Registered Society No: 10237R
Regulator of Social Housing Registration No: LH0689

THE SWAYTHLING HOUSING SOCIETY LIMITED

Annual Report and Financial Statements

Year Ended 31 March 2022

CONTENTS

GENERAL INFORMATION

BOARD OF DIRECTORS

Jane Alderman	
Mandy Clarke	
Joanna Makinson	
Wayne Morris	
Simon Porter	
Ashley West	resigned 8 September 2021
Jocelyn McConnachie	appointed 4 August 2021
Lou Taylor	appointed 4 August 2021
Mary-Kathryn Rallings-Adams	appointed 4 August 2021
David Montague	appointed 25 May 2022
John Gary Orr	
Caroline Moore	

SECRETARY

Gemma Burton-Connolly

REGISTERED OFFICE

Collins House
Bishopstoke Road
Eastleigh
Hampshire
SO50 6AD

BANKERS

Lloyds Bank
25 Gresham Street
London
EC2V 7HN

AUDITOR

BDO LLP
2 City Place
Beehive Ring Road
Gatwick
West Sussex
RH6 0PA

STRATEGIC REPORT

Organisational Overview

The Swaythling Housing Society Limited is regulated by the Regulator of Social Housing as a registered provider. The Society is a member of Abri Group Limited, with a registered head office in Eastleigh.

On 30 June 2021, the Society was party to the transfer of all employees from Inspired to Achieve Limited, a fellow subsidiary within the Abri Group at the reporting date; several revenue-generating contracts were also novated from Inspired to Achieve Limited to the Society. The activities of Inspired to Achieve are consistent with those already undertaken in the Society and therefore do not represent a change in activity.

On the same date, a number of employees transferred to the Society from Yarlington Housing Group prior to the execution of the Transfer of Engagements of Yarlington Housing Group to Abri Group Limited. The employees transferred were all members of defined contribution pension schemes.

Business Model

The Society operates with the intention of generating surpluses which are reinvested to support our social purpose in delivering more homes and services for customers. Income is predominantly derived from rents from housing properties and surpluses generated on schemes developed for sale.

The Society also administers the Help to Buy contract for the South region as an agent for Homes England, helping thousands of people rent or purchase a home through a variety of products.

The Society is funded over the long term by a range of loans, bonds, and government grants in addition to its retained surpluses.

Performance Highlights

An overview of the Society's result has been presented below.

Financial Performance

Turnover has increased by £21.3m year on year. Proceeds from property sales increased by £15.6m, whilst income from rental activity increased by £2.0m. Help to Buy income however, reduced by £1.6m compared to the prior year.

Turnover from social tenures has increased by £1.9m to £43.8m and contributes 40% of the Society's turnover, following 268 additions in the year. Income from market rent units increased marginally to £3.2m.

Income from first tranche sales contributes £17.2m compared to £10.4m in the prior year and market sales £8.8m, with no sales in 2020/21. Activity on commercial sales was severely disrupted by the Covid-19 pandemic during the first national lockdown in Quarter 1 of 2020/21,subsequently recovering, and continuing to remain resilient ever since, supported by a buoyant property market.

Income from Help to Buy transactions were £1.6m lower than the prior year with volumes reducing notably, with the Government also announcing the cessation of the scheme effective March 2023 towards the end of Quarter 4. The Society also received £0.8m of income via the Coronavirus Job Retention Scheme in the prior year, with only trivial amounts claimed in 2021/22.

STRATEGIC REPORT (continued)

Performance Highlights (continued)

Financial Performance (continued)

Cost of sales have increased by £11.4m, consistent with the increase in sales. Margins on first tranche sales have remained at 15% over both years, whilst the Society benefitted from a particularly successful Market Sales development at Castle Farm, where units returned a margin of 35%.

Operating costs increased by £1.7m in 2021/22, consistent with the increase in scale of the Group. Employee costs increased by £10.3m to £53.4m, in line with a 30% increase in employee numbers following the transfer of staff outlined above.

During 2021/22 we have not identified any additional high-rise blocks requiring new provisions for cladding replacement works but we have provided a further £1.3m for remedial works related to cladding on six blocks with existing provisions, following updated contract sums. The Society did however receive approval from HMRC to zero rate work for VAT purposes on two of these blocks where work is imminent, reducing the provisions required by £1.0m. 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 increased from £3.4m to £5.7m. Staircasing remains the most significant category of activity, generating two thirds of the overall surplus, up marginally from 60% in the previous year. Overall, margins have improved from 30% in 2020/21 to 40% in the current year, driven by an increase in proceeds.

Operating surpluses have increased from £14.6m to £25.0m, driven by market sales activity and year on year reduction in provisions, and from 17% to 23%.

Net interest costs have reduced by £0.4m, with the portfolio of loans and borrowings stable for most of the year. Interest costs were £0.7m lower than the prior year and the capitalisation of interest costs reduced interest costs recognised in the Statement of Comprehensive Income by £2.5m, £0.4m higher than the year before. Interest costs on loans and borrowings fell by £0.6m, in part due to re-financing in 2020/21 but savings were offset by increased pension interest costs. Interest Income fell by £0.3m, as a previously held intercompany interest rate swap expired.

Following the conclusion of negotiations with funders, the Society incurred further re-financing cost in March 2022 of £6.0m, 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 Society benefitted from a modest £0.2m increase in the value of market rent and commercial properties, notably lower than the previous year where gains of £2.7m were recorded.

Despite the refinancing costs incurred, the Group recorded a surplus before tax of £12.8m, at a 12% margin compared to £5.4m at 6% in 2020/21.

The Society has recorded a tax charge of £0.9m, £0.5m related to current tax and remainder arising from deferred tax charges. The charge has been fully offset by amounts recognised in other comprehensive income.

There have also been significant actuarial gains of £10.3m across the defined benefit pension scheme portfolio most notably within the Abri Group Pension Scheme compared with losses of £22.2m in 2020/21.

STRATEGIC REPORT (continued)

Performance Highlights (continued)

Financial Position

Housing properties have increased by £37m, driven by 268 gross additions, predominantly for affordable rents and shared ownership. Both measures are below the prior year – £52m increase and 415 additions – but 2020/21 included the exceptional £25m purchase of 258 units from LiveWest. Our social housing stock, with a carrying value of £0.6bn represents 87% of our fixed asset base.

Within current assets, our closing cash position of £15m is £3m higher than the prior year. Our housing properties available for sale are marginally higher than the prior year at £25m; the balance at year end is primarily attributable to shared ownership properties under construction, with only £2.5m of completed stock unsold at year end. Receivables have increased by £7m, with the increase attributable to grant claimed from Homes England under the terms of our Strategic Partnership.

In order to mitigate its taxable surpluses for the year the Society has accrued for £12.2m of Gift Aid, to be paid prior to 31 December 2022.

Within long term liabilities, Deferred Capital Grant has increased by £46m as a result of new grant received under our Strategic Partnership with Homes England. The value of our defined benefit pension liabilities have almost halved to £18m following actuarial valuations at year end , owing mainly to external market factors at the reporting date.

Following the results of the year, the Society's funds are £153m.

Our Performance

We monitor our operations every month on a group-wide basis by a range of key performance indicators (KPIs), allowing us to assess our financial performance and position and the delivery of our corporate strategy during the year.

An appraisal of these KPIs is included in our Group statutory accounts.

Principal Risks and Uncertainties

Within the Group, the principal risks and uncertainties, as identified by the Executive Board, are deemed to be those that would impact on the Group's ability to successfully deliver on the aims and objectives of its corporate strategy. An appraisal of these strategic risks is included in our Group statutory accounts.

Operational risks are those that the entities in the organisation face on a day to day basis, which are specific to the activities performed in each legal entity.

Value for Money

The Group assesses its performance in relation to Value for Money (VfM) at a Group level rather than on an entity by entity basis due to the Group's structure.

An assessment of our VfM performance is included in our Group statutory accounts.

