

Registered Society No: 28637R
Regulator of Social Housing Registration No: LH4162

ORIEL HOUSING 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
John Gary Orr	
Caroline Moore	

SECRETARY

Gemma Burton-Connolly

REGISTERED OFFICE

Collins House
Bishopstoke Road
Eastleigh
Hampshire
SO50 6AD

BANKERS

Lloyds Bank
25 Gresham Street
London
EC2V 7HN

AUDITOR

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

STRATEGIC REPORT

Organisational Overview

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

Business Model

The Society retains no stock, operating as a development company for fellow subsidiaries in the Group on a cost-plus basis, delivering housing properties either directly through an in-house brand, Radian Build, or subcontracting works to other developers. All income is derived from schemes developed for sale.

The Society is currently funded by an intercompany loan, providing it with working capital to establish operations.

Performance Highlights

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

Financial Performance

Turnover has increased notably from the prior year, from £6.7m to £22.8m. Half the income (£11.8m) was generated from the Wey Hill scheme, with a further £3.2m from Boundary Hall. Notable schemes in progress in the prior year, including Castle Farm and Downhouse Road completed in the current year, contributing £1.8m to turnover.

Cost of sales, including labour, subcontractor and materials, have increased from £6.1m to £21.5m in line with turnover. Operating costs, in the form of recharges for non-site-based management and employees supporting developments from fellow Group companies are also increased year on year from £0.4m to £0.6m.

The increase in activity has seen operating surpluses in the prior year of £0.1m (2%), improve to £0.8m (4%) in 2021/22, led by sites with higher margins having a higher income.

The Society retained access to a loan facility with a fellow Group subsidiary, incurring a nominal amount of interest in both years and resulting in net margins of 1% and 3% for 2020/21 and 2021/22 respectively.

Financial Position

Work in progress under golden brick contracts amounted to £34.6m at year, up from £17.9m at March 2021. Work in progress values at Breach Avenue, Boundary Hall and the Old Brewery increased, joined by schemes at Westway and Bath Road. At the reporting date, the Society had £12.4m of receivables mainly due to amounts due from group undertakings, up from £12.3m in the prior year.

Short term payables increased notably from £31.7m to £48.1m, principally due to an additional £5.9m of deposits on developments. The intercompany loan facility was drawn down by £6.2m in the year, increasing from £12.1m to £18.3m at the reporting date.

Following the financial performance in the year, the Society moved from a net liability financial position to a small net asset position, after accruals for Gift Aid to be paid post year end.

STRATEGIC REPORT (continued)

Our Performance

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

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

Principal Risks and Uncertainties

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

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

Value for Money

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

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

Section 172 Compliance

The Company operates within the structure of the Abri Group and, as such, key decisions impacting the Company are taken by the Executive Board, subject to approval from the relevant committee and legal entity board. Decisions impacting the entity most typically pass through the Development and Assets Committee with input from the Development directorate.

The Directors place paramount importance on their legal duties under Section 172 of the Companies Act 2006. The Board is of the opinion that its conduct and those it collaborates with led to decisions made in good faith to promote the success of the company whilst considering the long-term implications of those decisions on its key stakeholders, as outlined below:

Employees

The entity has no direct employees but utilises members of staff from relevant departments who are employed by other members of the Group. All employees share common terms and conditions, irrespective of the employing entity and have access to the same resources, services and development opportunities.

Employees are supported by Connexus, a forum of elected individuals who collaborate with the Executive Board and providing a voice for feedback. Employees are regularly surveyed, have monthly performance check ins with managers and are encouraged to openly share their views.

STRATEGIC REPORT (continued)

Section 172 Compliance (continued)

Customers and Partners

Being members of the same Group, regular contact is maintained with Abri Group Limited and The Swaythling Housing Society Limited to whom all design and build and construction services are provided. This enables the entity to monitor the liquidity of these entities and be comfortable it will be paid for services delivered.

The entity maintains relationships with several suppliers, subcontractors and professional service firms who are all managed under the procurement function of the Group.

Community and Environment

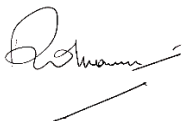
The entity is directly involved in the supply of new homes to the registered providers in the Group and plays an important role in building communities, a fundamental pillar of the group wide Corporate Strategy. We seek to engage with local communities in the early stages of planning, keeping them informed and updated during the construction process.

As a housebuilder, the entity is engaged with the relevant departments in the organisation to ensure our homes are delivered in an environmentally friendly way as possible, using modern methods of construction and materials where possible and are sustainable for customers in the long run.

