Registered Society No: 8537
Regulator of Social Housing Registration No: L4172

ABRI GROUP LIMITED

Annual Report and Financial Statements

Year Ended 31 March 2021

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GENERAL INFORMATION

BOARD OF DIRECTORS

Jane Alderman	
Mandy Clarke	
Joanna Makinson	appointed as Senior Independent Director 12 May 2021
Wayne Morris	appointed as Chair 1 September 2020
Simon Porter	
Ashley West	
Jocelyn McConnachie	appointed 4 August 2021
Lou Taylor	appointed 4 August 2021
Mary-Kathryn Rallings-Adams	appointed 4 August 2021
John Gary Orr	
Caroline Moore	
Lindy Morgan	resigned as Chair 1 September 2020

SECRETARY

Gemma Burton-Connolly

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INTRODUCTION FROM THE GROUP CHAIR

It's been an extraordinary year. I'd like to thank the Board, the Executive team and our 1,550 colleagues for making sure that Abri continued to support customers and communities during the most challenging of times. And, of course, to thank our customers for their patience and understanding when it became necessary to modify and adapt our services in response to Covid-19.

I'd also like to take this opportunity to thank the outgoing chair Lindy Morgan for her eleven years of service, in particular her leadership and passion in championing the needs of customers and communities in pursuit of our social purpose: Creating communities and empowering lives.

Given the uncertainties we faced at the beginning of the year, the Board established a set of guiding principles to help the organisation navigate the pandemic and a turbulent economy. In short, these principles prioritised the health and safety of customers and colleagues and the long-term financial resilience of Abri so that it could continue to provide an effective response. This included reaching out to local authority partners to offer Abri's resources and support where the need was greatest.

I'm proud of the contribution Abri made over the last year in making homes available to the homeless as part of the government's drive to end rough sleeping during the pandemic. Abri was also the first housing provider to say it would not take any action against customers in arrears because of the coronavirus. These were important and necessary steps to protect the most vulnerable in our communities.

Our core social purpose is supported by a strong desire to ensure that, as stewards, we leave the organisation in a stronger position that we found it. During the year the Board approved further steps to secure a positive future for the organisation, our customers and communities, including the approval of a 30-year financial plan and the simplification of the Group structure to increase capacity for our most ambitious stock investment and new home development programme ever.

Given the changes in our operating environment, the Board reviewed Abri's five-year corporate strategy and concluded that, while aspects of it might prove more challenging, it remains appropriate as a statement of intent and future direction. This is to become a top ten housing provider so that we can do more for our customers and communities.

Abri was awarded a G1/V1 rating following its very first in-depth assessment with the Regulator for Social Housing earlier this year. This is the highest standard awarded by the regulator and confirms our position as a strong, stable housing provider.

We made some changes to further strengthen and diversify our Board and Committees during the year with the appointment of Lou Taylor, who was co-opted to the Group Combined Board, Sarah Beckwith, appointed as an independent director of our Development and Asset Committee and Kevin Williamson, who became Chair of a new Resident's Scrutiny Committee. Kevin was also co-opted to the Audit & Risk Committee, strengthening the link between the governance and the voice of the customer. In addition, we put plans in place to recruit four additional Board directors which were completed shortly after the year-end.

As we step into another year, the Board's priority is to continue to make sure that Abri remains in the best possible shape to support our customers, communities and partners in recovering from the pandemic, improving our existing homes and communities and increasing the supply of affordable housing. With the actions we have taken and continue to take, I remain confident that Abri will rise to the challenges it will no doubt face over the coming year.

Wayne Morris
Group Chair

INTRODUCTION FROM THE GROUP CHIEF EXECUTIVE

I'm pleased to report that, overall, Abri performed well in its first year, in challenging circumstances. As well as dealing with the impacts of the pandemic, Brexit and general economic uncertainty, we made good progress in integrating our two legacy organisations to create cost and revenue synergies so that we can do more for our customers and communities in future.

Like all organisations, we adapted our services and paused some business activities to reduce the spread of the pandemic and to keep customers and colleagues safe. We want to be a top ten provider for customer service. This is an area we want to improve, as it's been impacted negatively by the pandemic. At 81.1%, customer satisfaction is not where we want it to be. We've established a new Resident Scrutiny Panel to place our customers' voices at the heart of our organisation, help us identify where we can improve and hold us to account to deliver those improvements.

We know that having motivated employees offers the best chance of delivering outstanding service to customers. The fact that Abri was recognised as one of the best companies to work for, with outstanding levels of colleague engagement, augurs well for our service improvement plans.

Despite the challenging environment, we completed 801 new homes during the year – well on the way to our commitment to build at least 1,000 new homes a year over the next ten years. We ended the year with a strong pipeline of 1,333 homes. We also hold the contract with Homes England as their Help to Buy agent for the south of England and helped 2,048 people secure their own home.

We continued to invest in our existing homes, delivering £19.9 million of improvements and committing a further £24.5 million for investment works next year. In addition, we're investing £46.9 million in building and fire safety over the next five years as this remains a top priority.

During the year we announced our intention to invest £15 million over five years in some of the most deprived areas in the south of England, to tackle poverty, homelessness and to empower lives. We made progress here, allocating £85,000 to 89 community-based organisations and helping 303 people directly into work and 689 into training through our employment support and training programmes. We also made over 7,000 calls to help tackle social isolation and provided 2,163 meals to families in need.

The pandemic has undoubtedly been a tipping point for change and united our country with a shared vision of a world that is more equal, diverse and inclusive by nature. We've all got a part to play and as an organisation Abri plans to do more in this space.

We've established a new equality, diversity and inclusion committee and begun to raise awareness of issues among colleagues, customers and our communities. We've carried out research into violence towards women and girls to support an education programme that will make a difference in the communities we work. We're also increasing representation across our customer committees and regularly carry out equality impact assessments to identify and address equality issues in our business.

We're now focusing on collecting more information about our customers and communities to provide the necessary insights to deliver the best possible service we can. By talking to our customers and actively changing the way we do things, we hope to see positive outcomes for everyone.

Looking ahead, our environment is likely to be equally challenging. But we remain ambitious, confident that the actions we've taken to secure and optimise our long-term financial position will provide a strong platform from which to achieve our strategic goal of becoming a top ten housing developer and provider.

INTRODUCTION FROM THE GROUP CHIEF EXECUTIVE (continued)

Much has been said about the carbon challenge. With more than £6 billion in assets, 80,000 customers and 1,550 employees, we can and will make a significant contribution to the country achieving net zero. This will involve: helping, guiding and informing colleagues and customers what they can do to reduce their carbon footprint; retrofitting our existing homes to make them more energy efficient and designing and building sustainable homes for the future, using the latest technologies and modern methods of construction.

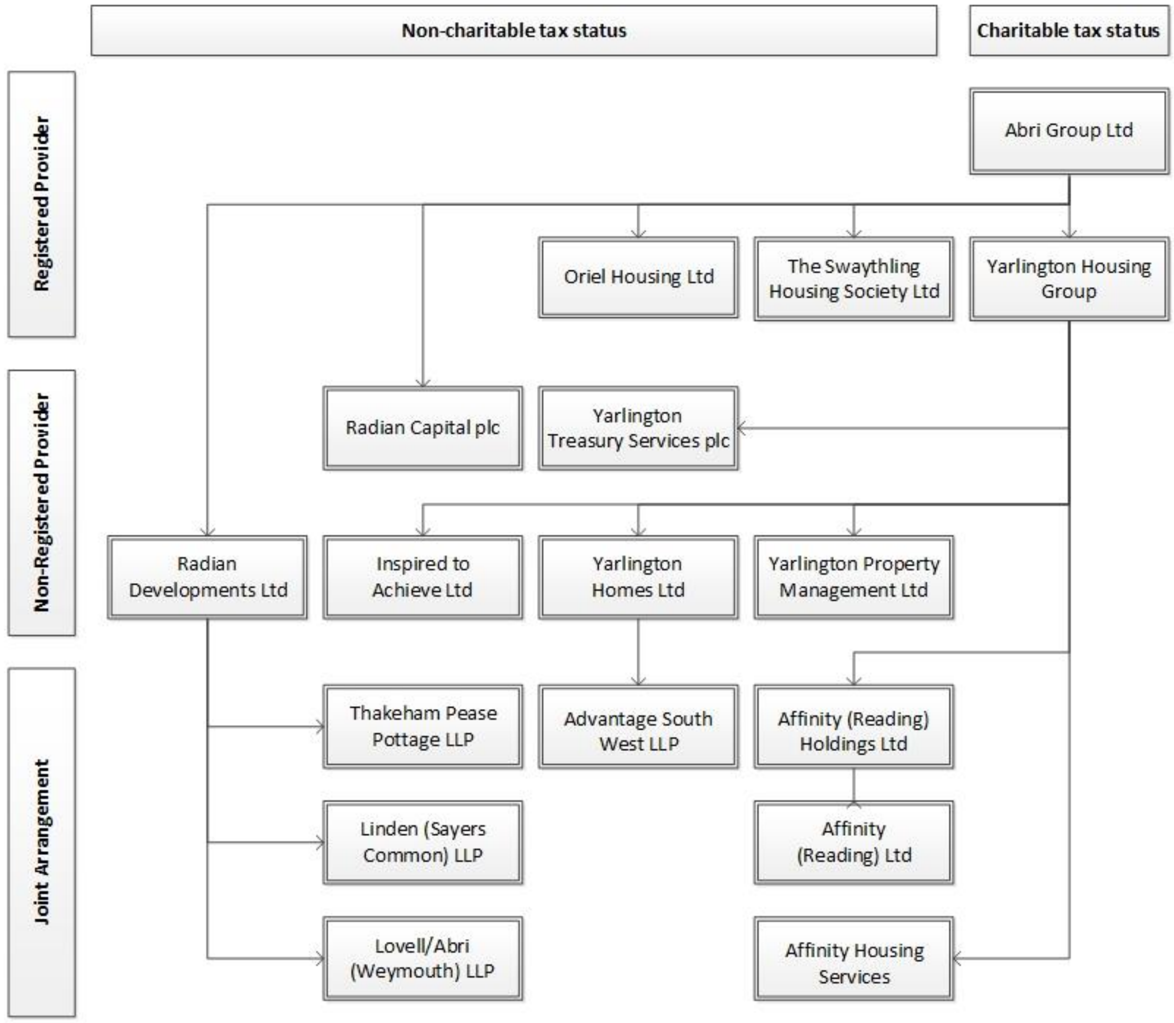
To do this, we believe that partnership is key. We've created the Greener Futures Partnership with four other housing providers to improve the sustainability and energy efficiency of homes. We've also secured partnerships to deliver more than 900 homes using modern methods of construction over the next five years and adopted the Sustainability Reporting Standard for Social Housing.

It won't be easy. But we remain committed to building more safe, warm and sustainable homes and playing our part in creating thriving communities to improve people's life chances.

Gary Orr
Group Chief Executive

GROUP STRUCTURE

The Group structure, excluding dormant entities, as at the reporting date is shown below.



An outline of changes to the group structure after 31 March 2021 is included in an overview of post balance sheet events on page 64.

STRATEGIC REPORT

ORGANISATIONAL OVERVIEW

On 31 December 2020, Abri Group Limited was converted from a company limited by shares to a Community Benefit Society, an entity registered with the Regulator of Social Housing and Financial Conduct Authority.

On 31 March 2021, as part of an ongoing programme of integration within the business, a Transfer of Engagements from Drum Housing Association Limited and Portal Housing Association Limited to Yarlington Housing Group was executed, with Yarlington assuming Drum and Portal's interests, creating two primary registered providers in the Group: Yarlington Housing Group and The Swaythling Housing Society Limited, with the former benefitting from charitable tax status. Abri Group and Oriel Housing Limited own no stock, but act as the charitable Group parent and a property developer respectively.

Yarlington Homes Limited, through direct delivery, and Radian Developments Limited, through joint arrangement activity, also engage in development activity on behalf of the group. Radian Capital plc and Yarlington Treasury Services plc are funding vehicles through which finance is raised via corporate bonds for use in the wider organisation.

Yarlington Property Management Limited provide repair and maintenance services and Inspired to Achieve Limited provide careers information, advice, guidance and employability services. Both provide services to fellow group members and external clients.

The Group utilises its structure to deliver a range of products and services, with surpluses reinvested to deliver more homes and services for customers across a range of tenures. Income is predominantly derived from rents from housing properties across social tenures, whilst income from non-social activities – both rental and sale of units – contributes significantly to the Group's result. The Group is funded over the long term by a range of loans, bonds and government grants in addition to its retained surpluses.

COVID-19: OUR RESPONSE

When lockdown began in spring 2020, we were in a good place to quickly adapt our services. This was due to a belief across our organisation that as a housing provider we were in a strong position to support customers and communities.

To really prioritise the safety or our customers and colleagues it was essential that we, like the rest of the sector, temporarily paused some of our services at the start of the pandemic. Where possible, we adapted services and utilised phone and video to carry out appointments. We continued to carry out critical repairs, and then brought the rest of our services – such as grounds maintenance and planned works – back in stages as we eased out of lockdown.

An incredible commitment from our colleagues and dedicated support from our partners meant we could continue to make a positive difference to our customers' lives during the pandemic. Our focus on health and safety also meant we managed to keep our customers in supported housing safe and had a limited number of Covid-19 cases across our shared schemes. This is testament to our team who put welfare first.

STRATEGIC REPORT (continued)

COVID-19: OUR RESPONSE (continued)

The last year has been dominated by challenges caused by Covid-19. And in this report, you'll find information about what we've done to support communities through those challenges. This includes our promise to take no eviction action against customers in Covid-19-related arrears (and more generally, as it is always the very last resort); the provision of substantial funding to community groups, giving much-needed relief to their neighbourhood; our approach to food provision; how we're helping customers with employment support and training; and steps we've taken to tackle homelessness.

Protecting our colleagues

Since the start of the pandemic, we've been adapting to new ways of working and empowering our colleagues to work where they want to with confidence. We know that when our people have what they need to do their job, we can better support our customers. This was a big part of our response to the first and subsequent lockdowns.

To help our colleagues work from home, we invested in information technology to support them. And we've prioritised the wellbeing of our colleagues with a range of free tools and resources.
In line with the government's 'work from home if you can' guidance, our offices have had limited access since the start of the pandemic. To support this way of working, we've adapted to help colleagues deliver the same services in a remote, safe way.

Our approach not only allowed us to continue our services during lockdown but put us in a strong position to work in an agile way going forward.

Safety first: cleaning and logistics

Safety has always been a priority for us, and this only grew in focus when the pandemic began. We created a PPE hub on our intranet for colleagues, which included full, accessible guidance on how to use PPE effectively, what was required for different types of activity, and how to dispose of it safely. To provide reassurance to our customers, we also introduced doorstep risk assessments when colleagues are carrying out work in a home to prioritise safety for everyone involved.

We also have a health, safety and wellbeing policy that, together with a range of procedures and safe working arrangements, protects colleagues from workplace harm. We also provide a range of risk-based safety training, information and instruction together with a proactive occupational health surveillance program.

Key performance indicators monitoring our compliance and performance are regularly reported to Executive Board and Board.

We have a dedicated team of safety professionals working in a business partnering model to support all our colleagues throughout the organisation.

Staying in touch

During this challenging time, communication has been essential. We've regularly kept in contact with our customers and colleagues, sharing relevant information and advice. After every government announcement we issued colleagues with information about which services were available and the safety measures required. Similarly, we kept our customers and stakeholders updated with any service changes or adjustments.

STRATEGIC REPORT (continued)

BUSINESS MODEL

The Group utilises its structure to provide a range of products and services, with surpluses reinvested to create more homes and services for customers across a range of tenures.

Income is predominantly derived from rents from housing properties across social tenures, whilst income from non-social activities – both rental and sale of units – contributes significantly to the Group's result. The Group is funded over the long term by a range of loans, bonds and government grants in addition to its retained surpluses.

KEY ACHIEVEMENTS

- 801 homes built
- £85,000 granted from Community Fund to 89 organisations
- 2,163 meals distributed to support families and key workers
- 225 sales made
- 1,333 homes into contract
- £147.5m investment in new homes
- £25m invested in existing homes
- 229,083 (87.86%) customer calls answered
- 303 people supported into employment
- £4.6m in extra income secured for 2,508 households
- Supported 99% of customers to sustain their tenancies
- 1.76% end-of-year arrears
- G1/ V1 retained
- Leveraged £650,000 of external funding for community and employment programmes
- Two-star accreditation for Outstanding Colleague Engagement from Best Companies

PERFORMANCE HIGHLIGHTS

FINANCIAL PERFORMANCE

	2021 £'000	2020 £'000	Variance £'000	Variance %
Turnover	225,561	223,368	2,193	1%
Operating Surplus	56,605	59,401	(2,796)	(5%)
Surplus before Tax	(5,235)	20,622	(25,857)	(125%)
Operating Margin	25%	27%	(2%)	
Net Margin	(2%)	9%	(12%)	

Turnover has increased by £2m year on year. Income from rentals increased by £7m, with an additional £3m from Help to Buy, but property transactions suffered a reduction of £7m.

Turnover from social tenures has increased by £7.0m to £181m and contributes 81% of the Group's turnover, following 700 additions in the year. Income from market rent units increased marginally to £4.1m.

STRATEGIC REPORT (continued)

PERFORMANCE HIGHLIGHTS (continued)

FINANCIAL PERFORMANCE (continued)

Income from tranche sales contributes £26.6m, with no market sales completed in the year, against a combined £34.8m in total in 2019/20. Activity on commercial sales was severely disrupted by the Covid-19 pandemic during the first national lockdown in Quarter 1 of 2020/21, with activity subsequently recovering and remaining resilient despite further lockdown measures in place during other times in the year.

Income from Help to Buy transactions was £2.5m higher than the prior year; during the prior year the Group was awarded the extended Help to Buy South contract following a tender process with Homes England, leading to a significant increase in volumes.

The Group utilised the Governments Coronavirus Job Retention Scheme, claiming a total of £1.3m in mitigation for staff costs incurred whilst services were unable to be delivered. A small number of employees remained on furlough at the end of the financial year.

The Group benefits from a range of other income streams, including the provision of support services, garage rental, photovoltaic panels and the provision of other services, which in aggregate generate an additional £6.4m income – accounting for 3% of total turnover.

Cost of sales have reduced by £3.9m, consistent with the reduction in sales, although margins showed a notable decline from 22% to 12% year on year.

Operating costs increased by £7.4m in 2020/21, driven by the increase in scale of the Group following the partnership in the previous year. Employee costs increased by £7.6m to £59.9m to provide capacity to deliver the required change to our operating model and investment in our assets, in line with the 15% increase in employee numbers. A third of this increase related to the staffing required to operate the Help to Buy contract.

During the year, we have also provided a further £5.0m for remedial works to a further five blocks in excess of 11m in height and revisions to existing provision for four blocks in excess of 18m in height, where round-the-clock waking watches continue to be provided to ensure the safety of our customers.

Surpluses generated on the sale of fixed assets have reduced from £8.5m to £6.9m, with over half this total generated by staircasing transactions, led by a notable reduction in activity under Right to Buy and Acquire legislation. Staircasing remaining the most significant category of activity, generating 42% of the overall surplus, down marginally from 47% in the previous year. Overall margins were in line with 2019/20 at 40%.

The significant increase in operating costs has supressed operating surpluses, which have reduced from £59m to £56m and from 27% to 25% accordingly; excluding the exceptional replacement cladding provision, our operating surplus increased to 27%.

Net interest costs have increased by £0.4m, with the portfolio of loans and borrowings stable for most of the year. Interest costs were £0.9m higher than the prior year, reflecting the bond sales that took place during 2019/20, with a full year of charges now incurred. Servicing fees were also £0.9m higher because of ongoing Group Optimisation work, including the restructuring of funding arrangements in the Group. The capitalisation of interest costs reduced interest costs recognised in the Statement of Comprehensive Income by £4.3m, £1.5m higher than the year before.

STRATEGIC REPORT (continued)

PERFORMANCE HIGHLIGHTS (continued)

FINANCIAL PERFORMANCE (continued)

The Group continued to generate income from surplus funds; loans to jointly controlled entities earned £3.0m, in line with the prior year.

Following the conclusion of negotiations with funders, the Group incurred an exceptional re-financing cost in March 2021 of £27.0m, being the cost of early breaks to embedded fixed rate swaps in our portfolio of variable rate borrowing, with a material impact on the results for the financial year.

The Group benefitted from a £1.6m increase in the value of market rent and commercial properties, largely due to the strength of the property market despite the wider economic outlook.

The Group’s share of joint venture performance improved notably during the year, with a surplus of £2.6m set against a previous deficit of £1.3m, mainly driven from performance at Pease Pottage where the demand for, and selling price of units completed, exceeded expectation.

The refinancing costs incurred have led to the Group recording a deficit before tax of £5.4m, at a negative 2% margin. Adjusting for exceptional items, including cladding provisions and re-financing costs, our net margin has reduced from 14% to 12%.

In other comprehensive income, there have been significant actuarial losses across the defined benefit pension scheme portfolio of £35m, most notably within the Radian Group Pension Scheme.

FINANCIAL POSITION

	2020 £'000	2019 £'000	Variance £'000	Variance %
Fixed Assets	2,123,801	2,029,657	94,144	5%
Current Assets	272,678	369,156	(96,478)	(26%)
Net Assets	490,755	528,940	(38,185)	(7%)

Housing properties have increased by £94m, driven by 699 additions, predominantly for affordable rents and shared ownership, including the £25m purchase of 258 units from LiveWest in April 2020. Our social housing stock, with a carrying value of £2.0bn, represents 95% of our fixed asset base.

Within current assets, our closing cash position of £139m is £98m lower than the prior year. Our housing properties available for sale are nearly double the prior year at £51m; the balance at year end is primarily attributable to shared ownership properties under construction, with only £5m of completed stock unsold at year end. Receivables have reduced by £20m, with the prior year closing balance including the prepayment to LiveWest for the second stage purchase.

Payables less than one year are £10m higher than the prior year, with increases in trade payables, accruals and contract retentions offsetting a £4m reduction in loans and borrowings. Payables greater than one year are £14m lower than at the end of 2019/20, primarily driven by a reduction in loans and borrowings. The value of our defined benefit pension liabilities has increased by nearly three-quarters to £81m, owing mainly to external market factors at the reporting date.

Following the results of the year, our Group funds are £490m, including £370m of revenue reserve.

STRATEGIC REPORT (continued)

OUR CORPORATE STRATEGY: ACHIEVING TOGETHER 2020 – 2025

We believe:

- Everyone has the right to a safe, warm and sustainable home;
- Homes and communities are places to belong, grow and thrive; and
- Equal opportunity must exist for communities so everyone can have improved life chances.

We've set out seven clear priorities that we think will make a real difference to our customers in the next five years:

- Build more homes
- Invest more in our existing homes
- Customer satisfaction
- Create thriving communities
- Create a great place to work
- Manage our business to the highest standards
- Climate change: the challenge of a generation

Our priorities are just one of the ways we measure our performance, ensuring we're delivering for our customers and enhancing communities. Another is our triple 10 objectives.

Our triple 10 objectives

We set ourselves ambitious targets to perform against. This is our way of delivering the very best for our customers and creating a great place to work for our colleagues.

We want to be in the top 10 by scale because with greater scale comes more resource, influence and the ability to do more for our customers. We want to be in the top 10 for customer satisfaction because when we get there, we'll know our customers are getting what they need from us. And we want to be a top 10 place to work because our colleagues are the key to our success.

Here's a look at how we're doing so far.

Top 10 housing association by scale	Top 10 for customer satisfaction	Top 10 place to work
We've secured partnerships to deliver more than 900 homes using MMC in the next five years. We ended the financial year with a pipeline of 1,333 new homes. We're currently one of the largest housing providers in southern England.	In 2020-21 our customer satisfaction was 81.1%. We introduced a new complaints Centre of Excellence. We launched the Voice of our Customers, focused on listening to and engaging with customers to improve our services.	We've received a two-star accreditation from Best Companies highlighting outstanding levels of engagement As early adopters of the Chartered Institute of Housing's Professional Standards framework we're investing in the development of our colleagues.

STRATEGIC REPORT (continued)

VALUES AND BEHAVIOURS

We set the highest standards for ourselves and our colleagues, and everything we do aligns with this. Our values and behaviours unite us in our shared duty as a housing provider.

- **Be the difference -** this is about doing the right thing for our customers, each other and everyone we interact with.
- **Always curious -** we grow by learning, and we're always looking for new ways to adapt and improve how we do things.
- **Achieving together -** we're all about working as one to deliver the best possible service for our customers.
- **Own it openly -** honesty and openness are our drivers.
- **Embrace possibility -** change is when ideas become a reality. We seek to lead, drive and embrace it with positive energy.

PERFORMANCE AGAINST OUR STRATEGIC OBJECTIVES

STRATEGIC OBJECTIVE #1 – BUILD MORE HOMES

Our drive to build as many affordable homes as possible hasn't stopped. It's not just about the bricks and mortar, but the way we build and where we do it. We're building homes, yes, but also building communities where people can thrive. This means considering links to nearby neighbourhoods and places of work, and community assets, too.

This isn't something we can do alone. So, we're working with like-minded organisations to continue tackling the housing crisis, building at least 10,000 new homes by 2030.

What we've done and where we're headed

The impact of the 2020 spring national lockdown had a significant impact on the housing sector. We closed the majority of our development sites while we prepared for new, essential safety measures. We had to be realistic, so we factored in the three-month development delay and adjusted our new homes completion target from 1,000 to 794. When the industry started re-opening in May 2020, we were ready to get going, putting the health and safety of our colleagues and customers first. With the support of our dedicated development team, external contractors and partners – and while adhering to new social distancing measures - we completed 801 new homes.

We're pleased to be ahead of our revised target, while also having secured a strong pipeline for future builds. This means we've got plots for a further 1,333 homes in the coming year and a 10-year estimated investment of £1.9 billion.

New partnerships lead to new homes

We're all about partnership working. We work alongside expert contractors and developers to build more high-quality homes, faster. We're embracing Modern Methods of Construction (MMC) to help us achieve that.

The modular system used for construction means entire sections of the homes are built offsite and delivered to the location ready to be placed on the foundations. Using precision engineering, the homes are built in a much shorter time than traditional construction and have a lower carbon footprint due to a significant reduction in the amount of waste materials produced. Each home undergoes rigorous quality checks.

STRATEGIC REPORT (continued)

PERFORMANCE AGAINST OUR STRATEGIC OBJECTIVES (continued)

STRATEGIC OBJECTIVE #1 – BUILD MORE HOMES (continued)

New partnerships lead to new homes (continued)

In Sedgemoor, on land provided by Homes England, we're building 123 affordable homes using MMC in partnership with Keepmoat Homes and ilke Homes. And with BoKlok, we're working collaboratively to provide more than 750 modular homes in the next five years.

We're also a member of Advantage South West, a procurement consortium of housing providers. As part of this, we're collaborating with Building Better to help address the need for affordable homes through MMC. Building Better, supported by the National Housing Federation, is a strategic alliance of housing associations working together to realise the benefits of modern methods of construction. Through collaboration among housing associations and by procuring, developing and learning together we'll be able to develop offsite solutions at a greater scale.

We're making progress at Woodgate with our partners at Thakeham, too. This is the creation of a village, where 30% of the 619-home community will be affordable. New, local jobs will be created as the build progresses, with the development of various community assets serving as a major part of this project.

Talking new homes

The 2020 property market was in a good place before the pandemic began, then everything changed. We were braced to expect a 20% drop in house prices. But we've seen a positive rise in homebuying since the sector re-opened and stamp duty was suspended. We're seeing a change in the market too. Buyers are re-evaluating where they want to live and what they require from a home with the rise in remote working.

The market we're seeing now is a confident one. To meet that we've adapted the way we work, to enable people to continue buying the right home for them. We launched virtual sales appointments, events and buyer webinars, all while improving our interactive advertising experience. We're putting customers first, to support people looking to hop onto, or move up, the property ladder.

But it hasn't been easy. The effects of Covid-19 and Brexit, coupled with frequently changing rules and regulations, meant at times we've not been able to provide all the answers our customers need. But with a strong team of dedicated colleagues behind us, and a return to normal – albeit a 'new' kind of normal – we've entered the new financial year in a strong sales position.

Our sales in numbers

• Target new sales income	£17,685k	192 units
• Achieved new sales income	£26,552k	227 units
• Achieved staircasing/re-sales income	£7,196k	109 units

STRATEGIC REPORT (continued)

PERFORMANCE AGAINST OUR STRATEGIC OBJECTIVES (continued)

STRATEGIC OBJECTIVE #1 – BUILD MORE HOMES (continued)

Wayfarer

We're the lead partner of Wayfarer, a 17-strong consortium created in 2003. In the past year members have completed 451 new affordable homes as part of Homes England programmes.

Together we own or manage more than 100,000 homes and since 2003, Wayfarer members have developed over 11,000 new affordable homes in the South with support from Homes England.

Our goal is to increase the supply of affordable housing, using our resources and working in partnership with Homes England. When we come together, we can achieve more, and Wayfarer is a great example of this. Our motto is better homes, better value, better communities, better lives.

Our combined impact is felt across 13 locations, from Cornwall to Sussex, and Dorset to Oxfordshire. Together we're making a difference to the housing landscape in southern England. By collaborating in this way, we can make a much greater impact. Our partners vary in size, skills and approach. It's this difference that is our greatest strength – pulling our resources together to increase housing provision faster.

Help to Buy

We're proud to be the Help to Buy agent for the south of England, the largest of three agents across the country. The contract we hold is with Homes England, helping more people onto the property ladder through the government's Help to Buy schemes. Schemes like these have played an important role in the past 12 months, giving people the opportunity to find a home they can afford.

This year has been exceptionally busy for the Help to Buy team, with huge demand for both affordable home ownership schemes such as shared ownership as well as the popular Equity Loan scheme. The stamp duty holiday and demand from the pandemic saw activity in the housing market bounce back and we ended the year successfully, meeting all of our key performance indicators, as well as hitting record numbers of completions for the Equity Loan scheme.