STRATEGIC REPORT (continued)

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 16 September 2022 and signed on its behalf by:

Wayne Morris
Director

DIRECTORS' REPORT

The Directors present their report for the year ended 31 March 2022.

Group and Executive Board Members

Group Board

As a regulated registered provider in the Abri Group, the legal Directors of The Swaythling Housing Society Limited are consistent with the Directors of the other registered providers and sit as the Group Board.

The Directors of the Society during the year and up to the date of signing are listed on page 1 and their remuneration is disclosed in note 8. An overview of the positions each serving Director holds on other committees within the Abri Group are outlined below.

Director/ Committee	Audit and Risk	Treasury	People and Culture	Development and Assets	Customer Service and Performance
Simon Porter	Member	Chair	-	-	Chair
Jane Alderman	-	Member	-	Chair	Member
Mandy Clarke	Member	-	Chair	-	-
Joanna Makinson	Chair	-	Member	-	-
Wayne Morris	-	-	Member	-	-
Jocelyn McConnachie	-	-	Member	-	-
Lou Taylor	-	-	-	-	Member
Mary-Kathryn Rallings-Adams	-	-	-	-	Member
David Montague	-	-	-	Member	-
John Gary Orr	-	-	*Member*	*Member*	-
Caroline Moore	-	*Member*	-	-	-

Executive Board and Corporate Directors

As a member of the Abri Group, the Society is directed by the Executive Board and Corporate Directors. The Executive Board primarily focuses on the delivery of the corporate strategy and are responsible for day-to-day operations, which are overseen by the Corporate Directors, who themselves lead the various functions of the organisation.

An overview of the Executive Board is included in our Group Statutory Accounts and updated as the composition changes on our website.

DIRECTORS' REPORT (continued)

Executive and Corporate Directors Service Contracts

The members of the Executive Board and Corporate Directors 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 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 on page 35.

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

Capital and Treasury Management

Introduction

The Society is financed by a combination of revenue, intercompany loans, 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 2022 the Society's borrowings amounted to £281.0m of nominal drawn debt (2021: £273.9m) of which £15.0m (2021: £4.0m) is due to be repaid within the next year.

Risks

- **Interest rate risk** is the risk that the Society is unable to service its loans and borrowings due to rises in interest rates. The Society 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 Society is unable to service its loans and borrowings, or meet repayment liabilities as they fall due, owing to insufficient cash. The Society 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 Society is unable to access cash deposits due to failure of counterparties. The Society 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 Society is unable to refinance loans and borrowings at an acceptable interest rate as they mature. The Society 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 Society borrows and invests surplus funds only in sterling.

DIRECTORS' REPORT (continued)

Capital and Treasury Management (continued)

Interest Rate Management

Most of the Society'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 £6.0m were incurred breaking interest rate swaps. These costs were incurred to reduce interest costs in future years by utilising strong performance in the current year.

The Society has two Homes England loans which are repayable as single instalments and are subject to an increasing fixed nominal rate of interest. The Society also has an intercompany loan at a floating rate of interest.

Total debt of £281.0m nominal at 31 March 2022 consisted of 78% (2021: 82%) fixed rate debt, of which £89.1m (2021: £133.9m) was made up of embedded interest rate swaps running for all or part of the loan term, £130.3m (2021: £89.5m) relates to fixed rate bonds and £0.6m (2021: £0.6m) to fixed rate Homes England loans. There are no options in our portfolio.

Financial Loan Covenant Compliance

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

Surplus assets for future debt security

At 31 March 2022 the Society had £292.5m unsecured completed housing properties not required for charging to existing debt facilities. These are sufficient to raise over £272.5m of future new debt assuming asset cover ratios of 105% for Existing Use Value as Social Housing (EUV-SH) for social properties and 120% for Market Value Subject to Tenancies (MV-T) for market rent properties.

Based on our current development programme, we also expect to complete more than 333 properties in the period to 31 March 2023, which could be charged to debt facilities in future.

Future Funding Options

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

As at 31 March 2022, the Society had sufficient funds, and undrawn Revolving Credit Facilities and Intercompany Loans for its current and medium-term needs.

DIRECTORS' REPORT (continued)

Capital and Treasury Management (continued)

Moody's Credit Rating

Moody's review Abri's credit rating by looking at the Group as a whole. In December 2021, following their review, Moody's confirmed the Group's credit rating remained unchanged at A3 stable. In their review Moody's highlighted our financial strength, with moderate gearing, solid liquidity and supportive institutional framework, making us resilient to challenges and well placed to achieve our corporate objectives.

Governance and Regulation

The operations of the Society are subject to the governance and management structures in place across the Group, in common with all fellow subsidiaries.

An overview of the approach to governance and regulatory compliance, as determined by the Group Board, is included in our Group statutory accounts.

Employees

The Society directly employed an average of 1,256 (2021: 978) full-time equivalent employees during the year, calculated on standard working hours per week for each employee.

There are multiple employers in the Group from a contractual perspective, a legacy of previous combinations and partnership activity. However, on a day-to-day basis all employees serve the interests of all group entities simultaneously depending on the specifics of their roles and responsibilities.

Consequently, an overview of the communication to and engagement with all colleagues, irrespective of employer, is included in our Group accounts.

Post Balance Sheet Events

There have been no events since the reporting date that the Board considers having had a significant effect on the Society's financial position.

Going Concern

Within the Abri Group a programme of Group Optimisation has continued in the year, with the aim of arriving at an appropriate structure from an operational, regulatory, governance, finance and tax perspective. The Board subsequently expect the entity to continue to operate within this structure for the foreseeable future.

The appropriateness of preparing the accounts on a going concern basis continues to be set against a backdrop of a global pandemic but given the reduction in the uncertainty surrounding the impact of Covid-19 itself, it is no longer deemed a significant factor in our considerations.

However, the associated impact of the pandemic on the economy remains a key concern, affecting people's ability to pay their rent or finance a mortgage. Inflation in general and specifically the rising cost of utilities, in tandem with increases in National Insurance, places additional pressure on customers to manage the costs of running a home.

DIRECTORS' REPORT (continued)

Going Concern (continued)

The entity 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 is evaluated against a number of key performance indicators, with overlap to those reviewed by external parties such as the Regulator of Social Housing and credit referencing agencies.

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 Society'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.

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 Society's auditor in connection with preparing their report, of which the Society'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 Society's auditor in connection with preparing their report and to establish that the Society'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 16 September 2022 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 2022. 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 THE SWAYTHLING HOUSING SOCIETY LIMITED

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Society's affairs as at 31 March 2022 and of 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 2022.

We have audited the financial statements of The Swaythling Housing Society Limited ("the Society") for the year ended 31 March 2022 which comprise the Society statement of comprehensive income, the Society statement of financial position, the Society statement of changes in equity 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.

Independence

We remain independent of the 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Society'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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SWAYTHLING HOUSING SOCIETY 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 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.

Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Society and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Report of the Directors.

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

- adequate accounting records have not been kept by the Society, or returns adequate for our audit have not been received from branches not visited by us; or
- the Society financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of board member and or directors' remuneration specified by law are not made; 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, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SWAYTHLING HOUSING SOCIETY LIMITED (continued)

Responsibilities of the Board (continued)

In preparing the financial statements, the board are responsible for assessing 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 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 Society 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 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.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

The audit procedures to address the risks identified included:

- enquiry of the Directors and other management and inspection of regulatory and legal correspondence to identify any non-compliance with these laws and regulations;
- challenging assumptions made by management in their significant accounting estimates and judgements in relation to the recoverable amount of assets, recognition and measurement of provisions for fire safety works, income recognition, assumptions used by the actuaries in the pensions valuations and recoverability of debtors;
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SWAYTHLING HOUSING SOCIETY LIMITED (continued)

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

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.

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 Chapter 3 of Part 16 of the Companies Act 2006. 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:
BDO LLP
829727ECC12041D...

