

ANNUAL REPORT 2020/21



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Directors, executive officers, advisors and bankers

The directors of the Selwood Housing Group who were in office during the year and up to the date of signing the financial statements were:

Group Board of Directors

Sheila Lewis *

Martin Large to 31 January 2021

Valerie Witcomb to 31 Mar 2021

Stella Shepherd

Steve Oldrieve

David Knight from 1st February 2021

Richard Britton ***

Lee O'Bryan ** 31 January 2021

Chris Butters

Richard Yates

Valerie Lee 1st February 2021

Neil Hales-Owen from 19th April 2021

* chair

** vice chair to 31 January 2021

*** vice chair from 1 February 2021

Executive officers

Group chief executive

Group finance director

Group finance director

Group transformation and people director

Group operations director

Group development director

Group asset director

Group IT director

Group IT director

Barry Hughes

Diane Hall to 31 March 2021

Mark Mayler from 1st April 2021

Ria Bristow

Verena Buchanan

Paul Walsh

Chris George to 31 December 2020

Ceri Lambdin to May 2020

John Rogers from 1 September 2020

Registered office

Bryer Ash Business Park

Bradford Road

Trowbridge

Wiltshire BA14 8RT

Advisors and bankers

Independent auditor

Beever and Struthers

20 Colmore Circus

Queensway

Birmingham

B4 6AT

Internal auditors

TIAA Limited

53-55 Gosport Business Centre

Gosport

PO13 0FQ

Principal funder

Nationwide Building Society

Kings Park Road

Moulton Park

Northampton

NN3 6NW

Principal bankers

Lloyds Bank

64 Fore Street

Trowbridge

Wiltshire

BA14 8EU

Principal legal advisors

Trowers & Hamlins

The Senate

Southernhay Gardens

Exeter

EX1 1UG

Capsticks Solicitors LLP

1 St George's Road

London

SW19 4DR

Anthony Collins Solicitors

143 Edmund Street

Birmingham

B3 2ES

Charity commission registration No. 1141124

Company limited by guarantee - registration No. 4168336

Registered with the Regulator of Social Housing – registration No. LH409

Welcome from the chair of our board of directors

Over the past year the coronavirus pandemic has shone a light on how vital our work as a provider of secure, affordable homes is for our local communities. We have risen to the many challenges of these unprecedented times, delivering services for our customers and supporting our staff throughout.

Our response to coronavirus

When the first national lockdown was announced in March 2020, careful planning by our business continuity team and previous investment in IT enabled a smooth transition to new ways of working, including home working for office-based staff.

We have continued to deliver essential services for our customers throughout the three national lockdowns that have followed, adapting as restrictions were tightened and eased, and with COVID-secure safety measures in place.

In periods of tight restrictions, some of our services were paused or adapted to minimise contact for customers and staff. During the first lockdown, some of our staff were re-deployed and we embarked on over ten thousand welfare calls to customers who may have been vulnerable or at risk of isolation.

We kept customers informed via our website, social media and a new monthly update. Internally, we set up a dedicated information hub, the chief executive provided daily updates via email and we used Microsoft Teams to continue to share news with staff, keep colleagues connected and support mental health and wellbeing.

At the time of writing, the vaccine roll-out is supporting the government's roadmap out of lockdown and we are looking forward to restrictions easing further. However, we are ready to respond should the situation change.

My sincere thanks to all our staff for their commitment and hard work, to our customers for their patience and understanding and to our community partners and stakeholders for their support and flexibility throughout this most difficult of years.

Our homes and communities

Despite the challenges of COVID-19, we let 429 properties during the year, including 28 for people nominated by the local authority as being homeless. 72 mutual exchanges were completed, using a new digital platform.

Our voids team worked exceptionally hard to get empty homes ready for people in urgent need, at one point turning around 59 properties in just six weeks.

We saw an increase in calls about rent as customers' circumstances changed due to the pandemic and many people moved onto Universal Credit. Despite this, rent arrears remained exceptionally low at 0.9%.

Selwood Housing Society Ltd

The first lockdown also resulted in a greater number of reports of anti-social behaviour and fly-tipping. Our caretakers responded to 988 work requests, compared to 347 the previous year.

Throughout the year we responded to 6,719 emergency jobs and completed 10,421 non-essential repairs when it was safe to do so. While our planned programme for refurbishing kitchens and bathrooms was much reduced due to COVID, those completed received a 90% customer satisfaction score. Silcoa reported a profit for the year of £216k. This money is all reinvested in our existing homes and providing new local, affordable homes.

Our development team delivered 120 new properties, which became homes for 503 new customers. Among them were 21 new homes at Margaret's Close in Trowbridge, on the site of the former Margaret Stancomb primary school, which with its fascinating history attracted a lot of interest from the community. Having been derelict for over 10 years, the site is now fully occupied by local families, including some key workers.

We recently purchased another site in Trowbridge, the vacant John Bull pub in Studley Green. We plan to build ten homes with a focus on energy efficiency, our most ambitious carbon reduction development to date.

While we will not be able to meet our pre-COVID target of building 600 new affordable homes by March 2023, we are working towards a new goal of 1,000 or more by 2026.

During the year we supported several groups with a total of £21k in donations, including food banks, a furniture recycling charity and laptop provision for local schoolchildren. Silcoa operatives gave their time and skilled labour to refurbish parts of Trowbridge Town Hall and a portacabin at Studley Green, which will be used by charity Trowbridge Future as a drop-in centre for young people.

Our people

A restructure of the executive team saw Ria Bristow appointed as group transformation and people director and Verena Buchanan as group operations director, while John Rogers joined us as group IT director and Mark Mayler as group finance director. This meant saying goodbye and thank you to Chris George and Diane Hall, who is now enjoying her well-deserved retirement.

We also bid farewell to board members Lee O'Bryan, Martin Large and Valerie Witcomb after many years of service and were pleased to welcome David Knight, Valerie Lee and customer Neil Hales-Owen to the board.

Several new customers joined the scrutiny team following a successful online recruitment campaign. Many thanks to chair Kate Tivney, who will shortly be stepping down. Kate was recognised by Inside Housing among over 350 nominations for their shortlist of twenty influential Women in Housing: Leaders 2020.

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In February, we announced the migration of Silcoa into Selwood Housing to an extremely positive response from staff. This is another significant step in meeting our strategic objective of being easy to do business with, both internally and externally, and providing even better services to our customers.

We received the Large Apprenticeship Employer award from Wiltshire College & University Centre and we welcomed five new apprentices across the group. We also joined the new KickStart scheme and will be employing three young people on six-month work placements.

We conducted an Investors in People survey which attracted a record level of engagement and over 90% of respondents agreed that Selwood Housing Group is a great place to work.

We recognised the individual contributions of over a hundred staff members at our remote Living the Values Awards ceremony, which included a COVID team award and nominations from customers for the first time.

Finally, with our Selwood Spirit team adapting successfully to online fundraising and social activities, our staff raised a record amount of money for our charity of the year, Motor Neurone Disease Association.

Our future

As well as maintaining business as usual during this most unusual of years, we also made some major improvements to our processes.

- The launch of a new asset management system (Orchard) has dramatically improved our planning capabilities.
- Refinancing our Nationwide loan facility resulted in less onerous reporting requirements, saving both time and cost.
- An online grounds maintenance schedule was shared with customers after a great deal of preparation work.
- Our scrutiny team completed a review into communication during the complaints process and we made some changes based on their recommendations.

We ended the year with a higher surplus than expected of £8.1 million, putting us in a strong position going forwards.

Looking ahead, we have some ambitious and exciting plans over the next few years as our transformation project, Horizon, takes shape. Horizon will see us create and deliver our next generation of housing services as we improve further, becoming even easier for our customers to do business with.

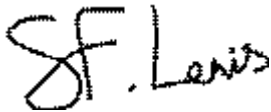
Selwood Housing Society Ltd

The recent Social Housing White Paper set out a new charter for social housing residents based on seven commitments they should expect from their landlord. While we are confident that we already meet these expectations, we will ensure we are ready for all proposed reforms.