We ended the year at 99% customer satisfaction* with our contact centre receiving just over 138,000 calls. The team processed more than 28,000 Equity Loan applications and 61,000 applications were received for the Help to Buy affordable home ownership schemes (shared ownership and rental schemes).

**Customer Service Advisors rated good/average.*

We currently have 63,492 registered applications for affordable home ownership properties.
We had 2,048 completions in the last financial year April 2020 – Mar 2021. Statistics based on these sales:

Average Age	**Average Savings**	**Average income**	
36	£24,907	£31,753	
Average share %	**Average value**	**Average share value**	**Average share deposit required**
41%	£264,668	£108,400	£5,218

STRATEGIC REPORT (continued)

PERFORMANCE AGAINST OUR STRATEGIC OBJECTIVES (continued)

STRATEGIC OBJECTIVE #2 – INVEST MORE IN OUR EXISITING HOMES

We're clear about our duty as a housing provider: to keep every customer safe in their home. To invest in existing homes to ensure safety. And to build new homes that are future proofed. When it comes to building safety there is no time for complacency, and we're doing everything we can to ensure every home is a safe one.

Building safety is a top priority for us, so we continued all of our fire safety programmes during the pandemic. Since November 2020 we have undertaken an electrical test and inspection to over 5,000 properties to ensure customer safety. And we've completed inspections and surveys on all our buildings over 18m, 11-18m and assessing surveys for all blocks under 11m. To prioritise building safety, we're investing £63m between 2020/21 and 2025/26. During this time, we're delivering a full range of initiatives that go beyond the legislative environment and prioritise customer safety.

During 2020/21, we made a £9.4m capital investment in our stock, predominantly in the final quarter of the year. We have taken the opportunity to reassess our stock and where investment works are required for next year, we have committed a £17m investment.

Our cladding replacement programme in Slough

We're currently replacing the cladding on two of our high-rise buildings in Slough which are over 18m in height. There are 96 flats in each building which are home to more than 200 customers.

The measures we've taken to keep our customers safe

Working with experts, we're using non-combustible cladding and insulation to ensure that the replacement meets safety standards. The buildings have been inspected by the Fire and Rescue Service and a Waking Watch team were on site 24 hours a day to ensure customer safety.

We're replacing all the windows on both buildings at the same time as the cladding to improve insultation. This will make the homes more energy efficient for residents and reduce heating costs and carbon emissions.

The fire alarm system has also been upgraded, including installations of heat and smoke detection systems in each home. These will be networked to the fire service, resulting in a faster response if needed. A chair evacuation system will also be installed along with new LED emergency lighting in the staircases and corridors.

We've communicated with customers to provide reassurance in the following ways

- We're keeping customers informed through webinars, letters, emails and text messages.
- It's a team effort - colleagues from asset management, housing, communities, employment services and communications have been on hand to answer questions.
- We've prepared a list of frequently asked questions (FAQs) accessible online for customers.
- We have a dedicated email address for customers to send in questions.
- We're holding monthly cladding, housing and community updates.
- We've assigned a Resident Liaison Officer who supports customers specifically with cladding-related questions or concerns.
- We're also working closely with the local ward councillor to help customers, collaborating together on a joint newsletter to keep customers informed.

STRATEGIC REPORT (continued)

PERFORMANCE AGAINST OUR STRATEGIC OBJECTIVES (continued)

STRATEGIC OBJECTIVE #3 – DELIVERING OUTSTANDING CUSTOMER SERVICE

Providing a high-quality service to our customers is essential. When we know our customers are satisfied, we can be confident that we're delivering the right services for them. To make sure we're on the right track we regularly review our performance and utilise the voice of our customers to steer our services.

In the past year the pandemic has clearly had an impact on our customer satisfaction results. The health, safety and wellbeing of our customers and colleagues has always come first. So, we had to temporarily suspend some services and change the way we work during the start of the pandemic. Where possible, we moved appointments and visits to phone and video, but as anticipated, customer satisfaction results saw some impact because of this.

We continued to carry out critical repairs and then brought the rest of our services – such as grounds maintenance and planned works – back in stages as we eased out of lockdown. As always, we use insight from our customers to better what we do, to ensure we're delivering the best we can for everyone.

As we started to provide more services, our satisfaction increased. This reached 81.2% satisfaction (for rental customers) in February 2021 before dipping to 79.9% in March. This dip is likely due to the issuing of rent and service charge statements for the coming year. Some customers will have received an increase in rent due to the Rent Standard. Our colleagues work hard to support our customers and during the 2020/21 year 85.4% of customer queries were resolved at the first point of contact.

Leasehold and Market Rent

Our year-end arrears figure was 1.3% for leasehold properties (excluding Solent, as Solent area arrears are excluded as the year term does not run March to April). This was an exceptional performance in a year where many customers were in financial crisis or faced uncertainty. We worked collaboratively with our customers to offer support, arranging payment plans to suit our customers' needs, and offering welfare and benefit support services to ensure income was maximised.

An additional income of £135k was brought into the business through lease extensions and other services through 366 transactions. 18 of these were lease extensions where customers extended their lease term by a further 90 years. 145 were through landlord enquiry for customers selling their properties as the first lockdown lifted.

Scrutiny of our service charges ensured that an additional £100k was added and recovered to service charge accounts. The leasehold team review the costs and reasonableness of charges for communal repairs and major works programme on a quarterly basis. This ensures that costs are charged in line with the lease covenants and, where appropriate, statutory consultation processes have been followed. The scrutiny exercise also reviews repairs that have not been identified as service chargeable in error. The additional £100K is the sum of works, the costs of which would not have been recovered without this scrutiny.

In a year of limited house moves in the sector, we let 165 market rent properties during the year. During lockdown, moving home was restricted, so we had a limited window between lockdowns to process requests from customers to give notice, complete void works needed and arrange for viewings and lets.

STRATEGIC REPORT (continued)

PERFORMANCE AGAINST OUR STRATEGIC OBJECTIVES (continued)

STRATEGIC OBJECTIVE #3 – DELIVERING OUTSTANDING CUSTOMER SERVICE (continued)

Voice of our customers

Our customers are at the heart of everything we do. We give customers the opportunity to have their say, whether it’s a complaint or feedback on a recent service, or ideas on ways we can improve.

To deliver great customer service and prioritise the voice of our customers we’ve introduced the Customer Service and Performance Committee, made up of members of our Executive Board and Group Board. It looks further into customer satisfaction through analysis, discussion and debate to approve new projects to benefit our customers and communities.

We’ve also introduced a customer charter. Developed in consultation with our customers, it sets out what services they can expect from us. And it’s our commitment to them that we’re listening to what they say, valuing their feedback and using it to improve our services.

You said, we did

A lot of what we do is in direct response to what our customers tell us they would benefit from. This is about being proactive in prioritising the needs of our customers and then responding with appropriate action. Here’s a few examples of that.

Our customers said they were concerned about anti-social behaviour in local parks and open spaces in Gosport. So, we worked with Hampshire Constabulary and Mutual Gain to host World Café, part of a national campaign to help tackle serious youth crime.

Our customers said they wanted the Longwood Park Tots group to continue virtually during Covid-19 restrictions. So, we helped the group setup a WhatsApp for families and provided craft ideas for families to do.

Our customers said they couldn’t report certain repairs on the portal. So, we’ve added more types of repairs to the portal for them to report.

STRATEGIC OBJECTIVE #4 – CREATE THRIVING COMMUNITIES

When people come together, great things can happen. The pandemic didn’t detract from our goal of creating thriving communities and empowering lives. Instead, we upped our game and in June 2020 we announced our £15m five-year community investment.

Our aim is to drive change where it’s needed most and empower people to take the lead where they live. We know that our customers and communities know what’s best for them, so we've put together 13 investment plans that have been shaped by what they’ve told us they need. There were three common themes in all the conversations we shared with our customers: health and wellbeing, employment and community empowerment.

In the past 12 months we’ve supported 303 people into work, 689 onto training and 548 with CV checks and other employability support. And our self-employment programme, Create, won two national awards. Supporting people to turn their business ideas into reality during this challenging time has been a highlight of the past year.

STRATEGIC REPORT (continued)

PERFORMANCE AGAINST OUR STRATEGIC OBJECTIVES (continued)

STRATEGIC OBJECTIVE #4 – CREATE THRIVING COMMUNITIES (continued)

The communities we work with are resilient and passionate about where they live and their neighbours. And in the past year we were able to secure around £650,000 of external funding, helping us to deliver the projects they needed. This has supported our Good Grub Club, which tackles food poverty and social isolation, employability sessions, our CREATE self-employment course, and all the great work we've done in schools. This also includes £95,000 to support local employers create employment opportunities for young people with Special Educational Needs and Disabilities (SEND).

This year, we've funded 89 community organisations. This has supported a range of projects, from supporting communities with food during the pandemic and equipment for students to use for online learning, to welcome boxes for asylum seekers and creating a cancer support unit.

Social Value

Last year our total social value impact was £3,745,372. Social value impact is what we use to understand how the work we do impacts people's lives. We use the HACT and Simetrica-Jacobs UK Social Value Bank to work out our social value. So, for every £1 we invest into a project, we use the figures to tell us what this equates to in monetary terms to improvements in people's wellbeing.

As expected, the pandemic has had an impact on that. When lockdown started, we weren't able to continue with the community and employment-based activities we'd planned. But we were in a strong place to adapt how we deliver them, focussing on partnership working, supporting local hubs to distribute supplies, food and more. We also leveraged additional funding to support activities and awarded community grants.

Working together with our customers and partners meant that communities had the support they needed during the pandemic (and continue to today). But because we had to temporarily pause or adapt services, we weren't able to measure social value in the usual way. Our community cafes usually generate a large part of social value, however during the lockdowns we had to close or change the way we operated them.

We aspire to deliver a social value ratio of £1: £12.50 for health and wellbeing across our 13 key neighbourhoods. This year, we achieved £1: £5.74. So, we have a way to go. But we remain ambitious and we'll work hard to get there.

STRATEGIC REPORT (continued)

PERFORMANCE AGAINST OUR STRATEGIC OBJECTIVES (continued)

STRATEGIC OBJECTIVE #5 – CREATE A GREAT PLACE TO WORK

Our colleagues are the key to our success. Without them we wouldn't be able to support our customers, build new homes or invest in communities. So, we want to make our organisation a great place to work, for everyone.

We benefit from the legacy of two strong organisations and are investing in our colleagues to ensure everyone can thrive at work. As part of this, we're modernising the way we work, improving our offices to be more inclusive, and supporting our colleagues' professional and personal development.

We're focusing on creating one joint way of working, streamlining our services to offer a one-stop-shop for learning and development and introducing one finance and HR system. We're already a strong, united organisation and steadily working our way towards becoming one charitable Registered Provider in June 2021.

Leading with autonomy

Before the pandemic began, we were reviewing how and where we work. We carried out audits of all our offices and asked colleagues what they wanted from their place of work. This meant when lockdown started, we were in a good place to think about agile working.

The impact of lockdown saw us accelerate what we'd already started; modernising our offices and rethinking where we work. We adopted a 'work anywhere' approach and provided our colleagues with the right equipment and IT to embrace it.

Hearing from our colleagues

Everything we do to make our organisation a great place to work is done in collaboration with our colleagues. We've been consulting on various projects, including our new terms and conditions. Before making this change to bring everyone together on the same guiding principles and contracts, we ran a 60-day consultation, ensuring we heard the views of our colleagues. Our staff forum, ConneXus, played a key role in this, connecting the organisation and creating important conversations during a time of change.

Prioritising professional and personal development

The health and wellbeing, coupled with development, of our colleagues is essential. When our people feel well and happy at work, they're better able to do their job and support our customers. And when we invest in their development, the whole organisation benefits.

We're all about professionalising our people, too. We've become early adopters of the Chartered Institute of Housing's Professional Standards framework. This is a great way for us to work as one, united sector and the standard puts emphasis on the broad nature of housing. Alongside this we continue to offer apprenticeships to colleagues at any stage of their career, and currently benefit from 62 apprentices, 64% of which are among existing colleagues looking to attain new qualifications.

STRATEGIC REPORT (continued)

PERFORMANCE AGAINST OUR STRATEGIC OBJECTIVES (continued)

STRATEGIC OBJECTIVE #6 – MANAGING OUR BUSINESS TO THE HIGHEST STANDARD

To make sure we deliver value for money for our customers, protect our future and comply with governance standards, regulations and law, it's important we manage our business well. We're all about setting high standards with an eye on going above and beyond to deliver the best for our customers and provide our colleagues with a great place to work.

Our Board, acting under the UK Code of Governance, oversee everything we do. And we're optimising our capacity by reducing the number of Registered Providers in the Abri Group. Our group optimisation is freeing up our capacity, enabling us to build more homes and invest more in our communities. This is future-proofing our place of work to ensure we continue to deliver for communities long into the future.

As well as optimising our structure, we also ended the financial year on a strong note, retaining our A3 Moody's credit rating and receiving an assuring G1/V1 by the Regulator for Social Housing. Both ratings reflect our financial strength and operational capabilities, which have been essential when navigating the pandemic.

With this strong foundation as one team, and recent recognition from Best Companies for our outstanding colleague engagement, we're continuing to integrate our existing ways of working following our rebrand in October 2020. This is all about having a shared approach and offering the best possible services to our customers.

Simplifying our structure

When we became Abri we knew that the difference between our name and the name of some of our customer's landlord was confusing. We wanted to make it simpler, so we asked our customers to let us know how they would feel about merging Yarlington, Portal and Drum Housing into one organisation called Abri Group Ltd.

Through consultation, we learned that 69% of our customers supported our proposal to merge the existing housing associations. In response we merged our legacy organisations, bringing Portal and Drum into Yarlington on 31 March 2021. We are now revisiting Yarlington becoming Abri later in the new financial year.

STRATEGIC REPORT (continued)

PERFORMANCE AGAINST OUR STRATEGIC OBJECTIVES (continued)

STRATEGIC OBJECTIVE #6 – MANAGING OUR BUSINESS TO THE HIGHEST STANDARD (continued)

Our change journey

Becoming Abri undoubtedly marked a period of change for our colleagues and customers alike. How we manage change is instrumental in bringing everyone along on our journey. Here's a look at how we're doing that:

- colleague collaboration to unify our ways of working and become 'one team' through a phased period of integration. Bringing colleagues together through one set of systems.
- introduction of a new Voice of the Customer framework that keeps customers at the heart of everything we do.
- creation of a new customer portal, making it easier for customers to access our services how and when they choose.
- continuous improvement of how and where we work, from digital tools and resources, to improving the look and feel of our offices.
- provision of a range of change learning and development tools, communications channels and specific training for colleagues in different roles and areas of the organisation.

Our change journey continues, with the confidence that our customers and colleagues are with us too.

STRATEGIC OBJECTIVE #7 – CLIMATE CHANGE: THE CHALLENGE OF A GENERATION

In 2019, the government introduced a legally binding target to reduce greenhouse gas emissions to net zero by 2050. According to the UK Green Building Council, the built environment contributes about 40% of the UK's total carbon emissions. Housing providers own and manage around 17% of the UK's housing stock so the message is clear: our sector has a key role to play in combatting climate change.

We're taking this role seriously and we've already been busy taking steps to reach the 2050 target. In the last year we've launched internal initiatives to raise awareness of the issues around climate change. We've introduced Climate Champions who will support us to develop a low-carbon culture across our workplace. And we've started to review our environmental, social and governance (ESG) reporting process, initiating benchmarking and research into appropriate and deliverable targets to reduce our impact as an organisation.

We've also undertaken an evaluation of our existing homes to better understand the financial obligations and roadmap to get our homes to EPC level C by 2030 and net-zero carbon by 2050. We're looking at how we build homes to ensure we deliver them as net-zero carbon ready (to avoid future retrofit obligations) and partnering with our peers to achieve carbon neutrality.

Announcing the Greener Futures Partnership

It's with our partners that we can really make a difference, so we've teamed up with four other housing providers – Hyde Group, Anchor Hanover, Home Group and Sanctuary Group – to improve the energy efficiency of 300,000 homes for more than 600,000 customers. At the same time, we're going to create new standards for sustainability across the sector. This will all be done under the guise of the Greener Futures Partnership, which we launched in April 2020. We're confident this collaborative approach will make a real difference.

STRATEGIC REPORT (continued)

PERFORMANCE AGAINST OUR STRATEGIC OBJECTIVES (continued)

STRATEGIC OBJECTIVE #7 – CLIMATE CHANGE: THE CHALLENGE OF A GENERATION (continued)

Adopting the ESG sustainability reporting standard

We've given our full support to a Sustainability Reporting Standard for Social Housing that has been launched by the ESG Social Housing Working Group.

The Standard aims to encourage more consistency when it comes to reporting against environmental, social and governance issues. We're proud to be early adopters of the Standard, which we will report against on an annual basis.

The road ahead

We've set key milestones that will impact the way we do things in the future. This includes reducing the amount of carbon we produce by retrofitting our existing homes in accordance with the Government's statutory timetable; switching our vehicles to electric and providing opportunities for electric vehicle charging for colleagues and customers; making carbon reductions in the way we run our business. When it comes to new homes, we're also setting specific targets for improving fabric efficiency and insulation as well as using appropriate renewable and low carbon energy. Our Abri Standard will complement the Government's Future Homes Standard which expects new homes to produce 75% lower carbon emissions compared to current Building Regulations levels by 2025.

OUR STAKEHOLDERS – TELLING OUR STORY

Much of what we do is achieved through working successfully with partners. Whether that's a leader or chief executive of a local authority, councillor or an MP with similar ambitions, the bedrock of our work is partnership.

But how do we make that happen?

We're a busy bunch, grabbing every opportunity to talk more about what we're doing while also attracting opportunities for collaboration. We want to tell our story in a way that evokes a positive response. So, we're keeping our stakeholders informed, from investors and MPs to customers and the media, to make positive change happen.

Stakeholder	How we engage, listen and inform	General areas of interest
Investors	• Timely updates on our performance and achievements. • Quarterly newsletter on overall activity. • Regular meetings to stay up-to-date. • Forecasts (financial forecast return/financial plan) • Budgets. • Required reporting from agreements.	• Financial investment and growth. • Economic stability. • Revenue and outcomes. • Strategic direction. • Environmental, social and governance.

STRATEGIC REPORT (continued)

OUR STAKEHOLDERS – TELLING OUR STORY (continued)

But how do we make that happen? (continued)

Stakeholder	How we engage, listen and inform	General areas of interest
Regulator of Social Housing	• Monitor changes to structure. • Track key changes and announcements. • Regular contact and outreach about our service delivery. • Proactively reach out to discuss important matters.	• Customer service. • Health and safety. • Performance.
MPs, councillors, local authorities, trade associations	• Bespoke approach to each primary stakeholder and local authority. • Quarterly overview of relevant activity. • Reactive communications coupled with proactive outreach. • Thought leadership pieces. • Responses to White Papers and government consultations. • Round tables, site visits. • Meetings with key stakeholders. • Briefing notes offered to All Party Parliamentary Groups (APPGs) and Select Committees.	• Development and housebuilding. • Community investment. • Employment. • Homelessness prevention.
Customers	• Customer satisfaction campaign. • Steering groups and forums, placing their ideas and opinions at the heart of our organisation. • Regular satisfaction surveys. • Monitoring of direct emails and enquiries plus social media sentiment. • Community Action Days, events, stock visits.	• How we manage our business. • Changes to the way we work. • Standard of service delivery. • Employment opportunities. • Financial support.
Communities	• Working groups and partnership consortiums to understand local sentiment. • Visual summaries and regular updates on where we're at with local investment. • Good news stories and social media engagement. • Surveys and consultations. • Sub-committees. • Partnership working with local authorities.	• Opportunities for positive change. • Funding pathways. • Anti-social behaviour. • Local regeneration.
Sector	• Responsive media. • Thought leadership and blogs. • Case studies and reports. • Press releases and independent research. • Daily news monitoring. • Tracking of other housing associations.	• New appointments and staffing changes. • Business changes. • Delivery and achievements. • Developments and sustainability.

STRATEGIC REPORT (continued)

OUR STAKEHOLDERS – TELLING OUR STORY (continued)

Homelessness roundtable

We also work closely with our partners and stakeholders to share insight and best practice. During the past year this has included hosting a roundtable with the Local Government Chronicle to discuss homelessness responses during the pandemic and prevention strategies for the future. We also commissioned a piece of primary research* to understand more about public perceptions of homelessness as well as the impact of the pandemic on home and job security.

The key findings from our survey revealed that:

- Half of UK adults (51%) think that more affordable housing is the most important long-term solution to ending homelessness.
- 81% of UK adults agree that homelessness can happen to anyone.
- Only half of UK adults (52%) agree that it's possible to end homelessness for good; one in five (22%) disagree that it's possible to end homelessness for good.
- 85% of UK adults agree that everyone has the right to a warm, safe home; only 3% disagreed.

**September 2020 online survey of 1,500 UK adults, conducted by Dynata on behalf of Abri. The figures are representative of all UK adults (18+).*

Working with government

Our customers are important to us, so we're always looking at how we can help make where they live a great place to be. One of the ways we do this is by taking part in discussions with decision makers to help shape policies that can improve quality of life in communities.

So, how do we get heard?

There's always a lot going on in both our sector and in government. This means there are opportunities to raise our voice, and the voices of our customers. We do this in four main ways:

- We respond to government consultations on subjects that relate to our business and our customers.
- We contact MPs and stakeholders directly to let them know what we're doing and how we can support them and their constituents.
- We provide written and oral evidence and case studies to APPGs to support them in shaping policy and making positive change happen.
- We also speak regularly at events, roundtables and webinars, and occasionally lead them too. We invite MPs and other stakeholders to meetings, and we listen to our customers to find out more about what would benefit them and their community. This is an on-going priority and will always be an important part of what we do.

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

Risk Management

The Group's approach to risk is documented in our Risk and Assurance Framework and this contains our risk appetite statements. These are determined by the Group Combined Board and set out the boundaries of risk taking that the Group can operate within to achieve its aims.

Risk management policies and procedures are based on an integrated cycle of activity that includes:

- Setting and understanding the risk context – internal and external,
- Risk assessment – risk identification, risk analysis and risk evaluation,
- Risk response – tolerate, treat, terminate, or transfer,
- Risk monitoring and review and
- Risk consultation and communication.

Regular risk reports are provided to the Group Combined Board, Executive Board and Audit and Risk Committee. The Audit and Risk Committee also receives an assessment of the level of assurance provided by each of the three lines of defence; direct control and self-assessment, internal oversight and challenge and external audit, highlighting any areas of concern and the mitigating activities underway to address these. The key strategic risks are subjected to regular scenario stress testing of their financial impacts on our Financial Plan.

Principal risks

The following table gives an overview of the principal risks the Group has faced over the last 12-month reporting period and summarises the key controls in operation and mitigating actions that have taken place or are underway.

Risk	Key controls and mitigating actions
We may be impacted by adverse market conditions which are out of step with our financial plan assumptions because of global or national recession, increased expenditure arising from fire safety and low carbon works, and post pandemic impacts including reduced sales and rental income.	• Dynamic financial planning. • Business plan modelling tested against single and multivariate changes against the base case. • Stress testing includes Bank of England cyclical and Covid-19 specific scenarios, to understand tipping points against financial golden rules, with exit planning in place. • Trigger points in place for interest rate rises. • Sales exposure analysis. • Help for tenants including support into work and training, universal credit expertise, hardship fund. • External assessment.
Our services may be impacted by problems with our supply chain because of Covid-related disruption, adjustments required by the EU trade deal, or other factors.	• Continuous contractor management. • Dedicated procurement expertise and resource. • Stress testing and business continuity planning.

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Principal risks (continued)

Risk	Key controls and mitigating actions
Our business and services may be disrupted by a major incident such as a cyber-attack, and/or loss of key assets such as colleagues, infrastructure, or critical systems enabling our current way of working.	• Business continuity planning for each team. • Extensive cyber security training and controls. • Regular security audits. • Pandemic contingency plans. • Internal monitoring and checks.
We may not ensure the safety of our customers or colleagues or fail to comply with new building safety regulations.	• Fire safety action plan with remediation where needed. • Dedicated building safety team. • Close working with Hampshire Fire & Rescue as our principal authority. • Ongoing electrical safety programme. • Comprehensive health and safety training and monitoring with external accreditation.
The quality and accuracy of our data may not support our services and transformation goals	• Project group in place with dedicated resource. • Data reconciliation programme.
We may not deliver our development programme due to rising costs, increased competition, falling demand or a failure to secure funding.	• Dynamic financial planning. • Experienced and professional development team.
We may experience a failure of governance, resulting in flawed decision making, a loss of trust or failure to meet regulatory and stakeholder expectations.	• Internal audit programme. • Governance action plan. • Annual skills analysis and succession planning. • Terms of reference.
Our colleagues may be unable to implement and deliver our strategy due to the external pressures of the pandemic and resulting impacts on wellbeing, working practices, and conflicting demands.	• Wellbeing framework. • Regular consultation and communication at all levels. • Colleague surveys. • Change planning and capacity monitoring.

Risk management development

The Group recognises that as the business evolves so must its risk management framework. To ensure that we continue to enhance and leverage our risk management capabilities the Group will transition to an enterprise-wide risk management approach over the next 12 months.

STRATEGIC REPORT (continued)

STOCK PROFILE

As at the 31 March 2021 we owned and managed housing properties across 36 local authorities; those where we managed 500 properties or more are shown below.

Local authority	General needs	Affordable home ownership	Supported housing for older people	Other social housing	Market rent housing	Total
Bournemouth, Christchurch and Poole	523	145	39	11	122	**840**
East Hampshire District Council	4,205	320	637	142	2	**5,306**
Eastleigh Borough Council	1,094	346	103	82	48	**1,673**
New Forest District Council	718	146	1	48	-	**913**
Portsmouth City Council	698	65	-	91	48	**902**
South Somerset District Council	6,763	389	1,642	80	3	**8,877**
Southampton City Council	2,016	337	224	158	149	**2,884**
Test Valley Borough Council	359	153	-	77	16	**605**
Wiltshire Council	896	259	4	1	4	**1,164**
Royal Borough of Windsor and Maidenhead	2,780	35	425	71	-	**3,311**
	20,052	**2,195**	**3,075**	**761**	**392**	**26,475**

OUR DEVELOPMENTS

The Group is continuing to work towards meeting the national housing shortage by delivering its target of 10,000 new homes by 2030. This is being achieved through buying land, regeneration of existing housing stock, recycling our own assets or in partnerships with others. These partnerships include joint ventures with local authorities, landlords or other housebuilders and Section 106 elements of major housing schemes.

All development contracts have to meet a certain criteria and benchmarks; they go through an in-depth approval process and are managed through internal technical teams calling on external expertise and resources. We have a strong pipeline of homes under development, providing the group with certainty of delivery over the coming years. We have a relatively low exposure to market sale and our sales as a percentage of turnover is well within our golden rule limits of 40%.

STRATEGIC REPORT (continued)

OUR DEVELOPMENTS (continued)

Below is an overview of our on-site development schemes at the reporting date:

Scheme name	Status at 31/03/21	Est. PC date	Total units	GN	SO	MS
Abbey Barn, High Wycombe, Buckinghamshire	On site	Nov-21	28	X	X	
Bancombe Road, Somerton, Somerset	On site	Jan-23	46	X	X	
Boundary Hall, Tadley, Berkshire	On site	May-22	17	X	X	
Brue Farm, Highbridge, Somerset	On site	Jun-22	123	X	X	
Burghfield Common, West Berkshire	On site	May-21	11	X	X	
Castle Farm, Windsor	On site	Aug-21	25	X	X	X
Castle Park View, Bristol	On site	Apr-22	75	X	X	
Chocolate Factory, Bristol	On site	Jul-22	36		X	
Cranborne Road, Wimborne, Dorset	On site	Aug-21	101	X	X	
Daedalus, Gosport, Hampshire	On site	May-21	80		X	
Downhouse Road, Catherington, Hampshire	On site	Aug-21	29	X	X	
Fen Meadow, Nursling, Southampton	On site	Jun-21	130	X	X	
Ganger Farm, Romsey, Hampshire	On site	Jan-22	55	X	X	
Hainbury Farm, Ilchester, Somerset	On site	Mar-23	75	X	X	
Hammerley Farm, Bursledon, Eastleigh	On site	Apr-21	37	X	X	
Hawley Park Farm, Camberley, Hampshire	On site	May-21	63	X	X	
Haybridge, Wells, Somerset	On site	May-23	44	X	X	
Herbert Collins House, Southampton	On site	Mar-22	14	X		
Killams, Taunton, Somerset	On site	Mar-24	13	X	X	
Kings Weston Avenue, Bristol	On site	Jun-22	18		X	
Kingsgate Ph1 & 2, Amesbury, Wiltshire	On site	Nov-24	115	X	X	
Longhedge Ph1, Salisbury, Wiltshire	On site	Mar-22	103	X	X	
Longhedge Ph4, Salisbury, Wiltshire	On site	Feb-22	38	X	X	
Lord Mayor Treloar, Alton, Hampshire	On site	Mar-24	58	X	X	
Louisburg Barracks, Borden, Hampshire	On site	Jun-21	100	X	X	
Moulsham Lane, Yateley, Hampshire	On site	Jul-21	60	X	X	
North East Quadrant, Poundbury, Dorset	On site	Dec-22	43	X	X	
The Old Brewery, Bristol	In Contract	Apr-23	108	X	X	X
Old Reading Road, Hook, Hampshire	On site	May-22	15	X	X	
Pembers Farm, Fair Oak, Eastleigh	On site	Aug-23	97	X	X	
Providence Hill, Bursledon, Eastleigh	On site	Oct-20	31	X	X	
Snowdon Grange, Chard, Somerset	On site	Jun-23	70	X	X	
Speedwell Swim Baths, Bristol	On site	Jul-21	31	X		
Station Road, Castle Cary, Somerset	On site	Apr-21	50	X	X	
Tangier Lane, Bishops Waltham, Winchester	On site	Nov-22	59	X	X	
Westbury Sailing Ph1 & 2, Wiltshire	On site	Oct-21	80		X	
Wey Hill, Haselmere, Surrey	On site	Jun-22	45	X		

STRATEGIC REPORT (continued)

VALUE FOR MONEY

Our approach to Value for Money ("VFM")

Value for Money is at the heart of Abri's business, engrained in all our targets and operating decisions. During 2020/21 Abri's integration journey continued at pace, giving increased assurance that the efficiency targets identified as part of the partnership Final Business Case ("FBC") will be achieved ahead of the original timescales.