27 September 2022

Hamid Ghafoor (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick, United Kingdom

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

STATEMENT OF COMPREHENSIVE INCOME
Year Ended 31 March 2022

	Note	2022 £'000	2021 £'000
Turnover	3	108,980	87,701
Cost of sales	3	(19,100)	(7,673)
Operating costs	3	(70,623)	(68,859)
Surplus from disposal of fixed assets	3	5,714	3,429
Operating surplus		**24,971**	**14,598**
Finance income	4	381	685
Finance costs	5	(6,604)	(7,351)
Re-financing costs		(6,000)	(5,000)
Fair value movement on financial instruments	29	(110)	(240)
Fair value movement on investment properties	13	187	2,732
Surplus on ordinary activities before tax	**6**	**12,825**	**5,424**
Tax charge for the year	7	(898)	-
Surplus on ordinary activities after tax		**11,927**	**5,424**
Other comprehensive income/(loss)			
Actuarial gains/(losses) on defined benefit pension schemes	0	10,254	(22,237)
Tax charge recognised in other comprehensive income	7	898	-
Total comprehensive income/(loss)		**23,079**	**(16,813)**

All activities derive from continuing operations.

The notes on pages 19 to 56 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 March 2022

	Note	2022 £'000	Restated 2021 £'000
Fixed assets			
Intangible assets	10	89	153
Housing properties	11	639,517	602,640
Other fixed assets	12	11,018	11,739
Investment properties	13	51,646	52,213
Equity loans	14	30,300	33,110
		732,570	**699,855**
Current assets			
Properties for sale	16	24,880	23,080
Inventories		343	1,263
Receivables	17	17,024	10,132
Cash and cash equivalents		15,508	12,498
		57,755	**46,973**
Payables: amounts due within one year	18	(61,564)	(56,888)
Net current assets/(liabilities)		**(3,809)**	**(9,915)**
Total assets less current liabilities		**728,761**	**689,940**
Payables: amounts due after one year	19	(283,028)	(285,755)
Provisions	20	(8,058)	(8,152)
Deferred capital grant due after one year	0	(241,670)	(195,799)
Equity loan grant		(25,191)	(27,462)
Pension liability	0	(17,866)	(30,674)
Net assets		**152,948**	**142,098**
Capital and reserves			
Share capital	26	0	0
Revenue reserve		152,948	142,098
Society's funds		**152,948**	**142,098**

The notes on pages 19 to 56 form part of these financial statements.

The financial statements of The Swaythling Housing Society Limited, registered society number 10237R, on pages 16 to 56 were approved by the Board and authorised for issue on 16 September 2022 and signed on its behalf by:

Wayne Morris	**Joanna Makinson**	**Gemma Burton-Connolly**
Director	Director	Secretary

STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Revenue reserve £'000	Total £'000
At 31 March 2020	**0**	**173,911**	**173,911**
Surplus on ordinary activities after tax	-	5,424	**5,424**
Actuarial losses on defined benefit pension schemes	-	(22,237)	**(22,237)**
Charitable donations	-	(15,000)	**(15,000)**
At 31 March 2021	**0**	**142,098**	**142,098**
Surplus on ordinary activities after tax	-	11,927	**11,927**
Tax charge recognised in other comprehensive income	-	898	**898**
Actuarial gains on defined benefit pension schemes	-	10,254	**10,254**
Gift aid accrued – current year	-	(12,229)	**(12,229)**
At 31 March 2022	**0**	**152,948**	**152,948**

The notes on pages 19 to 56 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. 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.

3. ACCOUNTING POLICIES

Basis of Preparation

The financial statements of the 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 2022. 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

Within the Abri Group a programme of Group Optimisation has continued in the year, with the aim of arriving at an appropriate structure from an operational, regulatory, governance, finance and tax perspective. The Board subsequently expect the entity to continue to operate within this structure for the foreseeable future.

The appropriateness of preparing the accounts on a going concern basis continues to be set against a backdrop of a global pandemic but given the reduction in the uncertainty surrounding the impact of Covid-19 itself, it is no longer deemed a significant factor in our considerations.

However, the associated impact of the pandemic on the economy remains a key concern, affecting people’s ability to pay their rent or finance a mortgage. Inflation in general and specifically the rising cost of utilities, in tandem with increases in National Insurance, places additional pressure on customers to manage the costs of running a home.

The entity 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 is evaluated against a number of key performance indicators, with overlap to those reviewed by external parties such as the Regulator of Social Housing and credit referencing agencies.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

2. **ACCOUNTING POLICIES (continued)**

Going Concern (continued)

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 Society'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.

Disclosure Exemptions

In preparing the financial statements of the 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.

Operating Segments

Segmental information is disclosed in note 3. Information about income, expenditure and assets attributable to material operating segments are presented based on the nature and function of housing assets held by the Society rather than geographic location. As permitted by FRS 102 paragraph 1.5, this is appropriate based on 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 geographical locations in which the Society operates.

Management do not routinely receive segmental information disaggregated by geographical location.

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 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

2. ACCOUNTING POLICIES (continued)

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 Society 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.

Income is predominantly variable, and charges will therefore 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.

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 Society 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.

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 and any provision.

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

The surplus recognised on the sale of properties to other registered providers is the difference between the proceeds received and the carrying value of the property. All sales relate to properties purchased by fellow Group entities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

2. ACCOUNTING POLICIES (continued)

Repairs and Maintenance

The Society 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 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.

Capitalisation of Finance Costs

The Society 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.

Re-financing Costs

Re-financing costs 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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

2. ACCOUNTING POLICIES (continued)

Gift Aid and charitable distributions

Gift Aid accruals, facilitated by deeds of covenant, and charitable distributions relate to amounts to be paid to the Group parent and amounts paid in the year to fellow Group subsidiaries respectively. Both transactions are presented as distributions from reserves in accordance with the SORP 2018.

Pensions

The Society's pension arrangements comprise two defined benefit schemes and two defined contribution schemes.

For the 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 Society 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.

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

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.

2. ACCOUNTING POLICIES (continued)

Land

Land acquired or donated to the Society 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.

Depreciation

Freehold Buildings and Components

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.

Freehold land and Investment properties are not depreciated.

Leasehold Units

Depreciation is charged on a straight-line basis over the estimated useful economic life of the property, with reference to the term of the lease. Components in leasehold units are depreciated over the useful economic lives outlined above.

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:

- 50 years - freehold premises;
- 10 years - office furniture and development equipment;
- 4 years - motor vehicles, yard plant and machinery; and
- 3 – 5 years - office equipment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

2. ACCOUNTING POLICIES (continued)

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.

Investments in Equity Loans

The HomeBuy scheme, now closed to new entrants, was a program of home ownership where loans were advanced by the Society to purchasers of property. The program was funded through a combination of government grant and the Society'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 Society 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 are accounted for using the cost model in the 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 Society has access on behalf of the beneficiaries of the account.

2. ACCOUNTING POLICIES (continued)

Provisions

The Society 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.

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 Society 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.

Financial Instruments

Financial instruments are recognised when the 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.

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 surpluses.

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 has a legally enforceable right to set off current tax assets against current tax liabilities.

2. ACCOUNTING POLICIES (continued)

Financial Assets and Liabilities

Loans and Borrowings

The Society'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 Society 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).

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.

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

The Society has no finance lease commitments.

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.

Critical Judgments, Estimates, and Uncertainty

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

Impairment Review

At each reporting date the Society 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.

2. ACCOUNTING POLICIES (continued)

Critical Judgements, Estimates, and Uncertainty (continued)

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 Society 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 Society 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.

Fair Value Measurement

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

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 2022 (continued)

2. ACCOUNTING POLICIES (continued)

Critical Judgements, Estimates, and Uncertainty (continued)

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.