We will continue to work towards improving the energy efficiency of our homes, in line with the UK's target of net zero carbon by 2050.

We welcome the national focus on the social housing sector as the Grenfell Tower Inquiry continues. We support the National Housing Federation's 'Homes at the Heart' campaign which calls for social housing to be front and centre of the post-COVID recovery and the government's Affordable Homes Programme.

Over the past year our dedicated teams truly went the extra mile to deliver services for our customers, and I have every confidence they will be able to rise to whatever challenges the next year may bring.

A handwritten signature in black ink, appearing to read 'SF. Lewis'.

Sheila Lewis
Chair

Selwood Housing Society Ltd

Group strategic report including the report of the board for the year ended 31 March 2021

The group board presents its report and audited consolidated financial statements of Selwood Housing Society Limited and its subsidiary undertakings, for the year ended 31 March 2021.

Selwood Housing Group

Selwood Housing Society Limited (Selwood Housing) is the parent company of Silcoa Limited, Cottsbury Homes Limited and Selwood DevCo Limited.

Selwood Housing is a company limited by guarantee governed by its articles of association. It is registered with the Charity Commission and the Regulator of Social Housing (RSH) and administered by a board of non-executive directors (the board).

Principal activities

The principal activities of the group are the development and provision of affordable housing, incorporating the letting, management and maintenance of dwellings for people in housing need and the provision of support services.

Overview of the business

The purpose of Selwood Housing is to develop, manage and maintain quality affordable housing and provide support services for the benefit of people in housing need.

We manage and maintain homes across Wiltshire, Bath, North East Somerset and the parts of the county of Somerset which are within one hour's drive of our head office in Trowbridge. We have a strong local presence and involvement with our local communities. We own 6,778 properties and are the largest social landlord in the West of Wiltshire.

The RSH refreshed their assessment of Selwood's compliance with the Governance and Financial Viability Standard in December 2020 which resulted in Selwood Housing retaining the highest category of assessment (G1/V1).

We have an active programme to develop new homes in our areas of operation, offering a range of affordable homes that meet the needs identified by our local authority partners. In addition to substantial investment in new homes, we are continuing a large programme of improvements to our existing properties.

Group strategic report including the report of the board for the year ended 31 March 2021 *continued*

Overview of the business *continued*

We are committed to neighbourhoods, customers and excellence and we undertake a wide range of community activities. We provide lifeline services to our tenants.

Selwood Housing has three commercial subsidiaries, set up for specific purposes. They are all wholly owned by Selwood Housing and the profits they make stay within the group to support Selwood Housing's charitable objectives.

Silcoa Ltd is a property repairs and improvement company that seeks to provide a top-quality repairs and improvement service to Selwood Housing tenants.

Cottsbury Homes Ltd is a company that develops homes for market sale. It is not currently active.

Selwood DevCo Ltd is the owner of photovoltaic (PV) panels which are installed on 115 properties owned by Selwood Housing.

Objectives and strategy

The board has referred to the Charity Commission's general guidance on public benefit when reviewing Selwood Housing's aims and objectives and in planning our future activities. The board has considered how planned activities for the year will contribute to the aims and objectives they have set.

Our strategy is underpinned by three guiding principles:

- Ensure our people are motivated, skilled and able to deliver for our customers
- Deliver excellent value for money services
- Be easy for our customers to do business with

These principles will guide our work over the coming years. Our corporate plan develops these into the key areas for us to develop in the next few years.

Group strategic report including the report of the board for the year ended 31 March 2021 *continued*

Objectives and strategy *continued*

The key areas for us in the next few years are:

- Culture and development of staff
- Improve the use of ICT to deliver better value services
- Development of new homes
- Use of assets
- Environmental strategy
- Ensuring our governance structure delivers strong governance across the group in the most effective and efficient way possible
- Fully integrate the services delivered by the former Silcoa team into Selwood Housing to continue to offer excellent value for money whilst maintaining high standards of service and health and safety

The specific targets for 2021/22 are:

- After achieving Investors in People Silver a couple of years ago, accelerate progression towards the Platinum level in 2022
- Continue with the digital transformation of Selwood by introducing new processes and technologies to enhance customer interaction and services through the Horizon programme
- Transfer of equity and liabilities of Silcoa to Selwood Housing through merger accounting principles
- Align the Silcoa staff and systems with Selwood to provide seamless integration and minimal disruption to customers
- Quickly resolve customer non-urgent repair queries that have grown since lockdown and the reopening of services
- Grow our planned property maintenance programme of works to deliver more kitchens and bathroom replacements than in previous years
- Implement our asset management strategy which details how we will maintain our homes into the future so that they are places where our customers want to live, whilst delivering the best value for money on our investments
- Start the implementation of our environmental strategy and consider the impact our homes have on the environment as well as considering our ecological impact
- Continue to keep our customers, staff and members of the public safe through robust health and safety and compliance processes
- Deliver the detailed targets for all our core services, including the development of 1,000 new homes over five years, arrears levels below 1% and continuing investment in existing homes in line with the 30-year programme of planned works

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Group strategic report including the report of the board for the year ended 31 March 2021 *continued*

Objectives and strategy *continued*

Selwood Housing's values

- Customer focused: By focusing on our customers we are able to provide a high-quality service with integrity
- One team: By working as 'One Team' we consider others. It also allows us to work collaboratively to successfully achieve a common goal
- Honesty: By being honest we can fix issues before they become problems
- Dynamic: By being dynamic we are able to come up with new ways of doing things, think outside the box and come up with solutions to any existing or potential problems

Operational performance

Financial review

The group turnover in the year was £41.6m (2020: £41.9m). This represents an overall decrease of 0.8% (2020: 0.8%).

Operating costs are slightly higher than last year at £28.2m (2020: £28m), this is mainly due to increased spend on flat regeneration works, door entry systems, garages, investment in ICT and the start-up costs of operational excellence projects. Operating costs include depreciation charges of £7.6m (2020: £7.1m), a key accounting estimate. No impairment losses have been recognised in the year (2020: nil).

The surplus from the sale of properties was lower than last year at £558k (2020: £1,114k) due to selling fewer properties. The properties' sold included a mix of right to buy, right to acquire and staircasing. Selwood Housing remains committed to considering the suitability and efficiency of our properties.

For the above reasons the overall surplus for the Group in the year at £8.1m (2020: £8.5m) was below last year's surplus.

Selwood Housing carries fixed assets in its financial statements at cost (not valuation). Selwood Housing's residential property asset base at cost was £479m as at 31 March 2021 (2020: £458m). This increase was a combination of the addition of newly developed homes and works to existing properties.

Group strategic report including the report of the board for the year ended 31 March 2021 *continued*

Operational performance *continued*

The existing use value – social housing (EUV-SH) of Selwood Housing's properties was estimated to be in the region of £390m at 31 March 2021 (2020: £371m). The directors consider there is no impairment following an impairment review conducted as described in the notes to these accounts.

Selwood Housing finances its property assets through a loan facility of £113m (2020: £106.1m) made available by Nationwide Building Society, a £50m (2020: £50m) facility from Affordable Housing Finance Plc (AHF) and a £30m (2020: £30m) facility from Lloyds Bank Plc. At 31 March 2021 £93m (2020: £100.6m) of the Nationwide facility had been drawn down. This left £20m (2020: £5.5m) available from Nationwide. £50m (2020: £50m) of the AHF funding had been drawn down at year end and £0m had been drawn from the Lloyds Bank facility (2020: £0m).

The board of Selwood Housing Group has adopted a treasury management policy statement. This sets out the group's policies concerning all treasury management activities, including managing cash flow, borrowing, investing and hedging. In the financial year net cash inflow from operating activities of £17m (2020: £16.5m) helped to fund net cash spend of £22.6m (2020: £23.1m) on developing new homes before receipt of social housing grant.