Whilst not becoming complacent with regard to the remaining integration activity still to be completed in 2021/22, to complement the original VfM targets, consideration turned to "Optimum Abri", and additional efficiency objectives have been identified to further strengthen the performance of the group.

VFM targets and investment requirements

At the outset of the Abri partnership, we identified that to align the legacy businesses and to deliver the integration savings, a significant investment would be required. The investment of £8m over the first three years was forecast to yield a minimum £6m per annum benefit by 2023. The journey did not anticipate the impact of Covid19 and the opportunities and challenges the pandemic would present.

In last year's VFM statement we noted that "As the new organisation evolves, these plans will be refined in terms of timing and quantum of both investment and savings".
With significant progress being made during the year, the investment actually required to integrate the business has reduced by £1m, whilst the benefits to be realised from 2023 have increased to £8.7m. These changes, built into our budget and business plan, will benefit Abri by £12.6m over the next five years.

Benefits realisation assurance

Progress against the integration targets is monitored by the Integration and Transformation Committee. With rapid progress being made, an independent audit on our Benefits Realisation was commissioned. This was to ensure we are delivering the changes identified in the full business case and tracking the benefits accordingly. We were delighted to receive significant assurance, giving the board confidence that our transformation methodology is working.

Our performance

The Board monitors both operational and VFM performance through quarterly scorecards, enabling the scrutiny of a cross-section of performance across the business. This is intrinsically linked to the delivery of the corporate objectives.

VFM performance

2020 brought new challenges to the operating environment, with the Board recognising the various ways that Covid19 lockdowns would impact our operations and our customer base. Additional costs inevitably were required to deal with increased Health & Safety protocols, less efficient delivery of services and agile workplaces. The time to let units was compromised by lockdowns, whilst building and sales schedules were impacted by periods of inactivity. A reduced handover of affordable units in the year also impacted on the Social Housing Cost per Unit metric this year.

STRATEGIC REPORT (continued)

Value for Money (continued)

VFM performance (continued)

13,000 repairs were logged during the first lockdown of 2020, and we are pleased to confirm that we caught up with the backlog of jobs by December. Arrears cases increased 27% despite government support for many customers. To ensure we played our part in mitigating the impact of hardship, we increased investment in our dedicated support teams. This investment brought significant benefit to our customers and also to Abri in terms of maintaining our arrears total at 1.76%.

The group continued its ambitious integration plans throughout 2020/21, investing a further £4.4m to harmonise business functions. The impact of this investment increased our cost per unit by £138 in year. However significant savings have started to be realised, with integration benefits in year of £1.7m helping to reduce cost per unit by £44. The net impact in year being an increase in costs of £93.

The following table outlines our VfM performance against the regulatory metrics, compared to the previous year and the sector median for Housing Associations with over 30,000 units. We noted in the VFM statement last year that the performance in that year was not a meaningful measure as the majority of that year was under the two separate legacy organisations.
The budgeted metrics for 2021/22 is also presented to show the improving direction of travel for the group.

			2019/20		
Metric	**2020/21 Actual**	**2020/21 Budget**	**Actual**	**> 30,000 Median**	**2021/22 Budget**
Re-investment	7.4%	9.2%	7.6%	7.6%	13.4%
New supply delivered - social	1.3%	2.4%	1.7%	1.7%	2.4%
New supply delivered - non-social	0.0%	0.5%	0.1%	0.2%	0.1%
Gearing	52.3%	54.5%	50.8%	46.0%	52.6%
Interest cover – EBITDA-MRI	143.7%	136.6%	138.3%	144.7%	151.5%
Headline social housing cost per unit	£4,145	£4,017	£3,900	£4,016	£3,848
Operating margin - social housing lettings only	24.4%	19.5%	27.9%	30.8%	25.9%
Operating margin - excluding surplus on disposal of fixed assets	22.0%	18.5%	22.8%	23.0%	23.1%
Return on capital employed	2.6%	2.4%	2.6%	3.4%	2.8%

- **Re-investment** in our assets reflects the investment in our assets predominantly relating to significant fire safety works. This is forecast to increase further in 2021/22 with additional investment in fire safety works.
- **New supply (social)** – Performance slightly down on 2019/20, reflective of a period of lockdowns – this is due to increase significantly as our development programmes grows.
- **Gearing** – gearing of 52% was below budget by 2.2% but up 1.5% on the prior year. We anticipate gearing increasing as we continue to borrow to increase housing supply.
- **Interest Cover** – A significant improvement against budget and prior year.

STRATEGIC REPORT (continued)

Value for Money (continued)

VFM performance (continued)

- **Social Housing Cost per Unit** – costs in the year increased in line with expectations over integration activity, and remain marginally above the sector average for Housing Associations with at least 30,000 units. We have budgeted for these costs to reduce considerably and to return to the sector average as our investment in integration diminishes and our integration savings and wider VFM savings increase.
- **Operating margins** – We have outperformed expectations in year with tighter cost control and lower bad debts than budgeted. Margins remain a key focus and remain under pressure with the challenging economic forecast.
- **Return on Capital Employed** – remained stable year-on-year, marginally above budgeted expectations.

Looking forward - VFM metric targets for 2021/22

2021/22 will be the first year since partnership whereby the benefits from integration will outweigh the investment we are making to integrate services. With core systems for Finance, HR and Development complete, Terms & Conditions for all colleagues harmonised, and many processes around the business streamlined, the additional investment required reduces in the year to £3.6m. The benefits identified from completed integration activities are projected to deliver £5.4m in the year. This net benefit of £1.8m will reduce the Social Housing Cost per Unit by £55 a unit and create a year-on-year swing of £148 a unit.

With confidence on our integration blueprint and its identified £8.7m of ongoing annual benefits for 2022/23, the Board have looked to further strengthen our financial position through the lens of "Optimum Abri". The Board reviewed our financial projections and performance compared to our peers and the wider sector, and as a result have debated a range of options to manage and improve our financial performance and resilience against the measures of operating margin and EBITDA MRI.
These strategic options were considered in terms of their potential impact on our customers, communities, colleagues, strategy and on financial performance. The final outcome of the Board's debate included agreeing a further efficiency target of £26m over the next five years, increasing the five-year VFM targets as follows:

	Year 1	Year 2	Year 3	3 Year VFM target
	2021-22	2022-23	2023-24	
Integration				
Investment	(£3.6m)	(£0.6m)	(£0.6m)	(£4.8m)
Savings	£5.4m	£9.3m	£9.3m	£24.0m
Net savings target	**£1.8m**	**£8.7m**	**£8.7m**	**£19.2m**
Optimum Abri				
Income generation	£0.6m	£0.6m	£0.8m	£2.0m
Savings	£1.05m	£1.4m	£1.8m	£4.25m
Deferred Major Repairs	£2.8m	£2.8m	£2.8m	£8.4m
Optimum Abri Total	**£4.45m**	**£4.8m**	**£5.4m**	**£14.65m**
Grand Total	**£6.25m**	**£13.5m**	**£14.1m**	**£33.85m**

STRATEGIC REPORT (continued)

Value for Money (continued)

Looking forward - VFM metric targets for 2021/22 (continued)

A comprehensive three-year VFM action plan has been developed setting out the various workstreams that will contribute towards the three-year targets. This will be monitored on a quarterly basis by the Optimisation Committee in terms of progress against the targets. These workstreams include options to increase income, reduce overheads, optimise our pension costs, improve insourcing of legal costs as well as activities that may not deliver cashable savings but nevertheless optimise the use of our assets and resources.

Operational Performance

The Board receive a regular scorecard on our operational performance against our targets. During 2020/21 we adapted these to focus on elements of the business impacted by the Covid pandemic.

In challenging operating conditions brought on by the pandemic, we were delighted to see arrears levels below expectations at 1.76% (target 2.5%) and New Homes receipts exceed target with the Stamp Duty holiday ensuring a strong end to the year.

With social-distancing restrictions and lockdowns impacting the activities we were able to perform safely for our customers, we did note a drop in overall satisfaction with our service to 81.1%. This was down 6.5% on the prior year and 2.9% against our expectation. Customer satisfaction that their home is safe and secure remains high at 87.9%.
In a similar vein, our average re-let times increased during the year; the average for the year was 51.95 days although quarter 4 saw average times return to pre-pandemic expectations.

Despite delays caused by the pandemic, overall new units developed or acquired was 801 exceeding target by 7. This was achieved despite a shortfall in affordable unit handovers of 18.

Staff engagement remains high, with the final Peakon survey returning an 8.0 engagement score. We are also pleased to note inclusion in the Best Companies list and retain Gold IIP status as an organisation. Staff absence in 2021 reduced to 2.58% and staff turnover was down to 3.4%.

As an organisation we benefit from benchmarking our performance with our peers. This year we were an active member of the Housemark monthly COVID KPI group which compared and analysed operational performance during the various lockdowns. This monthly benchmarking saw us compare favourably in performance against our peers and outperform in areas such as current tenant rent arrears (with our performance at 1.76% against the sector average performance of 3.5%).

Investment in our assets

New assets

We are committed to deriving VFM within our development programme. As well as having targets to make procurement savings in terms of development procurement frameworks, our development strategy sets targets for delivering 50% of our programme via Modern Methods of Construction ("MMC") as one way of driving out savings in the supply chain. During the year we explored a range of options to identify the targeted savings that this MMC programme could deliver, and how those savings could be reinvested, including exploring how to fund the carbon neutrality ambition of the newbuild programme – anticipated to be an additional 5% of current cost.

STRATEGIC REPORT (continued)

Value for Money (continued)

Investment in our assets (continued)

New assets (continued)

A further way to control and manage down costs to provide VFM in developing new homes is the use of our in-house construction management team. Our development programme forecasts this activity to deliver 25% of the programme, producing a saving in overheads and increasing profit.

A key delivery method of our development programme is our involvement with Joint Venture partners. These make optimum use of our respective skills and resources in delivering affordable and homes for sales. During the year our joint venture at Pease Pottage significantly outperformed in terms of delivery and financial performance. We entered into another long-term arrangement in Weymouth that will consolidate our stock holding in that area as well as deliver 500 new homes over a 10-year period.

Existing assets

As well as driving VFM through our new homes programme we also drive VFM in our investment in existing assets, as set out in our asset management strategy. We make active use of procurement consortia and frameworks to deliver VFM on component contracts. As an example, our participation as a founding member of Advantage South West delivered cashable savings of £258k in 2020/21. This procurement arrangement has been extended across our whole portfolio to access significant further savings.

Our stock performance has been assessed and our portfolio categorised by financial performance, a clear understanding of stock performance informs the strategic review of our asset base and ensures that investment decisions represent value for money. We have enhanced the intelligence we hold on the performance of different portfolios, by tenure and location. We have identified 315 units with a market value of circa £59m, of which the financial performance does not meet our accepted parameters and therefore these properties will be considered for divestment, benefiting the business by reinvesting in more sustainable provision. During 2020/21 we will divest in 11 units generating £3.3m for the business, a further circa £1.2m will be realised during 2021/22 via the disposal of sites currently being vacated.

During 2020/21 we will develop our land strategy maximising the value that our non-residential assets provide to our business, having identified 16 development sites to date with a potential market value of circa £1.5m, driving further value from existing land holdings.

The Greener Futures Partnership launched during 2021/22, which is a collaboration between Abri, Hyde, Sanctuary, Anchor Hanover, and Home Group. The partnership was borne out of a shared desire to tackle the challenges associated with sustainable social housing, and to drive greater efficiencies through procurement and joint development of new technologies. Year one of the partnership will deliver research and development utilising shared resources and capabilities.

A full assessment of Abri's decarbonisation requirements in line with our existing homes was undertaken during 2020/21, and a retrofit roadmap was developed setting out Abri's approach to ensuring the portfolio is net zero by 2050. An assessment of stock performance at a geographical level has been undertaken which is further informing the development of our regeneration strategy during 2021/22, ensuring that investment decisions represent value for money and solutions are identified for homes where it may be economically prohibitive to meet our carbon reduction objectives.

STRATEGIC REPORT (continued)

Value for Money (continued)

Optimising our group structure

During 2021/22 the Abri group structure was streamlined reducing the number of Registered Providers in the group from seven down to three. Not only does this deliver efficiency savings in the day-to-day running and governance arrangements, but it also released significant additional capacity within the group by enabling more optimal use of properties in terms of how they can be leveraged. The Board were actively engaged in the evaluation of the significant benefits realised by this group optimisation, compared to the refinancing costs incurred. The group structure will be kept under review and further streamlined as appropriate to ensure further VFM.

Summary

In its first full year of operating, Abri has not only outperformed the challenging VFM targets set by the integration programme but also increased longer term VFM targets as a result of Optimum Abri. The Board looks forward to delivering significantly improved VFM metrics in 2021/22 as these integration and Optimum Abri savings are delivered and have a positive impact on our financial and operational performance.

HIGH RISE BLOCKS AND FIRE SAFETY

Following the outcomes from the Grenfell Tower fire investigations, new legislation has been passed and bills produced. A complete regime change across the housing sector is required. We fully support this new approach which will influence change through the examples it sets.

We proactively assess implications of the Grenfell Inquiry, Building Safety Reform and Government fire safety advice. We also refer to the Draft Building Safety Bill, the Charter for Social Housing Residents and the Social Housing White Paper.

We have active engagement with the National Housing Federation regarding leaseholder contributions and we will continue engaging with our customers throughout all the work we do to improve customer and building safety.

We provide assurance to Executive Board relating to fire, building and customer safety activities, detailing our responses to the implications of the Grenfell Inquiry, Building Safety Reform, Draft Building Safety Bill, Ministry of Housing, Communities & Local Government (MHCLG) and fire safety advice notes.

We have completed inspections and surveys on all our buildings over 18m, 11-18m and assessing surveys for all blocks under 11m.

Key achievements over the last year:

- Formed a strong working partnership with Hampshire Fire and Rescue Service (our primary authority) to suit our scale and development as a new organisation.
- Developed a costed and funded comprehensive, seven-year fire safety programme and regular formal reporting.
- Commenced work on High-Risk Residential Buildings (HRRB’s) cladding projects of 18m
- Surveyed, costed and programmed all 11-18m blocks.
- Commissioned and commenced a programme to survey / inspect all remaining blocks.
- Fire upgrade project to bring our blocks up to an acceptable standard.

STRATEGIC REPORT (continued)

HIGH RISE BLOCKS AND FIRE SAFETY (continued)

Key achievements over the last year (continued):

- Fire Risk Assessments - created a single system to manage actions, maintain 100% across delivery of the service.
- Supported the delivery of a successful In-Depth Assessment (IDA) result.
- KPMG completed a fire safety audit with no recommendations from internal auditors.
- Established a strong working and influential relationship with the National Housing Federation.
- Stakeholder engagement through the Fire Safety Working Group from all companywide contributors.
- Homes for the South West – working together to influence and take a lead on sector-wide issues, demonstrating best practice and leaseholder engagement around recharging costs.

We promote a transparent, yet inclusive method of working with our customers, engaging with them prior to the start and all the way through to completion of works.
This is promoted throughout the business across all stakeholders to make sure we're working collaboratively. We share lessons learnt with other organisations to achieve best practice.

HEALTH, SAFETY AND WELLBEING

The Health, Safety and Wellbeing (HS&W) of our customers and colleagues is at the forefront of everything we do. Our governance structures maintain comprehensive oversight of our health, safety and wellbeing performance to ensure that we are meeting the statutory obligations that the group has and are driving a best practice approach to addressing the risks associated with our operations.

A monthly Health and Safety Performance report covering Landlord, Customer and Occupational Safety, supported by a detailed Key Performance Indicator (KPI) scorecard, is provided to the Executive Board for their review. This has been supplemented by an additional report focused on Fire Safety Assurance to ensure that all key topics are reviewed in detail. Quarterly Health, Safety and Wellbeing performance reports including accident data are prepared and presented to the Audit and Risk Committee (ARC) and where appropriate content is provided to Group Combined Board.

We have identified any additional actions we need to take to address the requirements of the Social Housing White Paper and we're adding these to the full programme of actions that have been defined to support and implement our Health and Safety Strategy. This programme of actions has been developed to ensure continuous improvement. This will enhance our existing compliance with the Health and Safety at Work Act 1974, the Management of Health and Safety at Work Regulations 1999, the Constructions Design and Management Regulations 2015, the Landlord and Tenant Act 1985 (as amended) and the Regulatory Standards set out by the Regulator of Social Housing.

The past 12 months have seen a dramatic change to our personal and professional lives. In response to this, we have introduced a Health and Wellbeing Strategy and action plan. Our aim is to recognise what we do already encourages and maintains good health and wellbeing and addresses those areas where we can do better. Our objective is to make a real difference in the way we view, talk and act on health and wellbeing.

Our Health and Wellbeing Strategy, and the associated action plan to deliver the strategy, addresses our obligations under the Health and Safety at Work Act 1974, and other relevant statutory provisions, including The Management of Health and Safety at Work Regulations 1999 and the Equality Act 2010.

STRATEGIC REPORT (continued)

HEALTH, SAFETY AND WELLBEING (continued)

Our Wellbeing Strategy and action plan is also complementary to our equality, diversity and inclusion strategy and action plan and will be reviewed and updated annually to ensure any issues colleagues are experiencing are addressed.

The strategy is focused on four key areas relating to our working environment, leadership, responsive management and what we can all do to protect our own wellbeing and that of our colleagues.

Our vision is to create a positive culture where everyone recognises and supports the importance of health, safety and wellbeing for everyone, and where we can all thrive and are empowered to do our best.

TENANCY FRAUD AND ANTI-MONEY LAUNDERING

We take tenancy fraud very seriously. There aren't enough social housing homes for the people who need them. People committing tenancy fraud are breaking the law, breaching their tenancy agreement and causing even longer waits for those entitled to live in social housing.
Tenancy fraud can take many forms, but the most common forms are:

- **Unlawful subletting –** where the tenant doesn't live in the property, they rent it to someone else;
- **Key selling -** when a tenant sells their keys to someone for a lump sum payment;
- **Wrongly claimed succession –** when someone who is not entitled under the rules tries to take over the tenancy when a tenant dies; and
- **Using false information** to gain a social housing property.

We employ a range of measures to tackle tenancy fraud, including encouraging employees and fellow residents to raise concerns when they suspect tenancy fraud may have occurred.
We are also alert to the potential for money laundering, especially in transactions relating to sale of our housing properties and stock. We undertake all reasonable steps to uncover fraud, including identity verification and proof of source of funds before sales proceed. We have robust written procedures in place, which includes an Anti-corruption Framework, and this is complemented by mandatory training for colleagues.

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MODERN SLAVERY AND HUMAN TRAFFICKING

Modern Slavery and Human Trafficking Statement 2020/21

It's estimated there are more people in slavery than at any point in human history. Types of slavery include child trafficking, forced labour, sexual exploitation, criminal exploitation and domestic servitude. There is no typical victim of slavery, but it is prevalent among the most vulnerable or within minority or socially excluded groups, often "well hidden in plain sight".

This statement is made in accordance with the Modern Slavery Act 2015 (the Act) which requires organisations like ours, with a turnover of more than £36 million, to publish an annual 'Slavery and Human Trafficking Statement'. The statement sets out actions we have taken to prevent modern slavery from occurring in our business and supply chain for the financial year ending 31 March 2021.

STRATEGIC REPORT (continued)

MODERN SLAVERY AND HUMAN TRAFFICKING (continued)

Our commitment

Abri takes a zero-tolerance approach to modern slavery across all areas of the organisation, as well as in our supply chains. We are committed to ensuring we are not connected to modern slavery in any way and our aim is to ensure that our business always operates in an open and transparent way.

Our commitment is reflected in our Anti-slavery and Human Trafficking Policy, which is available on request.

Our people

Our people policies emphasise our commitment to creating an inclusive environment in which colleagues are free from discrimination, harassment or victimisation.

We encourage a positive work-life balance and promote staff wellbeing. Colleagues may raise concerns under our Whistleblowing Policy, Dignity at Work Policy, or Grievance Policy. Colleagues also have access to a free, independent and confidential Employee Assistance Programme.

We maintain robust recruitment processes and our Resourcing Procedure contains all relevant requirements with regards to checking eligibility to work in the UK, employment reference checks, and any additional necessary checks such as DBS (Disclosure and Barring Service).

All our colleagues are issued with an employment contract which adheres to relevant UK employment legislation. Our job evaluation process helps to ensure that pay is fair and consistent.

Our suppliers

Abri's procurement activities operate in England. We aim to run our business to the highest standards and support the principles of the Act and the abolition of modern slavery and human trafficking.

Most of our suppliers and contractors are UK based companies but we know there will be some high-risk categories within our supply chain from construction, repair and maintenance and facilities management to some of the materials we purchase from overseas countries, for example, building materials and mobile technology.

Supplier's adherence to our values

Abri is committed in helping to tackle modern slavery and we seek to secure excellent working relationships with all our contractors, suppliers and other business partners to ensure that they share and work towards the same values we hold.

Abri is committed to taking decisive steps to be more effective in combatting slavery. This statement summarises the steps we have taken in the last 12 months and the approach we will take over the next 12 months.

STRATEGIC REPORT (continued)

MODERN SLAVERY AND HUMAN TRAFFICKING (continued)

Steps taken in 2020/2021

- Abri's Procurement Team, with the support of operational areas, reviewed how we appraise, approve and manage our suppliers and contractors.
- We continued to raise awareness internally, educate and train those that conduct buying activities.
- We analysed, reviewed and defined our suppliers and contractors to understand where our potential risks are.
- We worked with our suppliers and contractors that support our business values and support us in demonstrating adequate controls are in place to monitor the risk at each stage of the supply chain, from source of material through to delivery.
- We refreshed our Code of Conduct which was rolled out to our existing suppliers and contractors and included it in our on-boarding process for new suppliers.
- We continued to monitor, assess and manage risks associated with slavery and human trafficking.
- We continued to make all relevant pre-employment checks prior to employing staff.
- We continued to provide to colleagues a range of wellbeing services, activities and support that promote a positive work-life balance.
- We ensured a high level of understanding of the risk of modern slavery and human trafficking by rolling out mandatory eLearning training for all colleagues.
- In recognition of the increased risk of modern slavery in construction, we established annual training requirements for job roles which interact directly with our building sites and construction partners.
- We added Abri's modern slavery statement to the Government's modern slavery statement registry.

Steps to be taken in 2021/2022

We've identified seven areas of action:

- Continue raising awareness – review training provision, use technology to allow easy reporting to the Modern Slavery helpline, ensure links are made within Abri to existing related groups e.g. safeguarding
- Take a data-led approach – work with external agencies to explore our data to identify triggers for further investigation
- Supply chain and legal compliance – supplier risk heat map, annual statement review
- Community – create partnerships, link to Abri's Safer Lives Panel
- Housing – consider allocations, our employment service and Homelessness Prevention Strategy
- Advocacy – liaise with key stakeholders within the housing sector and maintain communication on this topic with our colleagues
- Leadership and co-ordination – regular reporting to Abri's Executive Board, Board and committees regarding how we are working to combat modern slavery

STRATEGIC REPORT (continued)

SOCIAL MATTERS

It is our mission to combine our significant resources with those of partner organisations for the benefit of the communities where need is greatest, to add value to the local economy and as a result, enable our customers to fulfil their potential. With the support of social policy think-tank, the Bayswater Institute and following baseline customer consultation (to date) in six ‘Community Investment Zones’, we have devised a new Community Investment strategy and action plan framework to implement the strategy.

IMPACT ON THE ENVIRONMENT

Streamlined Energy and Carbon Reporting (SECR)

Outlined below are the results of the Group’s SECR requirement for 2020/21. A prior year comparison is included.

- In the current financial year, we were responsible for 1,755 tCO2e (tonnes of carbon dioxide equivalents).
- In the prior year we were responsible for 2,513 tCO2e.
- In the current financial year, we used 7,117,239 kWh (kilowatt hours of energy).
- In the prior year we used 8,507,250 kWh.
- In the current financial year, we used 1.2 tCO2e/FTE (Intensity Ratio (IR))
- In the prior year we used 1.98 tCO2e/FTE.

This shows that during the year we reduced the amount of carbon we generated though emissions by 758 tCO2e and reduced the amount of energy by approx. 1 400 000 kwh.

We opted to use full-time equivalent staff as the intensity metric to ensure consistency of reporting in future years, as the type of emissions incurred are more closely related to employee numbers than turnover, which is the other metric available for use. Our intensity metric dropped from 1.98 tonnes of CO2 Equivalent to 1.2 tonnes of CO2 equivalent per full time employee.

Emissions factors used DEFRA 2020 Methodology. The report is aligned to GHG Protocol Emissions Scope 1 & 2. Emission types included in the calculations related to:

- Electricity and gas consumed at office premises and vehicle emissions, and;
- Vehicle emissions from vans used by repairs and maintenance staff and from employees on business mileage

Annual energy efficiency statement

We're committed to tackling the climate change emergency as a priority. We are looking to minimise our carbon footprint and maximise the positive steps we take to protect the environment. As custodians we must tackle what is the biggest challenge facing society and our business, which is why climate change is one of our seven strategic priorities.

During 2020/2021, we conducted an Executive-led research project to accurately baseline current levels, identify options, set targets to inform and agree our five-year corporate carbon strategy. Subsequently, this will support us to develop a holistic and transparent delivery plan to achieve these aims.

STRATEGIC REPORT (continued)

IMPACT ON THE ENVIRONMENT (continued)

Annual energy efficiency statement (continued)

We have completed a carbon benchmark of our existing homes to ascertain the cost to retrofit to net zero carbon and to create a road map of the necessary projects. We have set higher new build standards that will ensure our new homes are net zero carbon ready and not adding to the retrofit challenge.

We are committed to creating significant carbon literacy across our organisation, empowering colleagues and customers to minimise our shared footprint. We've trained 10 colleagues as Carbon Champions to provide training to every colleague over the next three years.

In addition, we have undertaken a number of improvements to our corporate buildings including changing lighting, improving waste management and introducing smart sensors to minimise energy wastage. This, combined with a more agile working pattern impacted by Covid-19, has led to a significant reduction in our carbon footprint this year.

OUR APPROACH TO ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG)

Building new, affordable homes in a way that is mindful of the environment and smart in design is critical. However, providing housing is only part of our purpose because we're also on a mission to create thriving communities where equal opportunity is a reality.

We're not the only people passionate about these things and we're excited about giving our full support to the Sustainability Reporting Standard for Social Housing that was launched by the ESG Social Housing Working Group.

The standard aims to encourage more consistency when it comes to reporting against environmental, social and governance issues. We're proud to be early adopters of the new standard, which we will report against on an annual basis.

We can achieve more for communities when we hold ourselves accountable to higher standards. Here's some of the ways we're doing this:

- Growing our Board by co-opting an influential voice in the region, Lou Taylor. With his expertise and knowledge, we can push our equality, diversity and inclusion commitments forward at a more rapid pace.
- Embracing Modern Methods of Construction to build homes in a quicker, more environmentally-friendly way.
- Taking the lead from customers in terms of our services and delivery, meeting the needs of everyone we serve.

We're confident we've got good ESG practice covered, but there is always more to be done, and more to learn. By bringing together investors and providers, we can share information in a more organic way and make sure that we manage risks collaboratively.

STRATEGIC REPORT (continued)

OUR APPROACH TO ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) (continued)

Our Chief Financial Officer, Caroline Moore, said:

“This standard is a fantastic step forward for the sector. It’s a great way for us all to hold ourselves accountable and remain mindful in our approach to everything we do.

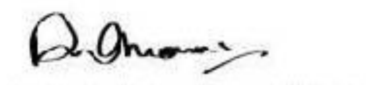
“Alongside other providers, and with lenders and investors, we can improve our ways of working and make sure we always consider the impact we’re making both environmentally and socially.

“We join 70 other organisations in adopting the new standard at its launch, which covers affordability, fire safety and net zero carbon emissions.”

STATEMENT OF COMPLIANCE

The Board confirms that this strategic report has been prepared in accordance with the principles set out in the ‘Statement of Recommended Practice for registered social housing providers 2018’.

The strategic report was approved by the Board on 4 August 2021 and signed on its behalf by:



Wayne Morris
Director

DIRECTORS' REPORT

The Directors present their report for the year ended 31 March 2021.

GROUP COMBINED BOARD

Group Combined Board overview

The Group Combined Board is a collective term for the legal boards of the registered providers in the Group; the membership of the boards is identical, but we abide by a Conflicts of Interest policy to split the boards in the event of any conflict of interest. The Group Combined Board takes decisions on behalf of the Group with the support of an effective governance structure and appropriate risk and control frameworks.

Non-executive Directors are remunerated for their roles and the amounts are disclosed in note 8, alongside appointment and termination dates where relevant.

The Directors of the Society during the year and up to the date of signing are included on page 1.

Group Combined Board Members

WAYNE MORRIS – CHAIR

An experienced housing professional, Wayne has spent nearly 25 years working at Chief Executive level within major housing associations across the south west of England, most notably with Spectrum Housing Group (2007-13) before it merged with Sovereign Housing Association in 2016. Wayne is a member of the People and Culture Committee and previously held several roles prior to being appointed Group Chair. These include Vice-Chair of the Yarlington Housing Group Board and Chair of the Remuneration & Nominations Committee, Chair of Yarlington Homes Ltd, and Chair of the Development & Assets Committee as well as the role of Senior Independent Director. Wayne is also a corporate member of the Chartered Institute of Housing.

