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

ABRI GROUP LIMITED

Annual Report and Financial Statements

Year Ended 31 March 2022

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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
Veronica Gordon (Co-optee)	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
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London
EC2V 7HN

AUDITOR

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

INTRODUCTION FROM THE GROUP CHAIR

The external environment has continued to be challenging for housing developers and providers. The twin strategic imperatives to build more new homes while investing record amounts in existing stock demands scale efficiencies, access to long-term funding and partnership working. I am pleased to say that Abri continues to make good progress on creating and sustaining these essential capabilities.

In September 2021, the government announced that Abri was to become a strategic partner of Homes England. This partnership provides Abri with £250m of funding to help build a further 3,218 homes under the 2021 -2026 affordable homes programme. Becoming a strategic partner of Homes England has been an objective of Abri ever since it was conceived from a partnership of smaller but like-minded housing associations. The real benefit of this partnership will be felt by those individuals, families and generations to come who will gain the security and comfort of their own home.

Another priority for the Board is ensuring that Abri continues to be managed to the highest standards. This is essential if Abri is to be able to progress its mission to create great, sustainable communities and empower lives. During the year, following a stability check by the Regulator of Social Housing, Abri retained the highest possible G1/V1 ratings for both governance and financial viability. It also retained a strong Moody's A3 credit rating.

Further steps were taken to simplify the structure of the Group so it continues to be attractive to funders and investors and to create financial capacity for growth and development. Abri always wants to do more for the customers and communities it serves, and this requires long-term financial strength and resilience.

Today, Abri stands well-positioned to make the sizeable investments necessary to build more homes, maintain quality standards, improve building and fire safety and make its existing homes more sustainable. To this end, Abri remains open to working with like-minded partners who share its ambition to create more quality, affordable and environmentally friendly homes and thriving, inclusive communities where everyone can improve their life chances.

To achieve its goals effectively, Abri must also work in partnership with its customers. During the year, the Board continued to strengthen its insight into the voice of the customer, ensuring it remains at the heart of the organisation's decision making. Through our 'voice of the customer' framework, the Board are provided with video clips at the start of each meeting, which provide customer insight about what it's like to live in an Abri home and what more can be done to provide support in future. During the year, the Board also received direct feedback from customers on several issues, including repairs and sustainability, at its co-regulation event with the Resident Scrutiny Group. We have also commenced a review of our resident involvement offer.

The impacts of the pandemic and broader economic forces have combined to increase the financial pressures on our customers as they have faced ever-increasing costs of living. I'm pleased to say that Abri stepped up to this challenge, investing in eight of the most financially disadvantaged communities in the south of England and establishing a hardship fund to help those in financial difficulty sustain their tenancies.

One of the most important ways in which Abri seeks to meet the challenges ahead, is by ensuring that it has, from the very top down, the widest possible range of lived experiences and diversity of thought. Towards the end of the year, we took steps to further strengthen and diversify our Board with the appointment of David Montague, former chief executive of L&Q and co-opted Veronica Gordon, a former journalist turned social entrepreneur. Both bring highly valuable skills and experience that I am confident will help Abri continue to navigate a successful path in future.

INTRODUCTION FROM THE GROUP CHAIR (continued)

We also said goodbye to Board member Ashley West, who I'd like to personally thank for his contribution to Abri and take this opportunity to wish him every success in the future.

In conclusion, Abri has made very good progress against its strategic goals and it remains alert to the changing external environment. Towards the end of the year, the Board approved a refreshed and updated corporate strategy that will see the organisation continue a similar path, but with a sharper focus on inclusion and sustainability. This will help ensure that the Board of Abri can honour its primary responsibility – to leave the organisation in a better place than we found it.

Wayne Morris
Group Chair

INTRODUCTION FROM THE GROUP CHIEF EXECUTIVE

I’m pleased to report that Abri performed very well over the last year, despite a challenging operating environment.

Our financial performance was strong. The group delivered an operating surplus, including the disposal of fixed assets, of £70m and secured recurring operating cost efficiencies of £4m a year through its Optimum Abri programme, detail on which can be found in the Value for Money section of these accounts. These puts Abri in an excellent position to follow through on its commitment to invest more in its communities across the south of England.

With the benefit of our newly formed strategic partnership with Homes England, we completed the build of 850 much-needed new homes. This means we are now 15% of the way to delivering our target of 12,500 new homes by 2030, 75% of which will be for social or affordable rent.

During the year, we completed 300 new home sales and secured 1,100 plots to build more homes in the future. While these are big numbers and represent an important contribution to the increased housing supply this country needs, we never lose sight of the impact that a high-quality, safe, secure and sustainable home can have on an individual or family. It is simply why we exist.

As one of Homes England’s three Help to Buy agents, Abri helped 350,000 households secure their own home. We are proud of the work we have done to support Homes England to help more families own their first home, especially during a period of unprecedented demand.

Abri continued to lead Wayfarer, a consortium of housing associations, local authorities and charitable providers that represents 100,000 affordable homes across the south of England. During the year, Wayfarer delivered 1,217 new homes.

As the country continued to recover from the impacts of the pandemic, we reached out to our partners across our geography to offer help with a variety of initiatives, including employment support, health and wellbeing and community empowerment. In total, we engaged with more than 4,000 individuals and generated £5m in Social Value, calculated in conjunction with HACT principles and detailed in our Corporate Strategy update .

With more people facing economic hardship due to steep increases in the price of energy, fuel and other essential living expenses, I am also proud of the work Abri has done, and will continue, to help those struggling to maintain their tenancies.

Over the next five years we will be investing more than £215m in our existing homes, to maintain quality, improve building and fire safety and to make them more energy efficient and environmentally friendly.

During the year, we also increased our focus on sustainability, publishing our first ever Environmental, Social and Governance (ESG) annual report and developing a new Environment and Climate Change strategy. The strategy, which became operational in May 2022, recognises the positive impact Abri can have on the country’s journey to net zero, not just through our £7.4bn of property assets, but by positively influencing the actions of customers and colleagues. We have made good progress in pooling resources and expertise through the Greener Futures Partnership, a long-term, strategic collaboration between four of Abri’s fellow housing providers that is creating new sustainability standards across the sector.

If we are to continue to succeed, we know that we will have to serve our customers and communities well by providing homes and services that meet their diverse needs.

INTRODUCTION FROM THE GROUP CHIEF EXECUTIVE (continued)

The need to create inclusive communities has never been more important or indeed higher on our agenda. While we have much to do, we took the first steps to obtaining the necessary information and insight that we need to identify and tackle disparities.

Over the last year, we redoubled our efforts to engage with and listen to customers on what matters to them most. The result is a revised housing services strategy with a clear focus on delivering services locally though empowered colleagues who are emotionally invested in what they do. It remains an ambition for Abri to deliver sector leading customer service when ranked among our peers during the life of the five-year corporate strategy.

To do this, I firmly believe in a simple truth - that highly engaged colleagues deliver the very best customer service. We made further progress towards our desire to create one of the country's top ten best places to work by achieving the world class benchmark for employee engagement in the independent Best Companies' colleague survey. We also continued to invest in our colleagues by rolling out our Housing Professional of the Future programme and aligning it to the Chartered Institute of Housing's professional standards.

I would like to end by expressing my sincere thanks to the hard work and commitment of Abri's 1,600 colleagues during a challenging year. We remain united by our purpose to create great, sustainable communities and empower lives.

Gary Orr
Group Chief Executive

STRATEGIC REPORT

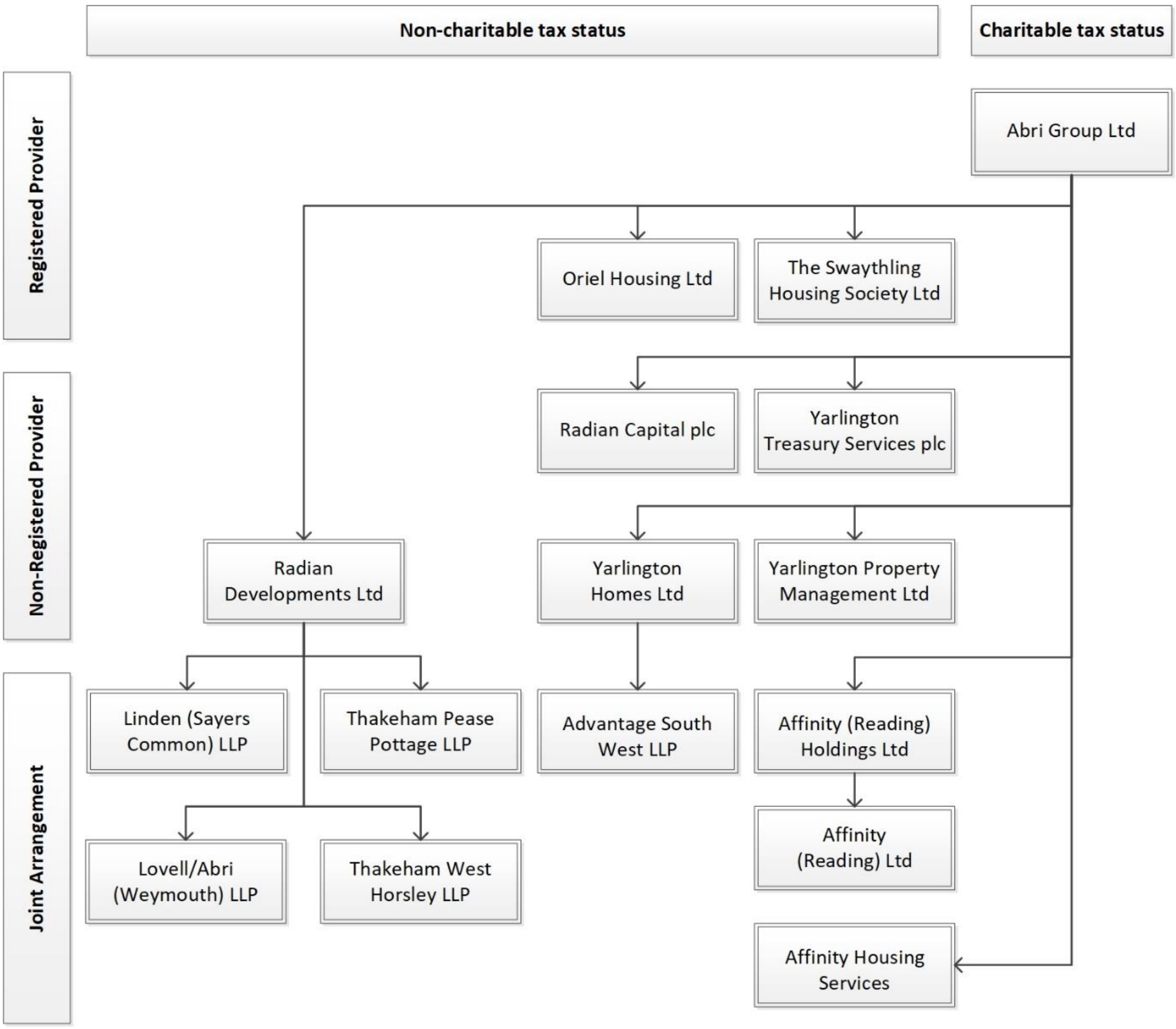
BUSINESS MODEL

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

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

GROUP STRUCTURE

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



STRATEGIC REPORT (continued)

ORGANISATIONAL OVERVIEW

On 30 June 2021, as part of an ongoing programme of Group Optimisation, a Transfer of Engagements from Yarlington Housing Group to Abri Group Limited was executed. This transfer ensured the Group retained two primary registered providers – Abri Group Limited and The Swaythling Housing Society Limited – with the former benefitting from charitable tax status. Abri Group Limited is the parent of the Abri Group and subsequently holds most of the housing stock within the Group.

On the same date, all employees of Yarlington Housing Group – except for those with legacy Local Government Pension Scheme entitlement – and Inspired to Achieve Limited transferred to The Swaythling Housing Society Limited. The revenue generating contracts of Inspired to Achieve Limited were also novated to The Swaythling Housing Society Limited during July 2021; Inspired to Achieve Limited was in the process of being struck off at the signing date.

Oriel Housing Limited is the third registered provider in the Group but owns no stock and acts as a property developer. Yarlington Homes Limited, through direct delivery, and Radian Developments Limited, through joint arrangement activity, also engage in development activity on behalf of the group.

Radian Capital plc and Yarlington Treasury Services plc are funding vehicles through which finance is raised via corporate bonds for use in the wider organisation.

Yarlington Property Management Limited provides repair and maintenance services to fellow group members and external clients.

KEY ACHIEVEMENTS

- 850 new homes delivered, including units delivered through joint ventures
- 300 new homes sold
- Retained G1/V1 status with Regulator of Social Housing
- Retained A3 stable Moody's credit rating
- Two-star accreditation for Outstanding Colleague Engagement from Best Companies
- £5m Social Value generated, as detailed in our Corporate Strategy update.
- £570,000 funding leveraged
- 93.6% of repairs completed on time
- 236,000 calls answered/received
- 123,000 repairs carried out
- Post repairs customer satisfaction 82.1%
- Fire Risk Assessment compliance 100%
- Gas Compliance 99.98%
- 97% of customers living in housing for older people supported to live independently
- £3.2m income secured by our Welfare and Benefits teams for our customers
- 98% success rate for first 12-month tenancy sustainment
- Supported 500 people into employment or better jobs

STRATEGIC REPORT (continued)

PERFORMANCE HIGHLIGHTS

The results of the Society have been presented on a combined basis, following the Transfer of Engagements of Yarlington Housing Group to the Society in the current financial year.

Group Financial Performance

	2022 £'000	**2021 £'000**	***Variance £'000***	***Variance %***
Turnover	244,283	225,561	*18,722*	*8.3%*
Operating Surplus	69,767	56,605	*13,162*	*23.3%*
Surplus before Tax	**28,252**	**(5,235)**	***33,487***	***639.7%***
Surplus before Tax (excluding break costs)	**34,252**	**21,765**	***12,487***	***57.4%***
Operating Margin	*28.6%*	*25.1%*	*3.5%*	
Net Margin	*11.6%*	*-2.3%*	*13.9%*	
Net Margin (excluding break costs)	*14.0%*	*9.6%*	*4.4%*	

Turnover has increased by £19m year on year. Income from property sales increased by £16m and rentals by £5m, but Help to Buy income reduced by £2m and we received no Furlough income in the year, with £1m claimed in the previous financial year.

Turnover from social tenures has increased by £5m to £187m and contributes 77% of the Group's turnover, following 720 additions in the year.

Income from first tranche sales contributes £34m, an increase of £7m, with market sales a further £9m, compared with no market sales completed in the prior year. Activity on commercial sales was buoyant during the year, with demand increasing as we emerged from the Covid-19 pandemic and remaining strong after the expiry of Stamp Duty incentives midway through the financial year.

Income from Help to Buy transactions was £2m lower than the prior year as demand and cases reduced, with the Government also announcing the cessation of the scheme effective March 2023 towards the end of Quarter 4.

The Group benefits from a range of other income streams, including the provision of support services, garage rental, photovoltaic panels, and the provision of other services, which in aggregate generate an additional £7m income – accounting for 3% of total turnover.

Cost of sales have increased by £11m, consistent with the increase in sales. The margins on first tranche sales also improved from 12% to 16%, linked to the continuation in house price growth and margins on our market sales in the year were 35%.

Operating costs increased by £2m in 2021/22, consistent with the increase in scale of the Group. Employee costs increased by £2m to £62m, in line with the 5% increase in employee numbers. There were no new provisions for cladding replacement in the year, with £5m provided in the prior year.

Surpluses generated on the sale of fixed assets have also doubled from £7m to £14m with half this total generated by staircasing transactions, supported by Right to Buy and Right to Acquire activity. Staircasing remaining the most significant category of activity, generating 48% of the overall surplus, up from 42% in the previous year. Overall margins, again driven by rising house prices, also increased from 40% to 48%.

STRATEGIC REPORT (continued)

PERFORMANCE HIGHLIGHTS (continued)

Group Financial Performance (continued)

Operating surpluses have increased from £57m to £70m and from 25% to 29% in the process, supported by property sales activity with high margins in the year.

Net interest costs have reduced by £1m, with the portfolio of loans and borrowings stable for most of the year, led by an increase in capitalised interest costs year on year. The Group continued to generate income from surplus funds; loans to jointly controlled entities earned £3m, marginally lower than the prior year.

The Group also incurred a further £6m of re-financing cost in March 2022, following an initial £27m in the prior year. The costs represented early breaks to embedded fixed rate swaps in our portfolio of variable rate borrowing, with a material impact on the results for the financial year.

The Group's share of underlying joint venture performance improved notably during the year, with a surplus of £4m against £3m in 2020/21, mainly driven from performance at Pease Pottage where the demand for, and selling price of units completed, exceeded expectation. Our results however include an exceptional cost of £2m, relating to Affinity (Reading) Limited.

Despite the refinancing costs incurred, the Group has recorded a surplus before tax of £28m, with the 12% margin increasing to 14% after adjusting for break costs. This compares favourably to the 10% margin in delivering £22m, after adjusting for £27m re-financing costs in the prior year.

In other comprehensive income, there have been significant actuarial gains of £21m across the defined benefit pension scheme portfolio most notably within the Abri Group Pension Scheme against losses of £35m in 2020/21.

Society Financial Performance

	2022 £'000	**2021 £'000**	***Variance £'000***	***Variance %***
Turnover	163,718	162,318	1,400	0.9%
Operating Surplus	44,181	40,989	3,192	7.8%
Surplus before Tax	**13,437**	**713**	**12,724**	**1784.6%**
Surplus before Tax (excluding break costs)	**13,437**	**22,713**	**(9,276)**	**(40.8%)**
Operating Margin	*27.0%*	*25.3%*	*1.7%*	
Net Margin	*8.2%*	*0.4%*	*7.8%*	
Net Margin (excluding break costs)	*8.2%*	*14.0%*	*(5.8%)*	

Turnover has increased by £1m year on year, despite income from rentals increasing by £3m. Turnover from social tenures has increased by £4m to £142m and contributes 86% of the Society's turnover, following 460 additions in the year.

Income from first tranche sales contributes £16m, in line with the prior year. Activity on commercial sales was buoyant during the year, with demand increasing as we emerged from the Covid-19 pandemic and remaining strong after the expiry of Stamp Duty incentives midway through the financial year.

STRATEGIC REPORT (continued)

PERFORMANCE HIGHLIGHTS (continued)

Society Financial Performance (continued)

The Society benefits from a range of other income streams, including the provision of support services, garage rental, photovoltaic panels, and the provision of other services, which in aggregate generate an additional £4m income – accounting for 3% of total turnover.

Cost of sales have marginally decreased to £13m, supporting a small increase in margin from 10% to 12%. Operating costs increased by £3m in 2021/22, with the Society allocated its share of Group operating costs based on the volume of stock owned.

Surpluses generated on the sale of fixed assets have also more than doubled from £3m to £8m with contributions from all types of asset disposal. Existing unit sales remained the most significant category of activity, generating 42% of the overall surplus, down from 65% in the prior year. Overall margins, again driven by rising house prices, also increased from 50% to 55%.

Operating surpluses have increased from £41m to £44m and from 25% to 27% in the process, supported by asset disposals with higher margins in the year.

Net interest costs have reduced by £1m, with the portfolio of loans and borrowings stable for most of the year, led by an increase in capitalised interest costs year on year. The Group continued to generate income from surplus funds; loans to jointly controlled entities earned £3m, marginally lower than the prior year. The Society did not incur any further re-financing costs, following £27m in the prior year.

The Society received £1m of Gift Aid distributions in the year, down from £15m in 2020/21 and has recorded a surplus before tax of £13m, at a margin of 8%. This compares favourably to the 14% margin in delivering £23m, after adjusting for £22m re-financing costs in the prior year, given the reduction in Gift Aid income.

In other comprehensive income, there have been significant actuarial gains of £11m across the defined benefit pension scheme portfolio most notably within the South Somerset scheme, against losses of £13m in 2020/21.

Group Financial Position

	2022 £'000	**2021 £'000**	***Variance £'000***	***Variance %***
Fixed Assets	2,216,359	2,123,801	*92,558*	*4.4%*
Current Assets	285,212	272,740	*12,472*	*4.6%*
Net Assets	541,998	490,480	*51,518*	*10.5%*

Housing properties have increased by £97m, driven by 720 gross additions, predominantly for affordable rents and shared ownership. Both measures are higher than the prior year which saw a £94m increase across 700 units. Our social housing stock, with a carrying value of £2.1bn represents 94% of our fixed asset base.

Within current assets, our closing cash position of £151m is £11m higher than the prior year. Our housing properties available for sale are marginally higher than the prior year at £53m; the balance at year end is primarily attributable to shared ownership properties under construction, with only £5m of completed stock unsold at year end.

STRATEGIC REPORT (continued)

PERFORMANCE HIGHLIGHTS (continued)

Group Financial Position (continued)

Receivables are in line with the prior year at £81m, with £13m of grant claimed from Homes England under the terms of our Strategic Partnership offsetting reductions in amounts loaned to jointly controlled entities and short term non-liquid assets.

Payables due within one year are £58m lower than at 31 March 2021 at £81m; the prior year result included £27m of accrued break costs which were paid post year end and the balances drawn on revolving credit facilities were significantly higher.

Within long term liabilities, loans and borrowings have increased by £60m, following the sale of bonds in the year. Deferred Capital Grant has increased by £82m with new grant received under our Strategic Partnership. The value of defined benefit pension liabilities have reduced by a third to £58m following actuarial valuations at year end, owing mainly to external market factors at the reporting date.

Following the results of the year, our Group funds are £542m, including £421m of revenue reserves.

Society Financial Position

	2022 £'000	**2021 £'000**	***Variance £'000***	***Variance %***
Fixed Assets	1,605,953	1,548,535	*57,418*	*3.7%*
Current Assets	232,269	222,413	*9,856*	*4.4%*
Net Assets	584,842	558,070	*26,772*	*4.8%*

Housing properties have increased by £58m, driven by 460 gross additions, predominantly for affordable rents and shared ownership. Both measures are higher than the prior year which saw a £50m increase across 330 units. Our social housing stock, with a carrying value of £1.6bn represents 98% of our fixed asset base.

Within current assets, our closing cash position of £118m is £4m lower than the prior year. Our housing properties available for sale are marginally lower than the prior year at £20m; the balance at year end is primarily attributable to shared ownership properties under construction, with only £2m of completed stock unsold at year end. Receivables are £16m higher than the prior year at £94m, with a £19m increase in intercompany loans and £6m of grant claimed from Homes England under the terms of our Strategic Partnership, offset by a reduction in amounts loaned to jointly controlled entities and short term non-liquid assets.

Payables due within one year are £46m lower than at 31 March 2021 at £42m; the prior year result included £22m of accrued break costs which were paid post year end and the balances drawn on revolving credit facilities were significantly higher.

