
	£	£	£	£
Trade debtors	13,191	26,941	13,191	26,941
Amounts owed by group undertakings	-	-	-	76,973
Other debtors	2,044	980	920	980
Prepayments and accrued income	3,131	13,699	3,131	11,786
	<u>18,366</u>	<u>41,620</u>	<u>17,242</u>	<u>116,680</u>

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		CHARITY	
	2025	2024	2025	2024
	£	£	£	£
Bank loans and overdrafts (see note 20)	139,999	144,952	139,999	144,952
Other loans (see note 20)	6,212	6,066	6,212	6,066
Trade creditors	47,499	46,294	39,806	41,207
Social security and other taxes	25,642	32,318	25,642	32,318
Other creditors	30,913	22,688	12,500	19,079
VAT	10,736	9,677	-	-
Accruals and deferred income	11,575	80,871	11,575	79,777
	<u>272,526</u>	<u>342,866</u>	<u>235,734</u>	<u>323,399</u>

Included within deferred income above is the following:

	2025	2024
	£	£
The Hodge Foundation		35,000
Little Bryn Gwyn – Hire Income	1,586	10,700
RCTCBC – Capital Grant		933
	<u>1,586</u>	<u>46,633</u>

The deferred income relates to income received in advance of the project delivery.

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

	GROUP		CHARITY	
	2025	2024	2025	2024
	£	£	£	£
Bank loans and overdrafts (see note 20)	405,313	438,776	405,313	422,461
Other loans (see note 20)	19,036	31,309	19,036	25,244
Accruals and deferred income	2,979	3,733	-	-
	<u>427,328</u>	<u>451,438</u>	<u>424,349</u>	<u>447,705</u>

VALLEYS KIDS

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2025

20. LOANS

An analysis of the maturity of loans is given below:

	2025 £	2024 £
Amounts falling due within one year on demand:		
Bank overdrafts	122,851	129,112
Bank loans	17,148	15,840
Other loans	<u>6,212</u>	<u>6,066</u>
	<u>146,211</u>	<u>151,018</u>
Amounts falling between one and two years:		
Bank loans - 1-2 years	19,995	17,148
Other loans - 1-2 years	<u>3,714</u>	<u>6,212</u>
	<u>23,709</u>	<u>23,360</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	70,335	64,979
Other loans - 2-5 years	<u>5,028</u>	<u>8,746</u>
	<u>75,363</u>	<u>73,725</u>
Amounts falling due in more than five years:		
Repayable by instalments:		
Bank loans more 5 yr by instal	314,983	340,334
Other loans more 5yrs instal	<u>10,294</u>	<u>10,286</u>
	<u>325,277</u>	<u>350,620</u>

21. SECURED DEBTS

The following secured debts are included within creditors:

	2025 £	2024 £
Bank loans	<u>422,461</u>	<u>438,301</u>

The bank loan is secured by:

- A First Legal Charge over the Property known as The Pop Factory, Porth, Rhondda Cynon Taff
- A Second Legal Charge over the property known as Little Bryn Gwyn, Gower, Swansea
- A Deed of priority to be made between Unity and the Welsh Ministers for £502,000.

VALLEYS KIDS

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2025

22. MOVEMENT IN FUNDS

	At 1.4.24 £	Net movement in funds £	Transfers between funds £	At 31.3.25 £
Unrestricted funds				
General fund	2,924,534	(258,200)	(2,395,332)	271,002
Fixed Asset - Designated fund	-	-	2,395,332	2,395,332
	2,924,534	(258,203)	-	2,666,334
Restricted funds				
General	25,725	(25,725)	-	-
Arts	2,637	(2,637)	-	-
Valleys Voices	94,497	(1,500)	-	92,997
Colwinston Trust	-	8,243	-	8,243
	122,859	(21,619)	-	101,240
TOTAL FUNDS	<u>3,047,393</u>	<u>(279,819)</u>	<u>-</u>	<u>2,767,574</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	868,538	(1,126,738)	(258,200)
Restricted funds			
InterlinkRCT	14,146	(14,146)	-
General	6,646	(32,371)	(25,725)
Arts	216,420	(219,057)	(2,637)
Valleys Voices	96,360	(97,860)	(1,500)
Regional Intergration fund	21,480	(21,480)	-
National Lottery	19,773	(19,773)	-
Penygraig fund	17,523	(17,523)	-
Colwinston Trust	20,000	(11,757)	8,243
Children in need	22,749	(22,749)	-
Pen-Y-Cymoedd Community	26,000	(26,000)	-
Save the Children	5,000	(5,000)	-
Together Stronger	25,360	(25,360)	-
	491,457	(513,076)	(21,619)
TOTAL FUNDS	<u>1,359,995</u>	<u>(1,639,814)</u>	<u>(279,819)</u>

