

Registered Society No: 28637R

Regulator of Social Housing Registration No: LH4162

ORIEL HOUSING LIMITED

Annual Report and Financial Statements

Year Ended 31 March 2023

CONTENTS

GENERAL INFORMATION	1
STRATEGIC REPORT	2
Organisational Overview	2
Business Model	2
Overview of Financial Results	2
Our Performance.....	3
Principal Risks and Uncertainties	3
Value for Money.....	3
Statement of Compliance.....	3
DIRECTORS' REPORT	4
Group and Executive Board Members	4
Directors' Indemnities.....	5
Governance and Regulation	5
Employees	5
Post Balance Sheet Events	5
Going Concern.....	5
Disclosure of Information to Auditor	6
External Auditor	6
Approval of the Board	6
STATEMENT OF THE BOARD'S RESPONSIBILITIES.....	7
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORIEL HOUSING LIMITED	8
STATEMENT OF COMPREHENSIVE INCOME	12
STATEMENT OF FINANCIAL POSITION	13
STATEMENT OF CHANGES IN EQUITY.....	14
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023	15

GENERAL INFORMATION

BOARD OF DIRECTORS

Jane Alderman	
Mandy Clarke	resigned 31 August 2022
Joanna Makinson	
Wayne Morris	
Simon Porter	
Jocelyn McConnachie	
Lou Taylor	
Mary-Kathryn Rallings-Adams	
David Montague	appointed 25 May 2022
Veronica Gordon (co-optee)	appointed 25 May 2022
John Gary Orr	
Caroline Moore	

SECRETARY

Gemma Burton-Connolly	resigned 1 September 2023
Sarah Pearson	appointed 2 September 2023

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 OPA

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 but is engaged in the delivery of housing properties to fellow members of the Group as Abri Build, an in-house construction team. Units are delivered on a cost-plus basis either directly or by 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.

Overview of Financial Results

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

Financial Performance

Turnover has increased notably from the prior year, from £22.8m to £41.0m. Significant schemes developed in the year include The Old Brewery and Breach Avenue, delivering £17.8m and £9.7m of turnover respectively.

Cost of sales, including labour, subcontractor and materials, have increased from £21.5m to £39.3m in line with turnover, with margins of 4% in line with the prior year. Operating costs, in the form of recharges for non-site-based management and employees supporting developments from fellow Group companies reduced year on year from £0.6m to £0.3m.

The Society retained access to a loan facility with its parent company, incurring £0.2m of interest in the year against a nominal amount of interest in the previous year. Surplus before tax increased as a result from £0.8m to £1.3m but net margin remained consistent at 3%.

Financial Position

Work in progress under golden brick contracts amounted to £48.9m at year, up from £33.2m at March 2022. Work in progress values at Bath Road, Cheltenham Street and Westway increased by £7.6m to close at £24.5m in total in addition to a new development at Loxwood Road, with a value of £14.6m at the reporting date.

At 31 March 2023, the Society had £1.5m of receivables, a notable reduction from £12.5m in the prior year where the balance primarily related to amounts due from group undertakings.

Short term payables decreased from £48.1m to £34.5m; the intercompany loan facility remained drawn to £18.3m, in line with the prior year but moved from a payable due within one, to a payable due after one year. The year-end balance includes a Gift Aid accrual of £1.3m, to be paid before 31 December 2023 to mitigate corporation tax liabilities as far as possible.

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.

The principal risk facing the entity is the ability of fellow Group entities being unable to meet their contractual obligations to purchase housing properties as they fall due. Such risks are mitigated by the work performed and reviews undertaken by the relevant committees within the Group.

Value for Money

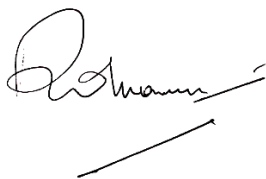
The Group assesses its performance in relation to Value for Money (VfM) at a Group level rather than on an entity-by-entity basis due to the Group's structure.

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

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 27 September 2023 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Wayne Morris', with a long horizontal stroke extending to the right and a diagonal line crossing it from the bottom left.

Wayne Morris
Director

DIRECTORS' REPORT

The Directors present their report for the year ended 31 March 2023.

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
Joanna Makinson	Chair	-	Member	-	-
Wayne Morris	-	-	Member	-	-
Jocelyn McConnachie	-	-	Member	-	-
Lou Taylor	-	-	-	-	Member
Mary-Kathryn Rallings-Adams	-	-	-	-	Member
David Montague	-	-	-	Member	-
Veronica Gordon	-	-	-	-	Member
<i>John Gary Orr</i>	-	-	<i>Member</i>	<i>Member</i>	-
<i>Caroline Moore</i>	-	<i>Member</i>	-	-	-

Key: Non-Executive Member, *Executive Board Member*

Executive Board and Corporate Directors

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

Executive and Corporate Directors Service Contracts

The members of the Executive Board and Corporate Directors are employed on the same terms as other staff, except for a contractual annual bonus scheme, the provision of a company car or payment of a car allowance and the provision of private medical benefit. Remuneration decisions are overseen by the People and Culture Committee. Details of the benefits received by Executive Directors are set out in note 6.