Within long term liabilities, loans and borrowings have increased by £62m, following an increase in intercompany loans payable. Deferred Capital Grant has increased by £38m because of new grant received under our Strategic Partnership with Homes England. The value of our defined benefit pension liabilities have reduced by a fifth to £40m following actuarial valuations at year end, owing mainly to external market factors at the reporting date.

Following the results of the year, funds are £585m, including £464m of revenue reserves.

STRATEGIC REPORT (continued)

OUR CORPORATE STRATEGY: ACHIEVING TOGETHER 2020 – 2025

Abri's first ever corporate strategy "Achieving Together" was formally launched in 2020. We have seen some profound changes in our operating environment which have sharpened our understanding of the specific challenges our communities will face in the future. For this reason, we have refreshed our corporate strategy and created eight priorities to help shape our thinking, our actions, and our identity. Our eight strategic objectives are:

1. Build more homes
2. Invest in our homes
3. Get really good at customer service
4. Create thriving communities
5. Making all of our communities more inclusive
6. Create a great place to work
7. Manage our business to the highest standards
8. Climate crisis: creating a sustainable future

We work in partnership with others to create great homes and thriving communities, supported by outstanding customer services. Everything we do is powered by three core beliefs:

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

Our triple 10 objectives

We use three really big, simple, publicly stated, ambitious goals to define our longer-term future. We want to be:

1. Top 10 for customer satisfaction
2. Top 10 place to work
3. Top 10 housing association by scale

PERFORMANCE AGAINST OUR STRATEGIC OBJECTIVES

Strategic Objective #1 – Build more homes

In 2021/22 we saw significant delays on our development sites due to labour, materials and fuel shortages – all national problems. However, we are pleased to have built 850 homes against a target of 950 and look forward to delivering over 1,000 new homes in 2022/23.

A Strategic Partnership with Homes England

In 2021 Abri secured a £250m Strategic Partnership with Homes England to support our investment of £927.5m to deliver an additional 3,218 affordable homes by 2027/28. We've committed to deliver 50% of the homes for shared ownership, 50% for social or affordable rent including homes in rural areas and a minimum of 25% of all homes using Modern Methods of Construction.

STRATEGIC REPORT (continued)

PERFORMANCE AGAINST OUR STRATEGIC OBJECTIVES (continued)

Strategic Objective #1 – Build more homes (continued)

A Strategic Partnership with Homes England (continued)

Securing a Strategic Partnership provides Abri further financial certainty, along with the reputation and track record to deliver more. The funding will allow us to exceed our previous targets, by increasing the delivery of new homes from 1,000 to 1,500 each year. In our first year as a Strategic Partner we've started 564 homes, completed 89 homes and claimed 31% of our £250m grant allocation.

Abri's development strategy cannot be achieved alone. Our partnership work includes joint ventures with Thakeham at Pease Pottage (619 homes) and West Horsley (139 homes), Vistry at Sayers Common (120 homes) and Lovell in Weymouth (500 homes).

Abri is also the lead partner of Wayfarer, a consortium of 17-strong affordable housing providers, including five local authorities, drawn together to help unlock vital sources of grant funding. In the past year members have completed 388 new affordable homes as part of Homes England programmes. Together we own or manage more than 100,000 homes.

Talking new homes

We've helped so many on their home ownership journey, whilst also reshaping our own look and feel with our new Abri Homes brand and website going live. We enter the new financial year in a strong forward sales position and ready to continue helping more buyers in their journey.

Our sales in numbers

- 300 market and first tranche sales, generating £42.4m income and £10.0m surplus
- Average first tranche sale 45%
- 38% forward sold entering 2022/23
- 191 Staircasing completions, generating £14.6m income and £6.3m surplus.

Help to Buy

Since January 2020, we've operated the Help to Buy contract for the South of England on behalf of Homes England. We are one of three Agents across the country and together this year we've helped more than 350,000 households become homeowners and supported the purchase of approximately one in three new build homes. We ended the year meeting all our key performance indicators with 99% customer satisfaction and strong net promoter scores.

Strategic Objective #2 – Invest more in our existing homes

We are clear about our duty as a housing provider: to keep every customer safe in their home, to invest in existing homes, ensure safety, and to build new homes that are future proof. We are alert to changes in compliance and will be proactive in relation to new legislation, making sure our homes remain safe. We will continue to engage directly with our customers to make sure we understand their views about the things that matter most in their homes and the shared spaces around them.

STRATEGIC REPORT (continued)

PERFORMANCE AGAINST OUR STRATEGIC OBJECTIVES (continued)

Strategic Objective #2 – Invest more in our existing homes (continued)

This year our focus has been on tackling disrepair. These are structural things like exterior damage, water heating, toilets, basins, baths, and anything considered a health and safety risk. We've been tackling the root cause of dampness and mould in our homes, especially where it's appeared because of structural issues. This could be due to a leaking roof or damp-proof course, or defected heating or extraction.

We were also aware that the Covid-19 pandemic meant that some issues were not identified or resolved as quickly as we would have liked. This is why we've launched a major campaign designed to help quickly identify cases of disrepair at our homes so we can put them right. As part of this, we have already invested an additional £1.4 million to improve the standard of our homes. And further funds will be put towards improving the standard of decoration of many of our Independent Living schemes too. Maintaining quality homes and quickly identifying and addressing any issues causing disrepair, damp or mould will continue to be a top priority of ours.

High Rise Blocks and Fire Safety

The safety of our customers is our highest priority. That's why we are committed to engaging our customers in a transparent and inclusive way throughout any fire and building safety works. There's always room for improvement and we are committed to meeting the very highest standards. We've established a fire safety steering group that responds to the Fire Safety Act, Building Safety Bill, Social Housing White Paper and the Grenfell Enquiry (Phase 1 and 2). These legislative recommendations have informed our Fire Delivery Programme for the next four years. We strive to maintain 100% compliance with our fire risk assessment key performance indicators.

Abri is also a signatory of the Building Safety Charter and is working toward charter championship status which will reaffirm the actions that we take to ensure all the homes we provide are safe. Abri is also a corporate member of the Association of Safety and Compliance Professionals to ensure that we remain up to date with all current landlord safety developments and requirements. Throughout 2021/22 we've been upgrading our buildings, which includes replacing fire doors. This protects the rest of the building from the spread of fire and smoke. We do this to save lives. We have a duty to follow the fire safety obligations to make sure fire doors are subject to a suitable system of maintenance. We've changed fire doors for the safety of our customers, so that in the event of a fire the doors will help stop the fire from spreading. They're also easier for our customers to use.

Looking ahead to 2022/23 where legislative recommendations have informed our Fire Delivery Programme for the next four years. As part of this we are continuing to work on cladding projects at our High-Risk Residential Buildings (HRRB), including at Mulvany Court, Berry Court and Park Reach.

Consulting customers and the community on possible regeneration

Sawyers Close in Windsor was identified as an estate that was at risk of falling behind our standards for our customers, with an increasing amount being spent on both planned and exceptional maintenance. In 2021 we asked our customers what they would like us to do to improve their homes and community. They resoundingly replied that we should pursue a complete regeneration of the estate. A consultation programme is running throughout 2022 where we will be in continuous dialogue with our customers, the local authority and other stakeholders to establish how we can deliver new homes and a better community for our customers.

STRATEGIC REPORT (continued)

PERFORMANCE AGAINST OUR STRATEGIC OBJECTIVES (continued)

Strategic Objective #3 – Delivering outstanding customer service

Abri is committed to delivering a high standard of customer service. This means not only complying with the relevant regulations, but also building a culture that prioritises customer needs and enables colleagues to meet them. We are pleased with the good work we've delivered over the last year but we recognise that there are always areas to improve on. Our recently published Customer Annual Report shares our progress so far and outlines our ambitious plans for the months and years ahead.

Working from the inside out, we are listening to customers to better communicate our approaches and provide transparency on the challenges that we face, building solid foundations to continue the delivery of good service. We believe that we are approaching this work from a good foundation of positive progress. We have invested in and expanded our responsive repairs and planned works team and introduced a specialised customer care team, covering our repairs and maintenance service. We held eight listening workshops across our operating area, focussing on challenges our customers faced – the overarching theme was our customers simply want a good service.

Sometimes things go wrong and sometimes customers will need to register their dissatisfaction with an aspect of our service. Our ability to effectively respond to and resolve complaints is vital. Our performance is regulated by the Housing Ombudsman's Complaint Handling Code, setting out good practice that allows landlords to respond to complaints effectively and fairly. Abri will be completing a self-assessment against the new Code in the new financial year and will publish the result on our website.

In 2021/22 we were able to increase the amount of complaints closed at the first point of contact throughout the year. The quality of our responses has also improved, as evidenced by the majority of customers being satisfied with the outcome of their Stage 1 complaint. We also held monthly meetings with customer facing teams, providing visibility of our complaint performance and agreed service improvement opportunities to reduce customer dissatisfaction going forwards.

In February 2022, Abri began a pilot of an automated digital survey solution to make sure that every customer is given the opportunity to feed back on their complaint experience. We'll continue with this pilot and gather more insight into how we can demonstrate best practice. We also created an independent Customer Complaints Panel, made up of volunteer involved customers. Our Stage 2 complaints process lets the customer choose if their concerns are reviewed by a senior manager within Abri, or the Customer Complaints Panel. The panel then review the complaint and make recommendations to Abri to put things right.

Looking ahead to 2022/23, we are creating a repairs and maintenance service that is consistent with our customers' expectations. Alongside this, through our learning and development and Housing Professional of the Future programme, we'll continue to shape, develop, and support our housing management team, prioritising empathy, housing knowledge, and a desire to get the best outcomes for our customers.

Strategic Objective #4 – Create thriving communities

We want to make a positive contribution to our customers' neighbourhoods. Our £15m, five-year Community Investment strategy focuses on employment, empowerment, and health and wellbeing activities in our most deprived areas. It has positively promoted community cohesion during an exceptional public health crisis and economic instability.

STRATEGIC REPORT (continued)

PERFORMANCE AGAINST OUR STRATEGIC OBJECTIVES (continued)

Strategic Objective #4 – Create thriving communities (continued)

Social value

We use social value to understand how the work we do impacts people's lives. We use HACT's UK social value bank to work out our social value. Using the values within this bank we can calculate the impact of our work on our customers and communities in monetary terms, measuring our social and environmental impact through improvements to wellbeing. This year this includes:

- supporting 500 people into employment;
- developing/establishing 25 partnership consortiums across our eight Community Investment Zones;
- delivering 13 Abri Work Academies, enabling 127 people to undertake training and 78 securing employment; and
- our community cafés – Café 1759 in Whitehill and Bordon, and Round About Café in Mansbridge – running activities and events for the community. We also introduced a community pantry in the Round About Café, helping customers facing rising costs of living by accessing food for a fraction of the cost and reducing food waste.

Abri's social value generated has increased by over £1m to £5m in 2021/22.

You can read more about how we are investing in our homes and about the service we are providing to our customers in our Customer Annual Report 2021 – 2022.

Strategic Objective #5 – Make all of our communities more inclusive

Back in 2020 we made a commitment to improving equality, diversity and inclusion (EDI) at Abri. We want to make things better, not just for our colleagues but also for our customers and the communities we serve.

Inclusion and belonging are a top priority for our Board, Executive and wider senior leadership team at Abri. While we have made some good progress, such as the appointment of board member Lou Taylor as EDI champion, we can and will do more starting with our first annual Inclusion and Belonging Report 2022. This report helps hold us accountable to the objectives we set ourselves for the next year. It also shows us how far we have come already and what we can be proud of at Abri. Most importantly, it gives us a chance to reflect on what more needs to be done and how we can all make a positive impact.

Strategic Objective #6 – Create a great place to work

We want to make our organisation a great place to work, for everyone. We are modernising the way we work, improving our offices to be more inclusive, and supporting our colleagues' professional and personal development. We are focusing on creating one joint way of working, streamlining our services and systems and offering a one-stop-shop for learning and development. This year we've been ranked fourth best housing association to work for in the Best Companies list and also featured in their Top 100 companies to work for list.

STRATEGIC REPORT (continued)

PERFORMANCE AGAINST OUR STRATEGIC OBJECTIVES (continued)

Strategic Objective #6 – Create a great place to work (continued)

ConneXus – our colleague representatives

We've grown our team of ConneXus representatives, providing them with training and shadowing opportunities, whilst continuing to give support to our existing team. Their active participation and engagement in committee meetings has helped them stay up to date with what's going on in the organisation and more importantly, the voice of colleagues is now heard at senior level.

Prioritising professional and personal development

We've become early adopters of the Chartered Institute of Housing's Professional Standards framework. This is a great way for us to work as a united sector and the standard puts emphasis on the broad nature of housing. Alongside this we continue to offer apprenticeships to colleagues at any stage of their career. Last year, we launched Housing Professional of the Future, a framework that provides colleagues with career direction and supports them to be the very best they can.

Wellbeing

Our vision is to create a positive culture where everyone recognises and supports the importance of health and wellbeing. Our objective is to make a real difference in the way we view, talk and act on health and wellbeing and we are focusing on the steps we can take to create a positive and healthy working environment for all.

Strategic Objective #7 – Managing our business to the highest standard

We are all about setting high standards, which we are able to demonstrate through the adoption of the National Housing Federation's (NHF) 2020 Code of Governance. Our Group Board, acting under the NHF's Code, oversee everything we do. This year, we retained our A3 Moody's credit rating and our G1/V1 grading with the Regulator of Social Housing, reflecting our financial strength and our robust governance arrangements.

Simplifying our structure

We've already taken significant steps to optimise our Group Structure. The first two phases focused on the Registered Providers (RPs) in the Group, the most recent changes concluding on 30 June 2021 with Yarlington Housing Group transferring its engagements into Abri Group Limited. Prior to this, Windsor, Portal and Drum Housing Associations had transferred their engagements into Yarlington Housing Group.

The next phase will focus on the non-registered providers, including a review of our dormant entities to enable the wind up of those no longer required and/or repurposing of some for the future.

Strategic Objective #8 – Climate change: the challenge of a generation

We are committed to playing our part in achieving the Government's 2050 net zero target and recognise the huge impact the social housing sector can make in both cutting carbon emissions and embedding the behavioural shifts that support long term change. We have a credible roadmap to decarbonise our stock, set higher build standards for zero-carbon-ready new homes, and make significant changes to the way we work as an organisation.

STRATEGIC REPORT (continued)

PERFORMANCE AGAINST OUR STRATEGIC OBJECTIVES (continued)

Strategic Objective #8 – Climate change: the challenge of a generation (continued)

The past 12 months have seen a huge step forward in our journey to net zero and earned Abri the number four position in Housing Digital's Top 30 Sustainable Housing Providers list in June 2021.

In April 2021, we teamed up with four peer housing providers – Anchor Hanover, Home Group, Hyde Group and Sanctuary – and launched the Greener Futures Partnership. The partnership is dedicated to improving the energy efficiency of 300,000 homes for more than 600,000 customers, as well as creating new standards for sustainability across the sector.

Our ESG sustainability reporting standard

On 31 October 2021 Abri published its first Environmental, Social and Governance (ESG) report. The aim of the report is to demonstrate our performance and the positive improvements it's making for its customers, the environment and how it's managing our business to the highest standards. We are also an early adopter of the sustainability Reporting Standard for Social Housing, launched by the ESG Social Housing Working Group.

OUR STAKEHOLDERS – TELLING OUR STORY

Abri has a clear set of strategic priorities and ambitions; we will achieve more, and more quickly, if we gain the support of our stakeholders. An agreed stakeholder engagement and communication plan ensures we focus on the right stakeholders, understand their issues and priorities and have a co-ordinated approach to delivering consistent messages.

How we make that happen

We make the most of every opportunity to talk more about what we are doing while also attracting opportunities to work with others. We want to tell our story in a way that evokes a positive response. So, we are keeping our stakeholders informed, from investors and MPs to customers and the media, to make positive change happen.

Stakeholder	How we engage, listen and inform
Investors	• Timely updates on our performance and achievements • Quarterly newsletter on overall activity • Regular meetings to stay up to date • Budgets and long-term forecasts • Reporting in line with agreed requirements
Customers	• Regular and ongoing customer satisfaction using a range of measures monitored by our muti-disciplinary Know Our Customer Panel • Complaints and compliments welcome through a range of media • Digital consultations through Citizen Space, our digital platform • Resident led scrutiny embedded in our formal governance structure • Steering groups and forums, such as the Thriving Communities Panel, placing their ideas and opinions at the heart of our organisation • Monitoring of direct emails and enquiries plus social media sentiment
Regulator of Social Housing	• Proactive engagement to discuss important matters • Tracking of key changes, announcements, and publications

STRATEGIC REPORT (continued)

OUR STAKEHOLDERS – TELLING OUR STORY (continued)

How we make that happen (continued)

Stakeholder	How we engage, listen and inform
MPs, councillors, local authorities, trade associations	• Bespoke approach to each primary stakeholder and local authority • Quarterly overview of relevant activity • Reactive communications coupled with proactive outreach • Thought leadership pieces • Responses to White Papers and government consultations • Round tables and site visits • Meetings with key stakeholders • Briefing notes offered to All Party Parliamentary Groups and Select Committees
Communities	• Working groups and partnership consortiums to understand local sentiment • Designated Community Investment Zones • Community Action Days, events, stock visits • Visual summaries and regular updates on where we are at with local investment • Good news stories and social media engagement • Surveys and consultations • Sub-committees • Partnership working with local authorities
Sector	• Responsive media • Thought leadership and blogs • Case studies and reports • Press releases and independent research • Daily news monitoring • Tracking of other housing associations

Working with government

Our customers are important to us, and they are increasingly expecting us to speak on their behalf. One of the ways we do this is by responding to government consultations to help shape policies that can improve quality of life in communities. But we raise our voice and those of our customers in four main ways:

- Responding to government consultations on subjects that relate to our business and our customers. This year we responded to five consultations covering the long term impacts of the pandemic on towns and cities; HCLG's Committee inquiry into regulation of social housing in England; Reforming the leasehold and commonhold systems in England and Wales; the proposed Tenant Satisfaction Measures and the Social Housing Professionalisation Review;
- Contacting MPs and stakeholders directly to let them know how we can support them and their constituents;
- Providing written and oral evidence and case studies to APPGs to support them in shaping policy and making positive change happen; and
- Inviting MPs and other stakeholders to meet with us so we can share feedback from our customers about what would benefit them and their community.

STRATEGIC REPORT (continued)

STOCK PROFILE

As at 31 March 2022 we owned and managed housing properties across 56 local authorities; those where we managed 500 properties or more are shown below.

Local authority	General needs	Shared ownership	Supported housing for older people	Other social housing	Market rent housing	Total
South Somerset District Council	6,670	409	1,642	184	3	**8,908**
East Hampshire District Council	4,227	324	635	142	2	**5,330**
Royal Borough of Windsor and Maidenhead	2,778	35	425	71	-	**3,309**
Southampton City Council	2,014	327	227	158	149	**2,875**
Eastleigh Borough Council	1,125	356	113	82	48	**1,724**
Wiltshire Council	909	293	4	1	4	**1,211**
Portsmouth City Council	698	64	-	91	48	**901**
Bournemouth, Christchurch and Poole	523	141	39	11	122	**836**
New Forest District Council	718	140	4	48	-	**910**
Test Valley Borough Council	369	157	-	77	16	**619**
Winchester District Council	409	88	-	8	-	**505**
	20,440	**2,334**	**3,089**	**873**	**392**	**27,128**

We own and manage a further 6,291 units across 45 local authorities not listed above.

OUR DEVELOPMENTS

The Group has increased its development programme to target a delivery of 12,500 new homes by 2030. This is being achieved through a new Strategic Partnership with Homes England, a move towards land led opportunities and regeneration of existing assets along with new and existing partnerships with others. Capacity for the Group will develop from an increase of its own in-house construction team, partnering with other organisations through joint ventures, as well as the Section 106 elements of major housing developments.

The Group has reviewed the environmental and customer impact of its programme and therefore is developing more homes using Modern Methods of Construction and looking at the early adoption of the Future Homes Standard for its rental units. The Group maintains a strong pipeline of homes under construction and has a low exposure to market sale units, recognising the volatility of this product.

STRATEGIC REPORT (continued)

OUR DEVELOPMENTS (continued)

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

Scheme name	Status at March 2022	Est. PC date	Total units	GN	SO	MS
Brue Farm, Highbridge, Somerset	On site	Aug-22	123	X	X	
Bath Road, Bristol	In Contract	Nov-24	109	X	X	
The Old Brewery, Bristol	In Contract	Sep-23	107	X	X	
Woodgate, Pease Pottage, Sussex	On site	Jul-22	106	X	X	
Cranborne Road Phase II, Wimborne, Dorset	On site	Nov-24	100	X	X	
Kingsgate Phase II, Amesbury, Wiltshire	On site	Nov-24	90	X	X	
Pembers Farm, Fair Oak, Eastleigh	On site	Jul-23	85	X	X	
Hainbury Farm, Ilchester, Somerset	On site	Jun-23	75	X	X	
Crome Constable, Lockleaze, Bristol	On site	May-23	74	X	X	X
Snowdon Grange, Chard, Somerset	On site	Jun-23	70	X	X	
Coopers Court, Finzels Reach, Bristol	On site	Oct-23	66	X	X	
Longhedge Phase VII, Salisbury, Wiltshire	On site	Nov-22	65	X	X	
Hawley Park Farm, Camberley, Hampshire	On site	May-23	63	X	X	
Lord Mayor Treloar, Alton, Hampshire	On site	May-24	58	X	X	
Old Mixon, Weston-Super-Mare, Somerset	On site	Jan-23	49	X	X	
Seafield Road, Porchester, Hampshire	In Contract	Jul-24	48	X	X	
Bancombe Road, Somerton, Somerset	On site	Jan-23	46	X	X	
Wey Hill, Haselmere, Surrey	On site	Jun-22	45	X	X	
Haybridge, Wells, Somerset	On site	May-23	44	X	X	
West Of The Street, Togham, Surrey	On site	May-24	44	X	X	
Cheltenham St, Bath, Somerset	In Contract	Oct-23	43	X	X	
North East Quadrant, Poundbury, Dorset	On site	Dec-22	43	X	X	
Longhedge Phase I, Salisbury, Wiltshire	On site	Aug-22	42		X	
Caversham Road, Reading, Berkshire	On site	Mar-24	40	X	X	
Reeds Lane, Sayers Common, Hassocks, Sussex	On site	Dec-22	40	X	X	

VALUE FOR MONEY

Our approach to Value for Money ("VfM")

Value for Money is at the heart of Abri's business, engrained in all our targets and operating decisions. 2021/22 saw the final integration plans come to fruition. The targets for the year required every element of the Group to conclude restructuring activities identified as part of the partnership Final Business Case ("FBC"), delivering benefits in year and setting the Group up for a stronger and more resilient future.