In the 2020/21 corporate plan Selwood Housing had a number of key areas of focus. Our achievements against each of those areas during 2020/21 include the following:

- Overcame the many risks of the pandemic to maintain our essential services to our customers whilst protecting the welfare of our employees
- Delivered a surplus ahead of forecast helping maintain our strong financial position and investment in development and existing properties
- Introduced home working from the start of lockdown to all our office-based staff which was seamless thanks to the previous year's IT upgrades
- Maintained a very strong arrears performance that was sub 1% despite fears that are customers would struggle during the pandemic
- Achieved our lowest ever letting void losses
- Announced the migration of Silcoa into Selwood to drive further improvements in our customer services
- Renegotiated our Nationwide loan facility
- Implemented operational excellence across the group
- Launched our new asset management system to improve our planned maintenance programmes.
- Built a new project management capability in house to enable the delivery of the Horizon project plan over the next 3 years. Horizon is our major transformation project.

Group strategic report including the report of the board for the year ended 31 March 2021 *continued*

Key risks

Financial risk management policy

Selwood Housing's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk, interest rate risk and covenant breach risk.

The main credit risk for Selwood Housing relates to non-payment of rents from tenants. We actively manage arrears ensuring tenancies are affordable for new tenants. We provide clear payment terms, a structured process of credit control and regular review of individual tenants' accounts.

The risk that Selwood Housing does not have sufficient liquid assets to carry on its activities is managed through active cash flow monitoring and forecasting.

Interest rate risk for Selwood Housing is particularly relevant with regard to its loan facilities with Nationwide Building Society and Lloyds Bank plc. Selwood Housing has in place a risk management programme and treasury management strategy that seeks to limit the adverse effects of interest rate fluctuations on its financial performance.

Covenant performance is monitored throughout the year by the board.

Selwood Housing is not directly exposed to commodity price or exchange rate risk as a result of its operations.

The group maintains effective control over the risks in the business through the regular review of a risk register for Selwood Housing and all its subsidiaries by the group audit and risk committee.

The Selwood Housing risk register identifies the most significant risks to the business, the causes of these risks, controls that are in place and mitigating actions that are being taken to reduce the impact and/or probability of those risks. It covers financial risks plus non-financial strategic and significant operational risks.

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Group strategic report including the report of the board for the year ended 31 March 2021 *continued*

Key risks *continued*

The major risk areas and mitigating controls identified on the risk register are:

Risk Area	Key Controls/Actions
Landlord compliance	<ul style="list-style-type: none"> • Compliance reporting and completeness checks • Independent external audits and internal audit reviews • Detailed policies and procedures reviewed regularly • ISO 9001 accreditation in compliance • Suitably qualified, experienced contractors and specialist training
Unforeseen changes in the external environment	<ul style="list-style-type: none"> • Media monitoring and manager awareness • Stress test financial plan against severe adverse scenario • Ongoing review of business plan and its components • Risk management system in place • Review of risk assessments and corporate strategy
Covid-19	<ul style="list-style-type: none"> • Business continuity team meets as necessary, at least weekly • Ability to roll back services if required by future lockdowns • Risk assessments undertaken • Frequent updating of Selwood Housing Group's financial forecasts • Significant cash balances and revolving credit facilities available
Climate change	<ul style="list-style-type: none"> • Participating in South West net carbon zero pilot • Working with consultants to model routes to achieve net carbon zero • ESG benefits will be considered for future funding • Environmental strategy • Provision for expenditure in financial plan
Development delivery / capacity	<ul style="list-style-type: none"> • Selwood will consider partnerships and liaisons with landowners • Monitoring and reporting on development programme • Development strategy • Design/quality specifications to meet Selwood Housing's strategy • Review of costs impacted by changes in external standards • Financial plan updated
Performance of subsidiaries	<ul style="list-style-type: none"> • Key investment decisions undertaken by board • Independent charitable advice on subsidiary investment • Risk flows identified • Annual strategy and budget for subsidiaries agreed by group board
Improvement / change programme delivery	<ul style="list-style-type: none"> • Corporate projects monitored by the executive team • Project scope and benefits agreed in advance • Project, programme and portfolio status • Governance structure and systems being developed
Deposit counterparty risk	<ul style="list-style-type: none"> • Treasury policy sets credit ratings for counterparties • Segregation of treasury duties • Credit ratings reviewed on a monthly basis
Asset management	<ul style="list-style-type: none"> • Stock condition surveys • New asset database implemented • New asset management strategy being developed • Selwood Homes Standard • Monitor external environment to identify funding opportunities and technical solutions
Health and safety	<ul style="list-style-type: none"> • Health and Safety policy • Health and Safety Panel • External support and inhouse Group head of health and safety • Health and Safety risk register and reporting • Health and Safety risk assessments undertaken

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	<ul style="list-style-type: none"> • Quality controls on contractors as well as random checks and audits
ICT service – strategic	<ul style="list-style-type: none"> • Service strategy and management plan • Policies and procedures • Escrow arrangements
Governance (parent and subsidiaries)	<ul style="list-style-type: none"> • Board training and appraisals • Group board approval of strategy and business plan • Group risk strategy and risk flows identified • Group board approval of financial plan and budget • Regular governance reviews • Group governance manual and financial regulations • Monthly performance reports • Evidence based decision making • Clearly defined roles for execs and non-exec
Executive leadership	<ul style="list-style-type: none"> • Directors have group-wide responsibilities • Management training and development • 1-2-1s and annual evaluations
Tenant involvement / empowerment	<ul style="list-style-type: none"> • Implement the actions in the involvement strategy • Support the role of the scrutiny team • Raise the profile of the work we do in involvement
Pensions deficit of defined benefit scheme (LGPS)	<ul style="list-style-type: none"> • Closure of the defined benefit scheme to new members since 2010 • Reviewing membership numbers remaining in scheme • Modelling pensions deficit scenarios in the financial plan • Monitoring changes in actuarial valuations as they become available • Amending employer contribution levels • Seeking suitable professional advice

Environmental, Social & Governance (ESG) matters

Selwood Housing is committed to its environmental, social and governance aims in providing affordable homes both now and into the future; delivering these to high environmental standards possible whilst meeting our regulatory and governance requirements. We welcome the increased focus of stakeholders in this area and will continue to develop reporting criteria against the key themes highlighted in the “UK SOCIAL HOUSING – Building a Sector Standard Approach for ESG Reporting” White paper.

Environmental

Selwood Housing has developed a carbon reduction strategy and action plan that aims to ensure all homes meet SAP C standard by 2030 and introduces new low carbon and renewable technologies to meet the 2050 net carbon zero targets. Our newly developed properties achieve very high environmental standards and we are continuing to invest to improve the environmental performance of our existing housing properties. One of our key performance indicators is the average SAP rating achieved across all housing properties, which is a measure of their environmental performance.

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Group strategic report including the report of the board for the year ended 31 March 2021 *continued*

Streamlined Energy and Carbon Reporting

Selwood Housing have generated a Streamlined Energy and Carbon Reporting (SECR) statement to comply with the latest SECR Regulations (2019). This report presents a full 3rd party verified SECR statement, compared to the previous financial year's usage, for use in Selwood Housing's annual reporting. All emissions throughout this report are displayed in terms of carbon dioxide equivalents (CO₂e) and have been rounded to 2 decimal places.