Defined Benefit Pension Obligations

Financial and actuarial assumptions underlying accounting estimates of the Society'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 2022 (continued)

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

	2022					Restated 2021				
	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	**43,821**	**-**	**(32,183)**	**-**	**11,638**	**41,937**	**-**	**(32,950)**	**-**	**8,987**
Other social housing activities										
Development administration	105	-	(609)	-	**(504)**	-	-	(651)	-	**(651)**
Intercompany recharges	30,302	-	(30,300)	-	**2**	25,609	-	(25,609)	-	**-**
First tranche sales	17,162	(13,354)	(390)	-	**3,418**	10,423	(7,716)	(1,098)	-	**1,609**
Disposal of fixed assets	-	-	-	5,714	**5,714**	-	-	-	3,429	**3,429**
Other	251	-	(94)	-	**157**	42	-	(96)	-	**(54)**
	47,820	**(13,354)**	**(31,393)**	**5,714**	**8,787**	**36,074**	**(7,716)**	**(27,454)**	**3,429**	**4,333**
Non-social housing activities										
Market rent properties	3,185	-	(2,175)	-	**1,010**	3,090	-	(3,921)	-	**(833)**
Market sales	8,843	(5,746)	(20)	-	**3,077**	-	43	-	-	**43**
Furlough	14	-	-	-	**14**	807	-	-	-	**807**
Help to Buy agency	3,733	-	(3,672)	-	**61**	5,321	-	(4,055)	-	**1,266**
Photovoltaics	193	-	(32)	-	**161**	222	-	(25)	-	**197**
Garages	137	-	(39)	-	**98**	135	-	(36)	-	**99**
Other	1,234	-	(1,109)	-	**125**	115	-	(418)	-	**(303)**
	17,339	**(5,746)**	**(7,047)**	**-**	**4,546**	**9,690**	**43**	**(8,455)**	**-**	**2,967**
Total	**108,980**	**(19,100)**	**(70,623)**	**5,714**	**24,971**	**87,701**	**(7,673)**	**(68,859)**	**3,429**	**14,598**

The prior year comparative has been restated to correct the presentation of the initial recognition, subsequent variation, and release in line with work in progress of cladding provisions. Movements now form part of total major repairs costs within social housing lettings operating costs or market rent costs within non-social housing operating costs, depending on the tenure of the block against which the provision has been made. The impact of the restatement increases social housing lettings and market rent operating costs by £3.1m and £2.0m respectively, with a corresponding reduction in operating costs in other social housing and non-social housing activities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

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

	2022					Restated 2021				
Social Housing Lettings	**General needs housing £'000**	**Supported / housing for older people £'000**	**Shared ownership £'000**	**Other social housing £'000**	**Total £'000**	**General needs housing £'000**	**Supported / housing for older people £'000**	**Shared ownership £'000**	**Other social housing £'000**	**Total £'000**
Turnover										
Rent receivable net of identifiable service charges (net of voids)	27,334	1,259	5,907	5,382	**39,882**	26,315	1,256	5,455	5,338	**38,364**
Service charge income	798	137	842	1	**1,778**	304	189	978	2	**1,473**
Net rental income	**28,132**	**1,396**	**6,749**	**5,383**	**41,660**	**26,619**	**1,445**	**6,433**	**5,340**	**39,837**
Amortisation of capital grant	1,342	77	281	461	**2,161**	1,302	541	257	-	**2,100**
Net turnover	**29,474**	**1,473**	**7,030**	**5,844**	**43,821**	**27,921**	**1,986**	**6,690**	**5,340**	**41,937**
Operating costs										
Management	(6,764)	(415)	(2,946)	(973)	**(11,098)**	(7,980)	(487)	(3,381)	(1,178)	**(13,026)**
Service charge costs	(1,765)	(108)	(769)	(254)	**(2,896)**	(1,432)	(87)	(607)	(212)	**(2,338)**
Routine maintenance	(5,289)	(325)	-	(761)	**(6,375)**	(4,210)	(257)	-	(622)	**(5,089)**
Planned maintenance	(860)	(53)	-	(124)	**(1,037)**	(347)	(22)	-	(51)	**(420)**
Major repairs expenditure	(3,176)	(196)	-	(459)	**(3,831)**	(5,252)	(134)	-	(325)	**(5,711)**
Bad debts	(151)	(9)	(66)	(22)	**(248)**	(74)	(4)	(31)	(11)	**(120)**
Depreciation of housing properties	(4,443)	(193)	(916)	(966)	**(6,518)**	(4,166)	(190)	(827)	(976)	**(6,159)**
Loss on disposal of components	(147)	(9)	-	(24)	**(180)**	(72)	(1)	-	(14)	**(87)**
	(22,595)	**(1,308)**	**(4,697)**	**(3,583)**	**(32,183)**	**(23,533)**	**(1,182)**	**(4,846)**	**(3,389)**	**(32,950)**
Operating surplus	**6,879**	**165**	**2,333**	**2,261**	**11,638**	**4,388**	**804**	**1,844**	**1,951**	**8,987**
Void losses	*(163)*	*(17)*	*(9)*	*(36)*	***(225)***	*(215)*	*(23)*	*(3)*	*(66)*	***(307)***

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

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

	2022 Sale proceeds £'000	2022 Cost of sales £'000	2022 Surplus £'000	2021 Sale proceeds £'000	2021 Cost of sales £'000	2021 Surplus £'000
Staircasing	8,587	(4,795)	**3,792**	4,919	(2,855)	**2,064**
Right to Buy	171	(103)	**68**	-	-	**-**
Other registered providers	(196)	196	**-**	1,644	(1,653)	**(9)**
Existing unit sales	460	(335)	**125**	829	(672)	**157**
Equity loan redemptions	5,069	(3,371)	**1,698**	4,498	(3,164)	**1,334**
Other fixed assets	37	(6)	**31**	16	(133)	**(117)**
	14,128	**(8,414)**	**5,714**	**11,906**	**(8,477)**	**3,429**

The reduction in turnover and cost of sales on sales to other registered providers in the year relates to the reversal of accruals made in the prior year in excess of the final transaction value.

	2021 Number	2022 Additions	2022 Disposals	2022 Reclass	2022 Number
Social Housing Properties - Owned and/or managed					
General needs housing	4,326	105	-	(3)	**4,428**
Supported/housing for older people	264	7	-	1	**272**
Affordable home ownership	1,834	156	(36)	(25)	**1,929**
Other social housing	639	-	(2)	-	**637**
	7,063	**268**	**(38)**	**(27)**	**7,266**
Non-social Housing Properties - Owned and/or managed					
Market rent housing	**339**	**-**	**-**	**-**	**339**
	7,402	**268**	**(38)**	**(27)**	**7,605**
Other					
Owned/Not Managed - Leasehold*	459	2	(1)	29	**489**
Owned/Not Managed - Market sale	2	15	(15)	(2)	**-**
Equity loans	868	21	(83)	-	**806**
Total	**8,731**	**306**	**(137)**	**-**	**8,900**
Non-Housing Properties	**283**	**-**	**-**	**-**	**283**
Total Units	**9,014**	**306**	**(137)**	**-**	**9,183**
Properties under construction	*533*				***494***

** Leasehold housing represents those units where the freehold has been retained.*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

4. FINANCE INCOME

	2022 £'000	2021 £'000
Interest receivable from cash and cash equivalents	52	87
Income from interest rate swap	2	256
Equity loan interest	327	342
	381	**685**

5. FINANCE COSTS

	2022 £'000	2021 £'000
Interest costs on loans and borrowings	8,083	8,929
Servicing fees of loans and borrowings	365	370
Capitalised interest	(2,543)	(2,156)
Interest payable on intercompany loans	52	-
	5,957	**7,143**
Interest on Recycled Capital Grant Fund	42	15
Interest on pension scheme liabilities	605	193
	6,604	**7,351**

The weighted average cost of capital for the period is 3.90% (2021: 4.00%) 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.

6. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAX

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

	2022 £'000	2021 £'000
Depreciation of fixed assets	7,628	7,363
Amortisation	(2,161)	(2,099)
Government revenue grant	(248)	(144)
Defined contribution pension cost	4,569	3,381
Defined benefit service cost	227	371
Operating lease expense:		
Office equipment, computers and motor vehicles	274	274
Fees payable to the Society's auditor (excluding VAT):		
In their capacity as auditors	25	26
In respect of other assurance related services	1	1
	10,315	**9,173**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

7. TAX

	2022 £'000	2021 £'000
Current tax		
UK corporation tax	522	-
Deferred tax		
Timing differences, origination and reversal	376	-
Tax charge for the year	**898**	**-**

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:

	2022 £'000	2021 £'000
Total tax reconciliation		
Surplus on ordinary activities before tax	12,825	5,424
Tax on surplus on ordinary activities at 19%	2,437	1,031
Effects of:		
Fixed asset differences	337	383
Expenses not deductible for tax purposes	240	168
Income not taxable for tax purposes	(446)	-
Chargeable gains	669	1,393
Movement in unrecognised deferred tax	(970)	3,525
Amounts recognised in other comprehensive income	-	(4,225)
Gift aid	(2,323)	(2,850)
Corporate Interest Restriction disallowance	955	575
Total tax charge	**898**	**-**

The deduction of £2,323k (2021: £2,850k) of gift aid relates to an amount of £12,229k (2021: £15,000k) gifted prior to 31 March 2022, with the tax benefit taken in the year accordingly.

8. DIRECTORS' EMOLUMENTS

The Directors of the Society are defined as the board members, who sit as the Group 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 2022 (continued)

8. DIRECTORS' EMOLUMENTS (continued)

Name	Appointed	Resigned	Annual Fee
Jane Alderman	01/02/2019	-	13,000
Mandy Clarke	01/09/2013	-	13,000
Joanna Makinson	04/11/2019	-	18,000
Wayne Morris	04/11/2019	-	26,000
Simon Porter	25/09/2014	-	13,000
Ashley West	04/11/2019	08/09/2021	13,000
Jocelyn McConnachie	04/08/2021	-	11,000
Lou Taylor	04/08/2021	-	11,000
Mary-Kathryn Rallings-Adams	04/08/2021	-	11,000
David Montague	25/02/2022	-	11,000
John Gary Orr	*15/10/2018*	-	*N/A*
Caroline Moore	*04/11/2019*	-	*N/A*

Board Members received emoluments during the year totalling £126k (2021: £112k). Board expenses of £nil (2021: £nil) were incurred in the year.

Below are shown the aggregate emoluments (including pensions and benefits in kind, excluding compensation for loss of office) paid by the Society to:

	2022 £'000	2021 £'000
The Executive Board (excluding those paid to third parties)	1,272	1,414
Board Members	126	112
Key Management Personnel excluding Directors	1,438	1,673
	2,836	**3,199**
Compensation for loss of Directors' offices, by nature of:		
Payments in lieu of notice	**-**	**87**
	2,836	**3,286**
Emoluments payable to the highest paid Director (excluding pension contributions)	**285**	**290**

The Chief Executive Officer is a member of a defined contribution scheme, into which the Society made employer contributions of £10k (2021: £10k).

During the period ended 31 March 2022 there were five (2021: five) Directors within pension schemes in which the Group participates and none (2021: none) were in defined benefit schemes. Their outstanding contributions, which were accrued, as at 31 March 2022 totalled £11k (2021: £10k)

9. STAFF COSTS

On 30 June 2021, 298 employees of the Yarlington Housing Group who were not members of legacy Defined Benefit pension scheme arrangements transferred to the Society, accounting in part for the increase in staff numbers and costs year on year in the Society.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

9. STAFF COSTS (continued)

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

	2022 FTE	2021 FTE
Central office and support staff	265	243
Development staff	74	69
Housing and customer service staff	491	338
Repairs and maintenance staff	426	328
	1,256	**978**

	2022 £'000	2021 £'000
Staff costs (for the above employees)		
Wages and salaries	44,106	35,714
Social security costs	4,413	3,649
Pension costs	4,877	3,752
	53,396	**43,115**

The Society 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	2022 FTE	2021 FTE
£60,000 - £69,999	27	28
£70,000 - £79,999	10	7
£80,000 - £89,999	13	10
£90,000 - £99,999	6	5
£100,000 - £109,999	4	5
£110,000 - £119,999	4	4
£120,000 - £129,999	6	4
£130,000 - £139,999	2	2
£140,000 - £149,999	1	-
£150,000 - £159,999	-	2
£160,000 - £169,999	-	1
£180,000 - £189,999	-	1
£190,000 - £199,999	-	2
£200,000 - £209,999	1	1
£210,000 - £219,999	2	-
£220,000 - £229,999	1	1
£280,000 - £289,999	-	1
£290,000 - £299,999	1	-
	78	**74**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

10. INTANGIBLE ASSETS

	Internally generated assets £'000
Cost	
At 1 April 2021	245
Additions	22
At 31 March 2022	**267**
Accumulated amortisation	
At 1 April 2021	(92)
Charge for the year	(86)
At 31 March 2022	**(178)**
Net book value	
At 31 March 2022	**89**
At 31 March 2021	**153**

11. HOUSING PROPERTIES

	Completed properties			Properties in course of construction			
	Social housing lettings	**Shared ownership**	**Total**	**Social housing lettings**	**Shared ownership**	**Total**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cost							
At 1 April 2021	477,527	136,665	**614,192**	29,588	25,484	**55,072**	**669,264**
Additions	44	-	**44**	24,832	19,511	**44,343**	**44,387**
Additions - works to existing properties	1,234	-	**1,234**	-	-	**-**	**1,234**
Transferred into management	23,942	19,439	**43,381**	(23,942)	(19,439)	**(43,381)**	
Reclassifications	(62)	-	**(62)**	3,240	1,181	**4,421**	**4,359**
Disposals and demolitions	(1,184)	(5,008)	**(6,192)**	-	-	**-**	**(6,192)**
Intercompany transfers	-	-	**-**	196	-	**196**	**196**
Net movement to current assets	-	(1,505)	**(1,505)**	-	-	**-**	**(1,505)**
At 31 March 2022	**501,501**	**149,591**	**651,092**	**33,914**	**26,737**	**60,651**	**711,743**
Accumulated depreciation							
At 1 April 2021	(60,407)	(6,217)	**(66,624)**	-	-	**-**	**(66,624)**
Charge for the year	(5,602)	(916)	**(6,518)**	-	-	**-**	**(6,518)**
Disposals and demolitions	607	301	**908**	-	-	**-**	**908**
Reclassifications	8	-	**8**	-	-	**-**	**8**
At 31 March 2022	**(65,394)**	**(6,832)**	**(72,226)**	**-**	**-**	**-**	**(72,226)**
Net book value							
At 31 March 2022	**436,107**	**142,759**	**578,866**	**33,914**	**26,737**	**60,651**	**639,517**
At 31 March 2021	**417,120**	**130,448**	**547,568**	**29,588**	**25,484**	**55,072**	**602,640**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

11. HOUSING PROPERTIES (continued)

Freehold and leasehold properties

At 31 March 2022, the net book value of completed properties held on a freehold and leasehold basis was split as follows:

	Freehold £'000	Leasehold £'000	Total £'000
General Needs	408,972	27,135	**436,107**
Shared Ownership	135,899	6,860	**142,759**
	544,871	**33,995**	**578,866**

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 2022 was £629.1m (2021: £577.0m). The valuation was carried out by Jones Lang LaSalle (RICS), 30 Warwick Street, London, W1B 5NH.

Interest capitalisation

	2022 £'000	2021 £'000
Interest capitalised in the year	2,543	2,156
Cumulative interest capitalised	9,235	7,796
Rate used for capitalisation	3.90%	4.00%

Expenditure on works to existing housing properties

	2022 £'000	2021 £'000
Amounts capitalised	1,234	463
Amounts charged to Statement of Comprehensive Income	11,257	8,696

Included within the amounts above and other areas of operating costs is a total of £1,404k (2021: £5,611k) related to fire safety expenditure.