The Group Board is responsible for approving any bonus awards or changes in the Chief Executive's remuneration or contract.

DIRECTORS' REPORT (continued)

Group and Executive Board Members (continued)

Executive and Corporate Directors Service Contracts (continued)

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' 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 Society. The indemnities were in force during the financial year and remain in place for all current and past Directors of the Society.

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

The appropriateness of preparing the accounts on a going concern basis continues to be set against a backdrop of economic instability.

Despite daily life largely returning to normal following the Covid-19 pandemic the after effects are evident and are amplified when coupled with ongoing global geo-political issues. We continue to see high levels of inflation and the resulting cost of living crisis and subsequent measures aimed at controlling inflation, with the raising of interest rates, impacting the supply of new housing stock.

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.

DIRECTORS' REPORT (continued)

Going Concern (continued)

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.

Disclosure of Information to Auditor

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

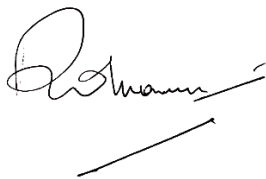
- so far as each Board Member is aware, there is no relevant audit information needed by the Society's auditor in connection with preparing their report, of which the Society's auditor is unaware; and
- each Board Member has taken all the steps that they ought to have taken as a Board Member to make 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 27 September 2023 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Wayne Morris', with a long horizontal stroke extending to the right and a shorter one below it.

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 2023 and of the Society's surplus 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 Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

We have audited the financial statements of Oriel Housing Limited ("the Society") for the year ended 31 March 2023, 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.

Matters on which we are required to report by exception

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

- the Society has not kept proper books of account;
- the Society has not maintained a satisfactory system of control over its transactions;
- the financial statements are not in agreement with the Society's books of account; or
- we have not received all the information and explanations we need 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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORIEL HOUSING 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.

Non-compliance with laws and regulations

Based on our understanding of the Society and the sector in which it operates, discussion with management and those charged with governance we considered the significant laws and regulations to be UK GAAP, the Accounting Direction for Private Registered Providers of Social Housing and tax legislation.

The Society is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the Regulatory Framework of the Regulator of Social Housing and health and safety legislation.

Our procedures in respect of the above included:

- review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- review of financial statement disclosures and agreeing to supporting documentation.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- enquiry with management and those charged with governance, Audit Committee and internal audit regarding any known or suspected instances of fraud;
- obtaining an understanding of the Group's policies and procedures relating to:
 - detecting and responding to the risks of fraud; and
 - internal controls established to mitigate risks related to fraud.
- review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override through accounting estimates and inappropriate journal entries.

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

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

Fraud (continued)

Our procedures in respect of the above included:

- testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- assessing significant estimates made by management for bias.

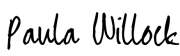
We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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 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:

8F75FEDC31D1467...

Paula Willock (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor
Gatwick, United Kingdom

27 September 2023

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

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Turnover		41,012	22,842
Cost of sales		(39,272)	(21,487)
Operating costs		(281)	(552)
Operating surplus		1,459	803
Finance costs	3	(189)	(22)
Surplus on ordinary activities before tax	4	1,270	781
Tax charge for the year	5	(1)	-
Surplus on ordinary activities after tax		1,269	781

All activities derive from continuing operations.

The notes of pages 15 to 22 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 March 2023

	Note	2023 £'000	2022 £'000
Fixed assets			
Other fixed assets	8	-	-
Investments	9	0	0
		<u>0</u>	<u>0</u>
Current assets			
Properties for sale	10	48,868	33,234
Receivables	11	1,537	12,451
Cash		2,354	2,409
		<u>52,759</u>	<u>48,094</u>
Payables: amounts due within one year	12	(34,458)	(48,093)
Net current assets		<u>18,301</u>	<u>1</u>
Total assets less current liabilities		<u>18,301</u>	<u>1</u>
Payables: amounts due after one year	13	(18,300)	-
Net assets		<u>1</u>	<u>1</u>
Capital and reserves			
Share capital	15	0	0
Revenue reserve		1	1
Shareholders' funds		<u>1</u>	<u>1</u>

The notes of pages 15 to 22 form part of these financial statements.

The financial statements of Oriel Housing Limited, registered society number 28637R, on pages 12 to 22 were authorised and approved for issue by the Board on 27 September 2023 and signed on its behalf by:



Caroline Moore
Director



Joanna Makinson
Director



Sarah Pearson
Company Secretary

STATEMENT OF CHANGES IN EQUITY

	Share Capital £'000	Revenue Reserve £'000	Total £'000
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
Surplus on ordinary activities after tax	-	1,269	1,269
Gift Aid paid – prior year	-	(6)	(6)
Gift Aid accrued – current year	-	(1,263)	(1,263)
At 31 March 2023	0	1	1

The notes of pages 15 to 22 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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. The Society is a public benefit entity.