Statement of Compliance

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

The strategic report was approved by the Board on 16 September 2022 and signed on its behalf by:



Wayne Morris
Director

DIRECTORS' REPORT

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

Group and Executive Board Members**Group Board**

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

The Directors of the Society during the year and up to the date of signing are listed on page 1 and their remuneration is disclosed in note 6. An overview of the positions each serving Director holds on other committees within the Abri Group are outlined below.

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

Executive Board and Corporate Directors

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

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

Executive and Corporate Directors Service Contracts

The members of the Executive Board and the 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.

DIRECTORS' REPORT (continued)

Group and Executive Board Members (continued)

Executive and Corporate Directors Service Contracts (continued)

Remuneration decisions are overseen by the People and Culture Committee. The Group Board is responsible for approving any bonus awards or changes in the Chief Executive's remuneration or contract. Details of the benefits received by Executive Directors are set out on page 20.

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

Governance and Regulation

As the Society is a registered provider, its Directors form part of the Group Board. An overview of the approach to governance and regulatory compliance, as determined by the Group Board, is included in our Group statutory accounts.

Employees

The Society had no employees in the year.

Post Balance Sheet Events

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

Going Concern

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

The entity delivers construction services to fellow Group members, typically on a cost-plus basis, where its tax structure delivers an overall benefit to the Group. The appropriateness of preparing the accounts of the entity on a going concern basis is therefore intrinsically linked to the going concern of the Group as a whole.

Prior to entering into contract with third parties, the directors also ensure the purchasing entity can meet its contractual obligations as they fall due via a review of past involvement with the purchaser, updating credit checks and liquidity assessments. The Development and Assets committee also reviews the performance of all development schemes, with delegation from the ultimate parent under Group Standing Orders for effective governance and operations across all Group subsidiaries. They receive assurance at each meeting that financial commitments can be met and are provided with oversight of key financial risks.

The entity is currently engaged in several contracts for work and has a reasonable expectation of being awarded more in future. For the reasons outlined above, the entity is expected to deliver a surplus during the execution of these contracts.

DIRECTORS' REPORT (continued)

Going Concern (continued)

The entity has no external funding and is therefore not exposed to bank covenants and is protected from a range of macro-economic factors, such as inflation, given the contractual arrangements in place.

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

Disclosure of Information to Auditor

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


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

External Auditor

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

Approval of the Board

The Directors' Report was approved by the Board on 16 September 2022 and signed on its behalf by:



Wayne Morris
Director

STATEMENT OF THE BOARD'S RESPONSIBILITIES

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

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

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

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

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Society's affairs as at 31 March 2022 and of the Society's deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

We have audited the financial statements of The Swaythling Housing Society Limited ("the Society") for the year ended 31 March 2022, which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

We remain independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

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

Other information

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

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

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

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

Responsibilities of the Board

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

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

Responsibilities of the Board (continued)

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

The audit procedures to address the risks identified included:

- enquiry of the Directors and other management and inspection of regulatory and legal correspondence to identify any non-compliance with these laws and regulations;
- challenging assumptions made by management in their significant accounting estimates and judgements in relation to the recoverable amount of properties for sale, income recognition and recoverability of debtors;
- identifying and testing journal entries, in particular any journal entries posted from staff members with privilege access rights, journals posted by key management, journals posted and journals posted after the year end; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and the Regulator of Social Housing

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

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

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

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

Use of our report

This report is made solely to the members of the Society, as a body, in accordance with in accordance with the Housing and Regeneration Act 2008 and Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

BDO LLP

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27 September 2022

Hamid Ghafoor (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

Gatwick, United Kingdom

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

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Turnover		22,842	6,693
Cost of sales		(21,487)	(6,133)
Operating costs		(552)	(437)
Operating surplus		803	123
Finance costs	3	(22)	(45)
Surplus on ordinary activities before tax	4	781	78
Tax charge for the year	5	-	-
Surplus on ordinary activities after tax		781	78

All activities derive from continuing operations.

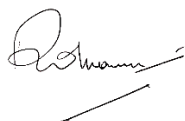
The notes of pages 16 to 23 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 March 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Other fixed assets	8	-	-
Investments	9	0	0
		0	0
Current assets			
Properties for sale	10	33,234	17,887
Receivables	11	12,451	12,339
Cash		2,409	853
		48,094	31,079
Payables: amounts due within one year	12	(48,093)	(31,689)
Net current assets/(liabilities)		1	(610)
Total assets less current liabilities		1	(610)
Net assets/(liabilities)		1	(610)
Capital and reserves			
Share capital	13	0	0
Revenue reserve		1	(610)
Shareholders' funds		1	(610)

The notes of pages 16 to 23 form part of these financial statements.