The changing operating environment and market conditions, inclusive of legislative changes in the safety arena, led the Group to look to further strengthen its financial resilience, and savings were identified through "Optimum Abri". The Board approved the delivery of £26m of benefits over the coming five years inclusive of 2021/22.

STRATEGIC REPORT (continued)

VALUE FOR MONEY (continued)

Our approach to Value for Money ("VfM") (continued)

Our VfM strategy is embedded in our strategic objectives, ensuring it facilitates delivery of the objectives with the right blend of Economy, Efficiency and Effectiveness.

Strategic priority	How the VfM strategy facilitates delivery	Related supporting strategies
Build more homes	Delivering our VfM efficiency targets in our operating model improves the long-term financial capacity of Abri to support the delivery of additional new homes. Driving efficiency in how we procure and deliver new homes, together with the value created from sales, adds further to that long-term capacity.	Development
Invest in our homes	Delivering our VfM efficiency targets in our operating model improves the long-term financial capacity of Abri to invest in our existing homes. This investment in our homes should improve the cost in use to our customers who will also see a VfM saving as a result.	Asset management, Abri Home Care, Procurement
Get really good at customer service	The VfM strategy sets the challenge to ensure we understand the relevant cost of achieving higher customer satisfaction and the potential opportunity cost of achieving this.	Customer Service, Rent setting
Create thriving communities	Our VfM and Procurement strategies have a target of achieving £2.5m of social value which has a direct input into supporting and promoting thriving communities. Understanding the value and contribution to communities of our community investment activity is a key priority of our VfM strategy.	Community Investment, Procurement
Create a great place to work	Similar to understanding the cost drivers of achieving customer satisfaction, the VfM strategy has a priority to understand the cost of achieving a great place to work, particularly as we take decisions about The Future Ways of Working, where we will ensure all decisions are evaluated from a VfM perspective.	Future Ways of Working
Making all of our communities more inclusive	The VfM strategy ensures we deliver effective services to our diverse customer base rather than just the most economic services.	EDI
Manage our business to the highest standards	All VfM strategic priorities underpin this objective. Improving transparency over our VfM performance improves accountability to our stakeholders. Ensuring we have a resilient long-term Financial Plan and are compliant with the VfM standard helps protect our G1/V1 standing with the Regulator.	All supporting strategies, Financial Plan and Golden rules, Group simplification
Climate crisis: creating a sustainable future	This poses a huge challenge to our business - strategically, operationally, and financially. Achieving our VfM efficiency targets improves the long-term financial capacity of Abri to invest further in addressing climate change through improving the carbon footprint of our operations and our homes.	Environmental

STRATEGIC REPORT (continued)

VALUE FOR MONEY (continued)

Our performance

The Board monitors both operational and VFM performance through quarterly scorecards, enabling the scrutiny of a cross-section of performance across the business. This is intrinsically linked to the delivery of the corporate objectives. The results for the year were positive against our internal targets whilst showing strengthening performance year on year.

The following table outlines our VfM performance against the regulatory metrics, compared to the previous year and the sector median for Housing Associations with over 30,000 units. Having broadly completed our integration journey, these results begin to show the true strength of the group.

The budgeted metrics for 2022/23 is also presented to show the improving direction of travel for the group.

Metric	2021/22 Actual	2021/22 Budget	2020/21 Actual	2020/21 > 30,000 Median	2022/23 Budget
Re-investment	7.0%	8.7%	5.2%	5.1%	8.6%
New supply delivered (social)	2.2%	2.8%	1.4%	1.5%	2.6%
New supply delivered (non-social)	0.04%	0.09%	0.01%	0.1%	0.03%
Gearing	50.9%	55.7%	52.4%	46.0%	50.9%
Interest cover – EBITDA-MRI	157.0%	145.3%	147.5%	169.0%	138.9%
Headline social housing cost per unit	£3,822	£3,799	£3,912	£3,711	£3,928
Operating margin - social housing lettings	24.2%	25.4%	23.7%	31.6%	26.5%
Operating margin	22.9%	22.7%	22.0%	24.1%	23.6%
Return on capital employed (ROCE)	3.0%	2.8%	2.6%	3.5%	3.2%

- **Re-investment** in our assets is predominantly driven by our development spend on housing properties, with contributions from capitalised repairs and interest. Development spend in the year was £130m against a budget of £170m, resulting in the budget shortfall primarily as a result of slower development delivery, with capitalised costs marginally lower than the £18m budgeted due to covid related access issues. The 2020/21 outcome was a result of £98m of development spend and £11m of capitalised costs, with both impacted by the pandemic.
- **New supply delivered (social)** – measures the relative number of new social units handed over through our development pipeline and excludes the purchase of existing units. In 2020/21 we added 442 units, which increased to 721 units in the current year, below our budget of 936. We anticipate an increase in this figure as we increase our scale, supported by our Homes England Strategic Partnership Grant.
- **Gearing** – at 51% was lower than budgeted levels by 5% and 1% below 2020/21, driven by loans and borrowings being £110m below budget and assisted by temporarily increased amounts of cash at year end from £65m of HESP grant claims settled in Quarter 4, prior to their commitment to development spend.
- **Interest cover** – the improvement year on year is generated by increased operating surpluses set against modest increases in our interest base, in part due to refinancing activities in the last two financial years and increased levels of capitalised interest. The positive variance to budget is delivered by a reduction in capitalised repairs and budgeted new borrowings not taking place, reducing our interest base.

STRATEGIC REPORT (continued)

VALUE FOR MONEY (continued)

Our performance (continued)

- **Social housing cost per unit** – costs in the year decreased in line with expectations as integration activity progressed and led to a lower cost per unit year on year, but remaining marginally above the sector average for Housing Associations with at least 30,000 units. Our total costs are lower than budget, but the 200 unit shortfall in development activity pushes our cost per unit above budget for the year.
- **Operating margins** – performance shows marginal improvements against the prior year; whilst overall margins are in line with budget, social margins are marginally below budget due largely to a £3m deficit in rental income, again linked to the output from our development pipeline.
- **Return on capital employed** – compares favourably to both the prior year and budget, principally due to the £14m surplus generated from the disposal of fixed assets, against a budget and prior year of £7m.

To compliment the regulatory performance indicators, the board review a Performance Scorecard that ensures a broader operational view is given to the impact of Value for Money targets.

Highlights from the scorecard include Rent Arrears at 1.9%, improving from a high of 2.1% during the year and Void Rent Loss at 1.05%. Given the wider economic challenges the sector has faced, these results indicate that our continued investment in supporting our customers is ensuring they are able to sustain tenancies.

Our investment into communities delivered a large increase in the number of people we supported into employment, exceeding our target by 25%.

Looking forward - VFM metrics for 2022/23

In our statement for 2020/21 we referenced the introduction of Optimum Abri, with specific measures identified such as £14m of deferred discretionary major works alongside stretch targets that the business was tasked to identify. In year we listened to customers and colleagues and identified changes to the profile that ensures we still strengthen our financial position whilst enhancing customer satisfaction and safety.

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

STRATEGIC REPORT (continued)

VALUE FOR MONEY (continued)

Looking forward - VFM metrics for 2022/23 (continued)

	Year 1 2022-23	Year 2 2023-24	Year 3 2024-25	3 Year VFM target
Integration				
Investment	(£0.6m)	(£0.6m)	(£0.6m)	**(£1.8m)**
Savings	£9.3m	£9.3m	£9.3m	**£27.9m**
Net savings target	**£8.7m**	**£8.7m**	**£8.7m**	**£26.1m**
Optimum Abri				
Income generation	£0.6m	£1.2m	£1.5m	**£3.3m**
Savings	£1.5m	£5.8m	£7.2m	**£14.5m**
Deferred Major Repairs	£2.8m	£3.0m	£3.2m	**£9.0m**
	£4.9m	**£10.0m**	**£11.9m**	**£26.8m**
Grand Total	**£13.6m**	**£18.7m**	**£20.6m**	**£52.9m**

As part of the financial planning round for 2022/23 onwards, the Optimum Abri framework was revisited, and further efficiency targets were set across the business in order to maintain the 5 year trajectory to reach the Optimum Abri targets. These have been incorporated into the VfM metrics set out below.

	2023	2024	2025	2026	2027
New supply delivered (social)	2.4%	2.5%	3.0%	3.1%	3.2%
New supply delivered (non-social)	0.0%	0.1%	0.0%	0.2%	0.1%
Gearing	48.3%	45.3%	45.6%	46.6%	49.8%
Interest cover – EBITDA-MRI	145.0%	148.6%	152.1%	164.4%	150.8%
Headline social housing cost per unit	£4,020	£4,396	£4,565	£4,443	£4,493
Operating margin (social housing lettings)	29.2%	31.6%	31.7%	31.2%	31.4%
Operating margin	24.7%	26.1%	26.3%	25.3%	25.8%
Return on capital employed (ROCE)	3.4%	4.4%	4.0%	4.0%	3.7%
Social housing lettings interest cover	132.6%	131.1%	138.7%	142.8%	134.0%
Net debt to social housing turnover	5.4	5.0	5.0	5.4	6.0

Summary

The board recognises the importance of driving Value for Money from all activities we undertake. The targets are challenging yet agile, and ensure they never compromise our strategic priorities.

The ability to further strengthen the group in 2021/22 was embraced and we recognise the many benefits that improving all regulatory metrics has had on our ability to deliver our strategic aims. In the face of a cost of living crisis in the UK, the board continue to ensure we invest in delivering great service, ensuring we support customers with tenancy sustainment whilst continuing to improve the condition or our stock and investing in building more high-quality homes.

IMPACT ON THE ENVIRONMENT

Streamlined Energy and Carbon Reporting (SECR)

Outlined below are the results of the Group's SECR for 2021/22.

UK Government Greenhouse Gas Conversion Factors for Company Reporting has been used for the reporting of emissions, using the 2021 version. Emission types included in the calculations related to:

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

	2022	**2021 ***
Total CO_2e Scope 1, 2, 3 Gross emissions (tonnes)	6,148.9	1,755.6
Intensity Metric (Gross emissions) tCO_2e/number of full-time staff	4.3	1.2
Carbon Offsets	785	-
Intensity Metric (Net emissions) tCO_2e/number of full-time staff	**3.7**	**1.2**
Kilowatt hours of energy used	*30,127,614*	*7,117,239*

** The previous two financial periods excluding the electricity and gas consumption in communal areas and Scope 3 emissions. It is therefore not appropriate to compare the gross emissions reported for the periods outlined above.*

We opted to use full-time equivalent staff as the intensity metric to ensure consistency of reporting in future years, as the type of emissions incurred are more closely related to employee numbers than turnover, which is the other metric available for use. Our intensity metric increased from 1.2 tonnes of CO_2 Equivalent to 3.7 tonnes of CO_2 equivalent per full time employee, after carbon offsets were considered.

Annual energy efficiency actions

In the year we have sought to minimise energy consumption by:

- Calculated the carbon footprint and baseline Greenhouse Gas emissions to directly shape climate change targets and actions.
- In March 2021, a sustainability steering group was created with representatives from every team across the organisation.
- In April 2021, Abri teamed up with four peer housing providers and launched the Greener Futures Partnership as well as being part of Building Better, as outlined in our Corporate Strategy Overview.
- In May 2021, the first Executive Director of Assets and Sustainability, Rose Bean was appointed. Rose has led the approach to sustainability and developed our first Environment and Climate strategy – launched in June 2022 – which sets out our steps to become net zero by 2050.
- In existing homes, a retrofit pilot programme was started. Abri's target is to reach EPC Band C on all homes by 2030 at the latest, where possible by 2028.
- In June 2021, a carbon academy was launched, and carbon literacy training is available for all colleagues over the next two years. This includes teams setting sustainability related

objectives and an app being offered that can calculate individual carbon footprints and give advice on how to improve this.

IMPACT ON THE ENVIRONMENT (continued)

Annual energy efficiency actions (continued)

- Over 120 virtual servers were decommissioned which allowed a physical enclosure and nine blade servers to be removed, reducing the power requirements in the Collins House data centre.
- Continued to assess the lightning in corporate real estate and upgraded several compact fluorescent lamps in Collins House Reception with LED units.
- A pilot was launched with a hybrid mail solution that prints and franks post at locations that use more efficient bulk printing machines.
- Promoted the use of DocuSign to avoid printing and posting documents that require signatures.
- Utilising Modern Methods of Construction when building new homes. In March 2022, land was secured to build 54 affordable homes heated solely with air source heat pumps in Reading and 37 affordable homes in Guildford with electric car charging points and green roofs.

TENANCY FRAUD AND ANTI-MONEY LAUNDERING

We take money laundering and fraud of any kind very seriously.

There isn’t enough social housing for the people who need it. People committing tenancy fraud are breaking the law, breaching their tenancy agreement and causing even longer waits for those entitled to live in social housing. We employ a range of measures to tackle tenancy fraud, including encouraging employees and fellow residents to raise concerns when they suspect tenancy fraud may have occurred.

We are also alert to the potential for fraud and money laundering, especially in transactions relating to sale of our housing properties and stock. We undertake all reasonable steps to minimise the risk of money laundering, including identity verification and source of funds checks before sales proceed. We have robust written procedures in place, which includes an Anti-corruption Framework, and this is complemented by mandatory training for colleagues. We have a Money Laundering Reporting Officer and deputy in post.

MODERN SLAVERY AND HUMAN TRAFFICKING

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

- Complying with all relevant employment and human rights laws
- Assessing Modern Slavery and Human Trafficking risks in our business and in our supply chains by undertaking due diligence checks on our suppliers and contractors to reduce the risk of slavery and ensuring all relevant pre-employment checks are conducted prior to employing staff

New in 2021/22 was the creation of an internal working group to more closely examine how Abri can be more effective in combatting modern slavery and human trafficking. Our areas of action are outlined in our Modern Slavery Statement which can be found here:

STRATEGIC REPORT (continued)

<<INSERT LINK>>
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 BOARD MEMBERS

WAYNE MORRIS – GROUP CHAIR

An experienced housing professional, Wayne spent nearly 25 years working at Chief Executive level within major housing associations, most notably with Spectrum Housing Group (2007-13) before it merged with Sovereign Housing Association in 2016. Wayne is a member of the People and Culture Committee and previously held several roles prior to being appointed Group Chair. Wayne is also a corporate member of the Chartered Institute of Housing.

JOANNA MAKINSON – SENIOR INDEPENDENT DIRECTOR

Joanna joined the Board in November 2019. She has a first-class degree in Land Economy from the University of Cambridge and holds the role of Chair of the Audit and Risk Committee. Joanna is also a member of the People and Culture Committee. Before her current role as Chief Finance Officer at GreenSquareAccord, Joanna was Chief Executive at Bristol Community Health CIC, a not-for-profit social enterprise delivering NHS community healthcare services. Prior to this, Joanna was Finance Director and Company Secretary at United Communities, having qualified as an accountant in PricewaterhouseCoopers' public-sector team in Bristol.

GARY ORR – GROUP CHIEF EXECUTIVE

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

SIMON PORTER - BOARD MEMBER

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

MANDY CLARKE – BOARD MEMBER

Mandy is a Chartered HR professional with over 25 years' international and multi-sector experience. Mandy is a Non-Executive Director at GreenSquareAccord and at IPSE (the Association of Independent Professionals and the Self Employed). Mandy was formerly the Chair of Wiltshire Air Ambulance. Mandy, who has worked with Abri since 2013, is Chair of the People and Culture Committee and sits on the Audit and Risk Committee.

DIRECTORS' REPORT (CONTINUED)

GROUP BOARD MEMBERS (continued)

JANE ALDERMAN – BOARD MEMBER

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

JOCELYN MCCONNACHIE – BOARD MEMBER

Jocelyn is currently Deputy Chair of Western Power Distribution's Customer Engagement Committee and a Non-Executive Board Member at Western Isles NHS. She has held senior posts with National Grid, E.ON Energy and Calmac Ferries. She is highly experienced in leading customer and digital transformation programmes and cultural change. Jocelyn is a member of both the People and Culture Committee and Customer Service and Performance Committee.

MARY-KATHRYN RALLINGS ADAMS – BOARD MEMBER

Mary-Kathryn has over ten years of experience investigating the intersection of evidence, policy and practice in housing and urbanism across the UK. After completing her doctorate in 2013, she joined the Housing Associations' Charitable Trust, most recently serving as the Deputy Chief Executive, working with housing providers across the UK, particularly in relation to community investment, social value measurement, and the implementation of data standards across the sector. In 2019, Mary-Kathryn joined Simetrica-Jacobs (a partnership with Jacobs, the global infrastructure and engineering firm) as the Director of Strategy, where she focuses on strategy and business development. Mary-Kathryn is a member of the Audit and Risk Committee.

LOU TAYLOR – BOARD MEMBER

Lou has more than 20 years' experience in media, advertising and community-based enterprises – as an owner, entrepreneur, director and board member. His career spans both commercial and social enterprises. He is currently a non-executive member of Hampshire Constabulary Force Executive and a strategic board member of the John Hansard Gallery in Southampton. Since 2015, Lou has been responsible for running Black History Month in Southampton and has formed a successful social enterprise to promote knowledge and understanding of Black, Asian, Minority and Ethnic issues and experiences across the region. Lou is Chair of the Customer Service and Performance Committee.

DAVID MONTAGUE – BOARD MEMBER

David served as the Chief Executive of L&Q, one of Britain's largest housing associations between 2008 and 2021. David has, in a number of roles, overseen the company's growth and success through mergers, acquisitions, major regenerations schemes and development partnerships with smaller associations. A leading figure in the sector, David has been chair of the G15 and served on the board of the National Housing Federation. In 2013 David was awarded a CBE for services to housing in London. David now holds a number of non-executive and advisory roles for organisations including The Housing Finance Corporation, Joseph Homes, Hadley Property Group, Heylo Housing Group, proptech Staykeepers and Lloyds Banking Group. David is a member of the Development and Assets Committee.

DIRECTORS' REPORT (CONTINUED)

GROUP BOARD MEMBERS (continued)

VERONICA GORDON – BOARD MEMBER (CO-OOPTEE)

Veronica Gordon is a former BBC local radio and ITV regional news journalist and the founder of Our Version Media CIC – a Southampton-based organisation that is increasing authentic representation of Black and marginalised communities. She brings considerable experience in broadcast and digital media and is committed to equipping others with media skills to tell their own stories. Veronica, who is a long-standing customer of Abri, also has a unique perspective on the voice of the customer through well-established links with Abri's communities across the south where she has worked and volunteered for the past 15 years. Veronica is a member of the Customer Service and Performance Committee.

CAROLINE MOORE – CHIEF FINANCIAL OFFICER

Caroline manages the Finance, Treasury and Financial Planning and Health and Safety directorates, guaranteeing the appropriate financial checks and controls are in place, to enable growth and investment alongside adhering to Abri's value for money targets. Caroline oversees compliance with legal and regulatory obligations of the high safety standards expected, giving assurance to customers and colleagues. Caroline was previously Chief Financial Officer at Yarlington, and also held several non-executive roles, including Chair of the Audit Committee at Yeovil NHS Trust. Caroline spent an early part of her career in financial regulation at the Housing Corporation. She is a member of the Executive Board and the Treasury Committee, as well as sitting on the Board of Radian Developments Ltd and Yarlington Property Management Ltd. Caroline is also Chair of the Radian Capital plc and Yarlington Treasury Services plc Boards.

EXECUTIVE BOARD

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

ANDY SKARZYNSKI – EXECUTIVE DIRECTOR STRATEGY, BUSINESS INTELLIGENCE and HR

Andy's responsibilities include strategy development, IT, HR, communications, and the change function. He works to ensure that Abri has the right people, guided and motivated by the right values, and supported by the right technology to deliver its full potential. Andy's background includes significant experience in marketing, communications, ecommerce and change management gained across a range of businesses and sectors. Andy has held senior roles within the media, advertising, charity and retail sectors.

STEPHEN LODGE – EXECUTIVE DIRECTOR DEVELOPMENT AND STRATEGIC ASSET MANAGEMENT

Stephen is responsible for leading the property directorate of Abri to ensure the growth of good quality new homes, spanning all tenures across the south and southwest of England. Stephen has worked in the housing sector for around 30 years, initially as a volunteer in hostels for the homeless before pursuing a career in development and asset management. In his role, Stephen is focused on investing more into existing homes, giving our customers great opportunities, and achieving carbon neutrality. Stephen is a Fellow of the Chartered Institute of Housing and Chair of the Radian Developments Ltd Board. He is also a Board member of Radian Capital plc, Yarlington Homes Ltd, Yarlington Treasury Services plc and Yarlington Property Management Ltd.

DIRECTORS' REPORT (CONTINUED)

EXECUTIVE BOARD (continued)

RALPH FACEY – EXECUTIVE DIRECTOR OPERATIONS

Ralph has over 15 years Executive Director experience, following a housing management and regeneration career in local government and then as Head of Housing Services at Gosport Borough Council. Following several Executive Director roles for the Swaythling Housing Society, Ralph was appointed as Radian's Group Director of Housing and Customer Services in December 2009 and became Executive Director of Partnerships and Projects in June 2018. Following the formation of Abri, Ralph was appointed as Executive Director of Strategic Partnerships and Projects for the new organisation, and in November 2020 was appointed as Executive Director of Operations, leading Abri's housing management, repairs and maintenance and community investment services. Ralph also sits on the Board of Radian Capital plc.

ROSE BEAN - INTERIM EXECUTIVE DIRECTOR OF ASSETS AND SUSTAINABILITY

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

GEMMA BURTON CONNOLLY – INTERIM EXECUTIVE DIRECTOR OF GOVERNANCE, LEGAL AND RISK / COMPANY SECRETARY

Gemma has worked in the housing sector for ten years, having taken on roles including Head of Governance and Legal and Group Company Secretary at Yarlington Housing Group and Director of Governance, Legal and Risk at Radian Group. Prior to this, Gemma worked in the legal sector. She has broad experience of governance and regulatory requirements within private companies, registered charities, community benefit societies and public limited companies. Gemma has a keen interest in raising the profile of governance and removing the perception of bureaucracy by working with individuals, teams and organisations to embed good governance practices.

EXECUTIVE AND CORPORATE DIRECTOR 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 in note 8.

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

DIRECTORS' REPORT (CONTINUED)

GOVERNANCE AND REGULATION

Group Board Overview

The Group Board is responsible for setting the strategic direction, values and objectives of Abri and its subsidiaries. They monitor our performance, how well we are managing our finances and are responsible for ensuring effective governance across the business. They achieve this with the support of the Executive Board, Corporate Directors, and the following five committees, to which certain responsibilities are delegated:

- Audit and Risk Committee
- People and Culture Committee
- Customer Service and Performance Committee
- Treasury Committee
- Development and Assets Committee

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

Our Board members are selected through an open, competitive process. They contribute a wide range of professional, commercial, and other relevant experience and expertise. The Board is led by the Group Chair, Wayne Morris who sits alongside nine other Non-Executive Directors, and the Group Chief Executive and Chief Financial Officer.