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

The appropriateness of preparing the accounts on a going concern basis continues to be set against a backdrop of economic instability.

Despite daily life largely returning to normal following the Covid-19 pandemic the after effects are evident and are amplified when coupled with ongoing global geo-political issues. We continue to see high levels of inflation and the resulting cost of living crisis and subsequent measures aimed at controlling inflation, with the raising of interest rates, impacting the supply of new housing stock.

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 2023 (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.

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 3.

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 2023 (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.

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)**2. ACCOUNTING POLICIES (continued)****Critical Judgements, Estimates, and Uncertainty**

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

Capitalisation of Property Development Costs

An estimate is made for time spent on viable schemes by development teams prior to entering contract, with amounts capitalised forming part of total scheme costs. The estimate of anticipated costs to complete a development scheme is determined by suitably qualified professionals.

Recoverable amount of properties held for sale to fellow Group entities

Judgement is exercised in determining that the entity within the Group contracted to purchase properties developed for sale can meet their obligations as they fall due and that, subsequently properties are not held at a carrying value higher than their recoverable amount.

3. FINANCE COSTS

	2023	2022
	£'000	£'000
Interest payable on intercompany loans	849	208
Capitalised Interest	(660)	(186)
	189	22

The weighted average cost of capital for the period is 3.90% (2022: 3.90%) 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:

	2023	2022
	£'000	£'000
Fees payable to the Society's auditor for:		
Audit of the annual financial statements (excluding VAT)	7	6

The audit fees for the Society have been borne by Abri Group Limited.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (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:

	2023	2022
	£'000	£'000
Total tax reconciliation		
Surplus on ordinary activities before tax	1,270	781
Tax on surplus on ordinary activities at 19%	241	148
Effects of:		
Movement in unrecognised deferred tax	-	(115)
Gift Aid	(240)	(33)
Total tax charge	1	-

The deduction of £240k (2022: £33k) of Gift Aid relates to an amount of £1,263k (2022: £170k) to be gifted prior to 31 December 2023, with the tax benefit taken in the year ended 31 March 2023 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	31/08/22	13,000
Joanna Makinson	04/11/2019	-	18,000
Wayne Morris	04/11/2019	-	26,000
Simon Porter	01/10/2016	-	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
Veronica Gordon	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: Non-Executive Member, *Executive Board Member*

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 2023 (continued)

7. STAFF COSTS

The Society had no employees in the year (2022: none).

8. OTHER FIXED ASSETS

	Vehicles, plant and equipment £'000
Cost	
At 1 April 2022 and 31 March 2023	12
Accumulated depreciation	
At 1 April 2022 and 31 March 2023	(12)
Net book value	
At 31 March 2022 and 31 March 2023	-

9. INVESTMENTS

	2023	2022
	£	£
Subsidiary Wayfarer Limited	1	1
Associate The Swaythling Housing Society Limited	1	1
Associate Abri Group Limited	-	1
	<u>2</u>	<u>3</u>

10. PROPERTIES FOR SALE

	2023	2022
	£'000	£'000
Properties under construction	<u>48,868</u>	<u>33,234</u>

11. RECEIVABLES

	2023	2022
	£'000	£'000
Trade receivables	139	105
Other taxation and social security	1,398	3,516
Amounts owed from Group undertakings	-	8,815
Other receivables and prepayments	-	15
	<u>1,537</u>	<u>12,451</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

12. PAYABLES: AMOUNTS DUE WITHIN ONE YEAR

	2023 £'000	2022 £'000
Amounts owed to group undertakings	88	-
Loans and borrowings	-	18,300
Deferred capital grant due within one year	3,241	1,301
Contract retentions	669	255
Trade payables	669	1,487
Accruals	4,157	1,635
Deferred Income	24,370	24,944
Corporation tax	1	-
Gift Aid accrued	1,263	171
	34,458	48,093

Loans and borrowings relate to an intercompany loan from Abri Group Limited incurring interest at the Bank of England base rate plus 3% and matures in 2025.

13. PAYABLES: AMOUNTS DUE AFTER ONE YEAR

	2023 £'000	2022 £'000
Loans and borrowings	18,300	-

Loans and borrowings relate to an intercompany loan from Abri Group Limited incurring interest at the Bank of England base rate plus 3% and matures in 2025.

14. DEFERRED CAPITAL GRANT

	£'000
Cost	
At 1 April 2022	1,301
Inputs	
Received in year	2,080
Outputs	
Released on disposal	(140)
Cost	
At 31 March 2023	3,241

All amounts relates to properties under construction which are expected to be handed over within one year and are transferred to the purchasing entity upon disposal.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)**15. SHARE CAPITAL**

	2023	2022
	£	£
Shares of £1 each		
Issued and fully paid at 1 April	9	7
Shares issued during the year	1	3
Shares cancelled during the year	(1)	(1)
Shares issued and fully paid at 31 March	9	9

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.

16. 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

- 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

Jointly Controlled Entities

- 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.

17. ULTIMATE PARENT COMPANY AND CONTROLLING ENTITY

At 31 March 2023 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.