The financial statements of Oriel Housing Limited, registered society number 28637R, on pages 13 to 23 were authorised and approved for issue by the Board on 16 September 2022 and signed on its behalf by:



Wayne Morris
Director



Joanna Makinson
Director



Gemma Burton-Connolly
Secretary

STATEMENT OF CHANGES IN EQUITY

	Share Capital £'000	Revenue Reserve £'000	Total £'000
At 31 March 2020	0	(688)	(688)
Surplus on ordinary activities after tax	-	78	78
At 31 March 2021	0	(610)	(610)
Surplus on ordinary activities after tax	-	781	781
Gift Aid accrued – current year	-	170	170
At 31 March 2022	0	1	1

The notes of pages 16 to 23 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 Societies Act 2014 and is registered with the Regulator of Social Housing as a social housing provider.

2. ACCOUNTING POLICIES

Basis of Preparation

The financial statements of the Society have been prepared in accordance with applicable law and UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing Statement of Recommended Practice (SORP) 2018 for registered social housing providers and comply with the Accounting Direction for private registered providers of social housing 2022. The financial statements are presented in pounds sterling and have been prepared on the historical cost basis.

Going Concern

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

The entity delivers construction services to fellow Group members, typically on a cost-plus basis, where its tax structure delivers an overall benefit to the Group. The appropriateness of preparing the accounts of the entity on a going concern basis is therefore intrinsically linked to the going concern of the Group as a whole.

Prior to entering into contract with third parties, the directors also ensure the purchasing entity can meet its contractual obligations as they fall due via a review of past involvement with the purchaser, updating credit checks and liquidity assessments. The Development and Assets committee also reviews the performance of all development schemes, with delegation from the ultimate parent under Group Standing Orders for effective governance and operations across all Group subsidiaries. They receive assurance at each meeting that financial commitments can be met and are provided with oversight of key financial risks.

The entity is currently engaged in several contracts for work and has a reasonable expectation of being awarded more in future. For the reasons outlined above, the entity is expected to deliver a surplus during the execution of these contracts.

The entity has no external funding and is therefore not exposed to bank covenants and is protected from a range of macro-economic factors, such as inflation, given the contractual arrangements in place.

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

Operating Segments

Segmental information has not been disclosed as the Society operates with a single income stream. All income and costs relate to the construction and development of housing properties for sale to third parties.

Turnover

Turnover represents income receivable from the provision of construction and development services. For standard contracts, turnover represents the fair value of the service provided based on the stage of completion at the reporting date. For golden brick contracts, no turnover is recognised until the appropriate stage of completion as defined in the contract. Payments received in advance are recognised as deferred income within payables and due within one year.

Cost of Sales

Cost of sales represent direct labour, materials and subcontractor costs incurred in providing construction and development services.

Finance Costs

Finance costs relate to interest payments on an intercompany loan. Interest is paid on the outstanding loan balance on a quarterly basis in arrears.

Capitalisation of Finance Costs

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

The amount capitalised is calculated in accordance with FRS 102 paragraph 25.2 and disclosure of the calculation basis and amounts capitalised is included in note 0.

Value Added Tax (VAT)

The Society is VAT registered and makes zero-rated supplies of construction services and partially constructed residential buildings, enabling it to reclaim its input VAT.

Tax

Current tax is recognised for the amount of income 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.

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

2. ACCOUNTING POLICIES (continued)

Land

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

Fixed Assets

Fixed assets comprise vehicles, plant and equipment held at cost less depreciation.

Depreciation

Depreciation is charged on a straight-line basis over the four-year expected useful lives of vehicles, plant and equipment.

Properties Held for Sale

Properties being developed for fellow group subsidiaries 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.

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.

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.

Properties under construction under golden brick contracts where the appropriate stage of completion has not been reached are classified as work in progress as a receivable at the reporting date. The value of the asset recognised is equal to the costs of construction incurred at the reporting date.

Financial Instruments

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

Financial Assets and Liabilities

Loans and Borrowings

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

2. ACCOUNTING POLICIES (continued)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)**Critical Judgements, Estimates, and Uncertainty**

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

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.

Capitalisation of Property Development Costs

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

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.

3. FINANCE COSTS

	2022	2021
	£'000	£'000
Interest payable on intercompany loans	208	190
Capitalised Interest	(186)	(145)
	22	45

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.

4. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAX

Surplus on ordinary activities before tax is stated after charging:

	2022	2021
	£'000	£'000
Fees payable to the Society's auditor for:		
Audit of the annual financial statements (excluding VAT)	6	6

The audit fees for the Society have been borne by The Swaythling Housing Society Limited.