Our Company Secretary is an experienced qualified lawyer, and supports the Board on all matters regulatory, governance and legal.

During the year we have worked to further increase the diversity of our Board, the details of which are set our below:

Gender Split		Age Distribution			Ethnicity	
Male (5)	Female (8)	≤44 years (3)	45-64 years (9)	≥65 years (1)	BME (3)	Non-BME (10)
38%	62%	23%	69%	8%	23%	77%

Marital Status				Sexual Orientation		
Married / Civil Partnership (8)	Common Law Partnership (2)	Single (2)	Divorced (1)	Gay (1)	Lesbian (1)	Heterosexual (11)
62%	15%	15%	8%	8%	8%	84%

Religion/Belief		Disability/Health		Working Pattern		
Christianity (5)	None / Agnostic (8)	Disability Declared (1)	None (12)	Full-time (5)	Part-time (7)	Prefer not to say (1)
38%	62%	8%	92%	38%	54%	8%

Caring Responsibilities		
None (8)	Primary Carer (4)	Prefer not to say (1)
61%	31%	8%

DIRECTORS' REPORT (CONTINUED)

GOVERNANCE AND REGULATION (continued)

Group Board Overview (continued)

Highlights in 2021/22

In 2021/22, the Board met 11 times and here are the highlights:

- Approved the Homes England Bid and subsequent Strategic Partnership
- Approved the proposed approach to rent alignment, major repairs (revenue) and assets disposal over the next 5 years
- Approved the acceleration of the new Target Operating Model
- Approved the transfer of engagements from Yarlington Housing Group to Abri Group Ltd (subject to shareholder consent)
- Approved the proposed KPI targets for 2021/22
- Approved the refreshed Corporate Strategy and Financial Plan
- Approved the Interim Treasury Strategy and funding profile
- Approved a rent increase of CPI + 1% for all eligible properties from 1 April 2021 and RPI + 0.5% for leasehold properties
- Approved the establishment of a hardship fund of up to £500k (subject to the 2022/23 budget)
- Approved the direction of travel for the pension scheme
- Approved the publicly name persons responsible for Safety Compliance and the Consumer Standards
- Approved the risk appetite, tolerance statement and enterprise risk management framework
- Approved the Housing Services Strategy
- Approved the consolidated budget for 2022/23

The Committees

Audit and Risk Committee

Abri's Audit and Risk Committee, chaired by Joanna Makinson, is responsible for overseeing the work of the external and internal audit functions, the system of risk management and the internal control framework. This includes monitoring, reviewing and challenging where necessary, matters in relation to audit, internal controls, compliance with the Regulatory Standards and all relevant law, whistleblowing and fraud. As well as horizon scanning to look at the emerging risk environment, the Committee is also responsible for assessing the integrity of the financial statements for the Abri's annual accounts, and those if its subsidiaries. During the year, the Committee met five times and here are the highlights:

- Reviewed and approved the External and Internal Audit Plans for 2022
- Monitored key risks such as Covid-19, the war in Ukraine, political instability, cost of living, disrepair, cyber security, and the mitigating plans related to these
- Commissioned several deep dives including complaints (in response to rising levels of customer dissatisfaction across the sector)
- Oversaw the ongoing development of the new Enterprise Risk Framework and risk appetite statement for recommendation to the Group Board
- Recommended Abri's first Environmental, Social and Governance (ESG) report to Group Board
- Received reports from the Resident Scrutiny Group on repairs and sustainability, progress against the RSG's annual workplan and the annual co-regulation event

DIRECTORS' REPORT (CONTINUED)

GOVERNANCE AND REGULATION (continued)

The Committees (continued)

People and Culture Committee

Abri's People and Culture Committee, chaired by Mandy Clarke, acts as the Group's Remuneration and Nominations Committee. Its purpose is to support the Corporate Strategy and promote long-term sustainable success through ensuring appropriate arrangements are in place for the recruitment, retention and remuneration of the Executive Board, Chair of the Board and Non-Executive Directors in line with the strategic aims and risk appetite of the business. The Committee is also responsible for nominations and succession planning, making the necessary recommendations to the Group Board. During the year the Committee met seven times and here are the highlights:

- Commissioned an external Board and Governance effectiveness review and agreed the subsequent 2022/23 action plan for continuous improvement
- Reviewed the diversity and tenure of the existing Group Board members and the skill sets required to strengthen and future proof the Board in its succession planning
- Co-ordinated the recruitment and appointment to the Group Board two additional Non-Executive Directors, and two independent Directors to the Customer Service and Performance Committee
- Recommended the Group Pensions Strategy (in liaison with the Treasury Committee) to the Group Board
- Approved the approach to a salary alignment exercise in relation to staff remuneration
- Under delegation from the Group Board, considered the annual pay award for staff and approved an increase of 5 per cent

Treasury Committee

The Treasury Committee, chaired by Simon Porter, is responsible for overseeing our Treasury Strategy and providing assurance to the Board on new funding decisions. It has oversight of treasury operations including the structuring of appropriate funding arrangements, the raising of new finance, loan portfolio risk management, the management of the security portfolio, money market operations, liquidity management and the implementation of related procedures and internal controls. In addition, the Committee is responsible for reviewing the funding arrangements of the Abri Group Pension Scheme. During the year, the committee met 6 times and here are the highlights:

- Continuously monitored the economic conditions and environment, treasury activity and intra group funding
- Recommended the Financial Plan and Stress Tests to the Group Board
- Recommended the direction of travel for the Group Pension Scheme, alongside People and Culture Committee, to the Group Board
- Recommended the Interim Treasury Strategy and funding profile for the rest of the financial year to the Group Board
- Monitored controls and scenario planning for risks including those pertinent to liquidity and financial planning assumptions
- Received a presentation on a deep dive of development cashflow

DIRECTORS' REPORT (CONTINUED)

GOVERNANCE AND REGULATION (continued)

The Committees (continued)

Customer Service and Performance Committee

The Customer Service and Performance Committee, chaired by Simon Porter, is responsible for monitoring the service delivery performance for housing management and repairs. It is also responsible for monitoring customer satisfaction and community investment activities. During the year, the Committee met four times and here are the highlights:

- Monitored the performance of Complaints, Home Care and Help to Buy and progress against the Customer Strategy
- Received regular Housing and Community Investment updates, including the Voice of the Customer
- Approved the 2021/22 overall tenant satisfaction target
- Received a proposal to undertake in house transactional surveys and conduct an independent STAR satisfaction survey
- Commissioned a complaints deep dive and endorsed a self-evaluation exercise against the Complaints Handling Code
- Recommended the Community Investment Annual Impact Assessment to the Group Board
- Approved the Customer Annual Report
- Recommended the Housing Services Strategy to the Group Board

Development and Assets Committee

The Development and Assets Committee, chaired by Jane Alderman, is responsible for ensuring the delivery of the development and asset management strategies, along with the business plans of Yarlington Homes Ltd and the Construction Management Team. The Committee is also responsible for the delivery of the contracts governing the terms of all Joint Ventures. During the year, the Committee met six times and approved a number of schemes, including:

- Vearse Farm, Bridport (S106 with Vistry)
- Broadmayne, Dorset (Option Agreement for up to 90 new homes)
- 345 Bath Road, Bristol (with Vistry)

Code of Governance

We are compliant with all aspects of our chosen code (NHF Code of Governance 2020), although our Chief Executive is a member of the committee responsible for nominations and remuneration (People and Culture Committee). This decision was taken because he has the requisite skills to contribute to the wider remit of the Committee, which also focusses on organisational culture and equality, diversity and inclusion.

All required disclosures and returns to the Regulator have been made and we have maintained the necessary registers, including Board Member declarations of interest and gifts and hospitality.

Compliance with the Regulatory Standards

The Board has reviewed performance against the economic and consumer standards as set out in the Regulatory of Social Housing's Regulatory framework for registered providers of social housing and confirms we fully comply with regulatory standards.

DIRECTORS' REPORT (CONTINUED)

GOVERNANCE AND REGULATION (continued)

Regulatory Performance – In Depth Assessment

We maintained our top ratings of G1 for governance and V1 for viability, following a stability check in November 2021.

RISK AND INTERNAL CONTROLS

Overview

The Group Board acknowledges its ultimate responsibility for establishing and maintaining a group-wide control framework from which each entity board is able to review the effectiveness of those controls. The Group Board recognises that no system of internal control provides absolute assurance nor eliminates all risk. The control framework in place is designed to manage and reduce the risk of failing to achieve business and strategic objectives and to provide reasonable assurance to the Group's Boards. Each Board retains ultimate responsibility for the system of internal control, but delegates responsibility to review the effectiveness of the operation of internal controls to the Audit and Risk Committee.

The Group's internal control framework is designed to give reasonable assurance on the reliability of financial and operational information, the maintenance of proper accounting records, and the safeguarding of assets, all of which are deemed to be integral to the achievement of the Group's strategic objectives. It focuses on the significant risks that threaten our ability to meet our objectives, effective customer outcomes (including their safety) and the safeguarding of assets. This includes:

- Governing documents - Abri's Standing Orders and Financial Regulations are reviewed annually and provide clearly defined roles, responsibilities and management and reporting structures, including a scheme of delegation.
- Policies
    - Risk and Assurance Framework – this framework is based around our risk appetite statements which the Board approve annually
    - Treasury policy
    - Investment policy
    - Anti-Corruption Framework
    - Whistleblowing Policy
- Enterprise Risk Register - The Group maintains a risk register, and this is formally reviewed on a quarterly basis, but is subject continuous update as the risks evolve. A quarterly risk report is provided to the Executive Board, the Group Board and the Audit and Risk Committee. An emerging risks register is also maintained, looking at both threats and opportunities and reported on to the Executive Board, Group Board and Audit and Risk Committee. Horizon scanning incorporates sector and non-sector specific intelligence sources and extends out over a 25-year time horizon.
- Assurance activities
    - Assurance mapping;
    - Asset and Liabilities Register;
    - Internal Audit - hybrid model of an in-house team and an external service currently provided by KPMG. This is to enable the Group to access subject matter specialist auditors where required and to benchmark against best practice. The effectiveness of this model is reviewed by the Audit and Risk Committee on an annual basis to ensure it remains fit for purpose; and

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' REPORT (CONTINUED)

RISK AND INTERNAL CONTROLS (continued)

Overview (continued)

  - Stress testing the business plan to understand the sensitivities of the plan (and our corporate strategy) to changes in underlying assumptions. We have also modelled scenarios to assess the long-term impact of our decisions on the business. When forming the scenarios to stress test we consider multiple factors including our operating environment, the sector risk scorecard, our risk-register and advice from risk and treasury advisors.
- Fraud reporting - Our fraud register is reported to the Audit and Risk Committee and Group Board, and is submitted to the Regulator annually.
- Annual Self-assessments
  - Compliance with the NHF Code of Governance; and
  - Compliance with the Regulatory Standards (and all relevant law).
- Performance reporting, benchmarking and accreditations
  - KPI monitoring and scorecards (monthly by Executives and quarterly by Board);
  - Dedicated Performance Committee;
  - Benchmarking with peers – HouseMark;
  - Moody's Credit Rating;
  - HQN Accreditation of Incomes; and
  - Other benchmarking through NHF, DWP and other forums which enable us to evaluate what others are doing.
- Resident Scrutiny and Customer Feedback - scrutiny reports are presented to each Audit and Risk Committee; the Committee is in turn responsible for reporting to the Group Board, thus ensuring direct linkage from the scrutiny group to the governance structure. The Chair is also a member of the Audit and Risk Committee and the Customer Service and Performance Committee.

Our Top Risks

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

Risk	Controls and Assurance
Business systems may be compromised	• Roles based permissions • Escalation control • De-militarised Zone (DMZ) set up • Firewalls • Web and Email filtering • Monthly security audits and monthly internal black box penetration test and external penetration testing • Multifactor Authentication (MFA) • IT Security Policy • Phishing simulation
Critical Suppliers may underperform and, or fail	• Contract management and review meetings • Procurement strategy • Credit review • Procurement tender process • Contract Key Performance Indicators (KPIs)

DIRECTORS' REPORT (CONTINUED)

RISK AND INTERNAL CONTROLS (continued)

Our Top Risks (continued)

Risk	Controls and Assurance
The business may be considered to have contributed to, or be at fault for an employee, customer and, or third-party death	• Risk Assessment and a Safe System of Work • Safety induction • Supervision • Building safety management, including gas and electrical testing • Fire safety programme • Site safety management
The business may not be able to sustain or restart business critical activity	• Organisation-wide Business Continuity Plan • Directorate Business Continuity Plans • Abri Disaster Recovery Plans
The political environment may not be conducive to the business's strategy	• Political monitoring and engagement • Crisis and issues management • Positive relationship with regulator • Diversified funding • Customer research • Consultations • Website performance reporting • Proactive public affairs and public relations strategy • NHF membership • Partnership working
The business may fail to generate or collect sufficient income	• Tenancy support services • Robust reporting systems • Rent and service setting policies • Relationships with Courts and DWP • Local employment market research • Automation of rent actions • Staff training • Due diligence and market testing for third party payment systems
The business may fail to deliver, or keep pace with, the required level of new housing stock	• Strategic Partner status • Monitoring and reporting to dedicated Development and Asset committees of the Board • Tenure reviews • Grant funding • Pamwin development appraisals • Valuations • Development procurement procedures • Contractor checks

Risk Management Development

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

DIRECTORS' REPORT (CONTINUED)

RISK AND INTERNAL CONTROLS (continued)

Group Board's statement on Effectiveness of Internal Control

The Audit and Risk Committee received assurance from the Executive Board on 23 June 2022 on the effectiveness of internal controls that have operated during 2021/22 and up to the signing of these accounts, via a self-assessment process signed off by the Executive Board.

The Group Board received assurance from the Audit and Risk Committee on 27 July 2022 that the system of internal controls has operated effectively during 2021/22, and that there have been no significant control weaknesses identified or breakdown in internal controls resulting in material losses, contingencies or uncertainties which would require disclosure in the financial statements during the year.

Overall, performance has been strong across the year, providing a significant level of assurance across the Group, with only one of the 11 audits receiving an assurance rating of 'partial assurance'. In line with the Financial Reporting Council's Guidance on Audit Committees, the Audit and Risk Committee considers the Committee to be independent, and effective.

Directors' Indemnities

Directors' and Officer's insurance cover has been established for all Directors to provide appropriate cover, indemnifying them against liability when acting for the Group. The indemnities were in force during the 2021/22 financial year and remain in place for all current and past Directors of the Group.

CAPITAL AND TREASURY MANAGEMENT

Introduction

The Group is financed by a combination of revenue reserves, long-term loan facilities, bond finance, and social housing grant received from government. The Society is financed by a combination of revenue reserves, 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 Group borrowings amounted to £1,147.7m of nominal drawn debt (2021: £1,125.3m) of which £8.0m (2021: £37.5m) is due to be paid within the next year.

At 31 March 2022 the Society's borrowings amounted to £881.8m of nominal drawn debt (combined 2021: £851.3m) of which £8.0m (combined 2021: £33.6m) is due to be paid within the next year.

DIRECTORS' REPORT (CONTINUED)

CAPITAL AND TREASURY MANAGEMENT (continued)

Own Named Bonds

Our own-named bonds are issued by Radian Capital plc and Yarlington Treasury Services plc, with proceeds received being on-lent to Yarlington Housing Group. In May 2021 the Society received £60.0m in deferred nominal proceeds from a bond instalment on-lent from Yarlington Treasury Services plc.

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

Other loans and borrowings

The Group has a number of bonds which are repayable in both single and multiple instalments and which are subject to fixed nominal rates of interest of between 2.9% and 11.1%. The Group also has various bank loans which are repayable in both single and multiple instalments and which are subject to nominal rates of interest linked to SONIA.

Additionally, the Group has two Homes England loans which are repayable as single instalments and are subject to an increasing fixed nominal rate of interest.

Risks

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

DIRECTORS' REPORT (CONTINUED)

CAPITAL AND TREASURY MANAGEMENT (continued)

Interest rate management

Most of the Group's borrowings consist of fixed rate bonds and bank funding at both fixed and floating rates of interest. A subset of our bank loans have embedded interest rate swaps that run for all or part of the loan term. During the year, finance costs totalling £6.0m (2021: £27.0m) were incurred breaking interest rate swaps. Strong performance in the current year has been utilised to reduce interest costs in future periods.

There is also one standalone interest rate swap arrangement, which transferred to Abri Group Limited following Yarlington Housing Groups Transfer of Engagements in June 2021 and it is considered an effective hedge with fair value movements taken through cash flow reserve.

Total debt of £1,147.7m nominal at 31 March 2022 consisted of 91% at fixed rates, of which £612.7m was fixed interest bonds, £411.1m was made up of embedded interest rate swaps, £15.0m was from the standalone interest rate swap and £0.6m to fixed rate Homes England loans. The interest rate swaps run for all or part of the loan term. There are no options in our portfolio.

Total debt of £881.8m nominal at 31 March 2022 consisted of 93% at fixed rates, of which £523.6m was fixed interest bonds, £354.2m was made up of embedded interest rate swaps, £15.0m was from the standalone interest rate swap. The interest rate swaps run for all or part of the loan term. There are no options in our portfolio.

Financial loan covenants compliance

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

Surplus assets for future debt security

At 31 March 2022 the Group had £1,044.3m (Society: £751.7m) unsecured completed housing properties not required for charging to existing debt facilities. These are sufficient to raise over £987.7m (Society: £715.2m) 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 885 (Society: 552) properties in the period to 31 March 2023, which will in turn provide additional unsecured properties which could be charged to debt facilities.

Future funding options

At 31 March 2022, the Group had £327.2m (Society: £244.80m) in available liquidity. This comprised £150.8m (Society: £118.4m) of immediately available cash and cash equivalents and £176.4m (Society: £126.4m) in revolving credit facilities. The Group had £70.0m of retained bonds held for future sale. This is sufficient to fund the Group over the 23 months from the date of this report. It will cover all committed and pipeline developments including the affordable rent programme.

DIRECTORS' REPORT (CONTINUED)

CAPITAL AND TREASURY MANAGEMENT (continued)

Future funding options (continued)

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 through the impact that may arise from the global pandemic.

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.

EMPLOYEES

The Group directly employed an average of 1,439 (2021: 1,376) full-time equivalent employees during the financial year, calculated on standard working hours per week for each employee. The Society directly employed an average of 177 (combined 2021: 398) of these, with a significant number transferring to The Swaythling Housing Society Limited as part of the Group Optimisation programme in June 2021.

Values and Behaviours

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

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

Equality, diversity and inclusion – we're all in

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

We want our colleagues to bring their individual differences, life experiences and knowledge into the workplace and we welcome their contribution to our organisation. Everyone is different, everyone is unique.

DIRECTORS' REPORT (CONTINUED)

EMPLOYEES (continued)

Equality, diversity and inclusion – we're all in (continued)

We've made a commitment to improving equality, diversity and inclusion (EDI) at Abri. We want to make things better, not just for our colleagues but also for our customers and the communities we serve. But to do that we need to reflect with honesty on our progress so far and be clear about our future plans.

Inclusion and belonging are a top priority for our Board, Executive and wider leadership team at Abri. While we have made some good progress, such as the appointment of board member Lou Taylor as EDI champion, we can, and will, do more starting with our first annual Inclusions and Belonging report that we published this year.

This report helps hold us accountable to the objectives we set ourselves for the next year. It also shows us how far we have come already and what we can be proud of at Abri. Most importantly, it gives us a chance to reflect on what more needs to be done and how we can all make a positive impact. The Inclusion and Belonging report shares:

- An overview of the EDI data we have for customers and colleagues so far
- Our gender pay gap report
- An update on how we are progressing against our eight EDI objectives
- Case studies on what EDI activities we have delivered
- Our actions for the next 12 months
- Targets and commitments we are working towards to improve EDI

We are making changes to our EDI committee, going forward, there will be a group with a strategic focus and an operational group to support delivery of actions. To make sure our actions are impactful, we will be focusing on analysing the data we already have and continuing to collect more from our customers and colleagues. We will be working closely with ConneXus to create more listening groups that have an EDI focus.

One of our objectives over the next 12 months is to continue to grow what EDI learning we have on offer. Our EDI learning offer will be updated regularly to include training on legislation, compliance and a wider selection on the subject areas driven by colleagues.

HEALTH, SAFETY AND WELLBEING

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

A monthly Health and Safety Performance report covering Landlord, Customer and Occupational Safety, supported by a detailed Key Performance Indicator scorecard, is provided to the Performance Committee and the Executive Board for their review. Quarterly Health, Safety and Wellbeing performance reports, including landlord compliance data and accident and incident reporting, are prepared and presented to the Audit and Risk Committee, and where appropriate content is also provided to Group Board. Scrutiny of all landlord safety compliance data by the Safety Assurance team provides heightened monitoring and assurance regarding our ongoing compliance with statutory requirements.

DIRECTORS' REPORT (CONTINUED)

HEALTH, SAFETY AND WELLBEING (continued)

We have identified additional actions we need to take to ensure compliance with the proposed provisions of the Building Safety Bill and to address the requirements of the Social Housing White Paper. These actions have been added to the full programme of work that have been defined to support and implement our Safety and Resilience Strategy. This programme of actions has been developed to ensure continuous improvement. The programme also enhances our existing compliance with the Health and Safety at Work Act 1974, the Management of Health and Safety at Work Regulations 1999, the Constructions Design and Management Regulations 2015, the Landlord and Tenant Act 1985 (as amended), and the Fire Safety Act 2021, as well as the Regulatory Standards set out by the Regulator of Social Housing.

Abri is a signatory of the Building Safety Charter and is working toward charter championship status which will reaffirm the actions that we take to ensure all the homes we provide are safe. Abri is also a corporate member of the Association of Safety and Compliance Professionals to ensure that we remain up to date with all current landlord safety developments and requirements.

Our Wellbeing Strategy is progressing well, addresses our obligations under the Health and Safety at Work Act 1974, and other relevant statutory provisions, including The Management of Health and Safety at Work Regulations 1999 and the Equality Act 2010. The Wellbeing Strategy and action plan is also complementary to our equality, diversity and inclusion strategy and action plan and is being reviewed and updated annually to ensure any issues colleagues are experiencing are addressed.

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

ACQUISITION OF OWN SHARES

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

POST BALANCE SHEET EVENTS

On 19 April 2022, the Group, via the Society, lent Thakeham West Horsley LLP £27.9m in relation to equity (£5.9m) and development (£22.9m) loans after Radian Developments became a member of the partnership on 31 March 2022.

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

GOING CONCERN

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 Group is also operating in a post-Brexit environment, 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 Group or 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 Group's auditor in connection with preparing their report, of which the Group's auditor is unaware; and
- each Board Member has taken all the steps that they ought to have taken as a Board Member to make themselves aware of any relevant audit information needed by the Group's auditor in connection with preparing their report and to establish that the Group's auditor is aware of that information.