Reported emissions and energy use data for 1 st January 2020 – 31 st December 2020		
	Current reporting year 1 st January – 31 st December 2020	Comparison year January 1 st – 31 st December 2019
Energy consumption used to calculate emissions: /kWh	Gas: 1,393,133 Electricity: 1,303,351 Transport fuel: 1,514,664 Total: 4,211,148 kWh	Gas: 1,478,757 Electricity: 991,533 Transport fuel: 1,689,367 Total: 4,159,657 kWh
Emissions from combustion of gas	261.57 tonnes CO₂e 5.43 tonnes CO ₂ e office usage 41 tonnes CO ₂ e communal areas 215.14 tonnes CO ₂ e communal heating systems	270.61 tonnes CO₂e 15.32 tonnes CO ₂ e office usage 44.95 tonnes CO ₂ e communal areas 210.34 tonnes CO ₂ e communal heating systems
Emissions from combustion of fuel for transport purposes	364.38 tonnes CO₂e	419.2 tonnes CO₂e
Emissions from purchased electricity	319.1 tonnes CO₂e 15.24 tonnes CO ₂ e office usage 303.86 tonnes CO ₂ e communal areas <i>See below for transmission and distribution losses</i>	274.65 tonnes CO₂e 22.66 tonnes CO ₂ e office usage 251.99 tonnes CO ₂ e communal areas <i>T&D losses not separated in this report</i>
Total gross CO ₂ e based on above	945.05 tonnes CO₂e <i>Excludes scope 3 emissions</i>	964.46 tonnes CO₂e <i>Excludes scope 3 emissions</i>
Intensity ratio: tCO ₂ e gross figure based from mandatory fields above	148.87 kgCO ₂ per home managed (exc office emissions) Office intensity: 13.54 kgCO ₂ per m ² (includes T&D losses)	149.35 kgCO ₂ per home managed (exc office emissions) Office intensity: 20.9 kgCO ₂ per m ² (includes T&D losses)
Methodology	SHIFT methodology SECR Reporting SHIFT Environment Using DEFRA (2020) Conversion Factors in line with Environmental Reporting Guidelines (2019) as the majority of the financial year falls into the calendar year 2020. Comparison data from the previous year's SECR is using DEFRA 2019 Conversion Factors.	

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Emissions from generation of electricity that is consumed in a transmission and distribution system for which the company does not own or control / tCO ₂ e	27.56 tonnes CO₂e <i>Transmission and distribution (T&D) losses associated with UK electricity</i>	<i>T&D losses not separated in this report</i>
Emissions from employee business travel for which the company does not own or control / tCO ₂ e	19.52 tonnes CO₂e 19.31 tonnes CO ₂ e employee vehicles 0.21 tonnes CO ₂ e public transport	55.47 tonnes CO₂e
Emissions from leased assets, franchises, and outsourced activities / tCO ₂ e	The regulated emissions from the independently heated homes we manage far outweigh our operational emissions and are therefore reported here on a voluntary basis. Our SHIFT methodology estimated emissions at 16,948 tonnes in total, or 2.75 tonnes per home managed ¹ .	The regulated emissions from the homes we manage far outweigh our operational emissions and are therefore reported here on a voluntary basis. Our SHIFT methodology estimated emissions at 16,590 tonnes in total, or 2.61 tonnes per home managed.
Total gross Scope 3 emissions / tCO ₂ e	16,995.08 tonnes CO₂e	16,645.47 tonnes CO₂e
Total gross Scope 1, Scope 2 [location / market] & Scope 3 emissions / tCO ₂ e	17,940.13 tonnes CO₂e	17,609.93 tonnes CO₂e
Additional intensity ratio: tCO ₂ e net figure / e.g. £100,000 revenue	2.83 tonnes per home managed for total Scope 1, 2 and 3 emissions recorded.	2.77 tonnes per home managed for total Scope 1, 2 and 3 emissions recorded.

Energy efficiency action statement

During the period 1st April 2020 to 31st March 2021, we installed:

- 54 gas boilers in properties with electric heating or solid fuel boilers
- 94 boiler upgrades
- 589 windows
- External wall insulation to 63 flats

We published a new carbon reduction strategy in 2020 outlining our targets for a minimum SAP band C for all properties by 2030 and zero carbon by 2050. We are currently developing a new asset management strategy which will set out how this can be achieved.

¹ This figure has increased due to heating types being considered into the calculation this year, despite average SAP increasing. Currently, electricity has higher carbon emissions than gas, but the grid is decarbonising.

Group strategic report including the report of the board for the year ended 31 March 2021 *continued*

Energy efficiency action statement *continued*

We have implemented a new asset management system incorporating an energy module and installed the SAVA intelligent energy system. This will allow us to assess and track the energy efficiency of our properties more easily and model options for achieving our 2030 and 2050 carbon targets. We are currently validating the data in order to establish a new baseline for EPC/SAP ratings. We also took part in a BEIS funded pilot project to provide a technical assistance facility to support social housing providers access funding for energy performance improvements.

Social

Affordability

The Valuation Office Agency sets the Local Housing Allowance (LHA) affordability criteria at the 30th centile point between what, in the local rent officer's opinion, are the highest and lowest non-exceptional rent in a Broad Rental Market Area. These statistics are used as a reference point for housing benefit and are a good indication of rent levels which are affordable in an area. Our valuer's have compared our rents with the average sector rent and LHA in the same localities. Selwood Housing's rents are demonstrably lower than those of other housing associations in the same area and are affordable when compared with the local housing allowance. This is supported by our customer satisfaction results that recorded 89% of customers rating rent as value for money in our Q4 20/21 survey.

Resident Voice

An involvement and communities programme of internally and externally sponsored projects has been established to enable the service to evidence its performance and business impact more clearly. Online focus groups are now being facilitated to provide opportunities for customers to shape and influence services such as our approach to incentives and awards and we now have a list of over 1,000 customers who have expressed an interest in getting involved.

The scrutiny team has had nine members working together to undertake reviews into responsive repairs, communications during complaints and intensive housing management in sheltered housing. The team's chair Kate Tivney won an Inside Housing award for being one of the most inspiring women in our sector through her leadership and positive contributions towards the development of the business.

Stronger Communities funding has been brought together with in-kind support from Silcoa DIY SOS to offer our communities more cohesive investment, the team made welfare calls to customers in our response to the Covid 19 pandemic and our neighbourhood planning processes shaped our work aimed at addressing business and customer priorities across our key estates.

Group strategic report including the report of the board for the year ended 31 March 2021 *continued*

Resident Support

Selwood Housing's charitable donations were £21k (2020: £122) during the year to 31 March 2021. In addition to this we allow various community groups to utilise four garages free of charge and we lease The Hub to Trowbridge Town Council for a peppercorn rent. We estimate the rental income foregone on these to be equal to donations of around £8.8k (2020: £14.7k).

Governance

Selwood Housing is fully committed to the principles of openness, accountability, and competence. We welcome and support the principal recommendations laid down in the National Housing Federation's Excellence in Governance, Code for members (revised 2015). The code was reviewed by the board in December 2020. The board concluded that we are fully compliant with the code.

Staff wellbeing

Our ability to meet our objectives and commitments to tenants and other customers in an efficient and effective manner depends on the expertise, commitment and enthusiasm of all our employees. We take seriously the need to be an employer that recruits high calibre staff, we then ensure they are motivated, skilled and able to deliver for our customers and provide an excellent service. This is a guiding principle in our corporate strategy, as described above.

The Selwood Housing provides information on its objectives, progress and activities through regular team meetings, staff briefings, CEO monthly updates and our staff forum. Selwood Housing seeks employees' views on how to improve services and on matters of common concern through our monthly pulse survey. The executive team also take part in a monthly live question and answer session with all staff. The group is committed to diversity and equal opportunities for all its employees and a comprehensive programme of training will be carried out in 21/22. The group supports the employment of a diverse workforce, both in recruitment and in the retention of employees.

Board and executive composition

At 31 March 2021 Selwood Housing's board was made up of four females and five male directors. The senior management team was made up of three male and three female members.

Group strategic report including the report of the board for the year ended 31 March 2021 *continued*

Committees of the group board

During the year the following committees were in operation:

- The group audit and risk committee have oversight of risk management, external and internal audit and reviews the fraud register at each meeting. At 31 March 2021 the members of the group audit and risk committee were Richard Britton, Chris Butters, David Knight, Valerie Witcomb and Steve Oldrieve.
- The group asset and development committee consider and makes recommendations to the board in respect of matters relating to development of new homes, repairs and maintenance, planned and cyclical works, health and safety, compliance and any other property related matter that needs board consideration. At 31 March 2021 the members of the group asset and development committee were Sheila Lewis, Valerie Lee, Richard Yates and Stella Shepherd.

All other matters including strategy and business planning and other financial matters are considered directly by the full group board.