JOANNA MAKINSON – VICE-CHAIR

Joanna joined the Board in November 2019 and was previously Board Member and Chair of the Audit and Risk Committee at Yarlington Housing Group. Joanna has a first-class degree in Land Economy from the University of Cambridge and holds the role of Chair of the Treasury Committee. Joanna was Chief Executive at Bristol Community Health CIC, a not-for-profit social enterprise delivering NHS community healthcare services. Prior to this Joanna was Finance Director and Company Secretary at United Communities, having qualified as an accountant in Pricewaterhouse Coopers' public-sector team in Bristol.

GARY ORR – GROUP CHIEF EXECUTIVE

Gary has worked in the housing industry for more than 22 years. Formally CEO of the ALMO Homes in Sedgemoor, he has also held senior executive positions within regional and national housing organisations. Gary was Chief Executive of Yarlington Housing Group for seven years prior to joining Abri as Chief Executive in 2018. Gary is a member of the Executive Board, the People and Culture Committee and the Development and Assets Committee.

DIRECTORS' REPORT (CONTINUED)

GROUP COMBINED BOARD (continued)

Group Combined Board Members (continued)

SIMON PORTER – SENIOR INDEPENDENT DIRECTOR

Simon is a qualified Chartered Accountant with over 30 years' experience in the financial sector specialising in audit, transaction support and risk management. He currently has a small portfolio of non-executive roles, including University College London Hospitals NHS Foundation Trust and Octavia Housing. Simon has worked with Radian since 2014 and previously chaired the Audit & Risk Committee. Simon is Chair of Inspired to Achieve Ltd., Chair of the Customer Service & Performance Committee and sits on the Board of Radian Developments Ltd. as well as the Treasury and Audit & Risk Committees.

MANDY CLARKE – BOARD MEMBER

Mandy is a Chartered HR professional with over 25 years' international and multi-sector experience. She has undertaken a number of senior and executive roles globally and operates a management consulting business. Mandy is a Non-Executive Director at GreenSquareAccord and at IPSE (the Association of Independent Professionals and the Self Employed). Mandy was formerly the Chair of Wiltshire Air Ambulance. Mandy, who has worked with Abri since 2013, is Chair of the People & Culture Committee and sits on the Integration & Transformation Committee.

ASHLEY WEST – BOARD MEMBER

Ashley has enjoyed a successful career in banking and commerce, holding a number of roles including Finance Director at Schroders and the Continental Bank of Chicago. Over the last 15 years he has built up a portfolio of non-executive roles, including Chairman roles at MHS Homes, East Thames Group and has been a Board Member of Radian Group (now Abri) since 2017. Until recently, he was Deputy Chairman and Chair of the Audit Committee of Dartford Gravesham and Swanley CCG and is Chairman of Medway Communities Estates Limited. Ashley chairs the Audit & Risk Committee.

JANE ALDERMAN – BOARD MEMBER

Jane is a senior leader who has successfully managed large development programmes in the affordable and market housing sectors. She has extensive professional expertise gained within the area of property development, social housing and regeneration. Jane has previously held roles with several social housing groups, including Curo Group. Currently, Jane is a consultant, providing a range of services to clients in the public and private sector, this includes advice on policy and governance and joint ventures. Jane is a chartered surveyor and member of the Institute of Housing. She joined Abri Group as a Non-Executive Board Member in February 2019 and is Chair of Yarlington Homes Ltd. and Chair of the Development & Assets Committee.

DIRECTORS' REPORT (CONTINUED)

LOU TAYLOR – CO-OPTEE TO GROUP COMBINED BOARD

Lou has more than 20 years' experience in media, advertising and community-based enterprises in the south of England – as an owner, entrepreneur, director and board member. His career spans both commercial and social enterprises. He is currently a Non-Executive Member of Hampshire Constabulary Force Executive and a strategic board member of the John Hansard Gallery in Southampton. He brings considerable experience of creating partnerships to support local communities and to give them a voice. Since 2015, Lou has been responsible for running Black History Month in Southampton and has formed a successful social enterprise to promote knowledge and understanding of Black, Asian, Minority and Ethnic issues and experiences across the region. Lou's knowledge in this area is a significant asset as Abri strives to better understand and serve the needs of its diverse community of customers and colleagues.

CAROLINE MOORE – CHIEF FINANCIAL OFFICER

Caroline is Chief Financial Officer of Abri Group, and a member of the Board. She chairs the Integration & Transformation Committee, overseeing the post-merger integration of the business. Caroline manages the Finance, Treasury & Financial Planning and Health & Safety directorates, guaranteeing the appropriate financial checks and controls are in place, to enable growth and investment alongside adhering to Abri's value for money targets. Caroline oversees compliance with legal and regulatory obligations of the high safety standards expected, giving assurance to customers and colleagues. Caroline was previously Chief Financial Officer at Yarlington, and has also held several on-executive roles, including Chair of the Audit Committee at Yeovil NHS Trust, and the Employers' elected member on the Somerset Local Government Pension Fund Committee. Caroline joined Yarlington (now Abri) from PricewaterhouseCoopers, where she had national responsibility for providing consultancy, audit and risk management services to the housing sector across the UK. She also spent an early part of her career in financial regulation at the Housing Corporation. Caroline is a member of Institute of Chartered Accountants in England and Wales and the Chartered Institute of Housing.

EXECUTIVE BOARD

The Group Combined Board is supported by an Executive Board comprising the Chief Executive and five other Directors who are responsible for day-to-day operations of all entities in the Group, with a focus on the delivery of the corporate strategy.

Gary Orr and Caroline Moore are members of both the Group Combined Board and Executive Board.

ANDY SKARZYNSKI – EXECUTIVE DIRECTOR STRATEGY, BUSINESS INTELLIGENCE & HR

Andy's responsibilities include strategy development, IT, HR, communications, the project management office and the change function. He works to ensure that Abri has the right people, guided and motivated by the right values, and supported by the right technology to deliver its full potential. Andy's background includes significant experience in marketing, communications, ecommerce and change management gained across a range of businesses and sectors. Andy has held senior roles within the media, advertising, charity and retail sectors. Prior to his current role at Abri, Andy was the Executive Director of People, Information and Culture at Yarlington Housing Group, which he joined in April 2018.

DIRECTORS' REPORT (CONTINUED)

EXECUTIVE BOARD (continued)

STEPHEN LODGE – EXECUTIVE DIRECTOR DEVELOPMENT AND STRATEGIC ASSET MANAGEMENT

Stephen is responsible for leading the property directorate of Abri to ensure the growth of good quality new homes, spanning all tenures across the south and southwest of England. This encompasses home ownership, sales and asset management. Stephen has worked in the housing sector for around 30 years, initially as a volunteer in hostels for the homeless before pursuing a career in development and asset management. In his role, Stephen is focused on investing more into existing homes, giving our customers great opportunities, and achieving carbon neutrality. Stephen is a Fellow of the Chartered Institute of Housing and in 2018, he won the Exceptional Contribution Member award for the southwest.

RALPH FACEY – EXECUTIVE DIRECTOR OPERATIONS

Ralph has over 15 years Executive Director experience in a wide variety of roles, following a housing management and regeneration career in local government in Portsmouth, Birmingham, Southampton and then as Chief Housing Officer at Gosport, leading the service through a period of successful and significant change. Following several Executive Director roles for the Swaythling Housing Society, Ralph was appointed as Radian's Group Director of Housing and Customer Services in December 2009 and became Executive Director of Partnerships & Projects in June 2018. Following the formation of Abri, Ralph was appointed as Executive Director of Strategic Partnerships & Projects for the new organisation, and in November 2020 was appointed as Executive Director of Operations, leading Abri's housing management, repairs and maintenance and community investment services.

ROSE BEAN - INTERIM EXECUTIVE DIRECTOR OF ASSETS AND SUSTAINABILITY

With over 16 years' experience in housing, Rose drives the organisation's strategic responsibilities such as Abri's asset, sustainability, and regeneration programmes. She is a great advocate for climate change and dedicated to enhancing the level of carbon literacy across the organisation. As a naturally curious leader who is passionate about the sector, Rose regularly researches new theories and concepts to empower us to build homes and communities that are safer and smarter. Rose has led on numerous projects from delivering and implementing change on fuel poverty, piloting trials on renewable technology to introducing a culture of low carbon thinking at Abri.

EXECUTIVE AND SENIOR LEADERSHIP SERVICE CONTRACTS

The members of the Executive Board and Senior Leadership Team are employed on the same terms as other staff, except for a contractual annual bonus scheme and the provision of a company car or payment of a car allowance.

Remuneration decisions are overseen by the People and Culture Committee. The Group Combined Board is responsible for approving any bonus awards or changes in the Chief Executive's remuneration or contract. Details of the benefits received by Executive Directors are set out in note 8.

The Executive Board and Senior Leadership Team members, including those who are Group Combined Board members, hold no interest in the Group's shares and act within the authority delegated to them by the Group Combined Board under defined terms of reference.

DIRECTORS' REPORT (CONTINUED)

GOVERNANCE AND REGULATION

The Group Combined Board is responsible for the strategic direction, plans for oversight of Group performance, and for effective governance across the business. The Board has reviewed performance against the regulatory standards, and we are in full compliance with the Governance and Financial Viability Standard and all other regulatory standards.

This is achieved with the support of the Executive Board, Senior Leadership Team, advisory panels and six committees, as listed below, to which certain responsibilities are delegated:

- Audit and Risk Committee;
- People and Culture Committee;
- Customer Service and Performance Committee;
- Treasury Committee;
- Development and Assets Oversight Committee; and,
- Integration and Transformation Committee.

The Audit and Risk and People and Culture Committees are designated as the principal committees in the Group, given the extent of powers delegated to them by the Group Combined Board. An overview of these committees has been provided below.

The members of the Group Combined Board also hold positions as Directors of other legal entities in the Group and/or are members of the committees outlined above. They are joined on these boards and supported on committees by members of the Executive Board and Senior Leadership Team.

The governance structure includes independent directors, whose role is to challenge and scrutinise the performance of management, including Executive Directors, and to help develop proposals on strategy. They also review the performance of management in meeting agreed goals and objectives as well as monitor the Group's risk profile. This is facilitated through an established governance framework with regular reporting from governance structures and is clearly set out within the standing orders to consider clear oversight from the Audit and Risk Committee.

Insurance policies in place indemnify Board Members and officers against liability when acting for the Group.

In exercising its duty to promote the success of the Group, the Board is responsible for overseeing the management of and, in so doing, may exercise its powers, subject to any relevant laws, regulations and Abri's articles of association.
Where legally necessary, decisions affecting individual subsidiaries are formally enacted by the individual boards. Board members are selected through an open, competitive process. They contribute a wide range of professional, commercial, and other relevant experience and expertise.

Abri is committed to high standards of corporate governance and at its inception in November 2019, adopted the UK Corporate Governance Code 2018. Abri has a strong governance framework and in March 2021, following an In-Depth Assessment completed by the Regulator of Social Housing maintained its G1 governance and V1 financial viability rating, the highest ratings achievable. The Group has a comprehensive range of policies and systems in place to ensure that it is well-managed, with effective oversight and controls.

DIRECTORS' REPORT (CONTINUED)

GOVERNANCE AND REGULATION (continued)

Governance highlights for 2021

- Achieved G1/V1, the highest regulatory status for governance and viability from the Regulator of Social Housing.
- Responded quickly and effectively to the coronavirus pandemic and put in place plans to ensure business continuity, support the most vulnerable and proactively engaged and communicated with staff, customers and stakeholders to better understand their needs and where possible continued to deliver essential services.
- Completed phase one of the group optimisation project to improve Abri's financial resilience and to simplify the corporate structure following the partnership between Radian and Yarlington Housing Group.
- Set up a new Customer Services and Performance Committee to oversee housing management, day-to-day repairs and customer performance and oversight of community investment and development activities.
- Made significant progress in ensuring diversity is at the forefront of our strategy by including a new Equality Diversion & Inclusion Committee (EDI) within our governance structure to ensure EDI is embedded within our culture.
- Launched the Abri brand and completed the successful harmonisation of staff terms and conditions and the integration of Group policies and strategies.

Governance and compliance

Abri complies with all the applicable provisions of the UK Corporate Governance Code with the exception of provisions 3, 5, and 32, details of which are contained below. The existing corporate governance framework is designed to ensure sustainability and success of the Group, this is consistent with its values, culture of Abri and the UK Corporate Governance Code.

Abri's People & Culture Committee acts as the Group's Remuneration and Nomination's Committee. Provision 32 states that this Committee is to be composed of independent directors; Abri's Committee is wider than the UK Code and as such the Chief Executive is a member. However, the Chief Executive is not involved in any discussion relating to his remuneration package or performance review.

Abri Group Limited does not have external shareholders and therefore does not comply with provision 3 of the UK Corporate Governance Code. The Board addresses scrutiny and evaluation through an appropriate standing committee of the Board. The Swaythling Housing Society Limited and Yarlington Housing Group do have external shareholders who are our customers and dividends are not paid, however the shareholders vote on resolutions at Annual General Meetings or Special General Meetings.

Regular engagement with our stakeholders is conducted to ensure open dialogue to ensure customers are aware of, and approve, the Group's strategy.

Abri had chosen not to adopt one of the workforce engagement methods stipulated in provision 5. This was considered by our People and Culture Committee and it was agreed that the methods employed by the Group for the workforce engagement are better suited and that the existing arrangements were working effectively. The People & Culture Committee have met with members of the staff forum, ConneXus, to ensure open communication with colleagues and to highlight employees' interests are considered directly with Non-Executive Directors.

DIRECTORS' REPORT (CONTINUED)

GOVERNANCE AND REGULATION (continued)

Board leadership and company purpose

The Board promotes the Group's long-term sustainable success. It sets strategic objectives to provide value to customers and other stakeholders, as well as encouraging a culture of integrity, transparency and openness. The purpose of Abri is to build sustainable communities and provide shelter for those in need. Abri's customers are at the heart of everything we do. This is why the Customer Service and Performance Committee is a subcommittee of our Board, and why the Board is fully supported of the Abri Scrutiny Panel and customer engagement.

The Board determines strategic direction, values and objectives of the Group. This is achieved by regular engagement with the Group's colleagues and customers, and by reviewing the strategy to ensure its viability and success. The Group maintains oversight of financial controls and receives regular reports from the Audit & Risk Committee. Furthermore, the Board approves and reviews the financial objectives and goals against strategic initiatives to promote success.

The Board is led by the independent Group Chair Wayne Morris. There is a clear separation of delegation between the Chair and the Chief Executive Officer, with the Board setting the Group's strategy, risk appetite and maintains strategic oversight. It also approves building and operating plans for achieving strategic objectives on the recommendation of Executive Board.

A thorough and independent recruitment process was undertaken during the year to increase diversity on the Board; diversity and inclusion is a permanent consideration for the Board. Further information on Directors ages, ethnicity and gender is set out below.

Age		**Gender**		**Ethnicity**	
30-44	3 (11%)	Male	5 (42%)	BAME	1 (8%)
45-64	7 (67%)	Female	7 (58%)	Non-BAME	11 (92%)
65+	2 (22%)				

The Board is primarily composed of independent Non-Executive Directors. The constitution also permits ex-officers to be members of the Board and both the Group Chief Executive and the Chief Financial Officer are members of the Board.

During 2020/21 the Board met 11 times, as outlined now:

		Number of meetings attended in the year
Wayne Morris	Group Chair	11/11
Joanna Makinson	Senior Independent Director	10/11
Simon Porter	Independent Non- Executive Director	10/11
Gary Orr	Chief Executive	11/11
Caroline Moore	Chief Finance Officer	11/11
Ashley West	Independent Non-Executive Director	11/11
Mandy Clarke	Independent Non-Executive Director	10/11
Jane Alderman	Independent Non-Executive Director	11/11
Lou Taylor (1)	Co-optee	5/5
Lindy Morgan (2)		4/4

(1) Appointed as Co-optee on 06 November 2020
(2) Stood down as Group Chair on 31 August 2020

DIRECTORS' REPORT (CONTINUED)

GOVERNANCE AND REGULATION (continued)

Board leadership and company purpose (continued)

The Board is composed of suitably qualified Directors, who bring a broad range of skills, experience and knowledge to their roles to collectively fulfil their legal and fiduciary responsibilities to oversee the strategic direction of the Group having regard to its scale, turnover and range of activities. Directors undergo continued professional development training sessions throughout their tenure to ensure they continue to remain up to date. An annual appraisal process is carried out to ensure that the Directors have the appropriate skills consistent with effective decision making and the strategic direction. The Board recruitment process is open, transparent and based on a competitive and objective process with appointments based on core skills, competences, qualifications and attributes including the importance of having regard to members from a diverse background as set out in the skills matrix.

All new Members undergo a full induction programme. In addition, the Group and Committee Chairs' support the performance of appointees following induction to ensure competency levels of Members is at the level required to achieve strategic objectives.

The Company Secretary is an experienced qualified lawyer, and supports the Board on all matters regulatory, governance and legal which is included in her regular reporting to the Board. The Board have access to the Company Secretary at all times and she attends every Board meeting.

Abri considers its Non- Executive Directors as independent; no directors have exceeded their tenure of appointment, with the following lengths of service:

Length of Service	Number (percentage)
0-3 years	2 (29%)
3-6 years	3 (42%)
6-9 years	2 (29%)

The independent Non-Executive Directors hold management to account and ensure the Executive Directors discharge their duties accordingly by scrutinising proposals and future plans for the Group. This is facilitated through an established governance framework with regular reporting from governance structures and is clearly set out within the standing orders to consider clear oversight from Audit and Risk.

In exercising its duty to promote the success of the Group, the Board is responsible for overseeing the management of the Group and, in so doing, it may exercise its powers, subject to any relevant laws, regulations and Abri's constitution. The Group complies with the Regulator of Social Housing's regulatory framework, all relevant law, Financial Conduct Authority (FCA), financial reporting Statement of Recommended Practice (SORP).

The Board is committed to effective engagement with all stakeholders including customers, the workforce, suppliers and regulators. The Board receives regular reports from management on matters relating to customers, the environment, communities, colleagues, regulation. The Board takes all information into account before forming opinions and engages in discussion to ensure effective decision-making.

DIRECTORS' REPORT (CONTINUED)

GOVERNANCE AND REGULATION (continued)

Board activities 2020-21

During 2020-21 the Board considered and approved a number of strategies relating to the Group's pensions strategy, investment, treasury, growth and strategic partnerships, Risk Assurance Framework and risk appetite, value for money, asset and development, community investment and homelessness. The review and approval of these strategies ensure Abri is aligned to its strategic objectives, duty to its stakeholders and employs a robust financial viability framework, which is kept under regular review.

Abri's Group Combined Board in 2020/21 made the following decisions;

- Strategy and Structure – approval of group optimisation (transferring Portal Housing Association Limited and Drum Housing Association Limited into Yarlington Housing Group) and conversion of Abri Group Limited to a Co-Operative and Community Benefit Society.
- Approval of the new operating and future of work model pension terms and conditions, furlough payments and the consideration and approval for the integration of all Board reserved policies and procedures;
- Financial – approval of the 2019/20 financial statements and budget 2021-22.
- Treasury – approval of inter-company loans and loan agreements, sale of the retained bonds and the gift aid approval to deeds of consents and the development finance facility.
- Development – approval of the development parameters, Littlemoor Weymouth Joint Venture, Pease Pottage funding and the transitional development scheme funding.
- Governance – appointment of the Group Chair and Scrutiny Group Chair, adoption of the NHF Code of Governance from the 1 April 2021, the Board development programme and the Non-Executive-Director recruitment process, outputs from the internal governance effectiveness review and the associated action plans, as well as annual reports and compliance statements.
- Operational – approval of rents for 2021-22.
- Other – approval of the Financial Regulations, Standing Orders, code of conduct, asset and liability register, anti-slavery and human trafficking, health and safety and wellbeing and equality and diversity and inclusion policies.

In addition, the Group Board holds two dedicated strategy days each year which focus on mid-year reviews against corporate and operational performance objectives, horizon scanning, long-term targets, the operating environment, initiatives to deliver growth and briefings on regulation, risk and emerging legislation and policy considerations.

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Board activities 2021-22

During the next financial year, the Group Board will convene to consider the following:

- Strategy and Structure – Refresh of the corporate strategy, value for money, asset management, development, growth and partnership strategies and approval of the environment strategy, pensions strategy and second phase of group optimisation.
- Treasury – business plan / financial forecast return and long-term forecasts.
- Finance – budget, annual reports and compliance statements.
- Governance – consideration of the outputs of the external Governance effectiveness review.
- Other – review of standing orders and financial regulations and oversight of the integration of systems, ongoing monitoring of transformation of business and the refining of reporting systems and processes.

DIRECTORS' REPORT (CONTINUED)

GOVERNANCE AND REGULATION (continued)

Audit and Risk Committee

Abri's Audit and Risk Committee is appointed by and accountable to the Group Combined Board. The Committee provides oversight and advice to the Group Combined Board on the matters listed in its terms of reference and after each Committee meeting provides a report to the Group Combined Board on its proceedings. This report is for the year ended 31 March 2021.

Purpose

The purpose of the Committee is to oversee the work of the external and internal audit functions and the system of risk management and the internal control framework. This includes monitoring, reviewing and challenging where necessary matters in relation to external audit, internal controls, risk management systems, compliance, whistleblowing, fraud, financial viability and reporting. The Committee also scrutinises health and safety as well as fire safety compliance and during the pandemic provided ongoing assurance to the Group Combined Board on Abri's approach to the risks associated with the Covid-19 Pandemic. The Committee also oversees the work of and assesses the integrity of the financial statements for the annual accounts to entity Boards, and compliance with the Regulator of Social Housing's Regulatory Standards including adherence to all relevant legislation in relation to Abri's obligations. It also undertakes other roles and duties delegated by the Group Combined Board under its terms of reference

Composition

The Committee consists of wholly independent members; there are three non-executive directors. The Committee Chair is Ashley West, Ashley is a non-executive director of the Group Combined Board of Abri. Ashley has a wealth of financial, banking and commerce experience and brings experience of audit and risk committees from other sectors.

Other members are Joanna Makinson (non-executive director), Simon Porter (non-executive director), and the Chair of the Resident Scrutiny Group Kevin Williamson (co-optee). The Committee is attended by members of the Executive Board to present and comment upon reports, the Committee however holds regular sessions without officer's present, including meeting with the external auditors without officers' present.

The Committee has met on six occasions as a Committee during 2020-21 and attendance is set out below.

		Number of meetings attended in the year
Ashley West	Independent Non-Executive Director	6/6
Joanna Makinson	Senior Independent Director	5/6
Simon Porter	Independent Non- Executive Director	6/6
Richard Nicol	Independent Non- Executive Director	1/1
Ann Bugden	Observer	2/2
David Simpson	Observer	2/2
Kevin Williamson	Co-optee	2/2

DIRECTORS' REPORT (CONTINUED)

GOVERNANCE AND REGULATION (continued)

Audit and Risk Committee (continued)

Committee effectiveness

A skills audit carried out at Group level demonstrates that the Committee has the requisite financial skills to enable effective scrutiny and reporting on behalf of the Group Combined Board.

Committee activities 2020/21

During the reporting year the Committee met six times and has considered and discussed a number of items making the necessary recommendations to the Group Combined Board. The work of the Committee over this time is set out below:

- The Committee challenged and assessed the effectiveness of the external audit process and oversaw the assessment and integrity of the financial statements for the annual accounts to entity Boards including governance and legal reporting and recommended the accounts and annual compliance statements/reports to the Group Combined Board for approval.
- The Committee noted the External Audit 2021 Plan and the fees as presented but noted that these may change in the light of the Group Optimisation process.
- It continued to engage with the Group's Internal Auditors, approved the annual internal plan, received regular updates and invited management to discuss remediation plans on areas requiring improvement.
- Contractor and supplier exposure were reviewed for ongoing assurance
- It noted the advisory recommendations arising from the EU's audit of Radian's contribution to the Project Increase Valorisation Sociale Project.
- It reviewed the risks associated with the Covid-19 Pandemic and the mitigating controls, including the Business Continuity Plan.
- It reviewed the integration of the legacy risk registers into one single set of registers (operational and strategic) to ensure unified and accurate reporting. Throughout the year the Committee considered quarterly reviews of operational risks and continued to oversee ongoing development to the risk and assurance framework and risk appetite statement recommending both to the Group Combined Board for approval.
- A strategic priority for Abri for 2020/21 has been the integration of our operating systems and during the year the Committee considered reports on data integrity and data cleansing.
- From a regulatory oversight perspective, the Committee considered and noted process on the due diligence actions following the Partnership and the closure of the due diligence process and its absorption into operational workstreams.
- Health and safety compliance and assurance reporting on landlord, customer and occupational safety was scrutinised on a quarterly basis by the Committee.
- Fire safety and assurance reporting covering fire, building and customer safety was scrutinised by the Committee.
- It recommended for approval to the Group Combined Board the Officers' Certificates and revisions to mandates for our loan facilities and money market accounts.
- Compliance with the Value for Money standard and provision of a self-assessment is a regulatory requirement. The Committee discussed an early draft of the Value for Money Strategy prior to its approval by the Group Combined Board.

DIRECTORS' REPORT (CONTINUED)

GOVERNANCE AND REGULATION (continued)

Audit and Risk Committee (continued)

Committee activities 2020/21 (continued)

- It received reports from the Resident Scrutiny Group in relation to the bringing together of the two legacy groups, the appointment of an independent chair, recruitment to expand the membership of the Group and the scope and priorities for the Group's annual workplan. The Committee approved the Planned Maintenance Report completed by the legacy Yarlington Housing Group resident scrutiny group.
- The Committee conducted an annual review of the Group's registers including Fraud, theft and loss, Gifts and Hospitality, Non-contractual payments and benefits, and Code of Conduct.
- A review of the Asset and Liability Register was completed.
- It is best practice to review the effectiveness of the Committee. The Committee conducted an internal effectiveness review and agreed an action plan for continuous improvement over the next year. An external effectiveness review will be carried out in 2021-22. The Committee also approved the Committee's annual workplan.

Groups policies and procedures

The Group regularly reviews internal policies on fraud prevention, bribery and whistleblowing, and any incidences are reviewed by the Committee to ensure the Group maintains transparency and integrity. The values of the Group are entrenched within the culture and the code of conduct and other policies are regularly reviewed and reported on. Mandatory training is in place to ensure awareness is embedded and the policies aligned within the workforce. The Committee recommended for approval by the Group Combined Board the Modern Slavery Statement, the Anti-Slavery and Human Trafficking Policy and the Asset and Liability Register Policy. Standing Orders and the Financial Regulation as well as the Committee's terms of reference were reviewed and recommended for approval by the Group Combined Board.

Activities for 2021-22

During the next financial year, the Committee will convene to consider the following:

- The Process for the Enterprise Risk Framework and the Group's ongoing operational risks management process.
- A review of internal controls to provide assurance to the Board that a culture of control is embedded within the Group
- Working in conjunction with the Treasury Committee to ensure financial resilience and the risk profile of the treasury arrangements
- A review of compliance with the National Housing Federation Code of Corporate Governance
- A review of compliance with the Regulator of Social Housing's Regulatory Standards
- Monitoring health and safety matters and fire safety for the Group ensuring effective systems of control are in place
- A review of the Assets and Liability Register
- To receive any reports in relation to whistleblowing and fraud and make any necessary recommendations to the Group Combined Board
- Review of the draft financial statements and annual report

DIRECTORS' REPORT (CONTINUED)

GOVERNANCE AND REGULATION (continued)

Audit and Risk Committee (continued)

Activities for 2021-22 (continued)

- Review of internal audit reports and monitoring of the internal audit recommendation log and the hybrid model of internal audit.
- Review of terms of reference for the Committee and its annual workplan
- Monitoring of any statutory requirement changes, including financial and accounting standards.
- Approval of policies delegated to the Committee for approval and a review of Standing Orders and Financial Regulations prior to recommending them to the Group Combined Board for approval.

Advisors to the Committee

KPMG provided internal audit services to the Committee and BDO are appointed as the external auditors. The Committee considers both KPMG and BDO to be independent.

Review of effectiveness of internal control

The Audit and Risk Committee received assurance from the Executive Board on 30 June 2021 on the effectiveness of internal controls that have operated during 2020 /21 and up to the signing of these accounts, via a self-assessment process signed off by the Executive Board.

The Group Combined Board received assurance from the Audit and Risk Committee on 4 August 2021 that the system of internal controls has operated effectively during 2020/21, and that there have been no significant control weaknesses identified or breakdown in internal controls resulting in material losses, contingencies or uncertainties which would require disclosure in the financial statements during the year.

Overall, performance has been strong across the year providing a significant level of assurance across the Group with only two audits receiving an assurance rating of 'partial assurance' and none receiving a rating of 'no assurance'.

In line with the Financial Reporting Council's Guidance on Audit Committees, the Audit and Risk Committee considers the Committee to be independent and effective.

People and Culture Committee

Abri's People and Culture Committee (PACC) acts as the Group's Remuneration and Nominations Committee. The Committee is appointed by and accountable to the Group Combined Board; after each meeting the Committee provides a report to the Group Combined Board on its proceedings, making recommendations as required. This Directors' Remuneration Report is for the year ended 31 March 2021.

DIRECTORS' REPORT (CONTINUED)

GOVERNANCE AND REGULATION (continued)

People and Culture Committee (continued)

Purpose

The purpose of the Committee is to ensure appropriate arrangements are in place for the employment and remuneration of the Executive Board, Chair of the Board and Non-Executive Directors in line with the strategic aims of the business and to enable the recruitment, motivation and retention of Executives and Non-Executive Directors whilst also complying with the requirements of the Regulator and ensuring the long-term success of the Group. The Committee maintains responsibility for nominations and succession planning and makes the necessary recommendations to the Group Combined Board.