EXTERNAL AUDITOR

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

APPROVAL OF THE BOARD

The Directors' Report was approved by the Board on 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 ABRI GROUP LIMITED

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group’s and of the Society’s affairs as at 31 March 2022 and of the Group’s and the Society’s surplus for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 Abri Group Limited (“the Society”) and its subsidiaries (“the Group”) for the year ended 31 March 2022, which comprise the Group statement of comprehensive income, Society statement of comprehensive income, the Group statement of financial position, the Society statement of financial position, the Group statement of changes in reserves, the Society statement of changes in reserves, the Group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

Following the recommendation of the Audit and Risk Committee, we were first appointed by the Board to audit the financial statements for the year ending 31 March 2017 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 6 years, covering the years ending 31 March 2017 to 31 March 2022.

We remain independent of the Group and the Parent Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Society.

Conclusions relating to going concern

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

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

Conclusions relating to going concern (continued)

- obtaining management's assessment that supports the Board's conclusions with respect to the disclosures provided around going concern;
- considering the appropriateness of management's forecasts by testing their mechanical accuracy, assessing historical forecasting accuracy and understanding management's consideration of downside sensitivity analysis;
- obtaining an understanding of the financing facilities from the finance agreements, including the nature of the facilities, covenants and attached conditions;
- assessing the facility and covenant headroom calculations, and re-performing sensitivities on management's base case and stressed case scenarios;
- reviewing the wording of the going concern disclosures, and assessed its consistency with management's forecasts; and
- We considered the adequacy of the disclosures in the financial statements against the requirements of the accounting standards and consistency of the disclosure against the forecasts and stress test scenarios.

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

Overview

<table>
<tr><td>Coverage[1]</td><td>92% (2021: 90%) of Group surplus before tax
100% (2021: 100%) of Group revenue
99% (2021: 99%) of Group total assets</td></tr>
<tr><td>Key audit matters</td><td>
<table>
<tr><th></th><th>2022</th><th>2021</th></tr>
<tr><td>Net realisable value of properties developed for sale</td><td>X</td><td></td></tr>
<tr><td>Profit recognition on property sales</td><td></td><td>X</td></tr>
<tr><td>Group reorganisation</td><td></td><td>X</td></tr>
</table>
Profit recognition on property sales is no longer considered to be a key audit matter as it did not have a significant influence on the resource deployed in delivering the audit.
The impact of group reorganisations is no longer considered to be a key audit matter because this was unique to the prior year audit.
</td></tr>
<tr><td>Materiality</td><td> Group financial statements as a whole £6.8m (2021: £5.3m) based on 7.5% of adjusted operating surplus (2021: 6%). </td></tr>
</table>

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

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

An overview of the scope of our audit

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

Audit work on all components was performed by BDO UK, excluding the following joint venture entities: Thakeham Pease Pottage LLP, Linden (Sayers Common) LLP, Lovell/Abri Weymouth LLP and Affinity (Reading) Holdings Limited; none of which were significant individually or in aggregate to the Group.

We performed component audits both for the purposes of reporting on the individual financial statements and for group/consolidation purposes. We identified five components which, in our view required an audit of their complete financial information due to their size or risk characteristics and were therefore considered to be significant components.

Abri Group Limited (parent) and Swaythling Housing Limited were identified as significant components due to their size and risk characteristics; Yarlington Treasury Services Limited, Radian Capital Plc and Oriel Housing Limited were identified as significant components due to their risk characteristics.

The only components not subject to a full scope audit by BDO UK were the Group's joint ventures which comprise less than 1% of the Group's assets and less than 8% of the Group's surplus before tax.

Key audit matters

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

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

Key audit matters (continued)

Key audit matter		How the scope of our audit addressed the key audit matter
Net realisable value of properties developed for sale. The risk that the recoverable amount of property developed for sale is materially misstated As explained in the accounting policies on page 72, properties developed for sale, which are disclosed in Note 16 of the financial statements and include shared ownership first tranches and properties developed for outright sale, are measured at the lower of cost and net realisable value resulting in an amount recognised in the balance sheet of £53m (2021: £51m). This area is also considered a key estimation uncertainty by management, as described in Note 2.	For all schemes developed for sale at the balance sheet date, management has performed an assessment of their recoverable amount using external valuations, including an assessment of the actual costs incurred against budget and costs to complete. Due to the level of judgement involved in estimating both selling price and costs to complete we considered there to be a significant risk and a key audit matter.	Having obtained management's assessment of the net realisable value of property developed for sale, we selected a sample on which to perform detailed testing. Our samples were chosen from the populations of items that represented both property under construction and completed property at year-end. 1. *For sales price we:* • compared anticipated selling prices to sales prices achieved after the year end, sales prices achieved for similar units in the year, valuation of properties for marketing purposes and other selling prices of similar properties in the locality. • where valuations were used, we assessed the expertise of the valuers and confirmed their work was appropriate for our use. 2. *For costs to complete we:* • obtained the latest valuers report and assessed the construction costs against the total contract value taking into account contract variations. • obtained details of the expected costs to complete from the scheme budget for that development and agreed the budgeted contracted cost of the development to the latest contract documentation. • considered Development Committee minutes and made enquiries of Scheme Project Managers for indications of cost overruns, contractor disputes or solvency issues in relation to the schemes tested. • compared the incurred expenditure (including costs incurred after the reporting date) to the estimated amount to ensure that the cost to complete estimate reflects actual costs. • assessed the accuracy of cost forecasting by looking at outturn costs compared to budget on schemes that completed in the year. • assessed the sensitivity of costs and sales values. 3. *For costs to sell we:* • considered computations of selling costs and compared against known selling costs that have been incurred in the year. **Key observations:** Based on our procedures we noted no exceptions.

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

Our application of materiality

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

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

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

	Group financial statements		**Parent Society financial statements**	
	2022 (£m)	**2021 (£m)**	**2022 (£m)**	**2021 (£m)**
Materiality	6.8	5.3	5.3	0.04
Basis for determining materiality	7.5% of adjusted operating surplus (2021: 6%) as defined by the Group's lending covenants. In the prior year Abri Group Limited was a holding company and its materiality was determined as 1.2% of total assets; in the current year, following the transfer of engagements from Yarlington Housing Limited it operated as social housing provider and materiality was determined as 7.5% of adjusted operating surplus.			
Rationale for the benchmark applied	Management reports its performance to key stakeholders and monitors the business based on adjusted operating surplus as defined by the loan covenants, derived by adding back depreciation and deducting grant amortisation. It is therefore appropriate to adjust materiality in order to respond to the risk of covenant breach.			
Performance materiality	5.1	4.0	4.0	0.03
Basis for determining performance materiality	75% of materiality. The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements.			

Component materiality

We set materiality for each component of the Group based on a percentage of between 0.2% and 96% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £16,000 to £5,395,000. In the audit of each component, we further applied performance materiality levels of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit and Risk Committee that we would report to them all individual audit differences in excess of £136,000 (2021: £108,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

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

Other Information

The Board are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Board

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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 and accumulated knowledge of the Group and the sector in which it operates we considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements.

We gained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (United Kingdom Generally Accepted Accounting Practice, 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.

In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being those laws and regulations relating to fire safety, environmental, occupational health and safety and data protection.

All team members were briefed to ensure they were aware of any relevant regulations in relation to their work.

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 and management bias in accounting estimates. Our audit procedures included:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to impairment, useful lives of depreciable assets, fair value measurement of investment properties, shared ownership, recoverable amount of properties developed for sale (see key audit matter above) and defined benefit pension scheme obligations;
- Identifying and testing journal entries to supporting documentation, in particular any journal entries posted with unusual account combinations and specific user postings;
- Discussions with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of minutes of Board meetings and papers provided to the Audit and Risk Committee throughout the period and to the date of approval of the financial statements for instances of non-compliance with laws and regulation and fraud; and

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

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

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

- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of Board minutes, papers provided to the Audit and Risk Committee and any correspondence received from regulatory bodies.

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

DocuSigned by:
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).

GROUP STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Turnover	3	244,283	225,561
Cost of sales	3	(33,027)	(22,053)
Operating costs	3	(155,400)	(153,816)
Surplus from disposal of fixed assets	3	13,911	6,913
Operating surplus		**69,767**	**56,605**
Finance income	4	3,134	3,609
Finance costs	5	(40,940)	(42,432)
Refinancing Costs		(6,000)	(27,000)
Fair value movement on financial instruments	30	(118)	(168)
Fair value movement on investment properties	13	119	1,560
Share of surplus in jointly controlled entities	15	2,290	2,591
Surplus/(deficit) on ordinary activities before tax	**6**	**28,252**	**(5,235)**
Tax credit/(charge) for the year	7	(1,174)	(729)
Surplus/(deficit) on ordinary activities after tax		**27,078**	**(5,964)**
Other comprehensive income			
Actuarial gains/(losses) on defined benefit pension schemes	25	21,419	(35,146)
Tax charge recognised in other comprehensive income	7	898	-
Fair value movement on cash flow hedge	31	2,123	2,356
Total comprehensive income/(loss)		**51,518**	**(38,754)**

All activities derive from continuing operations.

The notes on pages 65 to 122 form part of these financial statements.

SOCIETY STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2022

	Note	2022 £'000	Combined 2021 £'000
Turnover	3	163,718	162,318
Cost of sales	3	(13,361)	(13,670)
Operating costs	3	(114,349)	(111,131)
Surplus from disposal of fixed assets	3	8,173	3,472
Operating surplus		**44,181**	**40,989**
Finance income	4	3,100	3,370
Finance costs	5	(34,964)	(35,860)
Refinancing Costs		-	(22,000)
Fair value movement on financial instruments	30	(8)	73
Fair value movement on investment properties	13	(68)	(1,172)
Gift aid	26	1,196	15,313
Surplus on ordinary activities before tax	**6**	**13,437**	**713**
Tax credit/(charge) for the year	7	47	(39)
Surplus on ordinary activities after tax		**13,484**	**674**
Other comprehensive income			
Actuarial gains/(losses) on defined benefit pension schemes	25	11,165	(12,909)
Fair value movement on cash flow hedge	31	2,123	2,356
Total comprehensive income/(loss)		**26,772**	**(9,879)**

All activities derive from continuing operations.

The notes on pages 65 to 122 form part of these financial statements.

GROUP STATEMENT OF FINANCIAL POSITION
As at 31 March 2022

	Note	2022 £'000	Restated 2021 £'000
Fixed assets			
Intangible assets	10	305	463
Housing properties	11	2,093,746	1,996,382
Other fixed assets	12	17,440	18,773
Investment properties	13	70,306	71,455
Equity loans	14	30,300	33,731
Investments	15	4,262	2,997
		2,216,359	**2,123,801**
Current assets			
Properties for sale	16	53,062	51,380
Inventories		607	1,537
Receivables	17	80,716	80,068
Deferred Tax	24	-	62
Cash and cash equivalents		150,827	139,693
		285,212	**272,740**
Payables: amounts due within one year	18	(80,863)	(139,241)
Net current assets		**204,349**	**133,499**
Total assets less current liabilities		**2,420,708**	**2,257,300**
Payables: amounts due after one year	19	(1,215,472)	(1,156,289)
Provisions	20	(8,910)	(12,772)
Deferred capital grant due after one year	22	(570,985)	(488,911)
Equity loan grant		(25,191)	(27,816)
Pension liability	25	(58,152)	(81,032)
Net assets		**541,998**	**490,480**
Capital and reserves			
Revenue reserve		421,245	369,748
Revaluation reserve		127,393	129,495
Cash flow hedge reserve	31	(6,640)	(8,763)
Group funds		**541,998**	**490,480**

The notes on pages 65 to 122 form part of these financial statements. The consolidated financial statements of Abri Group Limited, registered society number 8537, on pages 57 to 122 were approved by the Board and authorised for issue on 16 September 2022 and signed on its behalf by:

Wayne Morris
Director

Joanna Makinson
Director

Gemma Burton-Connolly
Secretary

SOCIETY STATEMENT OF FINANCIAL POSITION
As at 31 March 2022

	Note	2022 £'000	Combined 2021 £'000
Fixed assets			
Intangible assets		216	310
Housing properties	11	1,569,261	1,510,765
Other fixed assets	12	6,422	7,035
Investment properties	13	18,660	18,766
Equity loans	14	-	266
Investments	15	11,394	11,394
		1,605,953	**1,548,536**
Current assets			
Properties for sale	16	19,902	22,043
Inventories		261	273
Receivables	17	93,657	77,911
Cash and cash equivalents		118,448	122,186
		232,268	**222,413**
Payables: amounts due within one year	18	(42,381)	(88,678)
Net current assets		**189,887**	**133,735**
Total assets less current liabilities		**1,795,840**	**1,682,271**
Payables: amounts due after one year	19	(925,012)	(862,688)
Provisions	20	(852)	(4,620)
Deferred capital grant due after one year	22	(244,848)	(206,535)
Pension liability	25	(40,286)	(50,358)
Net assets		**584,842**	**558,070**
Capital and reserves			
Share Capital	27	0	0
Revenue reserve		464,089	437,338
Revaluation reserve		127,393	129,495
Cash flow hedge reserve	31	(6,640)	(8,763)
Society's funds		**584,842**	**558,070**

The notes on pages 65 to 122 form part of these financial statements. The financial statements of Abri Group Limited, registered society number 8537, on pages 65 to 122 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

GROUP STATEMENT OF CHANGES IN RESERVES

	Revenue reserve £'000	Revaluation reserve £'000	Cash flow hedge reserve £'000	Total £'000
At 31 March 2020	**409,185**	**131,168**	**(11,119)**	**529,234**
Deficit on ordinary activities after tax	(5,964)	-	-	**(5,964)**
Actuarial losses on defined benefit pension schemes	(35,146)	-	-	**(35,146)**
Gain on financial derivatives	-	-	2,356	**2,356**
Release from revaluation reserve	1,673	(1,673)	-	-
At 31 March 2021	**369,748**	**129,495**	**(8,763)**	**490,480**
Surplus on ordinary activities after tax	27,078	-	-	**27,078**
Tax charge recognised in other comprehensive income	898	-	-	**898**
Actuarial gains on defined benefit pension schemes	21,419	-	-	**21,419**
Gain on financial derivatives	-	-	2,123	**2,123**
Release from revaluation reserve	2,102	(2,102)	-	-
At 31 March 2022	**421,245**	**127,393**	**(6,640)**	**541,998**

The notes on pages 65 to 122 form part of these financial statements.

SOCIETY STATEMENT OF CHANGES IN RESERVES

	Share capital £'000	Revenue reserve £'000	Revaluation reserve £'000	Cash flow hedge reserve £'000	Total £'000
At 31 March 2020 - Combined	**0**	447,901	131,168	(11,119)	**567,950**
Surplus on ordinary activities after tax	-	673	**-**	-	**673**
Actuarial losses on defined benefit pension schemes	-	(12,909)	**-**	-	**(12,909)**
Gain on financial derivatives	-	-	-	2,356	**2,356**
Release from revaluation reserve	-	1,673	(1,673)	-	**-**
At 31 March 2021 - Combined	**0**	**437,338**	**129,495**	**(8,763)**	**558,070**
Surplus on ordinary activities after tax	-	13,484	-	-	**13,484**
Actuarial gains on defined benefit pension schemes	-	11,165	-	-	**11,165**
Gain on financial derivatives	-	-	-	2,123	**2,123**
Release from revaluation reserve	-	2,102	(2,102)	-	**-**
At 31 March 2022	**0**	**464,089**	**127,393**	**(6,640)**	**584,842**

The notes on pages 65 to 122 form part of these financial statements.

GROUP STATEMENT OF CASH FLOWS
Year ended 31 March 2022

	2022 £'000	2021 £'000
Operating surplus	**69,767**	**56,605**
Adjustments for:		
Depreciation, amortisation and impairments	25,354	23,167
Increase/(decrease) in provisions	(3,937)	4,957
Pension expense less cash contribution	(3,067)	(2,184)
Increase in inventories	930	(136)
Increase in receivables and prepayments	(743)	(1,303)
Increase/(decrease) in payables and accruals	10,339	(9,697)
Cost of sales on stock disposal	46,917	31,118
Cost of properties developed for sale	(34,129)	(40,396)
	41,664	**5,526**
Net cash inflow from operating activities	**111,431**	**62,131**
Cash flows from investing activities		
Purchase of other fixed assets	(361)	(763)
Payments to acquire and develop housing properties	(141,549)	(104,874)
Distributions from jointly controlled entities	1,000	600
Cash inflow/(outflow) on loans to jointly controlled entities	6,954	1,920
Social Housing Grant received	70,045	4,744
Cash outflow from investing activities	**(63,911)**	**(98,373)**
Cash flow from financing activities		
Finance income	3,134	2,609
Finance costs	(45,230)	(45,575)
Refinancing costs	(33,000)	-
Loan repayments	(37,523)	(47,486)
Cash inflow from financing including premiums on issue	76,233	28,920
Cash outflow from financing activities	**(36,386)**	**(61,532)**
Net change in cash and cash equivalents	11,134	(97,774)
Opening cash as at 1 April	**139,693**	**237,467**
Closing cash as at 31 March	**150,827**	**139,693**

The notes on pages 65 to 122 form part of these financial statements.

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

1. LEGAL STATUS

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

2. ACCOUNTING POLICIES

Basis of Preparation

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

Going Concern

The 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.

Given the strength of our financial position and availability and liquidity of undrawn loan facilities, the Board believe that, while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the Group's ability to continue as a going concern as we are well placed to absorb the impact of changes that lay ahead.

The Board, therefore, consider it appropriate for the accounts to be prepared on a going concern basis for the 12 months from the signing date**.**

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

2. ACCOUNTING POLICIES (continued)

Disclosure Exemptions

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

Consolidation

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

Abri Group Limited is the ultimate parent and has taken advantage of the exemption contained in FRS 102 not to disclose transactions or balances with entities which form part of the Group and which are also registered providers. Transactions with subsidiaries and jointly controlled entities which are not registered providers regulated by the Regulation Committee of the Regulator of Social Housing as disclosed in note 32.

Operating Segments

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

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

Jointly Controlled Entities

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

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

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

2. ACCOUNTING POLICIES (continued)

Turnover

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

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

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

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

Cost of Sales

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

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

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

Help to Buy

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

Revenue Grant

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

Service Charge Income and Expenditure

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

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

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

2. ACCOUNTING POLICIES (continued)

Service Charge Income and Expenditure (continued)

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

Surplus/(Deficit) from Disposal of Fixed Assets

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

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

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

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

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

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

Repairs and Maintenance

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

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

Finance Income

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

Finance Costs

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

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

2. ACCOUNTING POLICIES (continued)

Re-financing Costs

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

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

Capitalisation of Finance Costs

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

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

Value Added Tax (VAT)

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

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

Pensions

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

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

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

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.

2. ACCOUNTING POLICIES (continued)

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.

Intangible Assets

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

Fixed Assets - Housing Properties

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

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

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

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

Land

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

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

2. ACCOUNTING POLICIES (continued)

Depreciation

Freehold Buildings and Components

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

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

When components are replaced, the carrying value of existing components is charged to the Statement of Comprehensive Income at the point of disposal.

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.

Investment Properties

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

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

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

2. ACCOUNTING POLICIES (continued)

Investments in Equity Loans

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

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

Valuation of Investments

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

Properties Held for Sale

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

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

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

Inventories

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

Cash and Cash Equivalents

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

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

Provisions

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

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

2. ACCOUNTING POLICIES (continued)

Receivables and Payables

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

Recoverable Amount of Rental and Other Trade Receivables

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

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

Sinking Funds

Sinking funds comprise leasehold sinking funds and scheme provisions.

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

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

Financial Instruments

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

Deferred and Recycled Capital Grant

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

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

2. ACCOUNTING POLICIES (continued)

Deferred Tax

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

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

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

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

Hedge Accounting

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

Revaluation Reserve

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

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

Financial Assets and Liabilities

Loans and Borrowings

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

Gilt Holdings

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

2. ACCOUNTING POLICIES (continued)

Leases

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

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

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

Critical Judgements, Estimates, and Uncertainty

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

Merger Accounting

The Society adopted merger accounting as the most appropriate basis of reflecting the Transfer of Engagements from Yarlington Housing Group in June 2021.

Whilst prior to the transfer, the Society was a dormant parent company of the Abri Group, the nature of both entities was the same, being registered providers with charitable tax status and Community Benefit Societies under the regulation of the Financial Conduct Authority. The entities also shared a common set of Directors under the Group Board structure in the Group.

The results and cash flows of the combining entities have been presented in these financial statements from the beginning of the financial year. The comparative amounts from the previous financial year within the financial statements and supporting notes have been aggregated and denoted as “combined” accordingly.

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

In making this key judgement, the Board considered the accounting treatment which more closely reflected the nature of the combination and was consistent with the approach adopted during previous rounds of Group Optimisation, reducing the number of registered providers in the Group.