Board and executive directors

The group board and executive directors of Selwood Housing who served during the financial year are listed on page 1. The group board comprises of nine members, who are regarded as non-executive directors for legal purposes.

The board is responsible for the governance of Selwood Housing Group, meeting to:

- determine and monitor the strategic direction of Selwood Housing Group;
- agree policies and a framework for control and delegation to committees and the executive team;
- set targets for Selwood Housing Group and monitor performance against those targets; and
- consider reports from the executive team on a range of issues; and
- ensure Selwood Housing Group has an appropriate risk management strategy and register in place, which are regularly reviewed.

Board members regularly participate in training and development to ensure they maintain and develop their skills and have a high level of awareness of current issues in the social housing sector.

Group strategic report including the report of the board for the year ended 31 March 2021 *continued*

Board and executive directors *continued*

Board members undergo a formal appraisal of performance on an annual basis. The format of the appraisal involves a review of each individual's performance over the year and an assessment of training, skills and development needs.

Each board member is expected to take responsibility for fulfilling their training plan while Selwood Housing Group is committed to ensuring that resources are in place to enable this. As part of the appraisal process the board also considers its collective effectiveness in delivering the aims and objectives in the corporate plan.

At 31 March 2021, the executive directors consisted of the group chief executive, the group finance director, the group development director, the group operations director, the group transformation and people director and the group IT director.

Insurance policies indemnify board members and staff against liability when acting for Selwood Housing. These policies were in force throughout the financial year and at the date of approval of the financial statements. The indemnity is a qualifying third-party indemnity.

Board members are recruited on the basis of selecting skill sets, the demographic make-up and experience that are required for the existing board.

Candidates are short-listed by the interview panel made up of the group chief executive, two appropriate board members and the group transformation and people director against the board director specification, which is contained in Selwood Housing's governance manual. Interviews are carried out by the interview panel and the best candidate for the role is selected. The procedure used is full, fair and inclusive. Each new board member goes through a structured induction.

Remuneration

Board members are remunerated for their services and are entitled to claim out of pocket expenses such as travelling. Travel costs to and from Selwood Housing's offices are reimbursed as a taxable benefit. Some board members choose not to reclaim their travel costs.

Payments to board members are shown in note 10 to the financial statements, which shows the actual payments in the financial year, the level of payments and the proportion which the total amount paid forms of Selwood Housing's annual turnover.

Any changes in remuneration do not take effect until approved by the company in the general meeting and increases to board members' remuneration do not take effect more frequently than once every three years.

Group strategic report including the report of the board for the year ended 31 March 2021 *continued*

Board and executive directors *continued*

During the financial year ended 31 March 2021 there was a small increment in board pay.

The board decides the pay and benefits of the executive directors and also agrees the terms on which the chief executive can set other staff salaries, within the agreed market pay based framework.

The executive directors are either members of the Wiltshire Pension Scheme or members of the group personal pension plan, depending on when they joined the organisation. They participate in the scheme on the same terms as all other eligible staff.

Selwood Housing contributes to the schemes on behalf of all eligible staff and does not offer alternative benefits such as cars.

Information on the executive directors' remuneration is included in note 9 to the financial statements. There are no service contracts for executive directors. They are employed on similar terms to other staff, with a notice period of three months.

Reserves policy

Selwood Housing's reserves are invested in its properties. They have been used to fund the development of new homes for letting to people in housing need and the improvement and replacement of components in existing properties. They provide working capital and help Selwood Housing to maximise its borrowing capacity. Selwood Housing sets a target for reserves in its 30-year business plan and ensures that actual reserves stay in line with the plan.

Regulatory standards

The board undertook a review of Selwood Housing's compliance with the Regulator of Social Housing's governance and financial viability standard in December 2020 and the board concluded that Selwood Housing complies with the standard.

Value for Money

Selwood Housing Group's approach to value for money (VfM)

One of the three guiding principles for Selwood Housing Group is to deliver excellent VfM in all our services and across the companies in the group.

Group strategic report including the report of the board for the year ended 31 March 2021 *continued*

Value for Money *continued*

Our VfM strategy is reviewed each year by the board. It sets out how we are working to continuously improve VfM across all our activities. To achieve VfM we work to ensure we are doing the right things to help us achieve our social aims and doing these things in the most effective, efficient and economical way. VfM for Selwood Housing Group means achieving the optimum balance of performance, customer satisfaction and cost across its activities as an organisation.

Value for Money Standard (VfM)

The Regulator of Social Housing (RSH) issued a new VfM Standard and a supporting Code of Practice which came into effect on 1 April 2018. The standard requires registered providers to publish their performance against the following seven VfM metrics in their annual accounts:

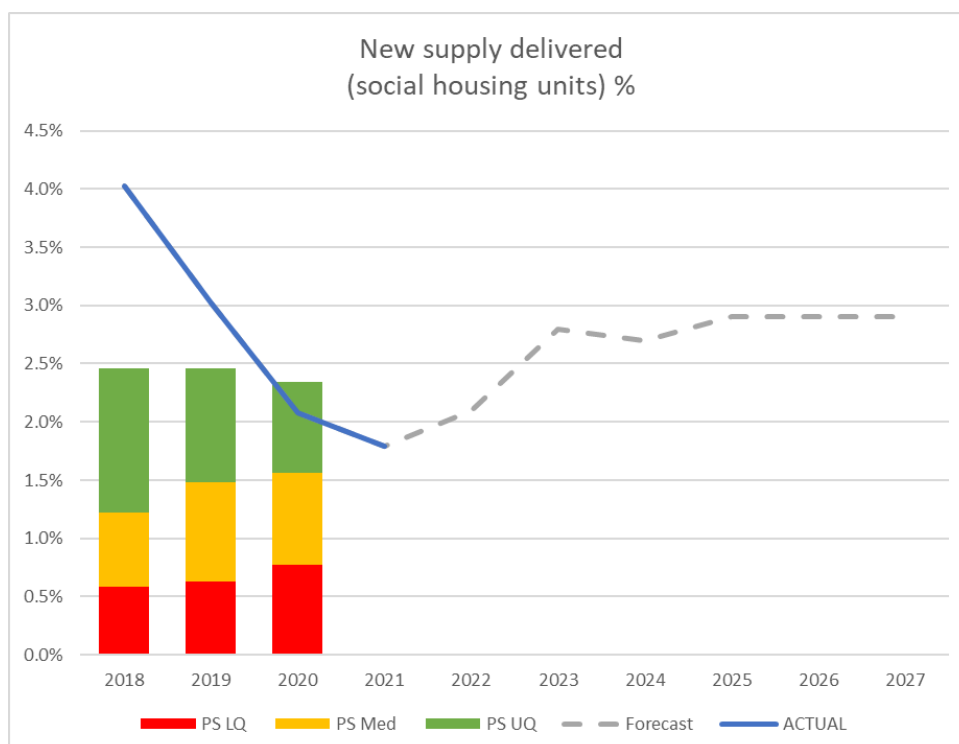
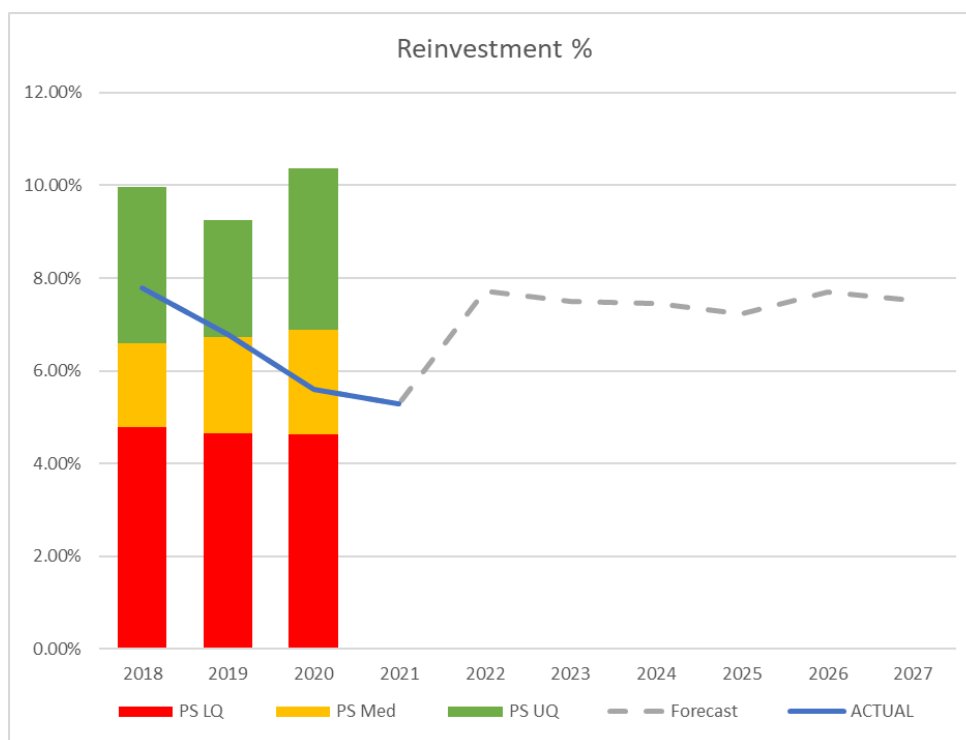
- Reinvestment %
- New supply delivered %
- Gearing %
- Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover %
- Headline social housing cost per unit
- Operating Margin %
- Return on capital employed (ROCE) %