Composition

The Committee consists of three Non-Executive Directors and the Chief Executive; the Chief Executive is not involved in decisions relating to his own remuneration, benefits and performance. A decision was taken to deviate from the requirements of the UK Corporate Governance Code to allow the Chief Executive to be a member because he is also a Board Member and has the requisite skills to contribute to the discussions in relation to the wider remit of the Committee.

The Committee Chair is Mandy Clarke; other Non-Executive Directors include the Chair of the Group Combined Board, Wayne Morris and the Group Vice-Chair, Joanna Makinson. The Chair of the Committee has extensive Human Resources and Remuneration Committee experience.

The Committee is also attended by the Executive Director of Strategy, Business Intelligence and HR and the Group Company Secretary, who provides legal, regulatory and governance advice.

The Committee met on nine occasions in 2020-21 and attendance is set out below.

		Number of meetings attended in the year
Mandy Clarke	Chair	9/9
Joanna Makinson	Vice Chair	5/5
Lindy Morgan		3/4
Wayne Morris		8/9
Gary Orr		9/9

Remuneration policy

The arrangements in relation to Executive Board members' remuneration is based upon the following:

- **Clarity –** remuneration levels are transparent and are disclosed within the annual report; the Chief Executive's salary is also disclosed in the sector press on an annual basis. The purpose of the remuneration levels is to attract and retain strong leadership and to ensure that the organisation is equipped to deliver the strategic objectives, transformation and strategic growth activities.

DIRECTORS' REPORT (CONTINUED)

GOVERNANCE AND REGULATION (continued)

People and Culture Committee (continued)

Remuneration policy (continued)

- **Simplicity –** remuneration is based upon a simple structure of salary; there are no share options included. Pension arrangements are provided alongside a car allowance and private healthcare provisions for members of the Executive Board. Members of the Executive Board may be rewarded with an additional performance related pay element; this is entirely discretionary and is based upon achievement of performance, objectives, behaviours and values and a number of gateways set by the Committee. Members of the Executive Board may receive up to 15% performance related pay.
- **Risk –** performance related pay for Executive Board members is linked to risk and the overall performance of the Group, and due consideration is given to the operating environment and macro issues when reviewing any performance-related pay issues. Remuneration levels are set to attract and retain high calibre members to enable the organisation to deliver its strategic objectives.
- **Predictability –** remuneration terms are clearly set out by the Committee and are contained within individuals' employment terms and conditions. The Committee sets the parameters for any performance related pay measures for the Executive Board.
- **Proportionality –** when setting remuneration levels consideration is given to benchmarking. During 2019 external benchmarking was carried out by independent consultants Altair Ltd., and following review by the Remuneration and Nominations Task and Finish Group recommendations were approved by the Group Combined Board. External benchmarking is set to be refreshed in 2021-22.
- **Alignment of Culture –** Appraisals and one-to-ones are carried out regularly and a key focus of these is to ensure that individuals are fulfilling the expected values and behaviours of the organisation. The Executive Board appraisals are carried out by the Chief Executive and the Chief Executive is appraised by the People and Culture Committee.

Non-Executive Director fee remuneration

Non-Executive Directors are remunerated a fee for their services; no additional remuneration is available to Non-Executive Directors with the exception of providing expenses for travel and the like.

Non-Executive Directors' fees are set by utilising benchmarking data. During 2019 external benchmarking was carried out by independent consultants Altair Ltd. relative to the sector, the operating environment and the scale of the organisation. This year Abri participated in the national consultation on non-executive remuneration carried out by independent consultants Campbell Tickell, the results of which demonstrated that Abri is in line with the sector trends. The fees for Non-Executive Directors are disclosed in this report.

Non-Executive Directors are appointed on an annual basis and may serve up to a maximum of 9 years.

An Agreement for Services is issued to all Non-Executive Directors that sets out their appointment terms, the expected time commitment and the arrangements for the fee payment.

DIRECTORS' REPORT (CONTINUED)

GOVERNANCE AND REGULATION (continued)

People and Culture Committee (continued)

Workforce representation and voice of the employee

To ensure that the decisions of the Committee remain relevant and aligned to the espoused culture of the organisation, the Committee Chair meets twice a year with the Chair of ConneXus. People performance data such as staff absence, turnover and employee engagement is reviewed at each meeting of the Committee.

Committee activities 2020/21

During the reporting year the Committee met nine times and has considered and discussed a number of items making the necessary recommendations to the Group Combined Board. The work of the Committee over the past 12 months is set out below:

- **Review of CEO's performance** – the Committee reviews the performance of the CEO every six months, conducts the CEO's appraisal and sets the CEO's objectives for the year ahead.
- **Executive Director Performance Appraisals –** The Chief Executive presented the outcomes of the Executive Director appraisals to the Committee and the objectives set for the year ahead. The Committee approved investment in an Executive coaching plan to be carried out in the coming year.
- **Committee Effectiveness –** it is best practice to review the effectiveness of the Committee. The Committee conducted an internal effectiveness review; the outcomes of the review coupled with the annual Board Member appraisals process gave assurance that competency levels of Members were as required to achieve strategic objectives. An action plan was agreed for continuous improvement over the next year. An external effectiveness review will be carried out in 2021-22.
- **Appointment of Group Chair –** the Committee led the recruitment of a new Group Chair following the retirement of Lindy Morgan. Wayne Morris was appointed to the role on 1st September 2020.
- **Skills Analysis and Succession Planning –** the Committee conducted a comprehensive Board skills audit, reviewed the diversity and tenure of existing Board Members and the skills sets required of future vacancies on the Board. In November 2020, Lou Taylor was co-opted to the Group Combined Board and recruitment commenced for additional Non-Executive Directors (to be finalised in May 2021). On 1 February 2021 Sarah Beckwith was appointed as an Independent Director to the Development & Assets Committee and the Board of Yarlington Homes Ltd. In 2021-22 the Board is committed to the recruitment of an apprentice Board Member. On 1 September 2020, Kevin Williamson was appointed as Chair of the newly formed Residents' Scrutiny Group; Kevin was also co-opted to the Audit & Risk Committee thereby strengthening the link between the governance of the organisation and the voice of the customer. The Committee also approved a Board Development Programme. A comprehensive on-boarding programme is provided to all newly appointed Non-Executive Directors to assist with their understanding of the organisation, the environment in which it operates and their role in making the organisation a success.
- **Equality, Diversity & Inclusion –** the Committee reviewed the gender pay gap reporting and devised an action plan to proactively lessen the gender pay gap; the gender pay gap report can be found at: Abri.co.uk – Our Performance. The Committee approved the Equality & Diversity Strategy and the Equality, Diversity & Inclusion Policy and has regularly reviewed performance against the Group's Equality & Diversity Strategy action plan which was put in place to strengthen equality diversity matters throughout the Group.

DIRECTORS' REPORT (CONTINUED)

GOVERNANCE AND REGULATION (continued)

People and Culture Committee (continued)

Committee activities 2020/21 (continued)

- **Culture –** in conjunction with the Group Combined Board, the Committee approved the espoused culture of Abri together with frameworks and reporting mechanisms and has monitored evolution as integration of the legacy organisations has progressed.
- **Talent and Leadership Development –** following the Top Team Development programme facilitated during the early stages of the partnership, the Committee recommended a comprehensive ongoing Board development programme to support the continuous professional development of the senior leadership of the organisation. This included participation at relevant sessions facilitated via the Leadership Forum and Housing Professional of the Future programmes.
- **Organisational resilience –** the Covid-19 pandemic presented the year with unprecedented challenges for the organisation in a period of transition. The Committee initiated and monitored an organisational resilience plan.
- **Staff engagement –** the Committee reviewed the results of the staff engagement survey; which demonstrated good levels of satisfaction with the company. The Committee continues to monitor the survey results to ensure effective engagement for staff.
- **Harmonisation of pensions and terms and conditions –** the Committee oversaw the consultation relating to the harmonisation of terms and conditions for all colleagues and made recommendations to the Group Combined Board for approval.
- **Christmas bonus –** the Committee reviewed a business case for paying all staff a Christmas bonus of £250. This was linked to performance and in recognition of colleagues having risen to the challenges of a difficult and busy year.
- **Pay award** – the Committee considered the annual pay award for staff and it was agreed that no increase would be awarded this year. However, in recognition of the efforts of all throughout the year the Committee recommended, and the Board approved, an end of year thank you payment to all colleagues of £250.

Future activity

Over the course of the next year the Committee will be considering the following:

- Non-Executive Director induction
- Board and senior leadership appraisals
- Committee membership
- Review of the Board renewal strategy and succession planning
- Non-Executive Director and Executive remuneration
- Recruitment of an apprentice Board Member
- External effectiveness review
- Board format in light of Group optimisation
- Group reward and recognition policy
- Organisational culture and resilience
- Equality and diversity matters
- Abri's talent strategy

DIRECTORS' REPORT (CONTINUED)

GOVERNANCE AND REGULATION (continued)

People and Culture Committee (continued)

Advisors to the Committee

Odgers & Berndtson acted as independent advisors to the Committee as part of the Group Chair recruitment process. Gatenby Sanderson acted as independent advisors to the Committee as part of the current Non-Executive Director recruitment process. The Committee considers both Odgers & Berndston and Gatenby Sanderson to be independent.

CAPITAL AND TREASURY MANAGEMENT

Introduction

The Group is financed by a combination of revenue reserves, long-term loan facilities, bond finance, and social housing grant received from government.

Abri has a comprehensive treasury policy with tests that apply to the Group as a whole. The policy requires the Group to maintain a minimum level of liquidity such that there is:

- sufficient cash and cash equivalents to cover the next six months forecast cash requirement;
- sufficient liquidity to cover the next 18 months net cash requirement before funding (including uncommitted but not aspirational development or any staircasing cashflows); and,
- no over-reliance placed on any one counterparty, whether through cash holdings or available facilities.

Capital Structure

At 31 March 2021 Group borrowings amounted to £1,125.3m of nominal drawn debt (2020: £1,143.1m) of which £7.5m (2020: £17.9m) is due to be paid within the next year.

Own Names Bonds

Our own-named bonds are issued by Radian Capital plc and Yarlington Treasury Services plc, with proceeds received being on-lent to Yarlington Housing Group. During the financial year £19.6m of proceeds were received from the 2057 bond. At the year-end the Group sold our remaining £60m retained of the 2057 bond, with proceeds contracted to be deferred and received in May 2021. £70m nominal remains retained of our 2044 bond; we will consider selling this in the future to raise funding, if necessary. A summary profile of our own named bonds is found below

Issuer	**Radian Capital plc**	**Radian Capital plc**	**Radian Capital plc**	**Yarlington Treasury Services plc**
Name	2042	2044	2049	2057
Coupon	6.000%	4.622%	5.029%	3.410%
Nominal Issued	£100m	£100m	£200m	£120m
Sold to date	£100m	£30m	£200m	£60m
Unsold	-	£70m	-	-
Deferred Proceeds	-	-	-	£60m
Repayable	Expiry	Instalments	Expiry	Instalments

DIRECTORS' REPORT (CONTINUED)

CAPITAL AND TREASURY MANAGEMENT (continued)

Other loans and borrowings

The Group has a number of bonds which are repayable in both single and multiple instalments and which are subject to fixed nominal rates of interest of between 2.9% and 11.1%. The Group also has various bank loans which are repayable in both single and multiple instalments, which are subject to nominal rates of interest linked to LIBOR and SONIA. Additionally, the Group has two Homes England loans which are repayable as single instalments and are subject to an increasing fixed nominal rate of interest.

Risks

- **Interest rate** risk is the risk that the Group is unable to service its loans and borrowings due to rises in interest rates. The Group manages interest rate risk through the requirements laid out in the Group treasury policy, including entering into interest rate swaps to fix a proportion of floating rate debt;
- **Liquidity risk** is the risk that the Group is unable to service its loans and borrowings, or meet repayment liabilities as they fall due, owing to insufficient cash. The Group manages liquidity risk through the requirements laid out in the Group treasury policy, including requirements for minimum levels of cash or immediately available facilities;
- **Counterparty credit risk** is the risk that the Group is unable to access cash deposits due to failure of counterparties. The Group manages counterparty credit risk by regularly monitoring and reviewing the credit rating of counterparties through the requirements laid out in the Group treasury policy;
- **Market risk** is the risk that the Group is unable to refinance loans and borrowings at an acceptable interest rate as they mature. The Group manages market risk by modelling the impact of interest rate rises in its long-term forecast and identifying mitigating actions; and,
- **Currency risk** is not applicable as the Group borrows and invests surplus funds only in sterling.

Interest rate management

Most of the Group's borrowings consist of fixed rate bonds and bank funding at both fixed and floating rates of interest. A subset of our bank loans have embedded interest rate swaps that run for all or part of the loan term. During the year, finance costs totalling £27m were incurred breaking interest rate swaps. These costs were incurred to offset changes to funding arrangements, including increases to interest margins, resulting from restructuring the Group.

There is also one standalone interest rate swap arrangement with Lloyds Bank which was entered into during the year and replaced a previous standalone swap held with Lloyds. This swap remains within Yarlington Housing Group and was taken out to cover variable rate borrowing, it is considered an effective hedge with fair value movements are taken through cash flow reserve.

Total debt of £1,125.3m nominal at 31 March 2021 consisted of 90% fixed and 10% variable rate debt. Of our 90% fixed rate debt, £553.1m was fixed interest bonds, £439.5m was made up of embedded interest rate swaps, £15.0m was from the standalone interest rate swap and £0.6m to fixed rate Homes England loans. The interest rate swaps run for all or part of the loan term. There are no options in our portfolio.

DIRECTORS' REPORT (CONTINUED)

CAPITAL AND TREASURY MANAGEMENT (continued)

Financial loan covenants compliance

Financial loan covenants are primarily measured by EBITDA MRI interest cover, gearing ratios, intra-group support, asset cover based on property asset values and debt service and income tests. Covenants are continually monitored and reported to the Executive Board and Treasury and Investment Committee. There were no breaches of financial covenants during the year.

Surplus assets for future debt security

As at 31 March 2021 the Group had £767.0m unsecured completed housing properties not required for charging to existing debt facilities. These are sufficient to raise over £723.7m of future new debt on asset cover ratios of: 105% for Existing Use Value as Social Housing (EUV-SH) and 120% for Market Value Subject to Tenancies (MV-T).

Based on our current development programme, we also expect to complete more than 900 properties in the period to 31 March 2022, which will in turn provide additional security.

Future funding options

As at 31 March 2021, the Group had £297.0m in available funds. This comprised £139.7m of immediately available cash and cash equivalents and £157.3m in revolving credit facilities. The Group had £70.4m of deferred bond proceeds, including premium and accrued interest, contracted and received in May 2021 in addition to another £70m of retained bonds held for future sale. This is sufficient to fund the Group over the 25 months from the date of this report. It will cover all committed and pipeline developments including the affordable rent programme.

We did not experience any material impact from the current Covid-19 pandemic, and we consider our financial strength and high levels of liquidity puts us in a strong position to navigate through the impact that may arise from the global pandemic.

Moody's credit rating

In January 2021, following their review, Moody's confirmed the Group's credit rating remained unchanged at A3 stable. In their review Moody's highlighted our moderate gearing, solid liquidity and supportive institutional framework, giving us both resilience to challenges and leaving us well placed to achieve our financial objectives.

DIRECTORS' REPORT (CONTINUED)

EMPLOYEES

The Group directly employed an average of 1,376 full-time equivalent employees during the year (2020: 1,225), calculated on standard working hours per week for each employee. All employees in the Group adhere to a common set of values and behaviours which we've outlined earlier.

The Group is committed to providing equal opportunities to its employees, underpinned by a working environment that is inclusive and free from discrimination or harassment. The Group is flexible and considers all reasonable requests from existing and prospective employees in relation to any disability, impairment or change in circumstance.

We're committed to promoting an inclusive culture. We want our colleagues to bring their individual differences, life experiences and knowledge into the workplace and we welcome their contribution to our organisation. Everyone is different, everyone is unique.

Equality, diversity and inclusion – we're all in

The past year has been a tipping point for change. We've seen communities come together to celebrate diversity, champion equality and increase inclusion. But our society hasn't always been this way, and there is still much to do.

That's why in September 2020 we released our All In statement. It's our pledge to do more for both our colleagues and customers when it comes to equality, diversity and inclusion (EDI). But while words are certainly powerful, they're simply not enough.

So as a starting point, we've promised to:

- Collect and securely hold EDI-related data to identify areas to improve our services.
- Recruit, develop and keep diverse and talented colleagues that reflects the communities we work in.
- Encourage customer involvement to deliver high-quality services.

We're also using our platform to raise community and colleague voices, sharing stories of lived experiences and encouraging others to do the same. We're challenging behaviours and stamping out discrimination. Workplaces and communities thrive when there is a place in them for everyone – and that's what we trying to achieve.

We don't have all the answers, but we are keen to work collaboratively to make our world one that is kinder, fairer and inclusive by nature.

We can't address what we don't talk about. To do the best for our customers and colleagues we need to play our part in giving everyone access to equal opportunity. Why? Because it's simply the right thing to do. We're All In.

DIRECTORS' REPORT (CONTINUED)

EMPLOYEES (continued)

Action	Activity	Outcomes
Black Lives Matter statement	Published statement in response to the Black Lives Matter movement., pledging our commitment to ending racism and calling out discrimination.	Public commitment to our colleagues and customers that we do not stand for racism or discrimination.
Black History Month campaign	Published videos and written blogs by customers and colleagues talking about their experiences and suggestions for building a more diverse, inclusive environment for everyone.	Elevation of colleague and customer voices to internal and external audiences. Invested interest from colleagues and customers alike. Highlighted our commitment to EDI.
All In statement	Initial publication of our statement, summarising our promise to prioritise EDI and our next steps. Continued to promote our All In statement in the following weeks across all our platforms.	Re-enforced our commitment to equality, diversity and inclusion by not letting the message slip off the radar.
EDI-related questions in colleague survey	After publishing our statement EDI has featured in every colleague survey.	Better understanding of colleague sentiment relating to our EDI approach. Opportunity to adapt and evolve our approach based on feedback collated through survey.
Conscious communications	We are more mindful in our communications – weaving in diversity in everything we do, from marketing collateral to job adverts (ensuring everything we say and do is fully representative).	Owning it Openly – reviewing existing design work and comms and amending them to be fully reflective of society and our company. A more mindful collective of colleagues, earnest in their approach to effectively include EDI at every opportunity.
EDI data collection campaign	We launched a new campaign asking our colleagues to share more of their EDI related data with us by recording it on our HR system. Held an internal Census today.	We worked towards an ambitious target of 100% colleague completion by the end of March 2021. Shared blogs by colleagues on the importance of sharing our data to improve where we work. Learned more about our colleagues and how we can make our place of work the best it can be for everyone.
Research into violence against women and girls	Bespoke research into the experiences of our colleagues in relation to violence against women and girls.	Initial aim of understanding more about our colleagues' experiences and views.
Armed Forces Covenant	Signed the Armed Forces Covenant, making a commitment to support serving and veteran service men and women and their families.	Publicly shared our support for communities and elevated awareness of our commitment to serving and veteran service men and women. Received a bronze award from the Defence Employer Recognition Scheme in recognition of our commitment to the Armed Forces.

DIRECTORS' REPORT (CONTINUED)

ACQUISITION OF OWN SHARES

No Group entities have been party to the acquisition of shares in fellow subsidiaries in the current or prior year.

POST BALANCE SHEET EVENTS

In May 2021, the sale of £60m nominal of the retained Yarlington Treasury Services 2057 bond, at a premium of £10m, was completed with proceeds on-lent to Yarlington Housing Group. At the signing date, the Group has therefore fully sold and received all proceeds for its 2057 bond.

On 30 June 2021 Yarlington Housing Group was the subject of a Transfer of Engagements to Abri Group Limited. On the same day, employees of Inspired to Achieve, a social enterprise subsidiary of Yarlington Housing Group, transferred to a fellow Group subsidiary, The Swaythling Housing Society, as part of a process of novating the trade and assets of Inspired to Achieve to the Society.

At the date of signing, Yarlington Housing Group and Inspired to Achieve are in the process of being wound down, subject to the settlement of all obligations.

GOING CONCERN

The length of the Covid-19 pandemic and the measures taken by the UK Government to contain it are outside of our control and increase uncertainty when planning for the future. The first national lockdown in Spring 2020 had a significant and overt impact on our financial performance and day-to-day operations, as all but critical repairs were paused, and the property market stagnated. Subsequent lockdowns proved less disruptive on the organisation as new ways of working were adopted, which remained in place for the rest of the financial year.

Post year-end, despite the easing of lockdown restrictions and the continued rollout of the vaccination programme, we remain acutely aware of the risks that prevail, especially from emerging variants, and the possible need for localised, targeted and seasonal lockdowns which will continue to impact the organisation and its financial results. The associated impact of the pandemic on the economy also remains a key concern, effecting people's ability to pay their rent or finance a mortgage. Aside from Covid-19, the Group is also operating in a post-Brexit environment and in a sector where regulations surrounding fire safety and the environment, and continued reforms around ownership models will affect the organisation on a day-to-day basis in the future.

Such factors are all key considerations in setting our budgets for the financial year ahead, and more significantly in our long-term planning, covering the next 30 years. The assumptions in our business plans – interest rates, inflation, demand for property and legislative impact amongst others – are subjected to a range of stress testing, to identify areas of risk or concern, with a particular focus on continued covenant compliance and appropriate mitigation, such as fixing interest rates or exploring new methods of delivery of housing supply, where possible. Our forecasting incorporates the impact of restructuring both our legal entity structure and our portfolio of loans, bonds and other borrowing.

Given the strength of our financial position and availability and liquidity of undrawn loan facilities, the Board believes that, while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the Group's ability to continue as a going concern as we are well placed to absorb the impact of changes that lay ahead. The Board, therefore, considers it appropriate for the accounts to be prepared on a going concern basis for the 12 months from the signing date.

DIRECTORS' REPORT (CONTINUED)

DISCLOSURE OF INFORMATION TO AUDITOR

At the date when this report is approved each of the Board Members confirm the following:

- so far as each Board Member is aware, there is no relevant audit information needed by the Group's auditor in connection with preparing their report, of which the Group's auditor is unaware; and
- each Board Member has taken all the steps that they ought to have taken as a Board Member to make themselves aware of any relevant audit information needed by the Group's auditor in connection with preparing their report and to establish that the Group's auditor is aware of that information.

EXTERNAL AUDITOR

BDO LLP has indicated their willingness to continue in office as auditor to the Abri Group, and a resolution to appoint them will be proposed at the forthcoming annual general meeting.

APPROVAL OF THE BOARD

The Directors' Report was approved by the Board on 4 August 2021 and signed on its behalf by:

Wayne Morris
Director

STATEMENT OF THE BOARD'S RESPONSIBILITIES

The Board Members are responsible for preparing the report of the Board and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Board Members to prepare financial statements for each financial year. Under that law the Board Members have elected to prepare the Society's financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

In preparing these financial statements, the Board Members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and society will continue in business.

The Board Members are responsible for keeping adequate accounting records that are sufficient to show and explain the Society's transactions and disclose with reasonable accuracy at any time the financial position of the Society and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. They are also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board Members are responsible for ensuring that the report of the board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2018.

Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the Board Members. The Board Members responsibility also extends to the ongoing integrity of the financial statements contained therein.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABRI GROUP LIMITED

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Society's affairs as at 31 March 2021 and of the Group's and the Society's deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

We have audited the financial statements of Abri Group Limited ("the Society") and its subsidiaries ("the Group") for the year ended 31 March 2021 which comprise the consolidated and Society statement of comprehensive income, the consolidated and Society statement of financial position, the consolidated and Society statement of changes in equity, 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, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the Board to audit the financial statements for the year ending 31 March 2021 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 5 years, covering the years ending 31 March 2017 to 31 March 2021.

We remain independent of the Group and the Parent Society 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 as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Society.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABRI GROUP LIMITED (continued)

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Board's assessment of the Group and the Parent Society's ability to continue to adopt the going concern basis of accounting included:

- obtaining management's assessment that supports the Director's conclusions with respect to the disclosure provided around going concern;
- considering the appropriateness of management's forecasts;
- obtaining an understanding of the Group's financing facilities from the finance agreements, including the nature of the facilities, covenants and attached conditions;
- assessing the Group facility and covenant headroom calculations, and re-performing sensitivities on management's base case and stressed case scenarios; and
- reviewing the wording of the going concern disclosures, and assessing its consistency with management's forecasts.

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

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

Overview

Coverage[1]	*100% (2020: 100%) of Group profit before tax* *100% (2020: 100%) of Group revenue* *100% (2020: 100%) of Group total assets*		
Key audit matters		**2021**	**2020**
	Profit recognition on property sales	X	X
	Group Reorganisation	X	-
	Impact of Covid-19: Going Concern	-	X
	Merger accounting	-	X
	Financial instruments	-	X
	The impact of Covid-19, financial instruments and Merger accounting are no longer considered to be key audit matters because they were unique to the prior year audit.		
Materiality	*Group financial statements as a whole* £4.6m (2020: £28.8m) based on 6% of adjusted operating surplus (2020: 1.2% of total assets)		

[1] These are areas which have been subject to a full scope audit by the group engagement team

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABRI GROUP LIMITED (continued)

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Board that may have represented a risk of material misstatement.

As group auditors we reviewed the scope of our audit and identified which entities in the group constitute significant components.

We determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. As statutory auditor of each individual entity in the group we performed full scope procedures on each component for reporting in to the group audit and did not need to use separate component auditors.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	**How the scope of our audit addressed the key audit matter**
Profit recognition on property sales The development of mixed-tenure schemes continues to be a growing focus of the Group's activities. As a consequence, the allocation of development costs between tenures and units is a significant estimate and included within Critical Judgments, Estimates, and Uncertainty on page 94 under Capitalisation of Property Development Costs. This is because the extent that such costs are considered to relate to properties for resale, including shared ownership, will impact the operating surplus recognised on property sale transactions. Due to the degree of estimation involved in allocating development costs across tenures and units and the impact of this on the reported operating surplus, we consider this to be a significant risk of material misstatement and a key audit matter.	In respect of the allocation of costs to the sample of property sale transactions, we have tested the allocation of costs to tenure types and individual plots within development on a sample basis. The testing involved procedures including tracing costs to supporting documentation such as surveyor valuations and agreeing floor space by tenure type used in the calculation to third party appraisal plans. We have then checked through re-performing the calculation that, based on the costs allocated to units as driven by relative floor space in accordance with third party appraisal plans, appropriate costs have been expensed in cost of sales. Key observations: During our work, nothing came to our attention to suggest any material misstatement in the recognition of profit on property sales.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABRI GROUP LIMITED (continued)

Key audit matters (continued)

Key audit matters	How the scope of our audit addressed the key audit matter
Group Reorganisation On 31 March 2021, a transfer of Engagement of the trade and assets of Portal Housing Association Ltd and Drum Housing Association Ltd to Yarlington Housing Group took place. These transactions are outside of the normal course of business and therefore introduced complexity, including the value at which the assets and liabilities are transferred and the impact on year end covenants. In addition, the transaction pre year end triggered a refinancing of the loans in place in these entities. This has introduced judgement in the extent to which the costs associated with this transaction can be carried forward on the balance sheet as opposed to being recognised in the statement of comprehensive income. The break costs incurred in exiting the previous arrangements, of £27m, have been recognised as a finance charge in the Statement of Comprehensive Income.	We have obtained and assessed managements paper in respect of accounting for this transaction and reviewed the proposed treatment in accordance with the relevant accounting standards. We obtained documentation such as the transfer agreements and refinancing documents in order to corroborate the accounting entries and consider the completeness of the identified impact, including the impact on covenants. In relation to the refinancing of the loans in place in these entities, we obtained management's assessment, as informed by their treasury of advisors, that this transaction represented a substantial modification. We assessed the competence and independence of the treasury advisors; corroborated the key terms that were referred to in the assessment back to the executed loan agreement; and considered whether the position reached was reasonable based on guidance from the accounting standard and professional judgement. We also corroborated the break cost with reference to the refinancing agreement with the lender and checked that this was a payment associated with extinguishing the existing liability that should be recognised in the Statement of Comprehensive Income. Key observations: Based on our audit work performed, we consider the treatment of the group reorganisation to be appropriate and in accordance with the relevant accounting standards.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABRI GROUP LIMITED (continued)

Our application of materiality (continued)

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		**Parent Society financial statements**	
	2021 (£m)	**2020 (£m)**	**2021 (£m)**	**2020 (£m)**
Materiality	4.6	28.8	0.08	1.2
Basis for determining materiality	6% adjusted operating surplus	1.2% of total assets	1.2% of total assets	1.2% of total assets
Performance materiality	3.45	21.6	0.06	0.9
Basis for determining performance materiality	75%	75%	75%	75%

Rationale for the materiality benchmark applied – Group

Operating surplus is adjusted to remove the impact of depreciation, Social Housing Grant amortisation and impairment. This is to arrive at an adjusted position that is inline with the strictest loan covenant definition. We have used this benchmark as we considered it to be the area of the financial statements with the greatest interest to the principle users and the area with the greatest impact on investor and lender decisions.

Rationale for the materiality benchmark applied – Society

We have used this benchmark as we considered it to be the area of the financial statements with the greatest interest to the principle users and the area with the greatest impact on investor and lender decisions.

Specific materiality

We also determined that for 2020, a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users. As a result, we determined materiality for these items based on 6% of adjusted operating surplus. We further applied a performance materiality level of 75% of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

Component materiality

We set materiality for each component of the Group based on a percentage of between 0.2% and 96% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £10,000 to £4,400,000. In the audit of each component, we further applied performance materiality levels of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the audit committee that we would report to them all individual audit differences in excess of £92,000 (2020: £576,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABRI GROUP LIMITED (continued)

Other Information

The board are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information including the Strategic Report, Statement of the Board's responsibilities, Statement of Corporate Governance and Internal Controls and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

As the Group has voluntarily adopted the UK Corporate Governance Code 2018, we are required to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Parent's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability

- the Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified (set out on page 64); and
- the Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate (set out on page 64).