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

2. ACCOUNTING POLICIES (continued)

Critical Judgements, Estimates, and Uncertainty (continued)

Impairment Review

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

Provisions for Fire Safety works

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

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

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

Provisioning for Investments in Equity Loans

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

Provisions for Arrears and Other Debtors

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

Other Provisions

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

Capitalised Interest Costs

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

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

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

2. ACCOUNTING POLICIES (continued)

Critical Judgements, Estimates, and Uncertainty (continued)

Fair Value Measurement

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

Capitalisation of Property Development Costs

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

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

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

Housing Properties and Components – values and useful economic lives

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

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

Classification of Investment Properties

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

Classification of Loans with Embedded Interest Rate Swaps

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

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

2. ACCOUNTING POLICIES (continued)

Critical Judgements, Estimates, and Uncertainty (continued)

Continuation of Hedge Accounting

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

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

Defined Benefit Pension Obligations

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

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

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

Group			**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	**187,120**	**-**	**(139,261)**	**-**	**47,859**	**181,445**	**-**	**(138,506)**	**-**	**42,939**
Other social housing activities										
Development administration	105	-	(2,132)	-	**(2,027)**	-	-	(1,606)	-	**(1,606)**
First tranche sales	33,585	(26,716)	(1,613)	-	**5,256**	26,552	(21,384)	(1,894)	-	**3,274**
Disposal of fixed assets	-	-	-	13,911	**13,911**	-	-	-	6,913	**6,913**
Support services	1,075	-	(1,414)	-	**(339)**	1,130	-	(1,596)	-	**(466)**
Other	326	-	(374)	-	**(48)**	182	-	(341)	-	**(159)**
	35,091	**(26,716)**	**(5,533)**	**13,911**	**16,753**	**27,864**	**(21,384)**	**(5,437)**	**6,913**	**7,956**
Non-social housing activities										
Market rent properties	3,831	-	(2,347)	-	**1,484**	4,138	-	(4,198)	-	**(60)**
Market sales	8,843	(5,746)	(20)	-	**3,077**	-	-	-	-	**-**
Help to Buy agency	3,733	-	(3,672)	-	**61**	5,321	-	(4,055)	-	**1,266**
Furlough	13	-	-	-	**13**	1,266	-		-	**1,266**
Garages	2,023	-	(263)	-	**1,760**	2,253	-	(298)	-	**1,955**
Photovoltaics	562	-	(95)	-	**467**	567	-	(92)	-	**475**
Other	3,067	(565)	(4,209)	-	**(1,707)**	2,707	(669)	(1,230)	-	**808**
	22,072	**(6,311)**	**(10,606)**	**-**	**5,155**	**16,252**	**(669)**	**(9,873)**	**-**	**5,710**
Total	**244,283**	**(33,027)**	**(155,400)**	**13,911**	**69,767**	**225,561**	**(22,053)**	**(153,816)**	**6,913**	**56,605**

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 £0.7m 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)

Group	2022					Restated 2021				
	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)	137,946	16,321	10,206	10,630	**175,103**	132,914	16,126	10,114	10,577	**169,731**
Service charge income	2,503	2,525	1,415	92	**6,535**	2,114	2,565	1,505	124	**6,308**
Net rental income	**140,449**	**18,846**	**11,621**	**10,722**	**181,638**	**135,028**	**18,691**	**11,619**	**10,701**	**176,039**
Amortisation of capital grant	3,869	353	478	782	**5,482**	3,834	1,136	432	4	**5,406**
Net turnover	**144,318**	**19,199**	**12,099**	**11,504**	**187,120**	**138,862**	**19,827**	**12,051**	**10,705**	**181,445**
Operating costs										
Management	(32,851)	(4,330)	(4,620)	(2,140)	**(43,941)**	(39,230)	(5,528)	(5,591)	(2,745)	**(53,094)**
Service charge costs	(7,625)	(1,005)	(1,072)	(497)	**(10,199)**	(6,680)	(941)	(952)	(467)	**(9,040)**
Routine maintenance	(27,572)	(3,634)	-	(1,796)	**(33,002)**	(23,488)	(3,310)	-	(1,643)	**(28,441)**
Planned maintenance	(5,598)	(738)	-	(365)	**(6,701)**	(5,207)	(734)	-	(365)	**(6,306)**
Major repairs expenditure	(12,090)	(2,092)	-	(1,034)	**(15,216)**	(11,888)	(1,578)	-	(783)	**(14,249)**
Bad debts	(715)	(94)	(101)	(47)	**(957)**	(482)	(68)	(69)	(34)	**(653)**
Depreciation of housing properties	(20,468)	(2,256)	(1,667)	(2,097)	**(26,488)**	(20,164)	(2,190)	(1,446)	(1,952)	**(25,752)**
Loss on disposal of components	(2,665)	(40)	-	(52)	**(2,757)**	(927)	(17)	-	(27)	**(971)**
	(109,584)	**(14,189)**	**(7,460)**	**(8,028)**	**(139,261)**	**(108,066)**	**(14,366)**	**(8,058)**	**(8,016)**	**(138,506)**
Operating surplus	**34,734**	**5,010**	**4,639**	**3,476**	**47,859**	**30,796**	**5,461**	**3,993**	**2,689**	**42,939**
Void losses	*(1,253)*	*(458)*	*(68)*	*(171)*	***(1,950)***	*(1,323)*	*(466)*	*(30)*	*(177)*	***(1,996)***

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

Society	2022					Combined and 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	**142,284**	**-**	**(107,578)**	**-**	**34,706**	**138,487**		**(105,883)**		**32,604**
Other social housing activities										
Development administration	-	-	(1,538)	-	**(1,538)**	-	-	(754)	-	**(754)**
Intercompany recharges	-	-	-	-	**-**	674	-	(674)	-	**-**
First tranche sales	16,424	(13,361)	(1,226)	-	**1,837**	16,133	(13,670)	(796)	-	**1,667**
Disposal of fixed assets	-	-	-	8,173	**8,173**	-	-	-	3,472	**3,472**
Support services	1,075	-	(1,413)	-	**(338)**	1,130	-	(1,596)	-	**(466)**
Other	74	-	(280)	-	**(206)**	140	-	(245)	-	**(105)**
	17,573	**(13,361)**	**(4,457)**	**8,173**	**7,928**	**18,077**	**(13,670)**	**(4,065)**	**3,472**	**3,814**
Non-social housing activities										
Market rent properties	646	-	(172)	-	**474**	1,047	-	(270)	-	**777**
Garages	1,886	-	(224)	-	**1,662**	2,118	-	(262)	-	**1,856**
Photovoltaics	368	-	(62)	-	**306**	345	-	(67)	-	**278**
Furlough	(2)	-	-	-	**(2)**	459	-	-	-	**459**
Other	963	-	(1,856)	-	**(893)**	1,785	-	(584)	-	**1,201**
	3,861	**-**	**(2,314)**	**-**	**1,547**	**5,754**	**-**	**(1,183)**	**-**	**4,571**
Total	**163,718**	**(13,361)**	**(114,349)**	**8,173**	**44,181**	**162,318**	**(13,670)**	**(111,131)**	**3,472**	**40,989**

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 reduces social housing lettings operating costs by £2.4m, with a corresponding increase in operating costs in other social housing.

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)

Society	**2022**					**Combined and 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)	110,612	15,063	4,298	5,247	**135,220**	106,598	14,871	4,657	5,240	**131,366**
Service charge income	1,705	2,387	574	92	**4,758**	1,810	2,376	526	122	**4,834**
Net rental income	**112,317**	**17,450**	**4,872**	**5,339**	**139,978**	**108,408**	**17,247**	**5,183**	**5,362**	**136,200**
Amortisation of capital grant	1,667	242	197	200	**2,306**	1,679	430	174	4	**2,287**
Net turnover	**113,984**	**17,692**	**5,069**	**5,539**	**142,284**	**110,087**	**17,677**	**5,357**	**5,366**	**138,487**
Operating costs										
Management	(25,835)	(3,803)	(1,968)	(1,238)	**(32,844)**	(30,923)	(4,929)	(2,396)	(1,607)	**(39,855)**
Service charge costs	(5,745)	(846)	(437)	(275)	**(7,303)**	(5,191)	(827)	(402)	(270)	**(6,690)**
Routine maintenance	(22,324)	(3,286)	-	(1,070)	**(26,680)**	(19,315)	(3,079)	-	(1,004)	**(23,398)**
Planned maintenance	(4,738)	(697)	-	(228)	**(5,663)**	(4,915)	(783)	-	(255)	**(5,952)**
Major repairs expenditure	(8,931)	(1,869)	-	(609)	**(11,409)**	(6,642)	(1,436)	-	(468)	**(8,546)**
Bad debts	(558)	(82)	(42)	(27)	**(709)**	(415)	(66)	(32)	(22)	**(535)**
Depreciation of housing properties	(16,531)	(2,077)	(755)	(1,030)	**(20,393)**	(16,502)	(2,026)	(623)	(871)	**(20,022)**
Loss on disposal of components	(2,518)	(31)	-	(28)	**(2,577)**	(855)	(16)	-	(13)	**(884)**
	(87,180)	**(12,691)**	**(3,202)**	**(4,505)**	**(107,578)**	**(84,758)**	**(13,162)**	**(3,453)**	**(4,510)**	**(105,883)**
Operating surplus	**26,804**	**5,001**	**1,867**	**1,034**	**34,706**	**25,329**	**4,515**	**1,904**	**856**	**32,604**
Void losses	*(1,090)*	*(441)*	*(59)*	*(136)*	***(1,726)***	*(1,107)*	*(442)*	*(28)*	*(111)*	***(1,688)***

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)

Group	2022			2021		
	Sale proceeds £'000	Cost of Sales £'000	Surplus £'000	Sale proceeds £'000	Cost of Sales £'000	Surplus £'000
Staircasing	14,585	(8,287)	**6,298**	7,196	(4,290)	**2,906**
Right to Buy/Acquire	4,439	(2,109)	**2,330**	1,091	(704)	**387**
Existing unit sales	4,959	(1,405)	**3,554**	4,305	(1,902)	**2,403**
Equity loan redemptions	5,069	(3,371)	**1,698**	4,529	(3,195)	**1,334**
Other fixed assets	37	(6)	**31**	16	(133)	**(117)**
Total	**29,089**	**(15,178)**	**13,911**	**17,137**	**(10,224)**	**6,913**

Group	2021 Number	2022 Additions	2022 Disposals	2022 Reclass	2022 Number
Social Housing Properties - Owned and managed					
General needs housing*	24,322	424	(60)	(6)	**24,680**
Supported/housing for older people	3,247	5	-	1	**3,253**
Shared ownership	3,284	291	(61)	(43)	**3,471**
Other social housing	1,612	1	(5)	-	**1,608**
	32,465	**721**	**(126)**	**(48)**	**33,012**
Owned and managed - non-social					
Market rent housing	407	-	-	-	**407**
	32,872	**721**	**(126)**	**(48)**	**33,419**
Other					
Owned/Not Managed – Leasehold**	1,578	2	(3)	51	**1,628**
Owned/Not Managed - Market sale	2	15	(15)	(2)	**-**
Equity Loans	888	2	(83)	(1)	**806**
Total	**35,340**	**740**	**(227)**	**-**	**35,853**
Non-Housing Properties	**4,485**	**1**	**(28)**	**-**	**4,458**
Total Units	**39,825**	**741**	**(255)**	**-**	**40,311**
Properties under construction	*1,462*				***1,323***

** includes 1,261 units managed in partnership for Affinity Housing Services (2021: 1,265)*
*** Leasehold housing represents those units where the freehold has been retained.*

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)

Society	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	5,998	(3,509)	**2,489**	2,277	(1,445)	**832**
Right to Buy/Acquire	4,269	(2,012)	**2,257**	1,091	(704)	**387**
Sales to other registered providers	220	(220)	**-**	-	-	**-**
Existing unit sales	4,499	(1,072)	**3,427**	3,477	(1,230)	**2,247**
Equity loan redemptions	-	-	**-**	31	(25)	**6**
Total	**14,986**	**(6,813)**	**8,173**	**6,876**	**(3,404)**	**3,472**

Society	2021 Number	2022 Additions	2022 Disposals	2022 Reclass	2022 Number
Social Housing Properties - Owned and managed					
General needs housing*	19,996	319	(60)	(3)	**20,252**
Supported/housing for older people	2,983	-	(1)	(1)	**2,981**
Shared ownership	1,450	135	(25)	(18)	**1,542**
Other social housing	973	1	(3)	-	**971**
	25,402	**455**	**(89)**	**(22)**	**25,746**
Owned and managed - non-social					
Market rent housing	68	-	-	-	**68**
	25,470	**455**	**(89)**	**(22)**	**25,814**
Other					
Owned/Not Managed – Leasehold**	1,119	-	(2)	22	**1,139**
Equity Loans	20	-	(20)	-	
Total	**26,609**	**455**	**(111)**	**-**	**26,953**
Non-Housing Properties	**4,202**	**1**	**(28)**	**-**	**4,175**
Total Units	**30,811**	**456**	**(139)**	**-**	**31,128**
Properties under construction	*929*				***829***

** includes 1,261 units managed in partnership for Affinity Housing Services (2021: 1,265)*
*** 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

	Group		Society	Combined
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Interest receivable from cash and cash equivalents	140	322	88	235
Interest receivable from intercompany loans	-	-	345	189
Equity loan interest	330	357	3	16
Interest from jointly controlled entities loan notes	2,664	2,930	2,664	2,930
	3,134	**3,609**	**3,100**	**3,370**

5. FINANCE COSTS

	Group		Society	Combined
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Interest costs on loans and borrowings	43,975	44,159	36,282	35,865
Servicing fees of loans and borrowings	1,128	1,525	763	1,155
Capitalised interest	(5,784)	(4,293)	(3,055)	(1,993)
	39,319	**41,391**	**33,990**	**35,027**
Interest on Recycled Capital Grant Fund	42	15	-	-
Interest on pension scheme liabilities	1,579	1,026	974	833
	40,940	**42,432**	**34,964**	**35,860**

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.

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

6. SURPLUS/DEFICIT ON ORDINARY ACTIVITIES BEFORE TAX

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

	Group		Society	Combined
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Depreciation of fixed assets	27,895	27,366	20,689	20,442
Amortisation	(5,303)	(5,230)	(2,399)	(2,181)
Government revenue grant	(392)	(144)	(144)	-
Defined contribution pension cost	4,703	4,005	114	626
Defined benefit service cost	2,377	2,041	2,066	1,367
Operating lease expense:				
Land and buildings	8	24	8	24
Office equipment, computers and motor vehicles	940	896	624	607
Fees payable to the Society's auditor (excluding VAT):				
In their capacity as auditors				
- Society's financial statements	13	14	63	65
- Society's subsidiaries	151	159	-	-
In respect of other assurance related services	9	6	8	5
	30,401	**29,137**	**21,029**	**20,955**

7. TAX

	Group		Society	Combined
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Current tax				
UK corporation tax	1,118	501	(45)	44
Adjustments in respect of prior periods	(143)	(5)	(2)	(5)
Deferred tax				
Timing differences, origination and reversal	438	233	-	-
Tax charge/(credit) for the year	**1,174**	**729**	**(47)**	**39**

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

7. TAX (continued)

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

	Group		Society	Combined
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Total tax reconciliation				
Surplus/(deficit) on ordinary activities before tax	28,252	(5,235)	13,437	713
Tax on (deficit)/surplus on ordinary activities at 19%	5,368	(995)	2,553	136
Effects of:				
Fixed asset differences	325	383	-	-
Income not taxable for tax purposes	(446)	(12,409)	-	-
Expenses not deductible for tax purposes	18	13,295	-	-
Other tax adjustments, reliefs and transfers	-	(225)	-	-
Capital gains	669	1,393	-	-
Adjustments in respect of prior periods	(143)	(5)	(2)	(5)
Adjust opening deferred tax to average rate	(324)	-	-	-
Exempt profits adjustment	(2,914)	-	(2,598)	(10,677)
Corporate interest restriction disallowance	955	-	-	10,585
Deferred tax not recognised	100	3,681	-	-
Gift Aid	(2,434)	-	-	-
Amounts recognised in other comprehensive income	-	(3,851)	-	-
Other permanent differences	-	(547)	-	-
Other timing difference	-	9	-	-
Total tax charge/(credit)	**1,174**	**729**	**(47)**	**39**

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.

8. DIRECTORS' EMOLUMENTS (continued)

Society

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.

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

Group	**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 Group made employer contributions of £10k (2021: £10k).

During the year 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)

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

9. STAFF COSTS

On 30 June 2021, 298 employees of the Society who were not members of legacy defined benefit pension scheme arrangements transferred to The Swaythling Housing Society, accounting for the reduction in staff numbers and costs year on year in the Society.

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

	Group		Society	
				Combined
	2022	2021	2022	2021
	FTE	FTE	FTE	FTE
Central office and support staff	298	318	33	75
Development staff	79	79	5	10
Housing and customer services staff	552	460	61	122
Repairs and maintenance staff	510	519	78	191
	1,439	**1,376**	**177**	**398**

	Group		Society	
				Combined
	2021	2020	2022	2021
	£'000	£'000	£’000	£’000
Staff costs (for the above employees)				
Wages and salaries	50,123	48,910	5,729	13,196
Social security costs	5,012	4,913	572	1,264
Pension costs	7,080	6,045	2,180	2,293
	62,215	**59,868**	**8,481**	**16,753**

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

9. STAFF COSTS (continued)

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

	Group		Society Combined	
	2022	2021	2022	2021
Salary banding	**FTE**	**FTE**		
£60,000 - £69,999	34	37	5	9
£70,000 - £79,999	16	10	5	3
£80,000 - £89,999	13	11	-	1
£90,000 - £99,999	6	8	-	3
£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	-	-	-
	91	**90**	**10**	**16**

10. INTANGIBLE ASSETS

Internally generated assets	**Group**	**Society Combined**
	£'000	**£'000**
Cost		
At 1 April 2021	1,839	1,593
Additions	21	-
At 31 March 2022	**1,860**	**1,593**
Accumulated amortisation		
At 1 April 2021	(1,376)	(1,283)
Charge for the year	(179)	(94)
At 31 March 2022	**(1,555)**	**(1,377)**
Net book value		
At 31 March 2022	**305**	**216**
At 31 March 2021	**463**	**310**

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

11. HOUSING PROPERTIES

Group	Completed properties			Properties in course of construction			
	Social housing lettings £'000	Shared ownership £'000	Total £'000	Social housing lettings £'000	Shared ownership £'000	Total £'000	Total £'000
Cost							
At 1 April 2021	1,906,741	243,929	**2,150,670**	58,129	57,123	**115,252**	**2,265,922**
Additions	44	-	**44**	81,910	42,926	**124,836**	**124,880**
Additions - works to existing properties	9,415	-	**9,415**	-	-	**-**	**9,415**
Transferred into management	78,268	34,677	**112,945**	(78,268)	(34,677)	**(112,945)**	**-**
Reclassifications	448	-	**448**	8,040	(1,676)	**6,364**	**6,812**
Disposals and demolitions	(9,428)	(8,602)	**(18,030)**	-	-	**-**	**(18,030)**
Net movement to current assets	-	(3,135)	**(3,135)**	-	-	**-**	**(3,135)**
At 31 March 2022	**1,985,488**	**266,869**	**2,252,357**	**69,811**	**63,696**	**133,507**	**2,385,864**
Accumulated depreciation							
At 1 April 2021	(259,512)	(10,028)	**(269,540)**	-	-	**-**	**(269,540)**
Charge for the year	(24,821)	(1,667)	**(26,488)**	-	-	**-**	**(26,488)**
Reclassifications	(186)	-	**(186)**	-	-	**-**	**(186)**
Disposals and demolitions	3,592	504	**4,096**	-	-	**-**	**4,096**
At 31 March 2022	**(280,927)**	**(11,191)**	**(292,118)**	**-**	**-**	**-**	**(292,118)**
Net book value							
At 31 March 2022	**1,704,561**	**255,678**	**1,960,239**	**69,811**	**63,696**	**133,507**	**2,093,746**
At 31 March 2021	**1,647,229**	**233,901**	**1,881,130**	**58,129**	**57,123**	**115,252**	**1,996,382**

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

11. HOUSING PROPERTIES (continued)

Society	**Completed properties**			**Properties in course of construction**			
	Social housing lettings £'000	**Shared ownership £'000**	**Total £'000**	**Social housing lettings £'000**	**Shared ownership £'000**	**Total £'000**	**Total £'000**
Cost							
At 1 April 2021 - combined	1,526,615	107,705	**1,634,320**	36,563	27,227	**63,790**	**1,698,110**
Additions	-	-	**-**	61,815	17,014	**78,829**	**78,829**
Additions - works to existing properties	8,181	-	**8,181**	-	-	**-**	**8,181**
Transferred into management	54,325	15,238	**69,563**	(54,325)	(15,238)	**(69,563)**	**-**
Reclassifications	510	-	**510**	4,800	(2,857)	**1,943**	**2,453**
Disposals and demolitions	(7,988)	(3,612)	**(11,600)**	-	-	**-**	**(11,600)**
Intercompany transfers	-	-	**-**	(196)	-	**(196)**	**(196)**
Net movement to current assets	-	(1,630)	**(1,630)**	-	-	**-**	**(1,630)**
At 31 March 2022	**1,581,643**	**117,701**	**1,699,344**	**48,657**	**26,146**	**74,803**	**1,774,147**
Accumulated depreciation							
At 1 April 2021 - combined	(183,519)	(3,826)	**(187,345)**	-	-	**-**	**(187,345)**
Charge for the year	(19,638)	(755)	**(20,393)**	-	-	**-**	**(20,393)**
Disposals and demolitions	2,843	203	**3,046**	-	-	**-**	**3,046**
Reclassifications	(194)	-	**(194)**	-	-	**-**	**(194)**
At 31 March 2022	**(200,508)**	**(4,378)**	**(204,886)**	**-**	**-**	**-**	**(204,886)**
Net book value							
At 31 March 2022	**1,381,135**	**113,323**	**1,494,458**	**48,657**	**26,146**	**74,803**	**1,569,261**
At 31 March 2021 - combined	**1,343,096**	**103,879**	**1,446,975**	**36,563**	**27,227**	**63,790**	**1,510,765**

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:

	Group			Society		
	Freehold £'000	Leasehold £'000	Total £'000	Freehold £'000	Leasehold £'000	Total £'000
General Needs	1,644,188	60,373	**1,704,561**	1,345,461	35,674	**1,381,135**
Shared Ownership	245,204	10,474	**255,678**	109,712	3,611	**113,323**
			-			-
	1,889,392	**70,847**	**1,960,239**	**1,455,173**	**39,285**	**1,494,458**

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 £2,462m (2021: £2,284m) for the Group and £1,833m (2021: £1,707m) for the Society. The valuation was carried out by Jones Lang LaSalle (RICS), 30 Warwick Street, London, W1B 5NH.

Interest capitalisation

	Group		Society	
	2022 £'000	2021 £'000	2022 £'000	Combined 2021 £'000
Interest capitalised in the year	5,784	4,293	3,055	1,993
Cumulative interest capitalised	36,662	32,769	27,241	24,972
Rate used for capitalisation	3.90%	4.00%	3.90%	4.00%

Expenditure on works to existing housing properties

	Group		Society	
	2022 £'000	2021 £'000	2022 £'000	Combined 2021 £'000
Amounts capitalised	9,415	6,344	8,181	5,881
Amounts charged to Statement of Comprehensive Income	58,701	49,013	47,518	40,383

Included within the amounts above and other areas of operating costs is a total of £5,215k (2021: £9,717k) for the Group and £3,811k (2021 combined: £4,106k) for the Society related to fire safety expenditure.

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

11. HOUSING PROPERTIES (continued)

Security

The Group had housing property with a net book value of £1,137m pledged as security at 31 March 2022 (2021: £1,197m).

The Society had housing property with a net book value of £941m pledged as security at 31 March 2022 (combined 2021: £994m).