The following charts show our actual results for the past four years and forecasts going forward six years. We have compared our results with the PlaceShapers (PS) results for the three years between March 2018 and March 2020, where these are available. PlaceShapers are the national network of community-based social housing providers. Further information can be found at <https://www.placeshapers.org>

Selwood Housing Society Ltd

Group strategic report including the report of the board for the year ended 31 March 2021 *continued*

Value for Money (*continued*)

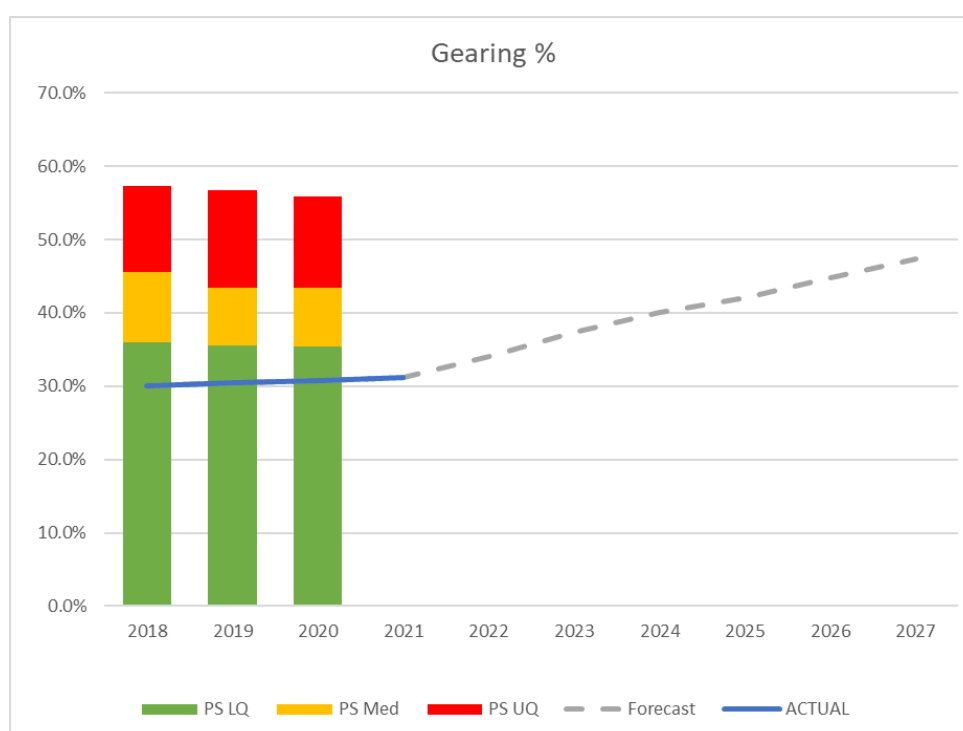


Selwood Housing Society Ltd

Group strategic report including the report of the board for the year ended 31 March 2021 *continued*

Value for Money (*continued*)

One of Selwood Housing's key objectives is to develop 1,000 new homes over five years. During the financial year 2020/21 we completed 120 new homes across Wiltshire, Mendip, Bath and surrounding areas. Across the whole development programme, the normal mix of homes are 70% for affordable rent and 30% for shared ownership. This mix limits our exposure to the housing market but gives us the flexibility to address need and demand scheme by scheme.

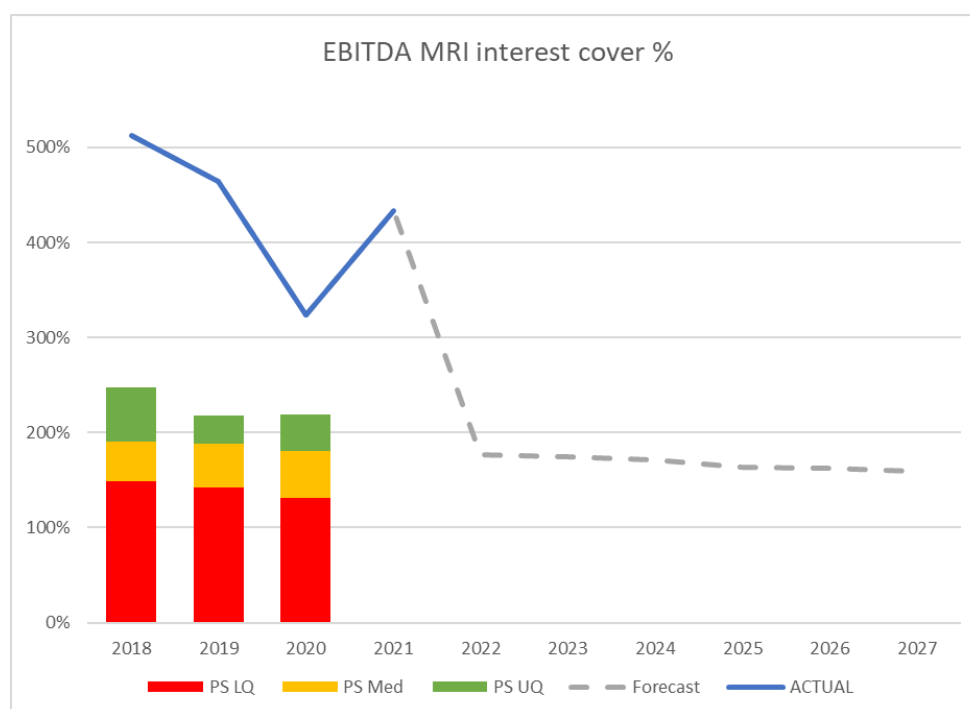


Gearing increases as borrowing increases to fund our development programme but stays at levels within the gearing covenant in our loan agreements.