Security

The Society had housing property with a net book value of £305.5m pledged as security at 31 March 2022 (2021: £312.8m).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

12. OTHER FIXED ASSETS

	Freehold land and premises £'000	Computers, fixtures and fittings £'000	Vehicles, plant and equipment £'000	Total £'000
Cost				
At 1 April 2021	12,327	3,292	4,602	**20,221**
Additions	-	269	72	**341**
Reclassifications	177	-	(115)	**62**
Disposals and demolitions	-	(6)	(132)	**(138)**
At 31 March 2022	**12,504**	**3,555**	**4,427**	**20,486**
Accumulated depreciation				
At 1 April 2021	(2,222)	(2,393)	(3,867)	**(8,482)**
Charge for the year	(175)	(558)	(377)	**(1,110)**
Reclassifications	(86)	-	78	**(8)**
Disposals and demolitions	-	-	132	**132**
At 31 March 2022	**(2,483)**	**(2,951)**	**(4,034)**	**(9,468)**
Net book value				
At 31 March 2022	**10,021**	**604**	**393**	**11,018**
At 31 March 2021	**10,105**	**899**	**735**	**11,739**

13. INVESTMENT PROPERTIES

	Completed £'000	In course of construction £'000	Total £'000
Value			
At 1 April 2021	51,459	754	**52,213**
Additions	-	1,896	**1,896**
Reclassifications	-	(2,650)	**(2,650)**
Revaluation surplus	187	-	**187**
At 31 March 2022	**51,646**	**-**	**51,646**

The surplus on revaluation of investment property has been credited to the Statement of Comprehensive Income for the year.

Property valuation

Completed investment properties are valued annually on 31 March at fair value, determined by an independent, professionally qualified valuer; Jones Lang LaSalle (RICS), 30 Warwick Street, London, W1B 5NH.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

13. INVESTMENT PROPERTIES (continued)

The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual. In valuing investment properties, a discounted cash flow methodology was adopted, factoring in gross rental income less deductions for reasonable operating costs, based on the following key assumptions:

Discount rate (rental income)	5.5% - 6.0%
Annual inflation rate	0.5% - 1.0%
Level of long-term annual rent increase	1.0% - 1.5%
Bad Debts and Voids	2.0% - 4.0%

If the investment properties had not been revalued, they would have been accounted for on the historical cost basis and held at the following amounts:

	2022 £’000	2021 £’000
Cost	43,604	43,604
Depreciation	(4,328)	(3,912)
Net book value	**39,276**	**39,692**

14. EQUITY LOANS

	2022 £'000	2021 £'000
Equity loans	31,078	33,695
Accrued equity loan interest	29	27
Equity loan provision	(807)	(612)
	30,300	**33,110**

Equity loans are secured by way of an equity charge over the property purchased by the recipient of the loan.

We have received £25.2m of grant (2021: £27.5m) in respect of the equity loans in issue. The grants will be recycled on redemption of the loans.

15. INVESTMENTS

The Society 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.

Our investment in Parity Trust is not considered to be recoverable and was fully impaired in 2015.

The Society holds in trust one 50p share in Swaythling Assured Home plc on behalf of Abri Group Limited; the Society has no beneficial interest in this share.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

16. PROPERTIES FOR SALE

	Completed properties			Properties in course of construction			
	Market sale £'000	**Shared ownership £'000**	**Total £'000**	**Market sale £'000**	**Shared ownership £'000**	**Total £'000**	**Total £'000**
At 1 April 2021	692	906	**1,598**	4,377	17,105	**21,482**	**23,080**
Additions	-	-	**-**	7,756	13,007	**20,763**	**20,763**
Completed in year	4,860	13,194	**18,054**	(4,860)	(13,194)	**(18,054)**	**-**
Net movement from housing properties	-	1,505	**1,505**	-	-	**-**	**1,505**
Cost of properties sold	(5,552)	(13,145)	**(18,697)**	-	-	**-**	**(18,697)**
Reclassifications	-			(2,547)	776	**(1,771)**	**(1,771)**
At 31 March 2022	**-**	**2,460**	**2,460**	**4,726**	**17,694**	**22,420**	**24,880**

17. RECEIVABLES

	2022 £'000	**2021 £'000**
Gross arrears of rent and service charges		
Social	1,737	1,452
Non-social	312	225
	2,049	**1,677**
Bad debt provision	(875)	(653)
Net tenant arrears	**1,174**	**1,024**
Trade receivables	459	1,057
Social Housing Grant receivable	7,407	-
Other receivables and prepayments	4,588	4,608
Short-term non-liquid assets	3,396	3,370
Amounts due within one year	**17,024**	**10,059**
Interest rate swap	-	73
Amounts due after one year	**-**	**73**
	17,024	**10,132**

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

Included within other receivables and prepayments above is £98k (2021: £145k) of staff loans.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

17. RECEIVABLES (continued)

Investment	Nominal value £'000	Fair value 2022 £'000	Fair value 2021 £'000	Interest rate	Expiry date
UK Government gilt holding	723	-	733	8.00%	2021

The fair value movement on Gilts of £36k (2021: £57k) has been debited to the Statement of Comprehensive Income in the year.

18. PAYABLES: AMOUNTS DUE WITHIN ONE YEAR

	2022 £'000	Restated 2021 £'000
Loans and borrowings	16,868	4,749
Deferred income	2,105	2,185
Other tax and social security payable	1,181	1,155
Trade payables	4,519	7,656
Other payables	3,565	3,116
Accruals	8,528	13,090
Contract retentions	1,396	1,695
Deferred capital grant	2,260	2,218
Recycled capital grant	6,485	9,199
Amounts owed to Group undertakings	2,428	11,825
Gift Aid Accrued	12,229	-
	61,564	**56,888**

Amounts owed to group undertakings relate to balances held with fellow registered providers in the Group. 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.

The prior year results have been restated to correct the ageing of the recycled capital grant liability to show the amounts that need to be utilised within 12 months as current liabilities. This adjustment has increased creditors due within 12 months and reduced creditors due after more than 12 months by £9,199k.

19. PAYABLES: AMOUNTS DUE AFTER ONE YEAR

	2022 £'000	Restated 2021 £'000
Loans and borrowings	273,480	277,801
Contract retentions	309	307
Recycled Capital Grant Fund	9,239	7,647
	283,028	**285,755**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

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

The prior year results have been restated to correct the ageing of the recycled capital grant liability to show the amounts that need to be utilised within 12 months as current liabilities. This adjustment has increased creditors due within 12 months and reduced creditors due after more than 12 months by £9,199k.

Borrowings are repayable or will be released to the Statement of Comprehensive Income as follows:

2022	Bank loans £'000	Bonds £'000	Intercompany Loans £'000	HCA loans £'000	Total £'000
In multiple instalments					
One year or less	3,600	399	11,000	-	**14,999**
One to two years	3,600	213	-	-	**3,813**
Two to five years	27,000	1,485	-	-	**28,485**
Five years or more	146,100	8,900	-	-	**155,000**
	180,300	**10,997**	**11,000**	**-**	**202,297**
In a single instalment					
One to two years	-	12,000	-	-	**12,000**
Two to five years	-	-	-	-	**-**
Five years or more	-	66,100	-	572	**66,672**
	-	**78,100**	**-**	**572**	**78,672**
	180,300	**89,097**	**11,000**	**572**	**280,969**

2021	Bank loans £'000	Bonds £'000	Intercompany Loans £'000	HCA loans £'000	Total £'000
In multiple instalments					
One year or less	3,600	367	-	-	**3,967**
One to two years	3,600	195	-	-	**3,795**
Two to five years	21,300	1,364	-	-	**22,664**
Five years or more	155,400	9,438	-	-	**164,838**
	183,900	**11,364**	**-**	**-**	**195,264**
In a single instalment					
One to two years	-	-	-	-	**-**
Two to five years	-	12,000	-	-	**12,000**
Five years or more	-	66,100	-	572	**66,672**
	-	**78,100**	**-**	**572**	**78,672**
	183,900	**89,464**	**-**	**572**	**273,936**

The total value of all loans and borrowings includes a further £9.4m (2021: £8.6m) of capitalised fees, premiums and accrued interest.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

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

The Society has a range of loans and borrowings with various financial institutions.