Other Code provisions

- Directors' statement is fair, balanced and understandable set out on page 66;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks (set out on page 25);
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems (set out on page 25); and
- The section describing the work of the Audit and Risk Committee (set out on page 51).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABRI GROUP LIMITED (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required by the Co-operative or Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the Society; or
- a satisfactory system of control has not been maintained over transactions; or
- the Society financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the board members' responsibilities statement set out on page 66, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Based on our understanding of the Group and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to their registration with the Regulator of Social Housing, and we considered the extent to which non-compliance might have a material effect on the Group Financial Statements or their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the Accounting Direction for Private Registered Providers of Social Housing and tax legislation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABRI GROUP LIMITED (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

The responsible individual assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations and the engagement team queried any matters of potential non-compliance with applicable laws and regulations. We gained an understanding of the entity's current activities and the effectiveness of the control environment in place.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence if any.

We evaluated managements incentives and opportunities for fraudulent manipulation of the financial statements and determined that the principal risks were related to the management override of controls by posting inappropriate journal entries to manipulate the financial results and management bias in accounting estimates and judgements leading to material misstatement.

The audit procedures to address the risks identified included:

- challenging assumptions made by management in their significant accounting estimates and judgements in relation to the net realisable value of properties, defined benefit pension scheme, management judgement relating to income recognition;
- Identifying and testing journal entries, in particular any journal entries posted from staff members with privilege access rights, journals posted by key management, journals posted, and journals posted after the year end; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and the Regulator of Social Housing

As group auditors, and statutory auditors of each component we ensured the above procedures were carried out at the component level as well as group.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABRI GROUP LIMITED (continued)

Use of our report

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

DocuSigned by:
Philip Cliftlands
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Philip Cliftlands (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick, United Kingdom

17 August 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

GROUP STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Turnover	3	225,561	223,368
Cost of sales	3	(22,053)	(25,905)
Operating costs	3	(153,816)	(146,536)
Surplus from disposal of fixed assets	3	6,913	8,474
Operating surplus		**56,605**	**59,401**
Finance income	4	3,609	4,211
Finance costs	5	(42,432)	(42,638)
Refinancing Costs		(27,000)	-
Fair value movement on financial instruments	15	(168)	17
Fair value movement on investment properties	13	1,560	945
Share of surplus in jointly controlled entities	15	2,591	(1,314)
(Deficit)/surplus on ordinary activities before tax	**6**	**(5,235)**	**20,622**
Tax (charge)/credit for the year	7	(159)	799
(Deficit)/surplus on ordinary activities after tax		**(5,394)**	**21,421**
Other comprehensive income			
Actuarial losses on defined benefit pension schemes	26	(35,146)	19,844
Release from revaluation reserve		1,673	1,206
Fair value movement on cash flow hedge	30	2,356	(2,966)
Total comprehensive income		**(36,511)**	**39,505**

All activities derive from continuing operations.

The notes on pages 83 to 130 form part of these financial statements.

SOCIETY STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2020

	Note	2021 £'000	2020 £'000
Finance income	4	-	1,775
Finance costs	5	-	(1,775)
Result on ordinary activities before and after tax		**-**	**-**

All activities derive from continuing operations.

The notes on pages 83 to 130 form part of these financial statements.

GROUP STATEMENT OF FINANCIAL POSITION
As at 31 March 2021

	Note	2021 £'000	Restated 2020 £'000
Fixed assets			
Intangible assets	10	463	416
Housing properties	11	1,996,382	1,902,049
Other fixed assets	12	18,773	17,473
Investment properties	13	71,455	71,870
Equity loans	14	33,731	36,841
Investments	15	2,997	1,008
		2,123,801	**2,029,657**
Current assets			
Properties for sale	16	51,380	30,205
Inventories		1,537	1,401
Receivables	17	80,068	100,083
Cash and cash equivalents		139,693	237,467
		272,678	**369,156**
Payables: amounts due within one year	18	(129,705)	(119,594)
Net current assets		**142,973**	**249,562**
Total assets less current liabilities		**2,266,774**	**2,279,219**
Payables: amounts due after one year	19	(1,165,488)	(1,179,376)
Provisions	20	(12,772)	(10,088)
Deferred capital grant due after one year	23	(488,911)	(483,413)
Equity loan grant		(27,816)	(30,170)
Deferred tax	25	-	-
Pension liability	26	(81,032)	(47,232)
Net assets		**490,755**	**528,940**
Capital and reserves			
Revenue reserve		370,023	408,891
Revaluation reserve		129,495	131,168
Cash flow hedge reserve	30	(8,763)	(11,119)
Group funds		**490,755**	**528,940**

The notes on pages 83 to 130 form part of these financial statements. The consolidated financial statements of Abri Group Limited, registered society number 8537, on pages 76 to 130 were approved by the Board and authorised for issue on 4 August 2021 and signed on its behalf by:

Wayne Morris	**Ashley West**	**Gemma Burton-Connolly**
Director	Director	Secretary

SOCIETY STATEMENT OF FINANCIAL POSITION
As at 31 March 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Investments	15	51	51
		51	**51**
Current assets			
Receivables			
Amounts due within one year	17	1,908	14,335
Amounts due after one year	17	-	53,454
Cash		4,999	1,389
		6,907	**69,178**
Payables: amounts due within one year	18	(9,431)	(18,396)
Net current assets		**(2,524)**	**50,782**
Total assets less current liabilities		**(2,473)**	**50,833**
Payables: amounts due after one year	19	-	(53,306)
Net assets		**(2,473)**	**(2,473)**
Capital and reserves			
Revenue reserve		(2,473)	(2,473)
Society deficit		**(2,473)**	**(2,473)**

The notes on pages 83 to 130 form part of these financial statements.

The financial statements of Abri Group Limited, registered society number 8537, on pages 83 to 130 were approved by the Board and authorised for issue on 4 August 2021 and signed on its behalf by:

Wayne Morris
Director

Ashley West
Director

Gemma Burton-Connolly
Secretary

GROUP STATEMENT OF CHANGES IN RESERVES

	Revenue reserve £'000	Revaluation reserve £'000	Cash flow hedge reserve £'000	Total excluding jointly controlled entities £'000	Jointly controlled entities £'000	Total £'000
At 31 March 2019	**364,514**	**132,925**	**(8,152)**	**489,287**	**1,909**	**491,196**
Surplus on ordinary activities after	22,181	-	**-**	**22,181**	(1,314)	**20,867**
Actuarial gains on defined benefit pension schemes	19,844	-	**-**	**19,844**	-	**19,844**
Loss on financial derivative	-	-	(2,967)	**(2,967)**	-	**(2,967)**
Release from revaluation reserve	1,757	(1,757)	**-**	**-**	-	**-**
At 31 March 2020	**408,296**	**131,168**	**(11,119)**	**528,345**	**595**	**528,940**
Surplus on ordinary activities after tax	(7,985)	-	-	**(7,985)**	2,590	**(5,395)**
Actuarial gains on defined benefit pension schemes	(35,146)	-	-	**(35,146)**	-	**(35,146)**
Gain on financial derivatives	-	-	2,356	**2,356**	-	**2,356**
Release from revaluation reserve	1,673	(1,673)	-	**-**	-	**-**
At 31 March 2021	**366,838**	**129,495**	**(8,763)**	**487,570**	**3,185**	**490,755**

The notes on pages 83 to 130 form part of these financial statements

SOCIETY STATEMENT OF CHANGES IN RESERVES

	Revenue reserve £'000
At 31 March 2019	**(2,473)**
Result on ordinary activities after tax	-
At 31 March 2020	**(2,473)**
Result on ordinary activities after tax	-
At 31 March 2021	**(2,473)**

The notes on pages 83 to 130 form part of these financial statements

GROUP STATEMENT OF CASH FLOWS
Year ended 31 March 2021

	2021 £'000	Restated 2020 £'000
Operating surplus	**56,605**	**59,365**
Adjustments for:		
Depreciation, amortisation and impairments	23,167	27,321
Increase/(decrease) in provisions and other	4,957	10,029
Pension expense less cash contribution	(2,184)	(1,909)
Increase in inventories	(136)	(485)
Increase in receivables and prepayments	(1,303)	(3,304)
Increase/(decrease) in payables and accruals	(9,697)	3,694
Cost of sales on stock disposal	31,118	35,474
Cost of properties developed for sale	(40,396)	(31,346)
	5,526	**39,474**
Net cash inflow from operating activities	**62,131**	**98,839**
Cash flows from investing activities		
Purchase of other fixed assets	(763)	(2,517)
Payments to acquire and develop housing properties	(104,874)	(142,607)
Distributions from jointly controlled entities	600	-
Cash inflow/(outflow) on loans to jointly controlled entities	1,920	(7,473)
Social Housing Grant received	4,744	14,795
Cash outflow from investing activities	**(98,373)**	**(137,802)**
Cash flow from financing activities		
Finance income	2,609	3,421
Finance costs	(45,575)	(43,554)
Loan repayments	(47,486)	(13,745)
Cash inflow from financing including premiums on issue	28,920	116,353
Cash (outflow)/inflow from financing activities	**(61,532)**	**62,475**
Net change in cash and cash equivalents	(97,774)	23,512
Opening cash as at 1 April	**237,467**	**213,955**
Closing cash as at 31 March	**139,693**	**237,467**

The notes on pages 83 to 130 form part of these financial statements

The prior year comparative has been restated to disclose loans to jointly controlled entities within investing activities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. LEGAL STATUS

The Society is registered with the Financial Conduct Authority under the Co-operative and Community Benefits Society Act 2014 and is also registered with the Regulator of Social Housing as a social housing provider.

2. ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and Society have been prepared in accordance with applicable law and UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing Statement of Recommended Practice (SORP) 2018 for registered social housing providers and comply with the Accounting Direction for private registered providers of social housing 2019. The financial statements are presented in pounds sterling and have been prepared on the historical cost basis except for a modification to amortised cost or a fair value basis for certain financial instruments and investment properties, as specified in the accounting policies below.

Going Concern

The length of the Covid-19 pandemic and the measures taken by the UK Government to contain it are outside of our control and increase uncertainty when planning for the future. The first national lockdown in Spring 2020 had a significant and overt impact on our financial performance and day to day operations, as all but critical repairs were paused, and the property market stagnated. Subsequent lockdowns proved less disruptive on the organisation as new ways of working were adopted, which remained for the rest of the financial year.

Post year end, despite the easing of lockdown restrictions and the continued rollout of the vaccination programme, we remain acutely aware of the risks that prevail, especially from emerging variants, and the possible need for localised, targeted and seasonal lockdowns which will continue to impact the organisation and its financial results. The associated impact of the pandemic on the economy also remains a key concern, effecting people’s ability to pay their rent or finance a mortgage. Aside from Covid-19, the Group is also operating in a post-Brexit environment and in a sector where regulations surrounding fire safety and the environment, and continued reforms around ownership models will affect the organisation on a day to day basis in the future.

Such factors are all key considerations in setting our budgets for the financial year ahead, and more significantly in our long-term planning, covering the next 30 years. The assumptions in our business plans – interest rates, inflation, demand for property and legislative impact amongst others - are subjected to a range of stress testing, to identify areas of risk or concern, with a particular focus on continued covenant compliance and appropriate mitigation – such as fixing interest rates or exploring new methods of delivery of housing supply - where possible. Our forecasting incorporates the impact of restructuring both our legal entity structure and our portfolio of loans, bonds and other borrowing.

Given the strength of our financial position and availability and liquidity of undrawn loan facilities, the Board believe that, while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the Group’s ability to continue as a going concern as we are well placed to absorb the impact of changes that lay ahead. The Board, therefore, consider it appropriate for the accounts to be prepared on a going concern basis for the 12 months from the signing date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

2. ACCOUNTING POLICIES (continued)

Disclosure Exemptions

In preparing the separate financial statements of the parent Society, advantage has been taken of the disclosure exemption under FRS 102 paragraph 1.12(b) in not preparing a Statement of Cash Flows on the basis that this is included in the consolidated financial statements.

Consolidation

The Group financial statements consolidate the financial statements of the parent Society and all its subsidiaries at 31 March. Intercompany transactions are eliminated on consolidation.

Abri Group Limited is the ultimate parent and has taken advantage of the exemption contained in FRS 102 not to disclose transactions or balances with entities which form part of the Group and which are also registered providers. Transactions with subsidiaries and jointly controlled entities which are not registered providers regulated by the Regulation Committee of the Regulator of Social Housing as disclosed in note 31.

Operating Segments

As there are publicly traded securities within the Group, we are required to disclose information about our operating segments under IFRS 8. Segmental information is disclosed in note 3 and as part of the analysis of housing properties in note 11. Information about income, expenditure and assets attributable to material operating segments are presented on the basis of the nature and function of housing assets held by the Group rather than geographical location. As permitted by IFRS 8 this is appropriate on the basis of the similarity of the services provided, the nature of the risks associated, the type and class of customer and the nature of the regulatory environment across all of the geographical locations in which the Group operates.

The Board does not routinely receive segmental information disaggregated by geographical location.

Jointly Controlled Entities

Jointly controlled entities are those where the Group holds a significant equity interest but has no overall control.

In the consolidated financial statements interests in jointly controlled entities are accounted for using the equity method of accounting, under which the equity investment is initially recognised at the transaction price and is subsequently adjusted to reflect the Group's share of the surplus or deficit.

Where the equity is negative, a provision is required that represents the Group's obligation to fund a deficit in the jointly controlled entity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

2. ACCOUNTING POLICIES (continued)

Turnover

Turnover represents rental and service charge income (net of void losses), fee income and revenue grant receivable, proceeds from market and first tranche sales, other income, and the amortisation of capital grant.

Rental and service charge income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids.

Income from market and first tranche sales is recognised at the point of legal completion of the sale.

Other income is recognised as receivable on the delivery of services provided. Deferred Capital Grant is released over the life of the asset structure in accordance with FRS 102.

Cost of Sales

Cost of sales relates to market and first tranche sales and represents those costs, including direct overheads, capitalised interest and other incidental costs, incurred during development, construction, and marketing of those properties.

On market sales, the cost of sales represents the full construction cost of the unit sold.

On first tranche transactions, the percentage of equity purchased determines the percentage of total unit costs recognised in the Statement of Comprehensive Income.

Help to Buy

Turnover is recognised in relation to Help to Buy on two distinct bases. A fixed quarterly fee for the operation of the contract is recognised as income on a straight-line basis each month, in addition to a fixed fee per case, recognised at the point of completion. The contract for the provision of services is subject to periodic renewal.

Revenue Grant

The Group receives grants in respect of revenue expenditure, and these are credited as appropriate to income in the same period as the expenditure to which they relate.

Service Charge Income and Expenditure

Where service charge income is identifiable it is recorded separately to rental income. Where service charge income is not identifiable it is recorded within rental income.

Where charges are variable, the income will include an adjustment for the under or over recovery from previous years and will be adjusted for under or over recovery in the current year. Until these balances are returned to or recovered from our tenants they are held as payables or receivables on the Statement of Financial Position.

Where charges are fixed, the income will reflect the charges raised in the period, with amounts due from tenants held as receivables on the Statement of Financial Position.

2. ACCOUNTING POLICIES (continued)

Service Charge Income and Expenditure (continued)

Service charge expenditure is disclosed separately and includes the cost of all direct services provided, in addition to an allowance for management costs. Expenditure will also include costs of services provided that are not recoverable from tenants.

Surplus/(Deficit) from disposal of fixed assets

Other asset sales are recognised within surplus from disposal of fixed assets.

Staircasing events include both partial and final transactions, where the purchaser increases or fully acquires the equity in their property. Final staircasing events on houses will involve the disposal of the freehold, whereas on flats, the Group will retain the freehold on the property, reclassifying the unit as a leasehold unit in note 3.

The surplus on sales under the Right to Buy and Right to Acquire legislation is the difference between the proceeds received and the carrying value of the properties, subject to any third-party agreements relating back to Large Scale Voluntary Transfers of housing stock.

The surplus recognised on the sale of other housing properties is the difference between the proceeds received and the carrying value of the property.

The surplus recognised on redemptions of equity loans is derived from the market value of the equity holding in the property at the point of sale, less the original loan amount, any provision and any associated grant.

The surplus recognised on the sale of other fixed assets is the difference between the proceeds received and the carrying value of the asset.

Repairs and Maintenance

The Group capitalises items of expenditure on housing properties if they result in an enhancement to the economic benefits from the property or if they replace an identifiable component.

Works to existing properties which do not meet the above criteria are charged to the Statement of Comprehensive Income.

Finance Income

Interest is earned from cash and cash equivalents, loans made to other entities in the Group, loans made to jointly controlled entities and interest charged on equity loans.

Finance Costs

Interest costs, issue costs, premiums, and discounts are charged to finance costs over the term of debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount.

Included within finance costs are ongoing servicing fees of loans and borrowings, which are charged to the Statement of Comprehensive Income over the review cycle of each facility.

2. ACCOUNTING POLICIES (continued)

Re-financing Costs

Re-financing costs are exceptional in nature and relate to the costs of breaking existing agreement on existing credit facilities during the course of restructuring activities within the Group.

The treatment of any arrangement fees incurred on revised facilities is covered by our accounting policy for Finance Costs.

Capitalisation of Finance Costs

The Group capitalises interest costs incurred because of development activities, with the amounts presented net of finance costs in the Statement of Comprehensive Income and included within the carrying value of assets in the Statement of Financial Position.

The amount capitalised is calculated in accordance with FRS 102 paragraph 25.2 and disclosure of the calculation basis and amounts capitalised is included in note 5.

The capitalisation of finance costs represents a revision to the accounting policy to ensure consistency between all subsidiaries in the Group.

Value Added Tax (VAT)

The Society is part of the Radian VAT Group, the principal VAT group in the Abri Group. As a large proportion of its income is rent, which is exempt for VAT purposes, the Group is subject to a partial exemption calculation. Expenditure is therefore shown inclusive of VAT and the input VAT recovered is credited to the Statement of Comprehensive Income on a cash basis.

In the period between the completion of the partnership and the reporting date the Group operated with a number of inherited VAT groups. Costs shared within the Group structure but between VAT groups attracted standard rate VAT, representing an additional cost to the Group which is not eliminated on consolidation.

Pensions

For defined contribution schemes, the amount charged to income and expenditure in respect of pension costs is the employer contribution payable in the year.

For defined benefit schemes, the amounts charged to staff costs within operating costs are those arising from employee services rendered during the period, benefit changes and settlements. The net interest cost on the net defined benefit liabilities is included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets are recognised immediately in other comprehensive income.

Defined benefit schemes are funded with assets of the scheme held separately from those of the Group and administered by The Pensions Trust or local government. Pension scheme assets are measured at fair value and liabilities on an actuarial basis using the projected unit method. Actuarial valuations are updated at each reporting date and full actuarial valuations are obtained at least triennially.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

2. ACCOUNTING POLICIES (continued)

Pensions (continued)

The funded defined benefit scheme is in deficit and a funding arrangement is in place. The net present value of the deficit reduction contributions payable under the agreement is recognised on the Statement of Financial Position and the unwinding of the discount rate is recognised as a finance cost.

Tax

Current tax is recognised for tax payable in respect of the taxable surplus for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Fixed Assets - Housing Properties

A definitive subset of the Group's housing properties, those owned by Yarlington Housing Group prior to the implementation of FRS 102, are held at deemed cost less accumulated depreciation; the deemed cost was informed by fair values of properties provided by independent third parties. All other housing properties are held at cost less accumulated depreciation. Cost includes acquisition expenditure, development costs and directly attributable administration costs.

The carrying value of housing properties is split between the land, structure and major components which require periodic replacement.

For affordable home ownership properties, the amount retained in housing properties is the cost of unsold equity (if the first tranche sale has completed) or 60% of the total unit cost (if the first tranche sale is yet to complete).

Housing properties in the course of construction are held at cost and are not depreciated. They are transferred to completed properties upon practical completion.

Land

Land acquired or donated to the Group will be accounted for depending on its intended use.

Land acquired for the provision of social housing, or where no specific intended use exists, will be treated as a fixed asset. When land is held for speculative purposes, for capital gain, or a commercial rental return it will be accounted for as an investment property.

2. ACCOUNTING POLICIES (continued)

Depreciation

Freehold Buildings and Components

Freehold land and Investment Properties are not depreciated. Depreciation is charged on a straight-line basis over the estimated useful economic life of components on the following annual rates:

- 100 years – structure
- 70 years – roofs
- 40 years – electrical wiring
- 30 years – bathrooms, heating systems and windows
- 20 years – kitchens and photovoltaic panels
- 15 years – boilers

When components are replaced, the carrying value of existing components is charged to the Statement of Comprehensive Income at the point of disposal. The Group has retrospectively recognised roof and electrical wiring components in the year to ensure a common accounting estimate across all subsidiaries, facilitating the prospective depreciation of these components over their remaining useful lives.

Other Fixed Assets

Depreciation is charged on a straight-line basis over the expected useful economic lives of the assets at the following annual rates:

- Freehold premises – 50 years;
- Office equipment – 3 to 5 years;
- Office furniture and development equipment – 10 years; and
- Motor vehicles, yard plant and machinery – 4 years.

Intangible Assets

The Group has recognised internally generated intangible assets in accordance with FRS 102, Section 18. The assets are recognised at cost and amortised over a straight-line basis over the useful lives of assets, from the date the asset is available for use.

The recognition of intangible assets represents a revision to the accounting policy to ensure consistency between all subsidiaries in the Group.

Investment Properties

Investment properties are commercial properties, housing properties let at market rates or properties held for investment potential or capital appreciation.

Investment properties are measured at cost on acquisition or initial recognition and subsequently revalued to their market value at least annually with gains and losses recognised in the Statement of Comprehensive Income.

Details of the advisers from whom values are obtained and the basis of valuation adopted are included in note 13.

2. ACCOUNTING POLICIES (continued)

Investments in Equity Loans

The HomeBuy scheme, now closed to new entrants, was a program of home ownership where loans were advanced by the Group to purchasers of property. The program was funded through a combination of government grant and the Group's own funds. The loan advanced to the purchaser and the amount of grant received are both recorded at cost, less provision for bad debts.

The Group has a fixed charge on the property entitling it to a share of the proceeds on the sale of the property. Any capital loss realised on redemption of the loan is initially offset against the government grant, which is held as a long-term liability.

Valuation of Investments

Investments in associates and subsidiaries are accounted for using the cost model in the Society's financial statements.

Properties Held for Sale

All unsold market sale and affordable home ownership properties are classed as current assets at the reporting date and are valued at the lower of cost or estimated selling price less costs to complete and sell. Deficits on schemes are recognised as soon as they are foreseen.

On affordable home ownership properties where the first tranche sale has yet to complete, 40% of each units' cost will be recognised as a current asset.

Property held for sale comprises both completed properties and property in the course of construction.

Inventories

Inventory represents materials and replacement components held prior to use in repair works. Items are held at the lower of cost and net realisable value and periodic stock counts ensure that damaged and obsolete items are identified and written off.

Cash and Cash Equivalents

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

Cash and cash equivalents also includes cash in sinking fund accounts to which the Group has access on behalf of the beneficiaries of the account.

Provisions

The Group recognises provisions in respect of liabilities of uncertain timing or amounts. Provisions are made for specific and quantifiable liabilities, measured at the best estimate of expenditure and only where probable that it is required to settle a legal or constructive obligation that existed at the reporting date.

2. ACCOUNTING POLICIES (continued)

Receivables and Payables

Receivables and payables with no stated interest rate, and receivable and payable within one year, are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income within operating income and expense.

Recoverable Amount of Rental and Other Trade Receivables

The Group estimates the recoverable amount of receivables and provides for the balance based on the value and class of the debt.

Receivable balances are reviewed quarterly to determine recoverability; balances deemed irrecoverable are subsequently written off.

Sinking Funds

Sinking funds comprise leasehold sinking funds and scheme provisions.

Leasehold sinking funds are unspent amounts collected from leaseholders for major repairs on leasehold schemes, plus any interest received, and are included in payables.

Scheme provisions are scheme funds set aside for major repairs and are also included in payables.

Financial Instruments

Financial instruments are recognised when the Group or Society becomes a party to the contractual provisions of the instrument and are classified according to their substance.

Deferred and Recycled Capital Grant

Deferred Capital Grant, predominantly Social Housing Grant, is initially recognised at fair value as a long-term liability and is amortised to the Statement of Comprehensive Income as turnover over the life of the structure of housing properties, except for grant received in respect of equity loans.

Upon disposal of an asset which has deferred capital grant allocated to it, the cost of the grant is transferred to the Recycled Capital Grant Fund until the grant is reinvested in a replacement property or repaid, reflecting the existing obligation under the Social Housing Grant funding regime. If there is no requirement to recycle or repay the grant on disposal of the assets any unamortised grant remaining within liabilities is released to the Statement of Comprehensive Income to cost of sales.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

2. ACCOUNTING POLICIES (continued)

Deferred Tax

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax relating to investment properties that are measured at fair value is recognised using the tax rates and allowances that apply to the sale of the assets. Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted at the reporting date that are expected to apply to the reversal of the timing difference.

Deferred tax liabilities are presented on the Statement of Financial Position and deferred tax assets within receivables.

Deferred tax assets and liabilities are offset only if the Society or Group has a legally enforceable right to set off current tax assets against current tax liabilities.

Hedge Accounting

In accordance with FRS 102 Section 12, paragraph 29 the Group accounts for a standalone interest rate swap as a cash flow hedge. The hedge is deemed to be fully effective and the cash flows from the hedging instrument are recognised in the Statement of Comprehensive Income in the relevant period. The changes in fair value, as determined by independent third parties, are recognised are within Other Comprehensive Income and subsequently in the cash flow hedge reserve.

Revaluation Reserve

The Group operates a non-distributable revaluation reserve in respect of the subset of assets previously revalued at deemed cost, as permitted upon adoption of FRS 102.

The revaluation reserve is debited each period to mitigate the impact of additional depreciation charges and higher cost of sales, with the amounts released crediting Other Comprehensive Income.

Financial Assets and Liabilities

Loans and Borrowings

The Group's loans and borrowings meet the definition of, and are classified as, basic financial instruments under FRS 102. These instruments are initially recorded at the transaction price. They are subsequently recorded at amortised costs using the effective interest method.

Gilt Holdings

The Group holds UK government gilts within certain liquidity funds and has elected to designate these at fair value through profit or loss under FRS 102 paragraph 11.14 (b).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

2. ACCOUNTING POLICIES (continued)

Leases

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks or rewards of ownership of the leased assets to the entity. All other leases are classified as operating leases.

For finance leases, the amount capitalised is the lower of the present value of the minimum lease payments payable during the lease term of the fair value of the leased asset. The corresponding leasing commitments are shown as the present value of the obligations to the lessor; lease payments consist of a finance charge, which is charged to the Statement of Comprehensive Income in the period, and reduction in the liability.

Rentals under operating leases are accounted for on a straight-line basis over the lease term even if the payments (where the Group is the lessee) and receipts (where the Group is the lessor) are not made or received on that basis.

Critical Judgements, Estimates, and Uncertainty

Preparation of the financial statements requires management to make the following significant judgments and estimates:

Merger Accounting

The Group adopted merger accounting as the most appropriate basis of reflecting the partnership between the legacy Radian and Yarlington Groups in the previous financial year.

Whilst the legal form of the partnership saw Yarlington become a subsidiary of the Abri Group, the parent entity is a near dormant immediate parent to most entities in the Group. In substance, the business model and services of Yarlington Housing Group and its subsidiaries are consistent with those entities that previously existed in the Abri Group, with those entities now working in tandem in the wider Group structure.

Whilst legally, no new entity was created, the directors of each entity in the Group, the members of the Executive Board and the Senior Leadership Team were formed from both legacy groups and newly appointed individuals.

The process of integrating the legacy Groups continues, underpinned by a re-branding, as opposed to any one reverting to the policies, procedures and processes of the other.

The Board exercised judgement in determining that the criteria for merger accounting had been met. Had the Board concluded that those criteria had not been met, the purchase method of accounting would have applied, resulting in the need to identify an acquirer in the combination and for the assets and liabilities of the acquiree to have been recognised at fair value with any gain or loss being recognised through the statement of comprehensive income.

In making this key judgement, the Board considered the accounting treatment which more closely reflected the nature of the combination.

2. ACCOUNTING POLICIES (continued)

Critical Judgements, Estimates, and Uncertainty (continued)

Impairment Review

At each reporting date the Group assesses whether an indicator of impairment exists. If such an indicator exists assets affected are subject to an impairment review, and the recoverable amount of the asset or cash generating unit is estimated. An impairment loss occurs when the carrying amount of an asset or cash generating unit exceeds its recoverable amount.

Provisions for Fire Safety works

A provision for the replacement of cladding and/or insulation in high rise blocks has been included in accounts where the following criteria has been met.

- tests have confirmed the materials used in construction were defective; and
- our intention to remedy the situation has been clearly communicated to affected residents; and
- The value of remedial works is reliable and informed by quotes from independent third parties.

In aggregate, these factors give rise to a constructive obligation, the value of which can be reliably measured, at the reporting date.

Provisioning for Investments in Equity Loans

The Group has provided for investments in equity loans given its vulnerability to foreclosure and losses on the sale of secured properties. Provisioning involves judgment around redemption rates, failure rates, and changes in property prices.

Provisions for Arrears and Other Debtors

Judgement is applied in the process of provisions for doubtful debts, to ensure that a charge is recognised in the accounts, equivalent to future losses from amounts written off, which are uncertain in both timing and amount.

Other Provisions

Where potential liabilities are uncertain in terms of timing or amount, judgement is exercised as to whether a provision is included in the accounts and at what value, based on all relevant information available to management.

Capitalised Interest Costs

The Group judges that no particular form of borrowing is committed to with a specific development in mind and therefore deems the weighted average cost of capital across the Group to represent the interest incurred in development activities.

Whilst the fair value of financial instruments is based on quoted prices, investment properties are valued according to the methodologies and assumptions applied by the adviser.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

2. ACCOUNTING POLICIES (continued)

Critical Judgements, Estimates, and Uncertainty (continued)

Fair Value Measurement

The Group uses external professional advisers to determine the fair value of financial instruments and investment properties.