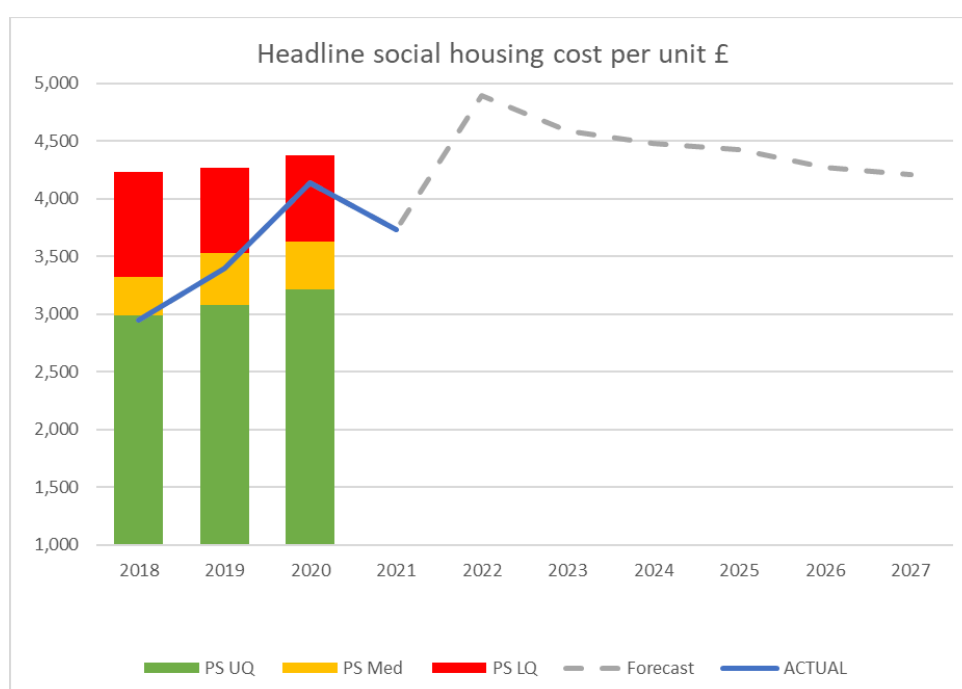
Selwood Housing Society Ltd

Group strategic report including the report of the board for the year ended 31 March 2021 *continued*

Value for Money (*continued*)



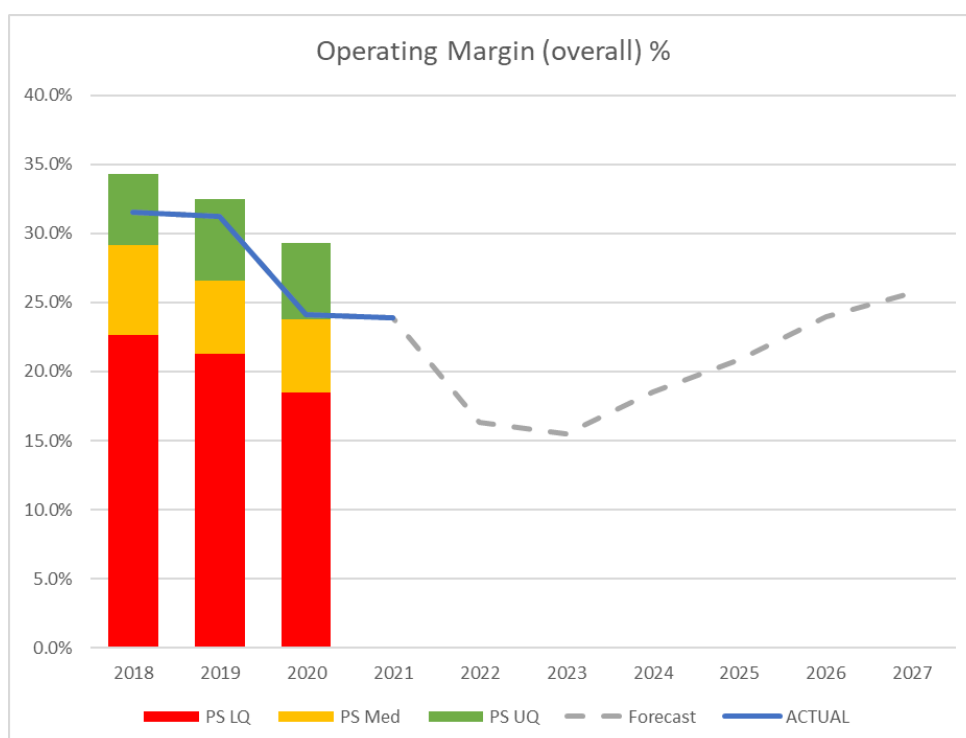
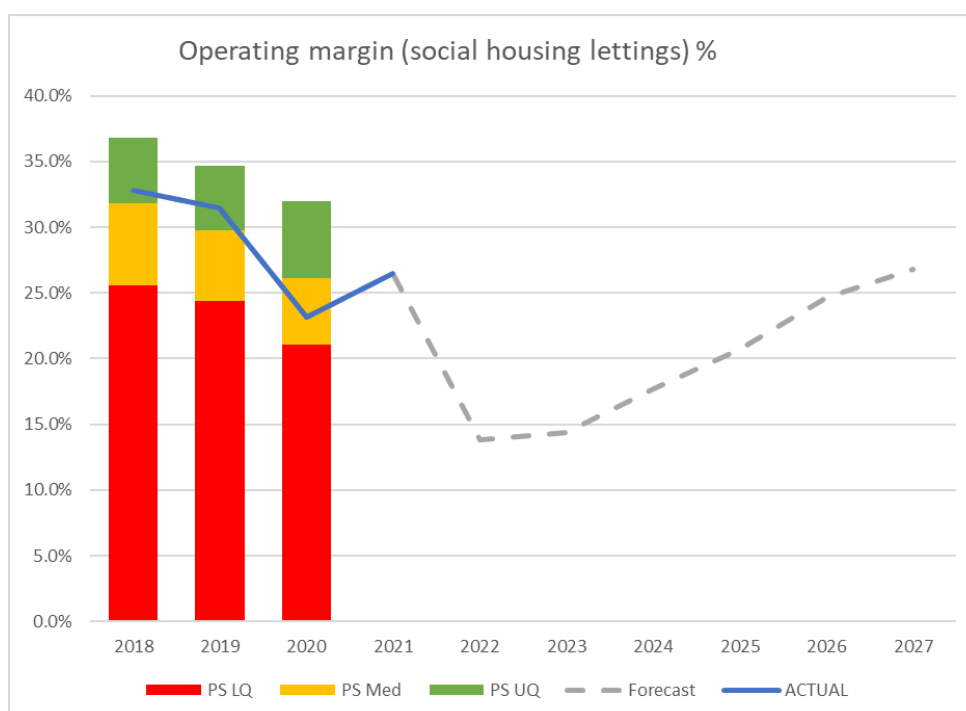
The fall in EBITDA-MRI and corresponding rise in headline social housing cost per unit in future years is due to the increased costs for our planned works and response repairs following the delays caused by the pandemic. This is further impacted in 2022 by the step-up in our planned maintenance programme for kitchen and bathroom replacements and the increased investment in subsequent years to meet our environmental target of SAP C rating for all properties by 2030.



Selwood Housing Society Ltd

Group strategic report including the report of the board for the year ended 31 March 2021 *continued*

Value for Money (*continued*)



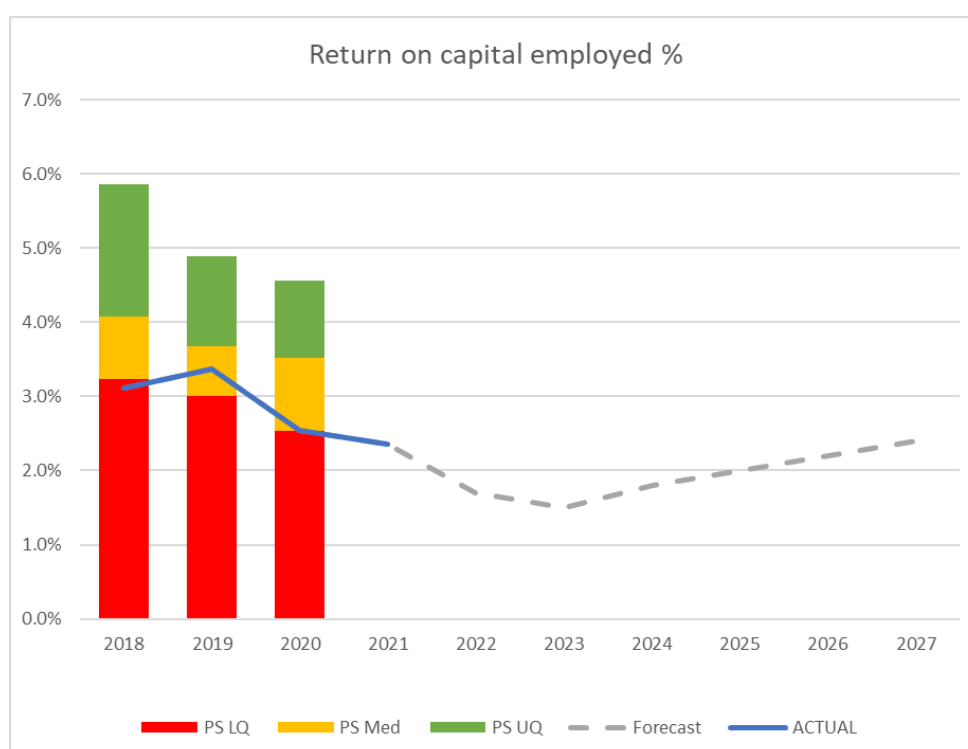
Selwood Housing's board have made decisions to invest in the Horizon program which requires additional staff, systems and property during 2020/21 which have impacted future costs, and hence margins.