The Society holds bank loans at fixed rates of interest of between 0.8% and 5.4%, with maturity dates ranging from 2027-2038 inclusive. A bank loans at a variable rate of interest of 0.6% plus the Bank of England base rate is also held, with maturity in 2038. Most bank loans are held at fixed rates of interest.

The Society has sold a range of bonds repayable in both single and multiple instalments, all at fixed rates of interest. The Society sold bonds in conjunction with financial institutions at rates between 2.9% and 11.1%, with maturity dates ranging from 2030-2043 inclusive.

The Society has intercompany loans with Abri Group Limited, at a variable rate of the Bank of England base rate plus 1.25%, which mature in 2022.

The Group also holds a single loan with Homes England which matures in 2033.

All external loans and borrowings are secured against housing properties, with both headroom on existing facilities and undrawn facilities available to the Society.

20. PROVISIONS

Fire Safety works	**2022**	**2021**
	£'000	**£'000**
Balance brought forward at 1 April	**8,152**	**3,104**
Variations to provisions brought forward	233	1,177
New provisions in year	-	3,891
Release of provisions in year	(327)	(20)
Balance carried forward at 31 March	**8,058**	**8,152**

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

21. DEFERRED CAPITAL GRANT

	Completed £'000	In course of construction £'000	Total £'000
Cost			
At 1 April 2021	**217,697**	**11,292**	**228,989**
Inputs			
Received in year	-	46,506	**46,506**
Transferred from Recycled Capital Grant Fund	-	2,675	**2,675**
Transferred into management	13,020	-	**13,020**
Outputs			
Recycled on disposal	(1,263)	-	**(1,263)**
Released on disposal	-	-	**-**
Transferred into management	-	(13,020)	**(13,020)**
At 31 March 2022	**229,454**	**47,453**	**276,907**
Accumulated amortisation			
At 1 April 2021	**(30,972)**	**-**	**(30,972)**
Released on disposal	156	-	**156**
Charge for the year	(2,161)	-	**(2,161)**
At 31 March 2022	**(32,977)**	**-**	**(32,977)**
Amortised deferred capital grant			
At 31 March 2022	**196,477**	**47,453**	**243,930**
At 31 March 2021	**186,725**	**11,292**	**198,017**

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	2,260	-	**2,260**
Deferred capital grant due after one year	194,217	47,453	**241,670**
	196,477	**47,453**	**243,930**

The Recycled Capital Grant Fund for the Group are held centrally within The Swaythling Housing Society Limited, hence transfers from the Recycled Capital Grant Fund will not agree to the Society's Recycled Capital Grant Fund note.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

22. RECYCLED CAPITAL GRANT FUND

	2022 £'000	2021 £'000
Cost		
At 1 April 2021	16,846	13,653
Net inputs to fund		
Grants recycled	3,888	3,107
Interest accrued	42	15
Transfers from other Group members	(1,571)	553
Recycling of grant		
New build	(3,407)	(438)
Other	(74)	(44)
At 31 March 2022	**15,724**	**16,846**
Recycled capital grant due within one year	6,485	9,199
Recycled capital grant due after one year	9,239	7,647
	15,724	**16,846**

Included within payables due in less than one year is £2.5m (2021: £4.6m) which have been held for more than three years and would normally be due for repayment to Homes England. However, under the terms of the Strategic Partnership, it is expected that aged balances can be recycled up to the cessation date of the partnership and are not therefore due for repayment.

23. DEFERRED TAX

Deferred tax is provided as follows:

	2022 £'000	2021 £'000
Fixed asset timing differences	345	-
Short term timing differences	(376)	-
Capital gains	1,807	1,338
Losses and other deductions	(1,776)	(1,338)
Provision for deferred tax	**-**	**-**

Deferred tax assets and liabilities are offset only where the Society has a legally enforceable right to do so. An asset of £4.1m (2021: £7.5m) 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.

24. PENSIONS

Defined Contribution Scheme

The Society operates two Defined Contribution schemes and contributes to the schemes 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 for both schemes represents the Society's contributions to the plan for the year.

The Pensions Trust Flexible Retirement Plan (FRP)

The Society participates in a defined contribution scheme administered by The Pensions Trust and is the legacy scheme of the Radian Group. The scheme is now the default scheme open to new entrants.

The accounting charge for the year was £2.3m (2021: £2.0m) and there were outstanding contributions as at 31 March 2022 of £204k (2021: £186k).

Aviva Life

On 30 June 2021, employees who were not members of Defined Benefit Local Government Pension Schemes transferred to the Society from Yarlington Housing Group. From this date the Society commenced contributions to the scheme for all active members, with the scheme now effectively closed to new entrants.

The accounting charge for the year was £329k (2021: £567k) and there were outstanding contributions as at 31 March 2022 of £35k (2021: £51k).

Defined Benefit Schemes

The Society participates in the following schemes:

- Abri Group Pension Scheme (AGPS); and
- The Royal County of Berkshire Pension Fund (RCB)

Abri Group Pension Scheme (AGPS)

The Swaythling Housing Society participates in AGPS, established after employers in the legacy Radian Group exited the Social Housing Pension Scheme. A full actuarial valuation was carried out at 30 September 2019 and updated to 31 March 2022 by an independent qualified actuary. The full valuation showed a deficit of £30.8m, corresponding to a funding level of 74% which the employers agreed with the Trustee to aim to eliminate over a period of nine years.

The employers made deficit payments of £2,957k during the year (2021: £1,792k) and monthly contributions increased to of 47.1% of members' earnings (2021: 34.6%) until 31 March 2022.

Royal County of Berkshire Pension Fund (RCB)

The Swaythling Housing Society Limited participates in RCB, a multi-employer Local Government Pension Scheme where the deficit or surplus can be separately identified. A full actuarial valuation was carried out at 31 March 2019 and updated to 31 March 2022.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

24. PENSIONS (continued)

Defined Benefit Schemes (continued)

The full valuation results showed a funding deficit of £2.0m and a funding level of 68%, which the employer agreed with the Trustee to aim to eliminate over a period of eleven years.

Contributions in 2022 remained at 21.0% of pensionable pay. In the year, payments were made towards this deficit totalling £216k (2021: £209k).

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

	2022 £'000	2021 £'000
AGPS defined benefit pension deficit	12,105	23,425
RCB defined benefit deficit	5,762	7,249
	17,867	**30,674**

Main financial assumptions adopted for FRS 102 purposes:

	AGPS		RCB	
	2022 %	2021 %	2022 %	2021 %
Increases per annum				
CPI inflation	3.3	3.0	3.5	3.1
Salary increases	4.3	3.2	4.5	4.1
Discount rate	2.8	2.2	2.4	1.7

Post retirement mortality assumptions:

	AGPS		RCB	
	Males	Females	Males	Females
Retiring today	21.6	23.9	21.3	24.0
Retiring in 20 years	22.9	25.4	22.6	25.4

The assets in the Society's share of defined benefit schemes comprised:

	2022			2021		
	AGPS £'000	RCB £'000	Total £'000	AGPS £'000	RCB £'000	Total £'000
Equities	12,698	3,536	**16,234**	7,938	3,077	**11,015**
Bonds	46,462	922	**47,384**	47,122	839	**47,961**
Property	4,795	682	**5,477**	3,438	636	**4,074**
Infrastructure	-	697	**697**	-	-	**-**
Cash	1,363	119	**1,482**	-	234	**234**
Alternative assets	26,169	(257)	**25,912**	28,218	351	**28,569**
Total market values of assets	**91,487**	**5,699**	**97,186**	**86,716**	**5,137**	**91,853**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