Capitalisation of Property Development Costs

The estimate of anticipated costs to complete a development scheme is determined by suitably qualified professionals.

Judgement is involved in determining the appropriate allocation of costs relating to affordable home ownership between current and fixed assets, dependent upon the equity anticipated to be purchased in the first tranche.

An estimate is also made for the amount of time spent on viable schemes by our development teams prior to entering contract, with amounts capitalised forming part of total scheme costs.

Housing Properties and Components – values and useful economic lives

In the process of developing or acquiring housing properties, where no land value is separately identifiable, an estimation of the land value is made to ensure an element of total cost is not subject to depreciation.

Each unit is assigned a batch of relevant components, which are separately identifiable from the structure of the property. As estimation of the useful life of each identifiable component is made, informing the depreciation charges each unit receives.

Classification of Investment Properties

Judgement is exercised in determining which housing and commercial properties and other assets let at market rates and are classified as investment properties as a result, whose treatment is then determined by the SORP.

Classification of Loans with Embedded Interest Rate Swaps

We hold loans which carry a variable rate of interest. In some cases, our interest charges have been fixed by the inclusion of embedded interest rate swaps in these agreements for part or the full term of the loan. These loans could be repaid early, and fixes could be broken. This would involve paying a premium to lenders or the lenders paying a discount to us depending on the prevailing interest rate as there are two-way break clauses in our loan agreements.

Considering the requirements and criteria set out in FRS 102, and given our intention and forecasted ability to hold all of these loans to maturity, we consider classification of the loans as 'basic' to be appropriate and recognition at amortised cost to be a fair representation of our liabilities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

2. ACCOUNTING POLICIES (continued)

Critical Judgements, Estimates, and Uncertainty (continued)

Continuation of Hedge Accounting

The Group holds an interest rate swap to hedge against a portfolio of variable rate loans and borrowings, some of which were modified during the year following negotiations with lenders. As the swap is held against variable rates borrowing in general, and not against a specific loan, it was deemed that the hedge had not been discontinued.

Had it been concluded that the hedging relationship had been terminated as a consequence of the extinguishment of the hedged item, the fair value losses attributable to the hedging instrument that had accumulated in the cash flow reserve would have been recognised in, and resulted in a material charge to, the Statement of Comprehensive Income.

Defined Benefit Pension Obligations

Financial and actuarial assumptions underlying accounting estimates of the Group's defined benefit obligations are informed by actuarial advice, based on best estimates according to scheme duration, and applied consistently across accounting periods.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

3. TURNOVER, COST OF SALES, OPERATING COSTS, SURPLUS FROM DISPOSAL OF FIXED ASSETS AND OPERATING SURPLUS

Group	2021					2020				
	Turnover £'000	Cost of sales £'000	Operating costs £'000	Surplus £'000	Operating surplus/ (deficit) £'000	Turnover £'000	Cost of sales £'000	Operating costs £'000	Surplus £'000	Operating surplus/ (deficit) £'000
Social housing lettings	181,443	-	(137,816)	-	**43,627**	174,919	-	(126,092)	-	**48,827**
Other social housing activities										
Development administration	-	-	(1,606)	-	**(1,606)**	-	-	(2,074)	-	**(2,074)**
First tranche sales	26,552	(21,385)	(1,894)	-	**3,273**	33,968	(24,952)	(1,436)	-	**7,580**
Disposal of fixed assets	-	-	-	6,913	**6,913**	-	-	-	8,474	**8,474**
Support services	1,130	-	(1,596)	-	**(466)**	1,163	-	(1,223)	-	**(60)**
Cladding replacement provision	-	-	(690)	-	**(690)**	-	-	(6,984)	-	**(6,984)**
Other	182	-	(341)	-	**(159)**	104	-	(312)	-	**(208)**
	27,864	**(21,385)**	**(6,127)**	**6,913**	**7,265**	**35,235**	**(24,952)**	**(12,029)**	**8,474**	**6,728**
Non-social housing activities										
Market rent properties	4,140	-	(2,205)	-	**1,935**	3,777	-	(1,560)	-	**2,217**
Market sales	-	1	-	-	**1**	810	(254)	-	-	**556**
Help to Buy agency	5,321	-	(4,054)	-	**1,267**	2,791	-	(1,624)	-	**1,167**
Furlough	1,266	-	-	-	**1,266**	-	-	-	-	**-**
Garages	2,253	-	(298)	-	**1,955**	2,106	-	(292)	-	**1,814**
Photovoltaics	567	-	(92)	-	**475**	555	-	(93)	-	**462**
Cladding replacement provision	-	-	(1,994)	-	**(1,994)**	-	-	(3,105)	-	**(3,105)**
Other	2,707	(669)	(1,230)	-	**808**	3,175	(699)	(1,741)	-	**735**
	16,254	**(668)**	**(9,873)**	**6,913**	**5,713**	**13,214**	**(953)**	**(8,415)**	**-**	**3,846**
Total	**225,561**	**(22,053)**	**(153,816)**	**6,913**	**56,605**	**223,368**	**(25,905)**	**(146,536)**	**8,474**	**59,401**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

3. TURNOVER, COST OF SALES, OPERATING COSTS, SURPLUS FROM DISPOSAL OF FIXED ASSETS AND OPERATING SURPLUS (continued)

Group	2021					2020				
	General needs housing £'000	Supported / housing for older people £'000	Affordable home ownership £'000	Other social housing £'000	Total £'000	General needs housing £'000	Supported / housing for older people £'000	Affordable home ownership £'000	Other social housing £'000	Total £'000
Turnover										
Rent receivable net of identifiable service charges (net of voids)	132,912	16,126	10,114	10,577	**169,729**	127,385	16,110	8,366	10,585	**162,446**
Service charge income	2,114	2,565	1,505	124	**6,308**	2,983	2,663	1,347	110	**7,103**
Net rental income	**135,026**	**18,691**	**11,619**	**10,701**	**176,037**	**130,368**	**18,773**	**9,713**	**10,695**	**169,549**
Amortisation of capital grant	3,834	1,136	432	4	**5,406**	3,920	1,027	419	4	**5,370**
Net turnover	**138,860**	**19,827**	**12,051**	**10,705**	**181,443**	**134,288**	**19,800**	**10,132**	**10,699**	**174,919**
Operating costs										
Management	(39,328)	(5,542)	(5,605)	(2,751)	**(53,227)**	(36,010)	(5,299)	(4,716)	(2,087)	**(48,112)**
Service charge costs	(6,680)	(941)	(952)	(467)	**(9,040)**	(6,327)	(931)	(829)	(367)	**(8,454)**
Routine maintenance	(23,488)	(3,310)	-	(1,643)	**(28,441)**	(20,109)	(2,959)	-	(1,165)	**(24,233)**
Planned maintenance	(5,207)	(734)	-	(364)	**(6,306)**	(5,933)	(873)	-	(344)	**(7,150)**
Major repairs expenditure	(11,198)	(1,578)	-	(783)	**(13,559)**	(9,820)	(1,445)	-	(569)	**(11,834)**
Bad debts	(482)	(68)	(69)	(34)	**(652)**	(536)	(79)	(70)	(31)	**(716)**
Other costs	98	14	14	7	**132**	161	24	22	9	**216**
Depreciation of housing properties	(20,164)	(2,190)	(1,446)	(1,952)	**(25,752)**	(20,689)	(1,069)	(1,342)	(1,911)	**(25,011)**
Loss on disposal of components	(927)	(17)	-	(27)	**(971)**	(612)	(117)	-	(69)	**(798)**
	(107,376)	**(14,367)**	**(8,058)**	**(8,016)**	**(137,816)**	**(99,875)**	**(12,748)**	**(6,935)**	**(6,534)**	**(126,092)**
Operating surplus	**31,484**	**5,460**	**3,993**	**2,689**	**43,627**	**34,413**	**7,052**	**3,197**	**4,165**	**48,827**
Void losses	(1,323)	(466)	(30)	(177)	**(1,996)**	(455)	(142)	(5)	(93)	**(695)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

3. TURNOVER, COST OF SALES, OPERATING COSTS, SURPLUS FROM DISPOSAL OF FIXED ASSETS AND OPERATING SURPLUS (continued)

	2021 Sale proceeds £'000	2021 Cost of Sales £'000	2021 Surplus £'000	2020 Sale proceeds £'000	2020 Cost of Sales £'000	2020 Surplus £'000
Staircasing	7,196	(4,291)	**2,905**	9,244	(5,262)	**3,982**
Right to Buy/Acquire	1,091	(704)	**387**	4,408	(1,887)	**2,521**
Other housing sales	4,305	(1,902)	**2,403**	1,476	(788)	**688**
Equity loan redemptions	4,529	(3,195)	**1,334**	4,602	(3,351)	**1,251**
Other fixed assets	16	(133)	**(117)**	35	(3)	**32**
Total	**17,137**	**(10,225)**	**6,912**	**19,765**	**(11,291)**	**8,474**

	2020 Number	2021 Additions	Group 2021 Disposals	2021 Reclass	2021 Number
Social Housing Properties - Owned and managed					
General needs housing	22,901	358	(26)	(192)	**23,041**
Supported/housing for older people	3,248	-	-	(1)	**3,247**
Affordable home ownership	2,999	338	(35)	(18)	**3,284**
Other social housing	1,449	-	(12)	175	**1,612**
	30,597	**696**	**(73)**	**(36)**	**31,184**
Owned and managed - non-social					
Market rent housing	409	-	(1)	(1)	**407**
	31,006	**696**	**(74)**	**(37)**	**31,591**
Other					
Owned/Not Managed - Leasehold*	1,518	43	(1)	18	**1,578**
Owned/Not Managed - Market sale	-	2	-	-	**2**
Managed/Not Owned – For others**	1,287	-	(6)	-	**1,281**
Equity Loans	963	-	(75)	-	**888**
Total	**34,774**	**741**	**(156)**	**(19)**	**35,340**
Non-Housing Properties	**4,481**	**-**	**(1)**	**5**	**4,485**
Total Units	**39,255**	**741**	**(157)**	**(14)**	**39,825**
Properties under construction	*1,725*				*1,462*

** Leasehold housing represents those units where the freehold has been retained.*
*** 1,265 units managed in partnership for Affinity Housing Services (2020: 1,274)*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

4. FINANCE INCOME

	Group		Society	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Interest receivable from cash and cash equivalents	322	838	-	90
Interest receivable from intercompany loans	-	-	-	1,718
Loans and borrowings servicing fees (recharge)/ income	-	-	-	(33)
Equity loan interest	357	397	-	-
Interest from jointly controlled entities loan notes	2,930	2,976	-	-
	3,609	**4,211**	**-**	**1,775**

5. FINANCE COSTS

	Group		Society	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Interest costs on loans and borrowings	44,159	43,220	-	1,808
Servicing fees of loans and borrowings	1,525	608	-	(33)
Capitalised interest	(4,293)	(2,814)	-	-
	41,391	**41,014**	**-**	**1,775**
Interest on Recycled Capital Grant Fund	15	106	-	-
Interest on pension scheme liabilities	1,026	1,518	-	-
	42,432	**42,638**	**-**	**1,775**

The weighted average cost of capital for the period is 4.00% (2020: 3.89%) with reference to its effective interest costs on loans and borrowings against the carrying value of loans and borrowings during the year at a Group level.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

6. DEFICIT/SURPLUS ON ORDINARY ACTIVITIES BEFORE TAX

Deficit/surplus on ordinary activities before tax is stated after charging/(crediting):

	2021 £'000	2020 £'000
Depreciation of fixed assets	27,366	26,277
Amortisation	(5,230)	(5,370)
Impairment of assets	-	286
Government revenue grant	(144)	(153)
Defined contribution pension cost	4,005	3,231
Defined benefit service cost	2,041	2,855
Operating lease expense:		
Land and buildings	24	89
Office equipment, computers and motor vehicles	896	-
Fees payable to the Society's auditor for the audit of the:		
Society's financial statements	14	13
Society's subsidiaries	159	145
Fees payable to the Society's auditor for other services to the group:		
Audit related assurance services	-	6
Due diligence	-	80
	29,130	**27,459**

7. TAX

	2021 £'000	2020 £'000
Current tax		
UK corporation tax	164	23
Adjustments in respect of prior periods	(5)	69
Deferred tax		
Timing differences, origination and reversal	-	(1,025)
Adjustment in respect of earlier years	-	25
Effect of tax rate change on opening balances	-	109
Tax charge/(credit) for the year	**159**	**(799)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

7. TAX (continued)

The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom at 19%. The differences are explained as follows:

	2021 £'000	2020 £'000
Total tax reconciliation		
(Deficit)/surplus on ordinary activities before tax	(5,246)	20,622
Tax on (deficit)/surplus on ordinary activities at 19%	(997)	3,918
Effects of:		
Fixed asset differences	383	(155)
Income not taxable for tax purposes	(12,409)	(365)
Expenses not deductible for tax purposes	13,295	1,137
Other tax adjustments, reliefs and transfers	(225)	(5,170)
Capital gains	1,393	718
Adjustments in respect of prior periods	(5)	95
Adjust opening deferred tax to average rate	-	(501)
Exempt profits adjustment	-	(1,193)
Deferred tax not recognised	3,448	717
Amounts recognised in other comprehensive income	(4,188)	-
Other permanent differences	(547)	-
Other timing difference	9	-
Total tax charge/(credit)	**159**	**(799)**

8. DIRECTORS' EMOLUMENTS

The Directors of the Society are defined as the board members, who sit as the Group Combined Board, and the Executive Board.

Non-Executive members receive a fee in respect of services provided to all Group entities and committees; it is not possible to disaggregate their renumeration at a constituent entity level. Executive Board members receive no incremental remuneration for their role as Directors of individual legal entities. All Directors are remunerated by The Swaythling Housing Society Limited.

Key Management Personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity either directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

8. DIRECTORS' EMOLUMENTS (continued)

Name	Appointed	Resigned	Annual Fee
Jane Alderman	01/02/2019	-	13,000
Mandy Clarke	01/08/2014	-	13,000
Joanna Makinson	04/11/2019	-	18,000
Lindy Morgan	04/11/2019	01/09/2020	*N/A*
Wayne Morris	04/11/2019	-	26,000
Simon Porter	01/10/2016	-	13,000
Ashley West	04/11/2019	-	13,000
Jocelyn McConnachie	*04/08/2021*	-	*8,000*
Lou Taylor	*04/08/2021*	-	*11,000*
Mary-Kathryn Rallings-Adams	*04/08/2021*	-	*8,000*
John Gary Orr	*15/10/2018*	-	*N/A*
Caroline Moore	*04/11/2019*	-	*N/A*

Board members received emoluments during the year totalling £112k (2020: £165k). Board expenses of £nil (2020: 6k) were incurred in the year.

Shown below are the aggregate emoluments (including pensions and benefits in kind, excluding compensation for loss of office) paid by the Group to:

	2021 £'000	2020 £'000
The Executive Board (excluding those paid to third parties)	1,414	1,596
Third parties in respect of Directors' services	-	89
Board Members	112	149
Key Management Personnel excluding Directors	1,673	2,380
	3,199	**4,214**
Compensation for loss of Directors' offices, by nature of:		
Payments in lieu of notice	87	100
Termination	-	122
	87	**222**
	3,286	**4,436**
Emoluments payable to the highest paid Director (excluding pension contributions)	**290**	**253**

During the period ended 31 March 2021 there were five (2020: 12) Directors within pension schemes in which the Group participates and none (2020: four) were in defined benefit schemes. Their outstanding contributions, which were accrued, as at 31 March 2021 totalled £10k (2020: £11k)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

9. STAFF COSTS

The average number of employees expressed as full-time equivalents (calculated on standard working hours per week for each employee) during the year was as follows:

	2021 FTE	2020 FTE
Central office and support staff	318	216
Development staff	79	113
Housing and customer services staff	460	420
Repairs and maintenance staff	519	476
	1,376	**1,225**

	2021 £'000	2020 £'000
Staff costs (for the above employees)		
Wages and salaries	48,910	42,084
Social security costs	4,913	4,119
Pension costs	6,045	6,086
	59,868	**52,289**

The Group had the following number of full-time equivalent staff with remuneration (including compensation for loss of office and pension contributions) of £60,000 of more, shown in bands of £10,000:

Salary banding	2021 FTE	2020 FTE
£60,000 - £69,999	37	28
£70,000 - £79,999	10	10
£80,000 - £89,999	11	11
£90,000 - £99,999	8	5
£100,000 - £109,999	5	4
£110,000 - £119,999	4	2
£120,000 - £129,999	4	1
£130,000 - £139,999	2	3
£140,000 - £149,999	-	1
£150,000 - £159,999	2	-
£160,000 - £169,999	1	2
£170,000 - £179,000	-	1
£180,000 - £189,999	1	1
£190,000 - £199,999	2	2
£200,000 - £209,999	1	1
£210,000 - £219,999	-	2
£220,000 - £229,999	1	-
£270,000 - £279,999	-	1
£280,000 - £289,999	1	-
	90	**75**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

10. INTANGIBLE ASSETS

	Internally generated assets £'000
Cost	
At 1 April 2020	1,593
Additions	161
Reclassifications	85
At 31 March 2021	**1,839**
Accumulated amortisation	
At 1 April 202	(1,177)
Charge for the year	(176)
Reclassifications	(23)
At 31 March 2021	**(1,376)**
Net book value	
At 31 March 2021	**463**
At 31 March 2020	**416**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

11. HOUSING PROPERTIES

	Completed properties			Properties in course of construction			
	Social housing lettings properties £'000	Affordable home ownership properties £'000	Total housing properties £'000	Social housing lettings properties £'000	Affordable home ownership properties £'000	Total housing properties £'000	Total housing properties £'000
Cost							
At 1 April 2020	1,855,754	210,949	**2,066,703**	51,904	29,446	**81,350**	**2,148,053**
Additions	18,149	7,853	**26,002**	37,032	59,569	**96,601**	**122,603**
Additions - works to existing properties	6,350	-	**6,350**	-	-	**-**	**6,350**
Transferred into management	31,013	31,892	**62,905**	(31,013)	(31,892)	**(62,905)**	**-**
Reclassifications	379	(379)	**-**	230	-	**230**	**230**
Disposals and demolitions	(4,903)	(4,332)	**(9,235)**	(24)	-	**(24)**	**(9,259)**
Net movement to current assets	-	(2,054)	**(2,054)**	-	-	**-**	**(2,054)**
At 31 March 2021	**1,906,742**	**243,929**	**2,150,671**	**58,129**	**57,123**	**115,252**	**2,265,923**
Accumulated depreciation							
At 1 April 2020	(237,201)	(8,803)	**(246,004)**	-	-	-	**(246,004)**
Charge for the year	(24,298)	(1,445)	**(25,743)**	-	-	**-**	**(25,743)**
Disposals and demolitions	1,988	220	**2,208**	-	-	**-**	**2,208**
At 31 March 2021	**(259,513)**	**(10,028)**	**(269,541)**	-	-	**-**	**(269,541)**
Net book value							
At 31 March 2021	**1,647,229**	**233,901**	**1,881,130**	**58,129**	**57,123**	**115,252**	**1,996,382**
At 31 March 2020	**1,618,553**	**202,146**	**1,820,699**	**51,904**	**29,446**	**81,350**	**1,902,049**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

11. HOUSING PROPERTIES (continued)

Property valuation

Social housing land and buildings are shown at historic cost. The value of social housing properties as determined by the Existing Use Valuation – Social Housing method at 31 March 2021 was £2,284m (2020: £2,167m). The valuation of all Group properties was carried out by Jones Lang LaSalle.

Expenditure on works to existing housing properties	2021 £'000	2020 £'000
Amounts capitalised	6,344	13,337
Amounts charged to Statement of Comprehensive Income	49,013	43,795

Included within the amounts above and other areas of operating costs is a total of £9,717k (2020: £13,392k) related to fire safety expenditure.

Security

The Group had housing property with a net book value of £1,196.6m pledged as security at 31 March 2021 (2020 restated: £1,180m).

12. OTHER FIXED ASSETS

	Freehold land and premises £'000	Leasehold land and premises £'000	Computers, fixtures and fittings £'000	Vehicles, plant and equipment £'000	Photo-voltaic panels £'000	Total £'000
Cost						
At 1 April 2020	17,824	90	5,779	5,327	705	**29,725**
Additions	14	-	587	2	-	**603**
Disposals	(279)	-	-	(62)	-	**(341)**
Reclassifications	2,516	-	(85)	-	-	**2,431**
At 31 March 2021	**20,075**	**90**	**6,281**	**5,267**	**705**	**32,418**
Accumulated depreciation						
At 1 April 2020	(3,421)	(90)	(4,384)	(4,124)	(233)	**(12,252)**
Charge for the year	(568)	-	(563)	(464)	(28)	**(1,623)**
Disposals	146	-	-	62	-	**208**
Reclassifications	-	-	22	-	-	**22**
At 31 March 2021	**(3,843)**	**(90)**	**(4,925)**	**(4,526)**	**(261)**	**(13,645)**
Net book value						
At 31 March 2020	**16,232**	**-**	**1,356**	**741**	**444**	**18,773**
At 31 March 2019	**14,403**	**-**	**1,395**	**1,203**	**472**	**17,473**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

13. INVESTMENT PROPERTIES

	Completed £'000	In course of construction £'000	Total £'000
Value			
At 1 April 2020	71,653	217	**71,870**
Additions	-	1,012	**1,012**
Reclassifications	(2,746)	-	**(2,746)**
Disposals and demolitions	(241)	-	**(241)**
Revaluation surplus	1,560	-	**1,560**
At 31 March 2021	**70,226**	**1,229**	**71,455**

Property valuation

Completed investment properties are shown at market value of £70.2m (2020: £71.7m), defined as MV-T (market value tenanted) at the reporting date by Jones Lang LaSalle (RICS), 30 Warwick Street, London, W1B 5NH.

If the investment properties had not been revalued, they would have been included at the following amounts:

	2021 £'000	2020 £'000
Cost	57,084	59,673
Depreciation	(5,147)	(3,948)
Net book value	**51,937**	**55,725**

14. EQUITY LOANS

	2021 £'000	2020 £'000
Equity loans	34,449	37,644
Accrued equity loan interest	29	34
Equity loan provision	(747)	(837)
	33,731	**36,841**

Equity loans are secured by way of an equity charge over the property purchased by the recipient of the loan. We have received £27.8m of grant (2020: £30.2m) in respect of the equity loans in issue. The grants will be recycled on redemption of the loans.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

15. INVESTMENTS

Group

The Group, through its subsidiary Yarlington Housing Group Limited, has 333 solely held shares and 333 jointly held shares in Affinity (Reading) Holdings Limited with Southern Housing Group. Both shareholdings moved from Windsor and District Housing Association following the execution of the Transfer of Engagements. In turn, Affinity (Reading) Holdings Limited owns 100% of the share capital of Affinity (Reading) Limited, the operator of a PFI contract to supply, refurbish, manage and maintain part of Reading Borough Council's housing inventory until 2034.

The Group, through its subsidiary Yarlington Housing Group Limited, is also in partnership with Southern Housing Group to deliver housing and community development services for the estate under the PFI contract via Affinity Housing Services. This activity moved from Windsor and District Housing Association following the execution of the Transfer of Engagements.

The Group, through its subsidiary Yarlington Housing Group Limited has invested in The Smarterbuys Store Limited, who aim to offer a credible alternative to high interest stores. An initial investment in 2014/15 was added to in subsequent years and generates an annual return on 5%. The Smarterbuys website offers household furniture, appliances and electrical goods at a significant discount from the recommended retail price, with access to responsible credit.

The Group, through its subsidiary Yarlington Housing Group Limited has invested in Somerset Savings and Loans, who offer short term loans and savings services to tenants. The organisation is a community owned, not for profit financial co-operative and generates an annual return of 2%.

The Group, through its subsidiary Radian Developments Limited has invested in Thakeham Pease Pottage LLP, a jointly controlled entity with Thakeham Homes Limited. The partnership was formed to develop a site at Pease Pottage in West Sussex, delivering over 600 new homes, a school, hospice, café and community spaces. Radian Developments Limited purchased 50% of Thakeham Pease Pottage LLP from Thakeham Homes (Pease Pottage) Limited on 28 September 2018.

The Group, through its subsidiary Radian Developments Limited has invested in Linden (Sayers Common) LLP, a jointly controlled entity with the Vistry Linden Limited on 3 June 2019. The partnership was formed to develop a site at Reeds Lane, Sayers Common in West Sussex, delivering 120 new homes.

The Group, through its subsidiary The Swaythling Housing Society Limited, has a 26% interest in Aspect Building Communities Limited, a company limited by guarantee. Aspect was formed to bring forward housing developments to increase housing supply and boost the local economy by working in partnership with local organisations. We are a co-investor alongside another registered provider and two local authorities who all contribute to the annual overheads. No investment value is held at the reporting date as it is deemed irrecoverable.

The Group's investment through its subsidiary, The Swaythling Housing Society Limited, in Parity Trust is not considered to be recoverable and was fully impaired in 2015.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

15. INVESTMENTS (continued)

Group (continued)

	Cost at 1 April 2020 £'000	Movement in year £'000	Cost at 31 March 2021 £'000
Affinity (Reading) Holdings Limited	2,592	(205)	**2,387**
Affinity Housing Services	246	180	**426**
Thakeham Pease Pottage LLP	(1,719)	2,511	**792**
Linden (Sayers Common) LLP	(288)	(496)	**(784)**
Advantage South West LLP	102	(1)	**101**
Somerset Savings and Loans	15	-	**15**
The Smarterbuys Store Ltd	60	-	**60**
	1,008	**1,989**	**2,997**

Society

In 2011/12, the Society subscribed for the whole of the share capital of Radian Capital plc, a subsidiary set up to raise funds through the bond markets to extend to other members of the Group. The Society holds 50,000 £1 shares of which £12,500 has been paid.

In 2018/19, the Society subscribed for the whole of the share capital of Radian Developments Limited, a subsidiary set up to deliver joint venture projects. The Society holds 1,000 £1 shares which have been fully paid.

In 2019/20, the Society became the parent company of Yarlington Housing Group and the ultimate parent of the existing subsidiaries of the Yarlington Housing Group. The Society became the parent following an amendment of Yarlington Housing Group's rules, which included the creation of a new class of shares, submitted on 4 November 2019.

The Society also owns one £1 share in The Swaythling Housing Society Limited and Oriel Housing Limited. As the Society exercises control of these entities through its ability to appoint and remove Board Members, they are subsidiaries. Further details of the Society's subsidiaries and interests are provided in note 32.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

16. PROPERTIES FOR SALE

	Completed properties			Properties in course of construction			
	Market sale properties	Affordable home ownership properties	Total properties for sale	Market sale properties	Affordable home ownership properties	Total properties for sale	Total properties for sale
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 April 2020	**-**	2,867	**2,867**	7,711	19,627	**27,338**	**30,205**
Additions	-	-	**-**	672	39,724	**40,396**	**40,396**
Completed in year	691	21,145	**21,836**	(691)	(21,141)	**(21,832)**	**4**
Net movement from housing properties	-	2,054	**2,054**	-	-	**-**	**2,054**
Cost of properties sold	1	(21,280)	**(21,279)**	-	-	**-**	**(21,279)**
At 31 March 2021	**692**	**4,786**	**5,478**	**7,692**	**38,210**	**45,902**	**51,380**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

17. RECEIVABLES

	Group 2021 £'000	Group 2020 £'000	Society 2021 £'000	Society 2020 £'000
Gross arrears of rent and service charges				
Social	7,313	6,087	-	-
Non-social	674	647	-	-
	7,987	**6,734**	**-**	**-**
Bad debt provision	(2,805)	(2,702)	-	-
Net tenant arrears	**5,182**	**4,032**	**-**	**-**
Social housing grant receivable	-	-	-	-
Short-term non-liquid assets	12,866	12,994	-	-
Trade receivables	1,679	1,494	-	-
Intercompany loans	-	-	-	13,300
Other receivables and prepayments	9,000	29,858	1,908	1,035
Corporation and deferred taxation	190	-	-	
Other taxation and social security	398	26	-	-
Amounts due within one year	**29,315**	**48,404**	**1,908**	**14,335**
Loan notes due from jointly controlled entities	48,349	50,272	-	-
Interest bearing balance due from jointly controlled entities	2,392	1,396	-	-
Other receivables and prepayments	12	11	-	-
Intercompany loans	-	-	-	53,454
Amounts due after one year	**50,753**	**51,679**	**1,908**	**53,454**
	80,068	**100,083**	**1,908**	**67,789**

Short-term non-liquid assets comprise gilts and cash held in liquidity funds.

Included within other receivables and prepayments above is £163k (2020: £196k) of staff loans.

Investment	Nominal value £'000	Fair value 2021 £'000	Fair value 2020 £'000	Interest rate	Expiry date
UK Government gilt holding	1,019	1,034	1,114	8.00%	2021
UK Government gilt holding	600	935	1,022	4.75%	2038
	1,619	**1,969**	**2,136**		

The fair value movement on gilts of £168k has been credited to the Statement of Comprehensive Income in the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

18. PAYABLES: AMOUNTS DUE WITHIN ONE YEAR

	Group		Society	
		Restated		
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Loans and borrowings	47,324	51,694	-	13,392
Trade payables	31,875	27,155	-	-
Deferred income	7,382	6,861	-	-
Amounts owed to Group undertakings	-	-	9,035	4,554
Other tax and social security payable	1,568	865	-	-
Other payables	5,138	4,286	359	412
Accruals	24,292	18,743	-	-
Contract retentions	4,437	2,236	-	-
Right to Buy profit share agreement	1,867	2,087	-	-
Deferred capital grant due within one year	5,575	5,575	-	-
Called up share capital	-	-	38	38
Corporation tax	247	92	-	-
	129,705	**119,594**	**9,432**	**18,396**

The prior year has been restated to remove provisions relating to cladding and/or insulation remedial works, which are now disclosed separately in note 20.