12. OTHER FIXED ASSETS

Group	Freehold land and premises £'000	Leasehold land and premises £'000	Computers, fixtures and fittings £'000	Vehicles, plant and equipment £'000	Photo-voltaic panels £'000	Total £'000
Cost						
At 1 April 2021	20,075	90	6,281	5,266	705	**32,417**
Additions	4	-	270	72	-	**346**
Disposals	-	-	(10)	(132)	-	**(142)**
Reclassifications	372	-	-	(115)	(705)	**(448)**
At 31 March 2022	**20,451**	**90**	**6,541**	**5,091**	**-**	**32,173**
Accumulated depreciation						
At 1 April 2021	(3,843)	(90)	(4,924)	(4,526)	(261)	**(13,644)**
Charge for the year	(359)	-	(657)	(376)	(15)	**(1,407)**
Disposals	-	-	-	132	-	**132**
Reclassifications	(168)	-	-	78	276	**186**
At 31 March 2022	**(4,370)**	**(90)**	**(5,581)**	**(4,692)**	**-**	**(14,733)**
Net book value						
At 31 March 2022	**16,081**	**-**	**960**	**399**	**-**	**17,440**
At 31 March 2021	**16,232**	**-**	**1,357**	**740**	**444**	**18,773**

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

12. OTHER FIXED ASSETS (continued)

Society	Freehold land and premises £'000	Leasehold land and premises £'000	Computers, fixtures and fittings £'000	Vehicles, plant and equipment £'000	Photo-voltaic panels £'000	Total £'000
Cost						
At 1 April 2021 – combined	7,749	91	2,987	655	705	**12,187**
Additions	4	-	-	-	-	**4**
Disposals	-	-	(4)	-	-	**(4)**
Reclassifications	195	-	-	-	(705)	**(510)**
At 31 March 2022	**7,948**	**91**	**2,983**	**655**	**-**	**11,677**
Accumulated depreciation						
At 1 April 2021 – combined	(1,622)	(91)	(2,524)	(655)	(260)	**(5,152)**
Charge for the year	(184)	-	(99)	-	(14)	**(297)**
Reclassifications	(82)	-	-	-	276	**194**
At 31 March 2022	**(1,888)**	**(91)**	**(2,623)**	**(655)**	**2**	**(5,255)**
Net book value						
At 31 March 2022	**6,060**	**-**	**360**	**-**	**2**	**6,422**
At 31 March 2021 – combined	**6,127**	**-**	**463**	**-**	**445**	**7,035**

13. INVESTMENT PROPERTIES

	Group			Society
	Completed £'000	In course of construction £'000	Total £'000	Completed £'000
Value				
At 1 April 2021	70,226	1,229	**71,455**	**18,766**
Additions	-	1,420	**1,420**	**-**
Reclassifications	-	(2,649)	**(2,649)**	**-**
Disposals and demolitions	(39)	-	**(39)**	**(38)**
Revaluation surplus	119	-	**119**	**(68)**
At 31 March 2022	**70,306**	**-**	**70,306**	**18,660**

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

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

13. INVESTMENT PROPERTIES (continued)

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.

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:

	Group		Society	
				Combined
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Cost	57,049	57,084	13,445	13,480
Depreciation	(5,671)	(5,147)	(1,342)	(1,235)
Net book value	**51,378**	**51,937**	**12,103**	**12,245**

14. EQUITY LOANS

	Group		Society	
				Combined
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Equity loans	31,078	34,449	-	266
Accrued equity loan interest	29	29	-	-
Equity loan provision	(807)	(747)	-	-
	30,300	**33,731**	**-**	**266**

At 30 June 2021, Yarlington Housing Group held 20 Equity Loans, which were transferred to The Swaythling Housing Society at their carrying values prior to the completion of the Transfer of Engagements to the Society.

Equity loans are secured by way of an equity charge over the property purchased by the recipient of the loan. The Group has received £25.2m of grant (2021: £27.8m) in respect of the equity loans in issue. The grants will be recycled on redemption of the loans.

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

15. INVESTMENTS

	Group			Society		
	Cost at 1 April 2021 £'000	Change in year £'000	Cost at 31 March 2022 £'000	Cost at 1 April 2021 - Combined £'000	Change in year £'000	Cost at 31 March 2022 £'000
Thakeham Pease Pottage LLP	792	2,185	**2,977**	-	-	-
Linden (Sayers Common) LLP	(784)	474	**(310)**	-	-	-
Lovell/Abri Weymouth LLP	-	(36)	**(36)**	-	-	-
Thakeham West Horsley LLP	-	0	**0**			
Advantage South West LLP	101	-	**101**	-	-	-
Affinity (Reading) Holdings Ltd	2,387	(1,466)	**921**	1,170	-	**1,170**
Affinity Housing Services	426	108	**534**	25	-	**25**
West Country Savings & Loans	15	-	**15**	15	-	**15**
The Smarterbuys Store Ltd	60	-	**60**	60	-	**60**
Yarlington Homes Ltd	-	-	-	6,000	-	**6,000**
Swaythling Assured Homes plc	-	-	-	4,023	-	**4,023**
Yarlington Treasury Services plc	-	-	-	50	-	**50**
Radian Capital plc	-	-	-	50	-	**50**
Radian Developments Ltd	-	-	-	1	-	**1**
	2,997	**1,265**	**4,262**	**11,394**		**11,394**

Group only

Radian Developments Limited invested in Thakeham Pease Pottage LLP in 2018, a jointly controlled entity with Thakeham Homes Limited. The partnership was formed to develop a site at Pease Pottage in West Sussex, delivering over 600 new homes, a school, hospice, café and community spaces.

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

Radian Developments Limited invested in Lovell/Abri Weymouth LLP in 2020, a jointly controlled entity with Lovell Partnerships Limited. The partnership was formed to develop a site on the outskirts of Weymouth to deliver 500 new homes and deliver a new primary school, care home, community centre and public open space.

Radian Developments Limited invested in Thakeham/West Horsley LLP in 2022, a jointly controlled entity with Thakeham Homes Limited. The partnership was formed to develop land at Manor Farm, West Horsley to deliver 139 homes, community infrastructure and public open space.

Yarlington Homes Limited invested in Advantage South West LLP in 2004, a jointly controlled entity with three other providers of social housing in the South West. The partnership was formed to promote collaboration in the sector from procurement activity to topic specific working groups.

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

15. INVESTMENTS (continued)

Group and Society

Abri Group Limited has 333 solely held shares and 333 jointly held shares in Affinity (Reading) Holdings Limited with Southern Housing Group. In turn, Affinity (Reading) Holdings Limited owns 100% of the share capital of Affinity (Reading) Limited, the operator of a PFI contract to supply, refurbish, manage and maintain part of Reading Borough Council's housing inventory until 2034.

Abri Group Limited is also in partnership with Southern Housing Group to deliver housing and community development services for the estate under the PFI contract via Affinity Housing Services.

Abri Group Limited invested in The Smarterbuys Store Limited in 2014, who aim to offer a credible alternative to high interest stores. The Smarterbuys website offers household furniture, appliances and electrical goods at a significant discount from the recommended retail price, with access to responsible credit.

Abri Group Limited invested in Somerset Savings and Loans, who offer short term loans and savings services to tenants. The organisation is a community owned, not for profit financial co-operative.

The Swaythling Housing Society Limited, has a 26% interest alongside another registered provider and two local authorities in Aspect Building Communities Limited, a company limited by guarantee. Aspect was formed to increase housing supply and boost the local economy by working in partnership with local organisations. No investment value is held at the reporting date as it is deemed irrecoverable.

Society only

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

Yarlington Housing Group, which completed a Transfer of Engagements to the Society on 30 June 2021, subscribed for the whole of the share capital of Yarlington Treasury Services plc in 2017, a subsidiary set up to raise funds through the bond markets to extend to other members of the Group. The Society holds 50,000 £1 shares of which £12,500 has been paid.

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

Yarlington Housing Group, which completed a Transfer of Engagements to the Society on 30 June 2021, subscribed for the whole share capital of Yarlington Homes Limited in 2018, a subsidiary set up to develop housing properties. The Society holds 5,925,791 £1 shares which have been fully paid.

The Society subscribed for the whole of the share capital of Swaythling Assured Homes plc, a now dormant subsidiary. The Society holds 4,031,002 ordinary 50p shares which have been fully paid.

The Society also owns one £1 share in The Swaythling Housing Society Limited and Oriel Housing Limited. As the Society exercises control of these entities through its ability to appoint and remove Board Members, they are subsidiaries. Further details of the Society's subsidiaries and interests are provided in note 33.

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

16. PROPERTIES FOR SALE

Group	Completed properties			Properties in course of construction			
	Market sales	Shared Ownership	Total	Market sales	Shared Ownership	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 April 2021	692	4,786	**5,478**	7,692	38,210	**45,902**	**51,380**
Additions	-	-	**-**	5,512	28,617	**34,129**	**34,129**
Completed in year	4,860	23,303	**28,163**	(4,860)	(23,303)	**(28,163)**	
Reclassifications	-	-	**-**	(2,547)	(1,167)	**(3,714)**	**(3,714)**
Net movement from housing properties	-	3,135	**3,135**	-	-	**-**	**3,135**
Cost of properties sold	(5,552)	(26,316)	**(31,868)**	-	-	**-**	**(31,868)**
At 31 March 2022	**-**	**4,908**	**4,908**	**5,797**	**42,357**	**48,154**	**53,062**

Society	Completed properties			Properties in course of construction			
	Market sales	Shared Ownership	Total	Market sales	Shared Ownership	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 April 2021 - Combined	-	3,881	**3,881**	-	18,162	**18,162**	**22,043**
Additions	-	-	**-**	-	11,343	**11,343**	**11,343**
Completed in year	-	10,110	**10,110**	-	(10,110)	**(10,110)**	**-**
Reclassifications					(1,943)	**(1,943)**	**(1,943)**
Net movement from housing properties	-	1,630	**1,630**	-	-	**-**	**1,630**
Cost of properties sold	-	(13,171)	**(13,171)**	-	-	**-**	**(13,171)**
At 31 March 2022	**-**	**2,450**	**2,450**	**-**	**17,452**	**17,452**	**19,902**

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

17. RECEIVABLES

	Group		Society	Society Combined
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Gross arrears of rent and service charges				
Social	7,404	7,313	5,667	5,861
Non-social	703	674	390	449
	8,107	**7,987**	**6,057**	**6,310**
Bad debt provision	(3,660)	(2,805)	(2,785)	(2,151)
Net tenant arrears	**4,447**	**5,182**	**3,272**	**4,159**
Social housing grant receivable	13,000	-	5,594	-
Short-term non-liquid assets	6,297	12,866	2,901	3,246
Trade receivables	1,652	1,679	972	356
Intercompany loans	-	-	33,500	14,570
Other receivables and prepayments	7,015	9,000	2,411	4,333
Corporation and deferred taxation	-	190	-	189
Other taxation and social security	3,298	398	-	307
Amounts due within one year	**35,709**	**29,315**	**48,650**	**27,160**
Loan notes due from jointly controlled entities	41,396	48,352	41,396	48,349
Interest bearing balance due from jointly controlled entities	3,611	2,392	3,611	2,392
Other receivables and prepayments	-	9	-	10
Amounts due after one year	**45,007**	**50,753**	**45,007**	**50,751**
	80,716	**80,068**	**93,657**	**77,911**

Included within other receivables and prepayments above is £104k (2021: £163k) for the Group and £6k (2021 combined: £18k) for the Society, of staff loans.

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

Group	**Nominal value**	**Fair value**		**Interest rate**	**Expiry date**
		2022	**2021**		
Investment	**£'000**	**£'000**	**£'000**	**%**	**Year**
UK Government gilt holding	1,019	-	1,034	8.00	2021
UK Government gilt holding	600	857	935	4.75	2038
	1,619	**857**	**1,969**		

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

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

17. RECEIVABLES (continued)

Society		**Fair value**			
	Nominal value	**2022**	**2021 - Combined**	**Interest rate**	**Expiry date**
Investment	**£'000**	**£'000**	**£'000**	**%**	**Year**
UK Government gilt holding	296	-	300	8.00	2021
UK Government gilt holding	600	857	935	4.75	2038
	896	**857**	**1,235**		

The fair value movement on gilts of £118k has been debited (2021 combined: £112k) to the Statement of Comprehensive Income in the year.

18. PAYABLES: AMOUNTS DUE WITHIN ONE YEAR

	Group		**Society**	
		Restated		**Combined**
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Loans and borrowings	18,876	47,324	11,723	37,364
Trade payables	7,108	31,873	855	23,718
Deferred income	7,164	7,382	5,059	5,112
Amounts owed to Group undertakings	-	-	10,288	7,551
Other tax and social security payable	1,270	1,568	89	364
Other payables	5,249	5,140	2,026	2,009
Accruals	21,952	24,292	7,021	7,119
Contract retentions	4,240	4,437	719	1,316
Right to Buy proceeds share agreement	2,207	1,867	2,207	1,867
Deferred capital grant	5,556	5,575	2,281	2,057
Recycled capital grant	6,485	9,199	-	-
Called up share capital	-	-	75	76
Corporation tax	756	584	38	125
	80,863	**139,241**	**42,381**	**88,678**

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 for the Group 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.

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

19. PAYABLES: AMOUNTS DUE AFTER ONE YEAR

	Group		Society	
		Restated		Combined
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Loans and borrowings	1,198,469	1,138,311	917,558	852,592
Interest rate swap	6,640	8,763	6,640	8,836
Recycled Capital Grant Fund	9,239	8,146	-	499
Other payables	-	10	-	10
Contract retentions	1,100	1,035	790	727
Deposits repayable	24	24	24	24
	1,215,472	**1,156,289**	**925,012**	**862,688**

The prior year results for the Group 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:

Group

	2022				2021			
	Bank loans	Bonds	HCA loans	Total	Bank loans	Bonds	HCA loans	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
In multiple instalments								
One year or less	7,440	523	-	**7,963**	37,041	481	-	**37,522**
One to two years	7,440	279	-	**7,719**	7,440	256	-	**7,696**
Two to five years	57,101	1,941	-	**59,042**	37,970	1,784	-	**39,754**
Five years or more	462,509	162,124	-	**624,633**	489,080	102,825	-	**591,905**
	534,490	**164,867**	**-**	**699,357**	**571,531**	**105,346**	**-**	**676,877**
In a single instalment								
One to two years	-	12,000	-	**12,000**	-	-	-	**-**
Two to five years	-	-	-	**-**	-	12,000	-	**12,000**
Five years or more	-	435,800	572	**436,372**	-	435,800	572	**436,372**
	-	**447,800**	**572**	**448,372**	**-**	**447,800**	**572**	**448,372**
	534,490	**612,667**	**572**	**1,147,729**	**571,531**	**553,146**	**572**	**1,125,249**

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

Group (continued)

The total value of all loans and borrowings includes a further £69.6m (2021: £60.4m) of capitalised fees, premiums and accrued interest. The fair value of our own-named bond liability as at 31 March 2022 was £558.7m (31 March 2021: £532.6m). The bonds have been allocated to the Level 1 fair value hierarchy. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Overview of loans and borrowings

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

The Group holds bank loans at fixed rates of interest of between 0.8% and 6.4%, with maturity dates ranging from 2027-2040 inclusive. Bank loans are also held at variable rates of interest of between 0.6% and 1.9% plus the Bank of England base rate, with maturity dates ranging from 2036-2040 inclusive. Most bank loans are held at fixed rates of interest.

The Group has sold a range of bonds repayable in both single and multiple instalments, all at fixed rates of interest

The Group sold bonds in conjunction with financial institutions at rates between 2.9% and 11.1%, with maturity dates ranging from 2030-2043 inclusive. The Group, via Radian Capital plc and Yarlington Treasury Services plc, has also sold its own named listed bonds at rates of between 3.4% and 6.0%, with maturity dates ranging from 2042-2057 inclusive.

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

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

Society

	2022			
	Bank loans £'000	Bonds £'000	Intercompany loans £'000	Total £'000
In multiple instalments				
One year or less	3,840	124	4,000	7,964
One to two years	3,840	66	-	3,906
Two to five years	30,101	455	-	30,556
Five years or more	316,409	3,223	150,000	469,632
	354,190	**3,868**	**154,000**	**512,058**
In a single instalment				
Five years or more	**-**	**69,700**	**300,000**	**369,700**
	354,190	**73,568**	**454,000**	**881,758**

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

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

Society (continued)

	Combined 2021			
	Bank loans	**Bonds**	**Intercompany loans**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
In multiple instalments				
One year or less	33,441	115	-	33,556
One to two years	3,840	61	-	3,901
Two to five years	16,670	421	-	17,091
Five years or more	333,680	3,387	90,000	427,067
	387,631	**3,984**	**90,000**	**481,615**
In a single instalment				
Five years or more	**-**	**69,700**	**300,000**	**369,700**
	387,631	**73,684**	**390,000**	**851,315**

The total value of all loans and borrowings includes a further £47.5m (2021: £38.6m) of capitalised fees, premiums and accrued interest.

Overview of loans and borrowings

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 1.7% and 6.4%, with maturity dates ranging from 2036-2040 inclusive. Bank loans are also held at variable rates of interest of between 1.3% and 1.9% plus the Bank of England base rate, with maturity dates ranging from 2036-2040 inclusive. 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 8.1%, with maturity dates ranging from 2037-2043 inclusive.

The Society has intercompany loans with Radian Capital and Yarlington Treasury Services on like-for-like terms to the initial bond sales, as outlined above.

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

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

20. PROVISIONS

	Group		Society	Combined
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Balance brought forward at 1 April	**12,772**	**10,088**	**4,620**	**6,984**
Variations to provisions brought forward	44	1,155	-	(21)
New provisions in year	-	3,891	(189)	-
Release of provisions in year	(3,906)	(2,362)	(3,579)	(2,343)
Balance carried forward at 31 March	**8,910**	**12,772**	**852**	**4,620**

Provisions relate to remedial works for defective cladding and/or insulation on blocks in excess of 11m in height. Variations arise from a change in the scope, and tax treatment, of works and are released against costs incurred when work is in progress.

21. ANALYSIS OF CHANGES IN NET DEBT

Group	**At 1 April 2021**	**Cash flows**	**Non-cash changes**	**At 31 March 2022**
	£'000	**£'000**	**£'000**	**£'000**
Cash and cash equivalents				
Cash	138,693	12,134	-	**150,827**
Cash equivalents	1,000	(1,000)	-	**-**
	139,693	**11,134**	**-**	**150,827**
Loans and borrowings				
Payables: amounts due within one year	(47,324)	37,523	(9,075)	**(18,876)**
Payables: amounts due after one year	(1,138,311)	(69,983)	9,825	**(1,198,469)**
	(1,185,635)	**(32,460)**	**750**	**(1,217,345)**
	(1,045,942)	**(21,326)**	**750**	**(1,066,518)**

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

22. DEFERRED CAPITAL GRANT

	Group			Society		
	Completed	In course of construction	Total	Completed	In course of construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 April 2021	550,058	18,507	**568,565**	231,959	4,662	**236,621**
Inputs						
Received in year	114	82,931	**83,045**	114	38,844	**38,958**
Transferred from Recycled Capital Grant Fund	-	6,729	**6,729**	-	2,893	**2,893**
Transferred into management	22,809	-	**22,809**	9,789	**-**	**9,789**
Outputs						
Recycled on disposal	(2,553)	-	**(2,553)**	(1,151)	-	**(1,151)**
Transferred into management	-	(22,809)	**(22,809)**	-	(9,789)	**(9,789)**
At 31 March 2022	**570,428**	**85,358**	**655,786**	**240,711**	**36,610**	**277,321**
Accumulated amortisation						
At 1 April 2021	(74,080)	-	**(74,080)**	(28,028)	-	**(28,028)**
Released on disposal	317	-	**317**	142	-	**142**
Charge for the year	(5,482)	-	**(5,482)**	(2,306)	-	**(2,306)**
At 31 March 2022	**(79,245)**	**-**	**(79,245)**	**(30,192)**	**-**	**(30,192)**
Amortised deferred capital grant						
At 31 March 2022	**491,183**	**85,358**	**576,541**	**210,519**	**36,610**	**247,129**
At 31 March 2021	**475,978**	**18,507**	**494,485**	**203,931**	**4,662**	**208,593**

22. DEFERRED CAPITAL GRANT (continued)

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

	Group			Society		
	Completed £'000	In course of construction £'000	Total £'000	Completed £'000	In course of construction £'000	Total £'000
due within one year	5,556	-	**5,556**	2,281	-	**2,281**
due after one year	485,627	85,358	**570,985**	208,238	36,610	**244,848**
	491,183	**85,358**	**576,541**	**210,519**	**36,610**	**247,129**

The Recycled Capital Grant Fund for the Group is 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.

23. RECYCLED CAPITAL GRANT FUND

	Group		Society	Combined
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
At 1 April	17,345	14,427	499	774
Net inputs to fund				
Grants recycled	5,165	3,969	1,277	862
Interest accrued	42	15	-	-
Transferred to other group members	-	-	1,571	(553)
Other	(99)	(54)	(24)	(10)
Recycling of grant				
New build	(6,729)	(1,012)	(3,323)	(574)
At 31 March	**15,724**	**17,345**	**-**	**499**
Recycled capital grant due within one year	6,485	9,199	**-**	**-**
Recycled capital grant due after one year	9,239	8,146	**-**	499
	15,724	**17,345**	**-**	**499**

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.

24. DEFERRED TAX

Group	2022 £'000	2021 £'000
Fixed asset timing differences	345	-
Short term timing differences	(1,552)	-
Capital gains	1,807	1,338
Losses and other deductions	(600)	(1,400)
Total deferred tax (asset)/liability	**-**	**(62)**

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

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

An asset of £3.3m (2021: £7.9m) 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.

25. PENSIONS

Defined Contribution Schemes

The Group 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 Groups contributions to the plan for the year.

On 30 June 2021, employees of the Society who were not members of Defined Benefit Local Government Pension Schemes transferred to The Swaythling Housing Society; from this date the Society ceased to contribute to a Defined Contribution scheme.

The Pensions Trust Flexible Retirement Plan

The Group participates in a Master Trust 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

The Group participates in a Group Personal Pension scheme administered by Aviva. From 30 June 2021 the Society ceased to contribute to the scheme, following the transfer of all active members to the Swaythling Housing Society, closing the scheme to new entrants in the process.

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

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

25. PENSIONS (continued)

Defined Benefit Schemes

The Group participates in the following schemes:

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

The Society participates in three of the schemes, but is not a member of RCB, all of which are closed to new entrants.

Abri Group Pension Scheme (AGPS)

The Swaythling Housing Society and the Society participate 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.

Somerset County Council Pension Fund (SCC)

The Society participates in SCC, a multi-employer Local Government Pension Scheme whose deficit can be separately identified. A full actuarial valuation was carried out at 31 March 2019 and updated to 31 March 2022 by an independent qualified actuary. The full valuation showed a scheme deficit of £6.4m corresponding to a funding level of 86%.

In the year, payments were made towards this deficit totalling £390k (2021: £380k) and continued to make monthly contributions of 21.0% of members' earnings until 31 March 2022.

Hampshire County Council Pension Fund (HPF)

The Society participates in HPF; a multi-employer Local Government Pension Scheme whose deficit can be separately identified. A full actuarial valuation was carried out at 31 March 2019 and updated to 31 March 2022 by an independent qualified actuary. The full valuation results show a funding deficit of £4.3m and a funding level of 73%, which the employer agreed with the Trustee to aim to eliminate over a period of ten years.