VALLEYS KIDS

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2025

22. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.4.23 £	Net movement in funds £	Transfers between funds £	At 31.3.24 £
Unrestricted funds				
General fund	3,224,078	(382,247)	82,703	2,924,534
Restricted funds				
Sparc	6,332	(6,332)	-	-
The Tudor Trust	19,495	-	(19,495)	-
Interlink- Adverse Childhood Experiences	20,876	(20,876)	-	-
General	86,867	2,066	(63,208)	25,725
Children and Young People	1,798	(1,798)	-	-
Arts	61,999	(59,362)	-	2,637
Valleys Voices	-	94,497	-	94,497
	<u>197,367</u>	<u>8,195</u>	<u>(82,703)</u>	<u>122,859</u>
TOTAL FUNDS	<u>3,421,445</u>	<u>(374,052)</u>	<u>-</u>	<u>3,047,393</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	902,181	(1,284,428)	(382,247)
Restricted funds			
Sparc	-	(6,332)	(6,332)
Interlink- Adverse Childhood Experiences	-	(20,876)	(20,876)
General	181,085	(179,019)	2,066
Children and Young People	44,916	(46,714)	(1,798)
Arts	186,554	(245,916)	(59,362)
Older People	47,120	(47,120)	-
Family work	48,359	(48,359)	-
Valleys Voices	120,045	(25,548)	94,497
	<u>628,079</u>	<u>(619,884)</u>	<u>8,195</u>
TOTAL FUNDS	<u>1,530,260</u>	<u>(1,904,312)</u>	<u>(374,052)</u>

VALLEYS KIDS

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2025

22. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.4.23 £	Net movement in funds £	Transfers between funds £	At 31.3.25 £
Unrestricted funds				
General fund	3,224,078	(640,447)	(2,312,629)	271,002
Fixed Asset - Designated fund	-	-	2,395,332	2,395,332
	3,224,078	(640,447)	82,703	2,666,334
Restricted funds				
Sparc	6,332	(6,332)	-	-
The Tudor Trust	19,495	-	(19,495)	-
InterlinkRCT	20,876	(20,876)	-	-
General	86,867	(23,659)	(63,208)	-
Children and Young People	1,798	(1,798)	-	-
Arts	61,999	(61,999)	-	-
Valleys Voices	-	92,997	-	92,997
Colwinston Trust	-	8,243	-	8,243
	197,367	(13,424)	(82,703)	101,240
TOTAL FUNDS	<u>3,421,445</u>	<u>(653,871)</u>	<u>-</u>	<u>2,767,574</u>

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	1,770,719	(2,411,166)	(640,447)
Restricted funds			
Sparc	-	(6,332)	(6,332)
InterlinkRCT	14,146	(35,022)	(20,876)
General	187,731	(211,390)	(23,659)
Children and Young People	44,916	(46,714)	(1,798)
Arts	402,974	(464,973)	(61,999)
Older People	47,120	(47,120)	-
Family work	48,359	(48,359)	-
Valleys Voices	216,405	(123,408)	92,997
Regional Intergration fund	21,480	(21,480)	-
National Lottery	19,773	(19,773)	-
Penygraig fund	17,523	(17,523)	-
Colwinston Trust	20,000	(11,757)	8,243
Children in need	22,749	(22,749)	-
Pen-Y-Cymoedd Community	26,000	(26,000)	-
Save the Children	5,000	(5,000)	-
Together Stronger	25,360	(25,360)	-
	1,119,536	(1,132,960)	(13,424)
TOTAL FUNDS	<u>2,890,255</u>	<u>(3,544,126)</u>	<u>(653,871)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2025

22. MOVEMENT IN FUNDS - continued

Designated funds

The trustees designated £2,395,332 from general funds towards fixed assets, although the net book value of those assets was £3,403,988. The designated amount represents the total NBV of £3,403,988 less the NBV of Little Bryn Gwyn (£1,008,655) and is a notional allocation for internal reporting purposes, not backed by unrestricted cash.

Interlink provided £14,146 for further work on Adverse Childhood experiences.

General

£6,649 was received into general funds for core work. The included **RCTCBC Community facilities grant, RCTCBC Winter hardship grant and NGED Community matters grant.**

Arts

Funding was received from the following organisations as contributions toward the Arts programme which focuses on involving young people in a range of art activities:

- Arts Council of Wales
- Colwinston Charitable Trust

Valleys Voices (The National Lottery Heritage fund) provided us with funding (Dec 23 - November 25 - extension to March 26 pending) for an archiving project capturing voices from the community during the 40+ years of Valleys Kids history and enables us to provide a contemporary archive going forward. It shines a light on the challenges facing communities and their resilience. The project presents the journey in a variety of rich content.