25. PENSIONS (continued)

Defined Benefit Schemes (continued)		**2022**			**2021**	
	AGPS	**RCB**	**Total**	**AGPS**	**RCB**	**Total**
The Society's share in defined benefit scheme obligations:	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Fair value of scheme assets	91,487	5,699	**97,186**	86,716	5,137	**91,853**
Present value of defined benefit obligation	(103,592)	(11,461)	**(115,053)**	(110,141)	(12,386)	**(122,527)**
Group share of deficit in the scheme	**(12,105)**	**(5,762)**	**(17,867)**	**(23,425)**	**(7,249)**	**(30,674)**
Movements in the fair value of scheme assets						
Opening fair value of scheme assets	86,716	5,137	**91,853**	81,359	4,777	**86,136**
Interest income on scheme assets	1,915	86	**2,001**	1,913	93	**2,006**
Actuarial gains/(losses)	2,192	613	**2,805**	3,336	497	**3,833**
Expenses	(194)	(5)	**(199)**	(200)	(3)	**(203)**
Contributions from employers	3,437	226	**3,663**	2,153	214	**2,367**
Contributions from scheme members	-	2	**2**	11	2	**13**
Benefits paid	(2,579)	(360)	**(2,939)**	(1,856)	(443)	**(2,299)**
Closing fair value of scheme assets	**91,487**	**5,699**	**97,186**	**86,716**	**5,137**	**91,853**
Movements in the present value of defined benefit obligations						
Opening defined benefit obligation	(110,140)	(12,386)	**(122,526)**	(84,812)	(11,361)	**(96,173)**
Service cost	(287)	(20)	**(307)**	(360)	(11)	**(371)**
Interest cost	(2,398)	(208)	**(2,606)**	(1,976)	(223)	**(2,199)**
Actuarial gains/(losses)	6,654	795	**7,449**	(24,838)	(1,232)	**(26,070)**
Benefits paid	2,579	360	**2,939**	1,856	443	**2,299**
Contributions by scheme members	-	(2)	**(2)**	(11)	(2)	**(13)**
Closing defined benefit obligation	**(103,592)**	**(11,461)**	**(115,053)**	**(110,141)**	**(12,386)**	**(122,527)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

24. PENSIONS (continued)

Defined Benefit Schemes (continued)

Analysis of amounts charged to the Statement of Comprehensive Income:

	2022			2021		
	AGPS £'000	RCB £'000	Total £'000	AGPS £'000	RCB £'000	Total £'000
Within operating costs:						
Service costs	287	20	**307**	360	11	**371**
Expenses	194	5	**199**	200	3	**203**
Within finance costs:						
Net finance charge	483	122	**605**	63	130	**193**
	964	**147**	**1,111**	**623**	**144**	**767**

Analysis of amounts recognised in other comprehensive income:

	2022			2021		
	AGPS £'000	RCB £'000	Total £'000	AGPS £'000	RCB £'000	Total £'000
Within Actuarial gains/(losses)						
Actual less expected return on assets	2,192	613	**2,805**	3,336	497	**3,833**
Gains/(losses) from changes in assumptions	8,489	795	**9,284**	(25,666)	(1,529)	**(27,195)**
Experience gains/ (losses) on liabilities	(1,835)	-	**(1,835)**	828	297	**1,125**
	8,846	**1,408**	**10,254**	**(21,502)**	**(735)**	**(22,237)**

25. CHARITABLE DISTRIBUTIONS

The Society made charitable distributions to the following recipients:

	2022 £'000	2021 £'000
Portal Housing Association Limited	-	15,000
	-	**15,000**

On 31 March 2021 Portal Housing Association completed a Transfer of Engagements to Yarlington Housing Group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

26. SHARE CAPITAL

	2022 £	2021 £
Shares of £1 each		
Issued and fully paid at 1 April	34	37
Shares issued during the year	3	-
Shares cancelled during the year	(8)	(3)
Shares issued and fully paid at 31 March	**29**	**34**

The share capital of the Society consists of shares with a nominal value of £1 each, which carry no rights to dividends or other income. Shares in issue are not capable of being repaid or transferred. On ceasing to be a shareholder, the relevant share is cancelled, and the amount paid thereon becomes the property of the Society. Therefore, all shareholdings relate to non-equity interests.

27. CAPITAL AND OTHER COMMITMENTS

	2022 £'000	2021 £'000
Capital expenditure commitments were as follows		
In contract	60,330	108,065
Approved but not contracted	7,782	43,424
Total capital commitments	**68,112**	**151,489**
Other commitments	33,943	50,041
Total commitments	**102,055**	**201,530**

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, retained surpluses, including property sales and the ability to access additional loans and borrowings, including revolving credit facilities, if required.

28. OPERATING LEASES

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

	Land and buildings		Other	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Amounts payable as lessee				
Not later than one year	57	48	10	-
Later than one year and not later than five years	77	17	19	-
	134	**65**	**29**	**-**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

28. OPERATING LEASES (continued)

The total receipts which the Society is committed to receive under operating leases are as follows

	Commercial properties		Leases with partnership agencies		Tenancy leases	
	2022	2021	2022	2021	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Amounts receivable as lessor						
Not later than one year	24	41	245	227	10,944	12,898
Later than one year and not later than five years	60	135	774	453	19,919	27,561
Later than five years	85	158	297	85	990	3,220
	169	**334**	**1,316**	**765**	**31,853**	**43,679**

Where a tenancy lease has no fixed end date, it has been assumed that the Society is committed to receive one month's rent, equal to the default notice period on tenancy agreements.

29. FINANCIAL INSTRUMENTS

	At fair value	
	2022	2021
	£'000	£'000
Financial assets		
Receivables	-	807
Short-term non-liquid assets	-	734
Interest rate swap	-	73
	-	**1,614**
Fair value losses		
On interest rate swap	73	183
On current asset listed investments	36	57
	109	**240**

30. DERIVATIVE FINANCIAL INSTRUMENTS

	2022	2021
	£'000	£'000
Asset		
Interest rate swap	**-**	**73**

The interest rate swap expired at the end of the previous financial year and was valued at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

The contract was to pay floating and receive fixed interest to and from fellow Group undertaking Yarlington Housing Group, who completed a Transfer of Engagements to Abri Group Limited on 30 June 2021.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

31. RELATED PARTY TRANSACTIONS

Pension Schemes

The Abri Group Pension Scheme and The Royal County of Berkshire Pension Fund are considered to be related parties and full disclosure is provided in note 0.

Loans

During the year, two (2021: one) employees determined to be Key Management Personnel had loans with the Society. As at 31 March 2021, the outstanding value of these loans was £107 (2021: £1,354).

Loans are unsecured, repayable in monthly instalments and do not carry interest. There are no provisions for uncollectible receivables.

Transactions with other entities

The Society, a subsidiary of Abri Group Limited, 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:

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)*
- *Thakeham West Horsley LLP (TWH)*
- *Affinity (Reading) Holdings Limited (ARHL)*
- *Affinity (Reading) Limited (ARL)*
- *Affinity Housing Services (AHS)*
- *Advantage South West LLP (ASW)*

Transactions and balances with subsidiaries are eliminated in the consolidated Group financial statements. The following transactions and balances are shown from the perspective of the Society:

	2022	2021
Transactions - Expenditure	**£'000**	**£'000**
Purchase of properties developed from YHL	(3,506)	(1,801)
Purchase of properties developed from TPP	*(365)*	*(3,258)*
Charge for services provided by YPM	(3)	-
Balances - Assets		
Receivable from AHS for transactional services	*15*	*15*
Payables		
Payable to TPP for purchase of properties	*(27)*	*(121)*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

32. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

At 31 March 2022, the Society's ultimate parent and ultimate controlling party was Abri Group Limited, a Co-operative and Community Benefits Society registered with the Financial Conduct Authority.

Abri Group Limited is a registered provider and is the parent of both the largest and smallest Group into which the Society is consolidated.

Group financial statements can be obtained from Abri Group Limited, Collins House, Bishopstoke Road, Eastleigh, Hampshire, SO50 6AD.