Whilst amounts owed to Group undertakings are repayable within one year, it is unlikely that the obligation to repay the debt within one year will be enforced.

19. PAYABLES: AMOUNTS DUE AFTER ONE YEAR

	Group		Society	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Loans and borrowings	1,138,311	1,152,563	-	53,306
Interest rate swap	8,763	11,119	-	-
Recycled Capital Grant Fund	17,345	14,427	-	-
Disposals proceeds fund	-	193	-	-
Other payables	9	14	-	-
Contract retentions	1,036	1,036	-	-
Deposits repayable	24	24	-	-
	1,165,488	**1,179,376**	**-**	**53,306**

The Disposal Proceeds Fund was fully utilised before 6 April 2020.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

19. PAYABLES: AMOUNTS DUE AFTER ONE YEAR (continued)

Loans and borrowings are secured by fixed mortgages over housing properties and are repayable or will be released to the Statement of Comprehensive Income as follows:

	Group							
	2021				2020			
	Bank loans £'000	Bonds £'000	HCA loans £'000	Total £'000	Bank loans £'000	Bonds £'000	HCA loans £'000	Total £'000
In multiple instalments								
One year or less	37,041	481	-	**37,522**	43,070	443	-	**43,513**
One to two years	7,440	256	-	**7,696**	24,469	236	-	**24,705**
Two to five years	37,970	1,784	-	**39,754**	92,358	1,641	-	**93,999**
Five years or more	489,080	102,825	-	**591,905**	448,677	83,851	-	**532,528**
	571,531	**105,346**	**-**	**676,877**	**608,574**	**86,171**	**-**	**694,745**
In a single instalment								
Two to five years	-	12,000	-	**12,000**	-	12,000	-	**12,000**
Five years or more	-	435,800	572	**436,372**	-	435,800	572	**436,372**
	-	**447,800**	**572**	**448,372**	**-**	**447,800**	**572**	**448,372**
	571,531	**553,146**	**572**	**1,125,249**	**608,574**	**533,971**	**572**	**1,143,117**

The total value of all loans and borrowings includes a further £60.4m of capitalised fees, premiums and accrued interest.

	Society	
	2021 Bank loans £'000	2020 Bank loans £'000
In multiple instalments		
One year or less	-	13,300
Five years or more	-	53,454
	-	**66,754**

The fair value of our own-named bond liability as at 31 March 2021 was £532.6m (31 March 2020: £550m). The bonds have been allocated to the Level 1 fair value hierarchy. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

A summary of the interest rates charged on loans and borrowings is included within the Capital and Treasury Management section, commencing on page 59.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

20. PROVISIONS

	Fire Safety 2021 £'000	2020 £'000
Balance brought forward at 1 April	**10,088**	-
Variations to provisions brought forward	1,155	-
New provisions in year	3,891	10,088
Release of provisions in year	(2,362)	-
Balance carried forward at 31 March	**12,772**	**10,088**

Provisions relate to remedial works for defective cladding and/or insulation on blocks in excess of 11m in height and are released against costs incurred when work is in progress.

21. ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2020 £'000	Cash flows £'000	Non-cash changes £'000	At 31 March 2021 £'000
Cash and cash equivalents				
Cash	224,467	(85,773)	-	**138,694**
Cash equivalents	13,000	(12,000)	-	**1,000**
	237,467	**(97,773)**	**-**	**139,694**
Loans and borrowings				
Payables: amounts due within one year	(51,644)	37,486	(33,166)	**(47,324)**
Payables: amounts due after one year	(1,152,564)	(18,920)	33,174	**(1,138,311)**
	(1,204,208)	**18,566**	**8**	**(1,185,635)**
	(966,741)	**(79,207)**	**8**	**(1,045,941)**

22. DISPOSAL PROCEEDS FUND

	Group £'000
At 1 April 2020	193
Recycling of grant	
New build	(193)
At 31 March 2021	**-**

The Disposal Proceeds Fund was fully utilised before 6 April 2020.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

23. DEFERRED CAPITAL GRANT

	Completed £'000	In course of construction £'000	Total £'000
Cost			
At 1 April 2020	541,627	16,381	**558,008**
Inputs			
Received in year	6,328	4,743	**11,071**
Transferred from Recycled Capital Grant Fund	-	1,012	**1,012**
Transferred from Disposals Proceeds Fund	-	193	**193**
Transferred into management	3,822	-	**3,822**
Outputs			
Recycled on disposal	(1,719)	-	**(1,719)**
Transferred into management	-	(3,822)	**(3,822)**
At 31 March 2021	**550,058**	**18,507**	**568,565**
Accumulated amortisation			
At 1 April 2020	(69,020)	-	**(69,020)**
Released on disposal	347	-	**347**
Charge for the year	(5,406)	-	**(5,406)**
At 31 March 2021	**(74,079)**	**-**	**(74,079)**
Amortised deferred capital grant			
At 31 March 2021	**475,979**	**18,507**	**494,486**
At 31 March 2020	**472,607**	**16,381**	**488,988**

Deferred capital grant will be recognised in the Statement of Comprehensive Income as follows:

	Completed £'000	In course of construction £'000	Total £'000
Deferred capital grant due within one year	5,575	-	**5,575**
Deferred capital grant due after one year	470,404	18,507	**488,911**
	475,979	**18,507**	**494,486**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

24. RECYCLED CAPITAL GRANT FUND

	£’000
At 1 April 2020	14,427
Net inputs to fund	
Grants recycled	3,969
Interest accrued	15
Other	(54)
Recycling of grant	
New build	(1,012)
At 31 March 2021	**17,345**

25. DEFERRED TAX

	2021 £'000	2020 £'000
At 1 April	-	900
Credited to Statement of Comprehensive Income	-	(900)
At 31 March	**-**	**-**

	2021 £’000	2020 £’000
Capital gains	1,338	818
Losses and other deductions	(1,338)	(818)
Provision for deferred tax	**-**	**-**

Deferred tax assets and liabilities are offset only where the Group has a legally enforceable right to do so and where the assets and liabilities relate to taxes levied by the same tax authority on the same taxable entity within the Group.

It is not anticipated that there will be any significant reversal of the deferred tax liability in the next 12 months.

An asset of £7.9m (2020: £4.4m) has not been recognised in respect of losses and other timing differences. The asset would be recovered if there were sufficient and suitable surpluses in the future.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

26. PENSIONS

Defined Contribution Schemes

The Group operates two Defined Contribution schemes. The Pensions Trust Flexible Retirement Plan has members employed by the entities who formed the legacy Abri Group, with employees of the legacy Yarlington Group contributing into the Aviva Life scheme.

The Pensions Trust Flexible Retirement Plan

Employers contribute to the scheme based on the employee contribution plus 2%, subject to a maximum of 10%, except for senior leaders for whom the cap is 12%. The accounting charge represents contributions to the plan for the year and amounted to £2.1m (2020: £1.6m). There were outstanding contributions as at 31 March 2021 of £190k (2020: £143k).

Aviva Life

Employers contribute to the scheme based on the employee contribution plus 2%, subject to a maximum of 10%, except for senior leaders for whom the cap is 12%. The accounting charge represents contributions to the plan for the year and amounted to £567k (2020: £417k).

Defined Benefit Schemes

The Group, through its subsidiaries, participates in the following schemes:

- Radian Group Pension Scheme (RGPS);
- Somerset County Council Pension Fund (SCC);
- Hampshire Pension Fund (HPF); and
- Royal County of Berkshire Pension Fund (RCB).

At the reporting date the schemes across the Group were funded as follows:

	2021	**2020**
	£'000	**£'000**
RGPS defined benefit pension deficit	23,621	3,480
HPF defined benefit deficit	4,957	5,164
RCB defined benefit deficit	7,249	6,584
SCC defined benefit deficit	45,205	32,004
	81,032	**47,232**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

26. PENSIONS (continued)

Defined Benefit Schemes (continued)

The Pensions Trust Growth Plan (GP)

The Group ceased to participate in the Growth Plan, a funded multi-employer defined benefit scheme, on 9 January 2020. At this point the Plan deficit was calculated under Section 75 of The Pensions Act 1995, resulting in a debt of £54k. The debt was paid in full by 31 March 2021. Prior year comparative figures for the Plan's impact on other comprehensive income have been included for completeness.

Radian Group Pension Scheme (RGPS)

On 1 October 2012 all employers within the Group withdrew from the Social Housing Pension Scheme (SHPS) and established RGPS, a separate pension scheme administered by The Pensions Trust, discharging liabilities which were not transferred to RGPS.

RGPS is now closed to new members, but has the following defined benefit structures for its active members:

- $^{1}/_{60}{}^{th}$ Final Salary; and
- $^{1}/_{60}{}^{th}$ CARE (Career Average Revalued Earnings)

A full actuarial valuation was carried out at 30 September 2019 and updated to 31 March 2021 by an independent qualified actuary. The valuation showed a deficit of £30.8m which the Group has agreed with the Trustee to aim to eliminate over a period of nine years from 1 April 2020. To this end the Group has made deficit payments of £1,792k during the year (2020: £2,084k) and continued to make monthly contributions of 34.6% of members' earnings until 31 March 2021.

Main financial assumptions adopted for FRS 102 purposes:

	2021	**2020**
	%	**%**
CPI inflation	3.0	1.5
Salary increases	3.2	2.5
Discount rate	2.2	2.4

Post retirement mortality assumptions:

	Males	**Females**
Retiring today	21.5	23.8
Retiring in 20 years	22.8	25.3

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

26. PENSIONS (continued)

Defined Benefit Schemes (continued)

Somerset County Council Pension Fund

The Group participates in the Somerset County Council Pension Fund (SCC). A full actuarial valuation was carried out at 31 March 2019 and updated to 31 March 2021 by an independent qualified actuary. The valuation showed a scheme deficit of £6.4m corresponding to a funding level of 87%. In the year, payments were made towards this deficit totalling £418k (2020: £560k)

Main financial assumptions adopted for FRS 102 purposes:	2021	2020
	%	%
Increases per annum		
CPI inflation	2.9	1.9
Salary increases	3.9	2.9
Discount rate	2.0	2.4

Post retirement mortality assumptions:	Males	Females
Retiring today	23.1	24.6
Retiring in 20 years	24.4	26.0

Hampshire County Council Pension Fund (HPF)

Yarlington Housing Group participates in a Local Government Pension Scheme, HPF; a multi-employer defined benefit scheme whose deficit can be separately identified. A full actuarial valuation of HPF was carried out at 31 March 2019 and updated to 31 March 2021 by an independent qualified actuary. The valuation results show a funding deficit of £4.3m and a funding level of 72.8%. The agreed employer's contribution rate increased to 37.2% of gross pay from in 2020/21 (2019/20: 31.5%). To contribute to the fund shortfall the Group must pay a capital contribution amount for past service contributions over a recovery period of ten years. These additional contributions were set at £562k for 2020/21.

Main financial assumptions adopted for FRS 102 purposes:	2021	2020
	%	%
Salary increases	4.1	3.1
Pension increases (CPI inflation)	3.1	2.5
Discount rate	1.7	2.0

Post retirement mortality assumptions:	Males	Females
Member aged 65 at accounting date	23.1	25.5
Member aged 45 at accounting date	24.8	27.3

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

26. PENSIONS (continued)

Defined Benefit Schemes (continued)

Royal County of Berkshire Pension Fund (RCB)

The Swaythling Housing Society Limited participates in RCB, a multi-employer defined benefit pension scheme where the deficit or surplus can be separately identified. A full actuarial valuation of RCB was carried out at 31 March 2019. The valuation results showed a funding deficit of £2.0m and a funding level of 68%. Contributions in 2020/21 decreased to 21.0% (2019/20: 25.7%) of pensionable pay. In the year, payments were made towards this deficit totalling £209k (2020: £13k).

Main financial assumptions adopted for FRS 102 purposes:	**2021**	**2020**
	%	**%**
Discount rate	1.7	2.0
Pension increases (CPI inflation)	3.1	2.5
Salary increases	4.1	3.5

Post retirement mortality assumptions:	**Males**	**Females**
Retiring today	21.6	24.1
Retiring in 20 years	23.0	25.6

The assets in the Group's schemes at 31 March 2021 were:

	RGPS	**HPF**	**RCB**	**SCC**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Equities	8,005	8,125	3,077	37,594	**56,801**
Bonds	47,519	2,466	839	7,792	**58,616**
Property	3,467	870	636	3,486	**8,459**
Infrastructure	-	-	420	-	**420**
Cash	-	200	234	3,118	**3,552**
Alternative assets	28,456	2,595	(69)	-	**30,982**
Total market values of assets	**87,447**	**14,256**	**5,137**	**51,990**	**158,830**

The assets in the Group's schemes at 31 March 2020 were:

	RGPS	**HPF**	**RCB**	**SCC**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Equities	12,324	5,968	2,697	27,886	**48,875**
Bonds	35,944	2,469	445	6,853	**45,711**
Property	2,188	827	656	3,920	**7,591**
Infrastructure	-	-	392	-	**392**
Cash	-	226	564	2,685	**3,475**
Alternative assets	31,576	1,834	23	-	**33,433**
Total market values of assets	**82,032**	**11,324**	**4,777**	**41,344**	**139,477**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

26. PENSIONS (continued)

Defined Benefit Schemes (continued)

The Group's obligations in respect of its defined benefits retirement schemes at 31 March 2021 are set out below:

	RGPS £'000	HPF £'000	RCB £'000	SCC £'000	Total £'000
Fair value of scheme assets	87,447	14,256	5,137	51,990	**158,830**
Present value of defined benefit obligation	(111,068)	(19,213)	(12,386)	(97,195)	**(239,862)**
Group share of deficit in the scheme	**(23,621)**	**(4,957)**	**(7,249)**	**(45,205)**	**(81,032)**
Movements in the fair value of scheme assets					
Opening fair value of scheme assets	82,032	11,324	4,777	41,344	**139,477**
Interest income on scheme assets	1,931	229	93	966	**3,219**
Actuarial gains	3,170	2,415	497	10,180	**16,262**
Expenses	(202)	-	(3)	(28)	**(233)**
Contributions from employers	2,376	843	214	1,210	**4,643**
Contributions from scheme members	11	13	2	271	**297**
Benefits paid	(1,871)	(568)	(443)	(1,953)	**(4,835)**
Closing fair value of scheme assets	**87,447**	**14,256**	**5,137**	**51,990**	**158,830**
Movements in the present value of defined benefit obligations					
Opening defined benefit obligation	(85,512)	(16,488)	(11,361)	(73,348)	**(186,709)**
Service cost	(372)	(84)	(11)	(1,355)	**(1,822)**
Interest cost	(1,992)	(326)	(223)	(1,704)	**(4,245)**
Actuarial losses	(25,052)	(2,654)	(1,232)	(22,470)	**(51,408)**
Benefits paid	1,871	568	443	1,946	**4828**
Contributions by scheme members	(11)	(13)	(2)	(264)	**(290)**
Curtailment cost	-	(216)	-	-	**(216)**
Closing defined benefit obligation	**(111,068)**	**(19,213)**	**(12,386)**	**(97,195)**	**(239,862)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

26. PENSIONS (continued)

Defined Benefit Schemes (continued)

The Group's obligations in respect of its defined benefits retirement schemes at 31 March 2020 are set out below:

	RGPS £'000	HPF £'000	RCB £'000	SCC £'000	Total £'000
Fair value of scheme assets	82,032	11,324	4,777	41,344	**139,477**
Present value of defined benefit obligation	(85,512)	(16,488)	(11,361)	(73,348)	**(186,709)**
Group share of deficit in the scheme	**(3,480)**	**(5,164)**	**(6,584)**	**(32,004)**	**(47,232)**
Movements in assets					
Opening fair value of scheme assets	78,344	11,698	5,376	44,938	**140,356**
Interest income on scheme assets	1,886	247	110	1,076	**3,319**
Actuarial gains/(losses)	1,323	(747)	(382)	(4,405)	**(4,211)**
Expenses	(198)	-	(3)	(32)	**(233)**
Contributions from employers	2,764	685	22	1,290	**4,761**
Contributions from scheme members	13	23	2	340	**378**
Benefits paid	(2,100)	(582)	(348)	(1,863)	**(4,893)**
Closing fair value of scheme assets	**82,032**	**11,324**	**4,777**	**41,344**	**139,477**
Movements in obligations					
Opening defined benefit obligation	(96,593)	(18,645)	(12,178)	(80,171)	**(207,587)**
Service cost	(331)	(153)	(28)	(2,343)	**(2,855)**
Interest cost	(2,293)	(386)	(252)	(1,906)	**(4,837)**
Actuarial losses	11,618	2,137	751	9,549	**24,055**
Benefits paid	2,100	582	348	1,863	**4,893**
Contributions by scheme members	(13)	(23)	(2)	(340)	**(378)**
Closing defined benefit obligation	**(85,512)**	**(16,488)**	**(11,361)**	**(73,348)**	**(186,709)**

Analysis of amounts charged to the Statement of Comprehensive Income in 2021:

	RGPS £'000	HPF £'000	RCB £'000	SCC £'000	Total £'000
Within operating costs:					
Service costs	372	84	11	1,355	**1,822**
Expenses	202	-	3	28	**233**
Curtailment cost	-	216	-	-	**216**
Within finance costs:					
Net finance charge	61	97	130	738	**1,026**
	635	**397**	**144**	**2,121**	**3,297**

26. PENSIONS (continued)

Defined Benefit Schemes (continued)

Analysis of amounts charged to the Statement of Comprehensive Income in 2020:

	RGPS £'000	HPF £'000	RCB £'000	SCC £'000	Total £'000
Within operating costs:					
Current service costs	331	153	28	2,343	**2,855**
Expenses	198	-	3	32	**233**
Within finance costs:					
Net finance charge	407	139	142	830	**1,518**
	936	**292**	**173**	**3,205**	**4,606**

Analysis of amounts recognised in other comprehensive income in 2021:

	RGPS £'000	HPF £'000	RCB £'000	SCC £'000	Total £'000
Actual less expected return on assets	3,170	2,415	497	10,180	**16,262**
Losses from changes in assumptions	(25,881)	-	(1,529)	(23,343)	**(50,753)**
Experience gains/(losses) on liabilities	829	(2,654)	297	873	**(655)**
Actuarial losses	**(21,882)**	**(239)**	**(735)**	**(12,290)**	**(35,146)**

Analysis of amounts recognised in other comprehensive income in 2020:

	RGPS £'000	HPF £'000	RCB £'000	GP £'000	SCC £'000	Total £'000
Actual less expected return on assets	1,323	(747)	(186)	-	(3,728)	**(3,338)**
Gains from changes in assumptions	14,438	-	368	-	9,311	**24,117**
Experience gains/(losses) on liabilities	(2,820)	2,137	383	-	238	**(62)**
Other actuarial gains	-	-	(196)	(19)	(677)	**(892)**
Actuarial gains/(losses)	**12,941**	**1,390**	**369**	**(19)**	**5,144**	**19,825**

27. CAPITAL AND OTHER COMMITMENTS

	2021 £'000	2020 £'000
In contract	254,054	177,500
Approved but not contracted	54,106	109,311
Total capital commitments	**308,160**	**286,811**
Other commitments	92,829	77,952
Total commitments	**400,989**	**364,763**

Capital commitments represent expenditure on housing properties not provided for in the financial statements. Other commitments represent expenditure on properties being developed for sale.

Commitments will be financed by existing cash balances, deferred bond proceeds, retained surpluses, including property sales and the ability to access additional loans and borrowings, including revolving credit facilities, if required.

28. OPERATING LEASES

The Group total future minimum lease payments under non-cancellable operating leases are as follows:

	Office Equipment		Land and Buildings	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Not later than one year	404	105	79	129
Later than one year but not later than five years	733	542	124	209
Later than five years	-	-	-	14
	1,137	**647**	**203**	**352**

The receipts which the Group is committed to receive in the next year under operating leases are as follows. Where a tenancy lease has no fixed end date, it has been assumed that the Group is committed to receive one month's rent, equal to the default notice period on tenancy agreements.

	Commercial properties		Leases with partnership agencies		Tenancy leases	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Not later than one year	73	21	1,184	1,203	47,691	58,850
Later than one year but not later than five years	205	86	3,610	3,783	97,901	137,279
Later than five years	257	115	4,026	4,718	11,640	20,319
	535	**222**	**8,820**	**9,704**	**157,232**	**216,448**

29. FINANCIAL INSTRUMENTS

	At fair value 2021 £'000	At fair value 2020 £'000
Financial assets		
Receivables	1,968	2,136
Financial liabilities		
Payables: amounts due after one year	(8,763)	(11,119)

	2021 £'000	2020 £'000
Fair value gains/(losses)		
On current asset listed investments	(168)	17
On interest rate swap	2,356	(2,966)
	2,188	**(2,949)**

30. DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses a derivative financial instrument, in the form of a fixed interest rate swap, to manage its interest rate risk on variable rate loans and borrowings by receiving variable interest income. Both the hedged item and hedging instrument are priced with reference to LIBOR.

The swap carries a nominal value of £15.0m and matures in 2038, with an impact on the Statement of Comprehensive Income in the intervening period.

The Group expects to retain an exposure to variable rate borrowings over the term of the swap and the instrument is deemed to be fully effective. The fair value of the swap at the reporting date is shown below.

	2021 £'000	2020 £'000
Liability		
Interest rate swap	8,763	11,119

The amount of the change in fair value of the hedging instrument that was recognised in Other Comprehensive Income during the year was a loss of £2,356k (2020: £2,966k).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

31. RELATED PARTY TRANSACTIONS

Group

Pension Schemes

All defined benefit schemes in which the employees of the Group participate are deemed to be related parties. Full disclosure on these can be found in note 26.

Loans

During the year, one (2020: three) employee determined to be Key Management Personnel had loans with the Society. As at 31 March 2021, the outstanding value of this loan was £1,354 (2020: £2,604).

Loans are unsecured, repayable in monthly instalments and do not carry interest. There are no provisions for uncollectible receivables.

Transactions with other entities

Group

The Group accounts are prepared on a consolidated basis, all intercompany transactions are eliminated on consolidation.

The following disclosure has been included in order to comply with the accounting direction for social housing, which requires transactions between registered providers and other entities in the Group to be disclosed.

Registered providers of social housing

- The Swaythling Housing Society Limited (SHS);
- Yarlington Housing Group Limited (YHG); and
- Oriel Housing Limited (OHL)

Other Group entities

Abri Group Subsidiaries

- Radian Developments Limited (RDL)
- Yarlington Homes Limited (YHL)
- Inspired to Achieve Limited (i2a)
- Yarlington Property Management Limited (YPM)
- Radian Capital plc (RC)
- Yarlington Treasury Services plc (YTS)
- Swaythling Assured Homes plc (SAH)

Jointly Controlled Entities

- *Thakeham Pease Pottage LLP (TPP)*
- *Linden (Sayers Common) LLP (LSC)*
- *Lovell/Abri Weymouth LLP (LAW)*
- *Affinity (Reading) Holdings Limited (ARHL)*
- *Affinity (Reading) Limited (ARL)*
- *Affinity Housing Services (AHS)*
- *Advantage South West LLP (ASW)*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

31. RELATED PARTY TRANSACTIONS (continued)

Transactions with other entities (continued)

The following transactions and balances are shown prior to any Group level consolidation.

Transactions	**2021**	**2020**
	£'000	**£'000**
Income		
Operating Costs – YHG recharge to YHL for corporate overhead charges	40	39
Operating Costs – YHG recharge to YPM for corporate overhead charges	-	1
Operating Costs – YHG recharge to i2a for corporate overhead charges	25	26
Operating Costs – YHG recharge to ASW for financial / secretarial charges	*6*	-
Interest Income – YHG receipt from YHL for intercompany loan	-	30
Interest Income – YHG receipt from RC for 2042 bond holding	-	588
Interest Income – YHG receipt from TPP for development and equity loans	*2,258*	*2,531*
Interest Income – YHG receipt from LSC for development and equity loans	*429*	*220*
Interest Income – YHG receipt from LSC for equity loan	*2*	-
Interest Income – YHG receipt from ARHL for loan notes	*243*	*225*
Gift Aid – YHG receipt from YPM	73	146
Gift Aid – YHG receipt from YHL	194	1,084
Gift Aid – YHG receipt from i2a	46	-
	3,316	**4,890**
Expenditure		
Fixed Assets – SHS purchase of developments from YHL	(1,801)	(8,444)
Fixed Assets – SHS purchase of developments from TPP	*(3,258)*	-
Fixed Assets – YHG purchase of developments from YHL	(31,480)	(7,227)
Fixed Assets – YHG purchase of developments from TPP	*(2,319)*	-
Loan Drawdowns – YHG to TPP for development loan	(1,920)	7,478
Operating Costs – YHG charge for employment services provided by i2a	(228)	(232)
Operating Costs – YHG charge for services provided by YPM	(75)	(67)
Finance Costs – YHG charge for servicing fees from RC	(72)	(75)
Finance Costs – YHG interest costs from YTS for intercompany loans	(1,809)	(1,136)
Finance Costs – YHG interest costs from RC for intercompany loans	(16,699)	(15,766)
Finance Costs – YHG interest costs from YHL for intercompany loans	-	(1)
Finance Costs – YHG interest costs from YPM for intercompany loans	-	(2)
Finance Costs – YHG interest costs from i2a for intercompany loans	-	(1)
	(59,661)	**(25,473)**

Balances	**2021**	**2020**
	£'000	**£'000**
Fixed Assets		
Investment – YHG shareholding in YHL	6,000	6,000
Investment – YHG shareholding in YTS	50	50
Investment – YHG investment in ARHL	1,170	1,170
Investment – YHG investment in AHS	25	25
	7,245	**7,245**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

31. RELATED PARTY TRANSACTIONS (continued)

Transactions with other entities (continued)

Balances	**2021 £'000**	**2020 £'000**
Receivables		
Trade Debtors – YHG from I2A for staff charges	248	2
Trade Debtors – YHG from YTS in relation to charges on 2057 bond	460	481
Trade Debtors – YHG from YHL for staff charges	-	76
Trade Debtors – YHG from YPM for materials and staff charges	210	214
Trade Debtors – YHG from ASW for staff charges	*26*	-
Trade Debtors – YHG from ARL for directors fees	*33*	*33*
Trade Debtors – SHS from AHS for transactional services	*15*	-
Trade Debtors – YHG from AHS for transactional services	-	*15*
Loan Balance – YHG to RDL intercompany loan	2,500	-
Loan Balance – YHG to TPP for development and equity loans	*36,980*	*48,838*
Loan Balance – YHG to LSC for equity loan	9,800	-
Loan Balance – YHG to LAW for equity loan	138	-
Loan Balance – YHG to ARHL for loan notes	2,116	1,969
Unpaid interest – YHG to TPP on intercompany loan	*1,057*	*1,173*
Unpaid interest – YHG to LSC on intercompany loan	*649*	*220*
Unpaid interest – YHG to LAW on intercompany loan	*2*	-
Cash Security – YHG provided to RC in relation to 2049 bond	6,250	-
	60,485	**53,021**
Payables		
Fixed Assets – SHS to YHL for purchase of developments	-	(1,044)
Fixed Assets – YHG to YHL for purchase of developments	(6,743)	(1,077)
Fixed Assets – SHS to TPP for purchase of developments	*(121)*	-
Loan Balance – YHG to RC for on-lent bond proceeds	(330,000)	(305,000)
Loan Balance – YHG to YTS for on-lent bond PIC proceeds	(60,000)	(40,380)
Loan Balance - YHG to YPM for cash deposits	-	(314)
Loan Balance - YHG to YPM for cash deposits	-	(2,925)
Trade Payables – YHG to i2a for cash deposits	-	(41)
	(396,864)	**(350,781)**

Society

Transactions with other entities

The Society has taken advantage of the exemption contained in FRS 102 paragraph 33.1A not to disclose transactions or balances with entities which are wholly owned by the Group, subject to the requirements of the Accounting Direction to disclose transactions with non-registered providers, who are listed below:

Transactions and balances with subsidiaries are eliminated in the consolidated Group financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

31. RELATED PARTY TRANSACTIONS (continued)

Transactions with other entities (continued)

The following transactions and balances are shown from the perspective of the Society.

	2021 £'000	2020 £'000
Balances		
Unpaid shares in RC	(38)	(38)

32. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

Abri Group Limited is the ultimate parent company, with a registered office at Collins House, Bishopstoke Road, Eastleigh, Hampshire, SO50 6AD.

Below is a list of all entities which make up the Group:

Type	Subsidiary	Registration status	Holding
Registered Providers	The Swaythling Housing Society Limited	Registered Society	100%
	Yarlington Housing Group Limited	Charitable Registered Society	100%
	Oriel Housing Limited	Registered Society	100%
Development Company	Radian Developments Limited	Limited Company	100%
	Yarlington Homes Limited	Limited Company	100%
Funding Vehicle	Radian Capital plc	Public limited company	100%
	Yarlington Treasury Services plc	Public limited company	100%
Other	Yarlington Property Management Limited	Limited Company	100%
Dormant Companies	Swaythling Assured Homes plc	Public limited company	100%
	Radian Care and Support Limited	Limited by guarantee	100%
	Radian Housing Limited	Limited by guarantee	100%
	Radian Living Limited	Limited by guarantee	100%
	Wayfarer Limited	Limited company	100%
	Alliance Housing Group Limited	Limited company	100%
	Charlotte Court Management Company (Yeovil) Limited	Limited company	100%
	Redwood Grange Management Company Limited	Limited company	100%
Jointly Controlled Entities	Affinity (Reading) Holdings Limited	Limited company	50%
	Affinity (Reading) Limited	Limited company	50%
	Affinity Housing Services	Unincorporated	50%
	Thakeham Pease Pottage LLP	Limited liability partnership	50%
	Linden (Sayers Common) LLP	Limited liability partnership	50%
	Lovell/Abri Weymouth LLP	Limited liability partnership	50%
	Advantage South West LLP	Limited liability partnership	25%