The **Regional Integration Fund** provided us with £21,480 in order to enable us to continue our work with older adult, ensuring we provide support, befriending and creative activities to facilitate engagement, fight social isolation and contribute to mental well being.

The National Lottery Community Fund provided grant funding towards Working Families which is a project, based in Rhondda Cynon Taf, working in partnership with Tempo to provide opportunities for working families experiencing in-work poverty. By using a time credit model, individuals increase in confidence, self-esteem and health and well-being, whilst also building resilience and increasing social capital, and being empowered to participate in activities and experiences that they cannot ordinarily access, thus improving their quality of life. this project ended in this year.

We received £17,523 from the **Penygraig Fund** to continue to support our play and youth work.

Colwinston Charitable Trust contributed £20,000 to support the Artist in residence salary plus a contribution towards participatory arts workshops and the exhibitions programme. This funding has now come to an end.

BBC Children in Need provided grant funding to fund a part-time Play Worker (as well as training and travel), sessional staff, small equipment and trips and activities in Dinas. The funding for this project ended and fixed term staff left the organisation.

Grant funding was received from the following organisations as contributions toward the Spare programme which focuses on involving young people in a range of art activities:

Pen-y-Cymoedd Community provided £26,000 to conduct consultation work in the Penyreglyn project.

Save the Children provided £5000 funding to contribute to the work of our family team.

We received £25,360 through our partnership with the **Wales Millennium Centre (Together Stronger)** to continue our work on the Radio Platform initiative and partnership arts work with the WMC.

VALLEYS KIDS

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2025

23. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2025	2024
	£	£
Within one year	<u>1,478</u>	<u>1,410</u>

Total operating lease payments recognised as an expense in the year were £22,969 (2024 £16,915).

24. EMPLOYEE BENEFIT OBLIGATIONS

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity in independently administered funds. The pension cost charge represents contributions paid by the charity to the fund and amounted to £17,592 (2024: £17,928). Contributions outstanding at the year end amounted to £1,945 (2024: £NIL).

25. CONTINGENT LIABILITIES

Improvements to property include amounts of £1,575,557 which represent funding received for the project from the Arts Council of Wales and Welsh Government. The funding is subject to a charge on property (Soar Centre) which will not be released until 18 August 2030. If the property is sold at any time in the period to that date, both organisations reserve the right, at their discretion, to reclaim a percentage of the sale proceeds up to but not exceeding £1,575,557.

Funding of £250,000 was received from Welsh Government in 2019 for the purchase of and improvements to Little Bryn Gwyn. The funding is subject to a charge on the land known as Valleys Kids, Little Bryn Gwyn, Cilbion, Llanrhidian, Swansea, SA3 1 ED.

26. RELATED PARTY DISCLOSURES

During the year, the charity received donations of £nil (2024: £802) from two trustees (2024: two).

The trustees of the Penygraig Community Project charity are also trustees of Valleys Kids and therefore the two charities are related parties. During the year, the following transactions occurred between Valleys Kids and the Penygraig Community Project charity.

	2025	2024
Rent expense paid	5,574	22,296
Donation received	-	67,500

27. POST BALANCE SHEET EVENTS

In January 2025, trustees made the decision to sell 'Little Bryn Gwyn' under a pre-emption agreement with Down to Earth dated 28 November 2017. The sale completed in August 2025 for £1,000,000. Under the agreement, £200,000 of matched funding was netted off the sale proceeds, and the charity will also pay VAT in accordance with applicable law. As completion occurred after the reporting date, this is treated as a non-adjusting event; no amounts are recognised in these financial statements.

VALLEYS KIDS

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2025

28. SUBSIDIARY COMPANY

Valleys Creative Limited, company number 08151686, was incorporated on 20 July 2012 as a company limited by guarantee.

It is wholly owned by Valleys Kids with the guarantee limited to £1.

Valleys Creative Limited, registered office:
The Factory Welsh Hills Works
Jenkin Street
Porth
CF39 9PP

Valleys Creative Limited provides recreational, educational and wellbeing facilities. The total net profit is donated to Valleys Kids.

A summary of the results of the subsidiary is shown below:

	2025	2024
	£	£
Turnover	254,988	251,922
Cost of sales	<u>(69,384)</u>	<u>(68,212)</u>
Gross profit	185,604	183,710
Other income	933	1,167
Expenditure	<u>(241,712)</u>	<u>(200,393)</u>
Net profit before tax	(55,175)	(15,516)
Tax	-	-
Net profit after tax	<u>(55,175)</u>	<u>(15,516)</u>

The aggregate of the assets and liabilities at 31 March were:

Assets	43,085	101,067
Liabilities	(100,176)	(102,983)