The agreed employer's contribution rate remained at 37.2% of gross pay in 2022 and deficit funding contributions of £580k were paid in the year (2021: £562k)

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

25. PENSIONS (continued)

Defined Benefit Schemes (continued)

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. 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 Group were funded as follows:

	Group		Society	Combined
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
AGPS defined benefit deficit	12,207	23,621	102	197
HPF defined benefit deficit	2,199	4,957	2,199	4,957
RCB defined benefit deficit	5,762	7,249	-	-
SCC defined benefit deficit	37,986	45,205	37,986	45,205
	58,154	**81,032**	**40,287**	**50,359**

Main financial assumptions adopted for FRS 102 purposes:

	AGPS		HPF		RCB		SCC	
	2022	2021	2022	2021	2022	2021	2022	2021
	%	%	%	%	%	%	%	%
CPI inflation	3.3	3.0	3.5	3.1	3.5	3.1	3.2	2.9
Salary increases	4.3	3.2	4.5	4.1	4.5	4.1	4.2	3.9
Discount rate	2.8	2.2	2.4	1.7	2.4	1.7	2.6	2.0

Post retirement mortality assumptions:

	AGPS		HPF		RCB		SCC	
	M	F	M	F	M	F	M	F
Retiring today	21.6	23.9	23.2	25.6	21.3	24.0	23.1	24.7
Retiring in 20 years	22.9	25.4	24.9	27.4	22.6	25.4	24.4	26.1

25. PENSIONS (continued)

Defined Benefit Schemes (continued)

The assets in the schemes were:

Group			**2022**					**2021**		
	AGPS	**HPF**	**RCB**	**SCC**	**Total**	**AGPS**	**HPF**	**RCB**	**SCC**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Equities	12,805	8,895	3,536	40,344	**65,580**	8,005	8,125	3,077	37,594	**56,801**
Bonds	46,851	2,689	922	8,179	**58,641**	47,519	2,466	839	7,792	**58,616**
Property	4,836	1,079	682	4,463	**11,060**	3,467	870	636	3,486	**8,459**
Infrastructure	-	-	697	-	**697**	-	-	420	-	**420**
Cash	1,374	141	119	2,574	**4,208**	-	200	234	3,118	**3,552**
Alternative assets	26,388	2,830	(257)	-	**28,961**	28,456	2,595	(69)	-	**30,982**
Total market values of assets	**92,254**	**15,634**	**5,699**	**55,560**	**169,147**	**87,447**	**14,256**	**5,137**	**51,990**	**158,830**

Society		**2022**				**Combined 2021**		
	AGPS	**HPF**	**SCC**	**Total**	**AGPS**	**HPF**	**SCC**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Equities	107	8,895	40,344	**49,346**	67	8,125	37,594	**45,786**
Bonds	389	2,689	8,179	**11,257**	397	2,466	7,792	**10,655**
Property	41	1,079	4,463	**5,583**	29	870	3,486	**4,385**
Cash	11	141	2,574	**2,726**	-	200	3,118	**3,318**
Alternative assets	219	2,830	-	**3,049**	238	2,595	-	**2,833**
Total market values of assets	**767**	**15,634**	**55,560**	**71,961**	**731**	**14,256**	**51,990**	**66,977**

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

25. PENSIONS (continued)

Defined Benefit Schemes (continued)

Group			**2022**					**2021**		
	AGPS	**HPF**	**RCB**	**SCC**	**Total**	**AGPS**	**HPF**	**RCB**	**SCC**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Fair value of scheme assets	92,254	15,634	5,699	55,560	**169,147**	87,447	14,256	5,137	51,990	**158,830**
Present value of obligation	(104,461)	(17,833)	(11,461)	(93,546)	**(227,301)**	(111,068)	(19,213)	(12,386)	(97,195)	**(239,862)**
Group share of deficit in the scheme	**(12,207)**	**(2,199)**	**(5,762)**	**(37,986)**	**(58,154)**	**(23,621)**	**(4,957)**	**(7,249)**	**(45,205)**	**(81,032)**
Movements in fair value of assets										
Opening fair value of scheme assets	87,447	14,256	5,137	51,990	**158,830**	82,032	11,324	4,777	41,344	**139,477**
Interest income on scheme assets	1,931	243	86	1,034	**3,294**	1,931	229	93	966	**3,219**
Actuarial gains	2,208	1,026	613	3,125	**6,972**	3,170	2,415	497	10,180	**16,262**
Expenses	(194)	-	(5)	(24)	**(223)**	(202)	-	(3)	(28)	**(233)**
Contributions from employers	3,462	641	226	1,309	**5,638**	2,376	843	214	1,210	**4,643**
Contributions from scheme members	-	60	2	229	**291**	11	13	2	271	**297**
Benefits paid	(2,600)	(592)	(360)	(2,103)	**(5,655)**	(1,871)	(568)	(443)	(1,953)	**(4,835)**
Closing fair value of scheme assets	**92,254**	**15,634**	**5,699**	**55,560**	**169,147**	**87,447**	**14,256**	**5,137**	**51,990**	**158,830**
Movements in value of obligations										
Opening defined benefit obligation	(111,068)	(19,213)	(12,386)	(97,195)	**(239,862)**	(85,512)	(16,488)	(11,361)	(73,348)	**(186,709)**
Service cost	(312)	(149)	(20)	(1,896)	**(2,377)**	(372)	(84)	(11)	(1,355)	**(1,822)**
Interest cost	(2,418)	(322)	(208)	(1,925)	**(4,873)**	(1,992)	(326)	(223)	(1,704)	**(4,245)**
Actuarial losses	6,737	1,319	795	5,596	**14,447**	(25,052)	(2,654)	(1,232)	(22,470)	**(51,408)**
Benefits paid	2,600	592	360	2,096	**5,648**	1,871	568	443	1,946	**4,828**
Contributions by scheme members	-	(60)	(2)	(222)	**(284)**	(11)	(13)	(2)	(264)	**(290)**
Curtailment cost	-	-	-	-	-	-	(216)	-	-	**(216)**
Closing defined benefit obligation	**(104,461)**	**(17,833)**	**(11,461)**	**(93,546)**	**(227,301)**	**(111,068)**	**(19,213)**	**(12,386)**	**(97,195)**	**(239,862)**

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

25. PENSIONS (continued)

Defined Benefit Schemes (continued)

Society		**2022**				**Combined 2021**		
	AGPS	**HPF**	**SCC**	**Total**	**AGPS**	**HPF**	**SCC**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Fair value of scheme assets	767	15,634	55,560	**71,961**	731	14,256	51,990	**66,977**
Present value of obligation	(869)	(17,833)	(93,546)	**(112,248)**	(928)	(19,213)	(97,195)	**(117,336)**
Group share of deficit in the scheme	**(102)**	**(2,199)**	**(37,986)**	**(40,287)**	**(197)**	**(4,957)**	**(45,205)**	**(50,359)**
Movements in fair value of assets								
Opening fair value of scheme assets	731	14,256	51,990	**66,977**	673	11,324	41,344	**53,341**
Interest income on scheme assets	16	243	1,034	**1,293**	18	229	966	**1,213**
Actuarial gains	16	1,026	3,125	**4,167**	(166)	2,415	10,180	**12,429**
Expenses	-	-	(24)	**(24)**	(2)	-	(28)	**(30)**
Contributions from employers	25	641	1,309	**1,975**	223	843	1,210	**2,276**
Contributions from scheme members	-	60	229	**289**	-	13	271	**284**
Benefits paid	(21)	(592)	(2,103)	**(2,716)**	(15)	(568)	(1,953)	**(2,536)**
Closing fair value of scheme assets	**767**	**15,634**	**55,560**	**71,961**	**731**	**14,256**	**51,990**	**66,977**
Movements in value of obligations								
Opening defined benefit obligation	(928)	(19,213)	(97,195)	**(117,336)**	(701)	(16,488)	(73,348)	**(90,537)**
Service cost	(25)	(149)	(1,896)	**(2,070)**	(12)	(84)	(1,355)	**(1,451)**
Interest cost	(20)	(322)	(1,925)	**(2,267)**	(16)	(326)	(1,704)	**(2,046)**
Actuarial losses	83	1,319	5,596	**6,998**	(214)	(2,654)	(22,470)	**(25,338)**
Benefits paid	21	592	2,096	**2,709**	15	568	1,946	**2,529**
Contributions by scheme members	-	(60)	(222)	**(282)**	-	(13)	(264)	**(277)**
Curtailment cost	-	-	-	**-**	-	(216)	-	**(216)**
Closing defined benefit obligation	**(869)**	**(17,833)**	**(93,546)**	**(112,248)**	**(928)**	**(19,213)**	**(97,195)**	**(117,336)**

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

25. PENSIONS (continued)

Defined Benefit Schemes (continued)

Analysis of amounts charged to the Statement of Comprehensive Income:

Group			**2022**					**2021**		
	AGPS	**HPF**	**RCB**	**SCC**	**Total**	**AGPS**	**HPF**	**RCB**	**SCC**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
SOCI - Operating Costs										
Service costs	312	149	20	1,896	**2,377**	372	84	11	1,355	**1,822**
Expenses	194	-	5	24	**223**	202	-	3	28	**233**
Curtailment cost	-	-	-		**-**	-	216	-	-	**216**
SOCI - Finance Costs										
Net finance charge	487	79	122	891	**1,579**	61	97	130	738	**1,026**
	993	**228**	**147**	**2,811**	**4,179**	**635**	**397**	**144**	**2,121**	**3,297**
OCI – Actuarial Gains/(Losses)										
Actual less expected return on assets	2,208	1,026	613	3,125	**6,972**	3,170	2,415	497	10,180	**16,262**
Gains/(losses) from changes in assumptions	8,572	-	795	5,783	**15,150**	(25,881)	-	(1,529)	(23,343)	**(50,753)**
Experience gains/(losses) on liabilities	(1,835)	1,319	-	(187)	**(703)**	829	(2,654)	297	873	**(655)**
	8,945	**2,345**	**1,408**	**8,721**	**21,419**	**(21,882)**	**(239)**	**(735)**	**(12,290)**	**(35,146)**

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

25. PENSIONS (continued)

Defined Benefit Schemes (continued)

Society		**2022**				**Combined 2021**		
	AGPS £'000	**HPF £'000**	**SCC £'000**	**Total £'000**	**AGPS £'000**	**HPF £'000**	**SCC £'000**	**Total £'000**
SOCI - Operating Costs								
Service costs	25	149	1,896	**2,070**	12	84	1,355	**1,451**
Expenses	-	-	24	**24**	2	-	28	**30**
Curtailment cost	-	-	-	**-**	-	216	-	**216**
SOCI - Finance Costs								
Net finance charge	4	79	891	**974**	2	97	738	**837**
	29	**228**	**2,811**	**3,068**	**16**	**397**	**2,121**	**2,534**
OCI – Actuarial Gains/(Losses)								
Actual less expected return on assets	16	1,026	3,125	**4,167**	(166)	2,415	10,180	**12,429**
Gains/(losses) from changes in assumptions	83	-	5,783	**5,866**	(215)	-	(23,343)	**(23,558)**
Experience gains/(losses) on liabilities	**-**	1,319	(187)	**1,132**	1	(2,654)	873	**(1,780)**
	99	**2,345**	**8,721**	**11,165**	**(380)**	**(239)**	**(12,290)**	**(12,909)**

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

26. GIFT AID

The Society received Gift Aid payments from the following contributors:

	2022 £'000	Combined 2021 £'000
The Swaythling Housing Society Limited	-	15,000
Yarlington Homes Limited	1,050	194
Yarlington Property Management Limited	73	73
Inspired to Achieve Limited	73	46
	1,196	**15,313**

27. SHARE CAPITAL

Society	2022 £	Combined 2021 £
Shares of £1 each		
Issued at 1 April	27	47
Shares issued during the year	3	-
Shares cancelled during the year	(4)	(20)
Shares issued and fully paid at 31 March	**26**	**27**

The share capital of the Society consists of three classes of shares; ordinary, resident and parent, with a nominal value of £1 each, which carry no rights to dividends or other income. Shares are called-up but unpaid, with the members' agreement stating that should the society ever be wound-up the shares must be paid. Shares in issue are not capable of being repaid or transferred. On ceasing to be a shareholder, the relevant share is cancelled.

28. CAPITAL AND OTHER COMMITMENTS

	Group		Society	
	2022 £'000	2021 £'000	2022 £'000	Combined 2021 £'000
In contract	236,369	254,054	194,024	153,077
Approved but not contracted	41,581	54,106	34,390	11,000
Total capital commitments	**277,950**	**308,160**	**228,414**	**164,077**
Other commitments	187,857	179,346	54,427	32,772
Total commitments	**465,807**	**487,506**	**282,841**	**196,849**

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

28. CAPITAL AND OTHER COMMITMENTS (continued)

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

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

The Society also benefits from charitable tax status and is eligible to receive Gift Aid contributions from fellow Group subsidiaries.

Within the Group, other commitments includes the Group's share of commitments in relation to jointly controlled entities, as outlined below.

	Holding	2022 £'000	2021 £'000
Thakeham Pease Pottage LLP	50%	31,780	45,024
Linden (Sayers Common) LLP	50%	5,136	7,693
Lovell/Abri Weymouth LLP	50%	36,000	33,800
Thakeham West Horsley LLP	50%	32,401	-
		105,317	**86,517**

29. OPERATING LEASES

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

Group	**Land and Buildings**		**Other**	
	2022 £'000	**2021 £'000**	**2022 £'000**	**2021 £'000**
Not later than one year	57	79	400	404
Later than one year but not later than five years	77	124	406	733
	134	**203**	**806**	**1,137**

Society	**Land and Buildings**		**Other**	
	2022 £'000	**Combined 2021 £'000**	**2022 £'000**	**Combined 2021 £'000**
Not later than one year	-	31	390	404
Later than one year but not later than five years	-	107	387	733
	-	**138**	**777**	**1,137**

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

29. OPERATING LEASES (continued)

Amounts committed to be received in the next year under operating leases are as follows:

Group	**Commercial properties**		**Leases with partnership agencies**		**Tenancy leases**	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Not later than one year	108	73	1,191	1,184	42,686	47,691
Later than one year but not later than five years	353	205	4,038	3,610	70,845	97,901
Later than five years	235	257	3,663	4,026	3,409	11,640
	696	**535**	**8,892**	**8,820**	**116,940**	**157,232**

Society	**Commercial properties**		**Leases with partnership agencies**		**Tenancy leases**	
		Combined		**Combined**		**Combined**
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Not later than one year	85	31	946	957	31,742	34,793
Later than one year and Not later than five years	294	70	3,264	3,157	50,925	70,340
Later than five years	150	99	3,366	3,941	2,419	8,420
	529	**200**	**7,576**	**8,055**	**85,086**	**113,553**

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

30. FINANCIAL INSTRUMENTS

	Group		**Society**	
				Combined
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Financial assets				
Receivables	857	1,968	-	-
Financial liabilities				
Payables: amounts due after one year	(6,640)	(8,763)	-	(8,836)
Fair value gains/(losses)				
On current asset listed investments	(118)	(168)	(81)	(111)
On interest rate swap	2,123	2,356	2,123	2,539
	2,005	**2,188**	**2,042**	**2,428**

31. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

		Combined
	2022	**2021**
	£'000	**£'000**
Liability		
Interest rate swap	6,640	8,763

The amount of the change in fair value of the hedging instrument that was recognised in Other Comprehensive Income during the year was a gain of £2,123k (2021: £2,356k).

32. RELATED PARTY TRANSACTIONS

Pension Schemes

All defined benefit schemes in which the employees of the Group and Society participate are deemed to be related parties. Full disclosure on these can be found in note 25.

Loans

During the year, one (2021: one) employee determined to be Key Management Personnel had loans with the Group. As at 31 March 2022, the outstanding value of this loan was £104 (2021: £1,354). There were no loans with the Society.

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

Transactions with other entities

The Group accounts are prepared on a consolidated basis, all intercompany transactions are eliminated on consolidation.

The following disclosure has been included in order to comply with the accounting direction for social housing, which requires transactions between registered providers and other entities in the Group to be disclosed.

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

32. RELATED PARTY TRANSACTIONS (continued)

Transactions with other entities (continued)

Registered providers of social housing

- Abri Group Limited (AGL);
- The Swaythling Housing Society Limited (SHS);
- Oriel Housing Limited (OHL)

Other Group entities

Abri Group Subsidiaries

- Radian Developments Limited (RDL)
- Yarlington Homes Limited (YHL)
- Inspired to Achieve Limited (i2a)
- Yarlington Property Management Limited (YPM)
- Radian Capital plc (RC)
- Yarlington Treasury Services plc (YTS)
- Swaythling Assured Homes plc (SAH)

Jointly Controlled Entities

- *Thakeham Pease Pottage LLP (TPP)*
- *Linden (Sayers Common) LLP (LSC)*
- *Lovell/Abri Weymouth LLP (LAW)*
- *Affinity (Reading) Holdings Limited (ARHL)*
- *Affinity (Reading) Limited (ARL)*
- *Affinity Housing Services (AHS)*
- *Advantage South West LLP (ASW)*

The following transactions and balances are shown prior to any Group level consolidation and from the perspective of the Group/Society.

Transactions - Income	**Group**		**Society**	
				Combined
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
AGL recharge to YHL for corporate overheads	40	40	40	40
AGL recharge to i2a for corporate overheads	-	25	-	25
AGL recharge to ASW for secretarial costs	6	*6*	6	*6*
AGL interest income from RDL on loans	85	-	85	-
AGL interest income from TPP on loans	1,800	*2,258*	1,800	*2,258*
AGL interest income from LSC on loans	532	*429*	532	*429*
AGL interest income from LAW on loans	12	*2*	12	*2*
AGL interest income from ARHL on loan notes	320	*243*	320	*243*
AGL Gift Aid receipt from RDL	2,206		2,206	
AGL Gift Aid receipt from YPM	73	73	73	73
AGL Gift Aid receipt from YHL	1,050	194	1,050	194
AGL Gift Aid receipt from i2a	72	46	72	46

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

32. RELATED PARTY TRANSACTIONS (continued)

Transactions with other entities (continued)

Transactions - Expenditure	**Group**		**Society**	**Combined**
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
SHS purchase of properties developed from YHL	(3,506)	(1,801)	-	-
SHS purchase of properties developed from TPP	(365)	*(3,258)*	-	-
AGL purchase of properties developed from YHL	(41,482)	(31,480)	(41,482)	(31,480)
AGL purchase of properties developed from TPP	-	*(2,319)*	-	*(2,319)*
AGL charge for services provided by i2a	(3)	(228)	(3)	(228)
AGL charge for services provided by YPM	(97)	(75)	(97)	(75)
SHS charge for services provided by YPM	(3)	-	-	-
AGL charge for servicing fees from RC	(99)	(72)	(99)	(72)
AGL interest cost from YTS for intercompany loans	(3,769)	(1,809)	(3,769)	(1,809)
AGL interest cost from RC for intercompany loans	(16,721)	(16,699)	(16,721)	(16,699)

	Group		**Society**	**Combined**
	2022	**2021**	**2022**	**2021**
Balances - Assets	**£'000**	**£'000**	**£'000**	**£'000**
AGL shareholding in YHL	6,000	6,000	6,000	6,000
AGL shareholding in YTS	50	50	50	50
AGL investment in ARHL	1,170	1,170	1,170	1,170
AGL investment in AHS	25	25	25	25
AGL receivable from I2A for staff charges	73	248	73	248
AGL receivable from YTS from 2057 bond charges	515	460	515	460
AGL receivable from YPM for materials and staff charges	825	210	825	210
AGL receivable from RDL for interest	59	-	59	-
AGL receivable from ASW for staff charges	*14*	*26*	*14*	*26*
AGL receivable from ARL for directors fees	*33*	*33*	*33*	*33*
SHS receivable from AHS for transactional services	*15*	*15*	-	-
AGL receivable from RDL on intercompany loan	4,200	2,500	4,200	2,500
AGL receivable from *TPP for loans*	*31,252*	*36,980*	*31,252*	*36,980*
AGL receivable from *LSC for loan*	*8,115*	*9,800*	*8,115*	*9,800*
AGL receivable from *LAW for loan*	*612*	*138*	*612*	*138*
AGL receivable from *ARHL for loan notes*	*2,285*	*2,116*	*2,285*	*2,116*
AGL receivable from RDL for accrued loan interest	59	-	59	-
AGL receivable from *TPP for accrued loan interest*	*1,784*	*1,057*	*1,784*	*1,057*
AGL receivable from *LSC for accrued loan interest*	*1,181*	*649*	*1,181*	*649*
AGL receivable from *LAW for accrued loan interest*	*15*	*2*	*15*	*2*
AGL receivable from RC for cash security on 2049 bond	-	6,250	-	6,250

32. RELATED PARTY TRANSACTIONS (continued)

Transactions with other entities (continued)

	Group		Society	
				Combined
	2022	2021	2022	2021
Balances - Liabilities	£'000	£'000	£'000	£'000
AGL payable to YHL for purchase of properties	(752)	(6,743)	(752)	(6,743)
SHS payable to TPP for purchase of properties	*(27)*	*(121)*	-	-
AGL payable to RC for intercompany loans	(330,000)	(330,000)	(330,000)	(330,000)
AGL payable to YTS for intercompany loans	(120,000)	(60,000)	(120,000)	(60,000)
AGL payable to SAH for intercompany loans	(4,000)	(4,000)	(4,000)	(4,000)
AGL payable to ASW for membership fees	(7)	-	(7)	-

33. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

Abri Group Limited is the ultimate parent company, with a registered office at Collins House, Bishopstoke Road, Eastleigh, Hampshire, SO50 6AD.

Below is a list of all entities which make up the Group:

Type	Subsidiary	Registration status	Holding
Registered Providers	The Swaythling Housing Society Limited	Registered Society	100%
	Oriel Housing Limited	Registered Society	100%
Development Company	Radian Developments Limited	Limited Company	100%
	Yarlington Homes Limited	Limited Company	100%
Funding Vehicle	Radian Capital plc	Public limited company	100%
	Yarlington Treasury Services plc	Public limited company	100%
Other	Yarlington Property Management Limited	Limited Company	100%
Dormant Companies	Swaythling Assured Homes plc	Public limited company	100%
	Radian Care and Support Limited	Limited by guarantee	100%
	Radian Housing Limited	Limited by guarantee	100%
	Radian Living Limited	Limited by guarantee	100%
	Wayfarer Limited	Limited company	100%
	Alliance Housing Group Limited	Limited company	100%
	Charlotte Court Management Company (Yeovil) Limited	Limited company	100%
	Redwood Grange Management Company Limited	Limited company	100%
Jointly Controlled Entities	Affinity (Reading) Holdings Limited	Limited company	50%
	Affinity (Reading) Limited	Limited company	50%
	Affinity Housing Services	Unincorporated	50%
	Thakeham Pease Pottage LLP	Limited liability partnership	50%
	Linden (Sayers Common) LLP	Limited liability partnership	50%
	Lovell/Abri Weymouth LLP	Limited liability partnership	50%
	Thakeham West Horsley LLP	Limited liability partnership	50%
	Advantage South West LLP	Limited liability partnership	25%