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

5. TAX

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

	2022 £'000	2021 £'000
Total tax reconciliation		
Surplus on ordinary activities before tax	781	78
Tax on surplus on ordinary activities at 19%	148	15
Effects of:		
Expenses not deductible for tax purposes	-	2
Movement in unrecognised deferred tax	(115)	(17)
Gift Aid	(33)	-
Total tax charge	<u>-</u>	<u>-</u>

The deduction of £33k (2021: £nil) of Gift Aid relates to an amount of £170k (2021: £nil) to be gifted prior to 31 December 2022, with the tax benefit taken in the year ended 31 March 2022 as permitted by Section 199 of the Corporation Tax Act 2020.

6. 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 remuneration 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.

Name	Appointed	Resigned	Annual Fee
Jane Alderman	01/02/2019	-	13,000
Mandy Clarke	01/08/2014	-	13,000
Joanna Makinson	04/11/2019	-	18,000
Wayne Morris	04/11/2019	-	26,000
Simon Porter	01/10/2016	-	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	25/05/2022	-	11,000
<i>John Gary Orr</i>	<i>15/10/2018</i>	-	<i>N/A</i>
<i>Caroline Moore</i>	<i>04/11/2019</i>	-	<i>N/A</i>

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

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

7. STAFF COSTS

The Society had no employees in the year (2021: none).

8. OTHER FIXED ASSETS

	Vehicles, plant and equipment £'000
Cost	
At 1 March 2021 and 31 March 2022	12
Accumulated depreciation	
At 1 March 2021 and 31 March 2022	(12)
Net book value	
At 31 March 2021 and 31 March 2022	-

9. INVESTMENTS

	2022 £	2021 £
Subsidiary Wayfarer Limited	1	1
Associate The Swaythling Housing Society Limited	1	1
Associate Yarlington Housing Group	-	1
Associate Abri Group Limited	1	-
	3	3

Following the completion of Yarlington Housing Group's Transfer of Engagements to Abri Group Limited on 30 June 2021, the £1 share held by the Society was transferred.

10. PROPERTIES FOR SALE

	2022 £'000	2021 £'000
Properties under construction	33,234	17,887

11. RECEIVABLES

	2022 £'000	2021 £'000
Trade receivables	105	57
Other taxation and social security	3,516	-
Amounts owed from Group undertakings	8,815	12,282
Other receivables and prepayments	15	-
	12,451	12,339

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

12. PAYABLES: AMOUNTS DUE WITHIN ONE YEAR

	2022 £'000	2021 £'000
Loans and borrowings	18,300	12,070
Deferred capital grant due within one year	1,301	2,559
Contract retentions	255	111
Trade payables	1,487	114
Accruals	1,635	862
Deferred Income	24,944	15,973
Gift Aid accrued	171	-
	48,093	31,689

Loans and borrowings relate to an intercompany loan from Abri Group Limited (2021: Yarlington Housing Group), incurring interest at the Bank of England base rate + 3%.

13. SHARE CAPITAL

	2022 £	2021 £
Shares of £1 each		
Issued and fully paid at 1 April	7	8
Shares issued during the year	3	-
Shares cancelled during the year	(1)	(1)
Shares issued and fully paid at 31 March	9	7

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

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

14. RELATED PARTY TRANSACTIONS

Transactions with other entities

The Society, a subsidiary of Abri Group Limited, has taken advantage of the exemption contained in FRS 102 paragraph 33.1A not to disclose transactions or balances with entities which are wholly owned by the Group, subject to the requirements of the Accounting Direction to disclose transactions with non-registered providers, who are listed below:

Abri Group Subsidiaries	Jointly Controlled Entities
<ul style="list-style-type: none"> • Radian Developments Limited • Yarlington Homes Limited • Inspired to Achieve Limited • Yarlington Property Management Limited • Radian Capital plc • Yarlington Treasury Services plc • Swaythling Assured Homes plc 	<ul style="list-style-type: none"> • Thakeham Pease Pottage LLP • Linden Sayers Common LLP • Lovell/Abri Weymouth LLP • Thakeham West Horsley LLP • Affinity (Reading) Holdings Limited • Affinity (Reading) Limited • Affinity Housing Services • Advantage South West LLP

Transactions and balances with subsidiaries are eliminated in the consolidated Group financial statements. There were no such transactions during the year or balances at the reporting date.

15. ULTIMATE PARENT COMPANY AND CONTROLLING ENTITY

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

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

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