Group strategic report including the report of the board for the year ended 31 March 2021 *continued*

Value for Money (*continued*)

Horizon is a major transformation project which will allow us to develop and expand our system capabilities, improve our processes and explore further efficiencies.

We also have a programme of works planned which will improve some of our sheltered and general needs sites including the installation of more efficient heating systems and extensive window replacement and roofing programmes.



Selwood Housing's return on capital employed has been affected by a decision taken during the transition to FRS102 to take the option of carrying out a one-off valuation on a number of its housing properties and using that amount as deemed cost. This decision added circa £144m to the revaluation reserves on the statement of financial position.

In addition to the indicators included in the VfM standard, two key areas of performance monitored by the board are rent loss due to empty properties as a % of rent due and current tenant arrears net of unpaid housing benefit as a % of rent due. These are KPIs financially and also in terms of fulfilling our social purpose:

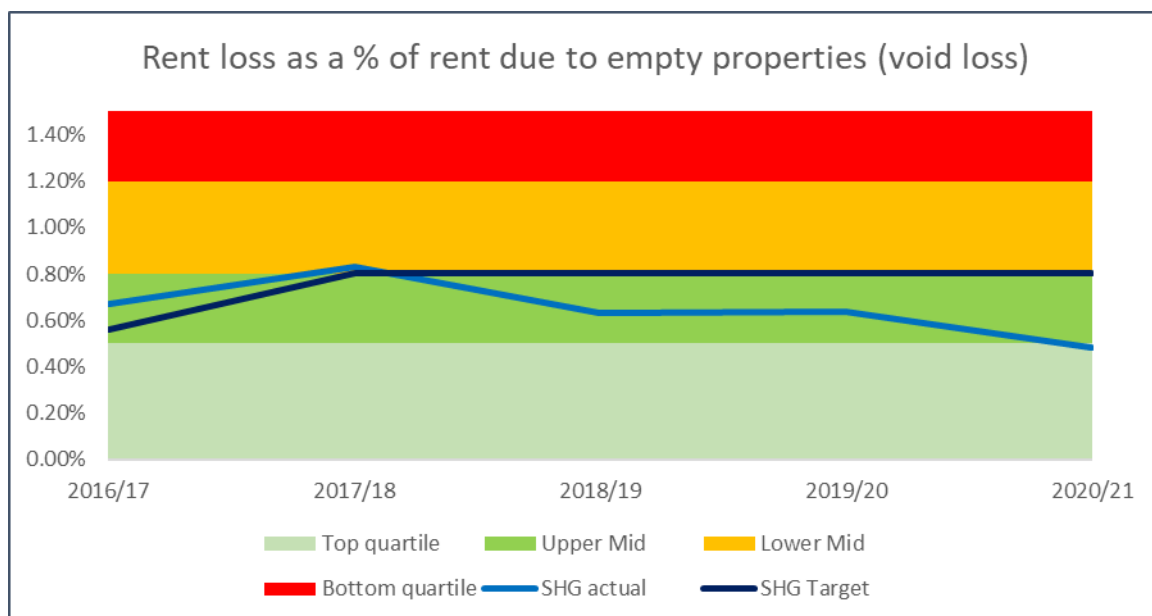
- Good voids performance means that more homes are available for people in housing need
- An appropriate approach to dealing with current tenant arrears assists our tenants with their security of tenure and their money management skills

Selwood Housing Society Ltd

Group strategic report including the report of the board for the year ended 31 March 2021 *continued*

Value for Money (*continued*)

The graph compares the actual performance and target for Selwood Housing with the quartiles calculated by HouseMark for our benchmarking group during 2017/18:

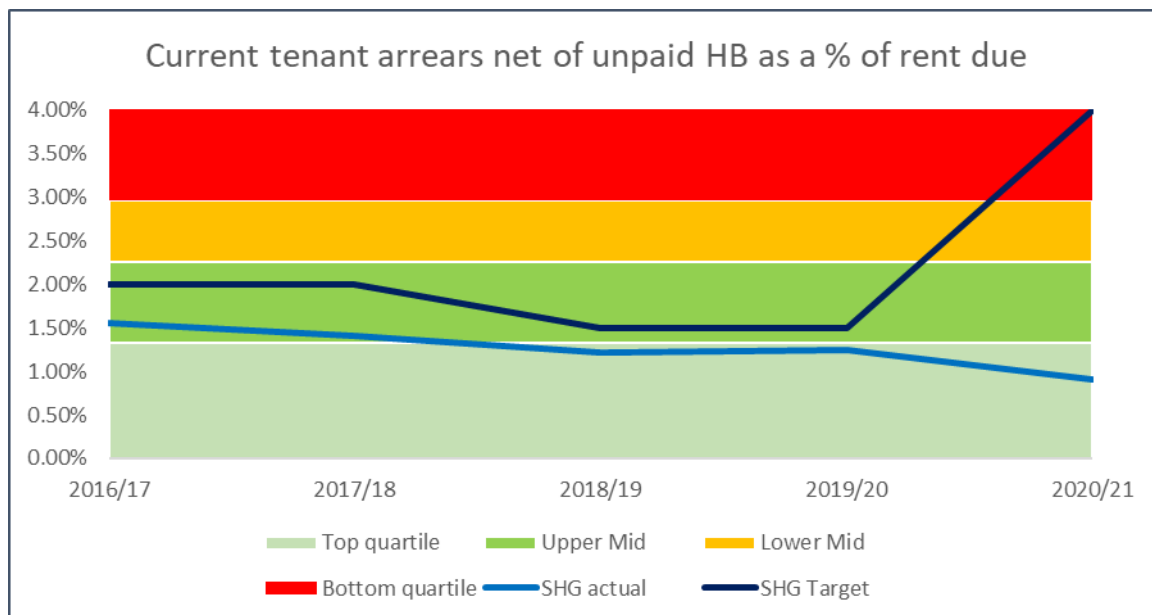


It has been an exceptional year for our lettings team given the backdrop of the pandemic and expected challenges that would result. In letting 106 new properties and 323 re-lets during the year, we have achieved our lowest void loss rate and we are targeting a similar level for 2022.

At the end of March 2021 void loss attributable to rented dwellings is 0.48%, showing continuous improvement in performance. The graph above and the arrears graph below compares the actual performance and target for Selwood Housing with the quartiles calculated by HouseMark for our benchmarking group during 2017/18.

Group strategic report including the report of the board for the year ended 31 March 2021 *continued*

Value for Money (*continued*)



It has been a challenging year, with lockdowns, customers being furloughed and the court system grinding to a halt – despite all of these, we have had an outstanding year - reducing rent arrears from our all time low last year of 1.14% to 0.91%. This is exceptional and it is commendable the way the team have adapted and supported our customers throughout these difficult times.

We now have 2,193 customers claiming Universal Credit, an increase of 431 in the year - we continue to apply for alternative payment arrangements (APAs), this is where the rent payment is made direct to us from the Universal Credit claim in cases where customers have historic rent arrears, budgeting issues or are simply not good money managers. This ensures that we are able to control the rent debt, whilst securing the long-term future and tenancy for the customer. These principles have been extended to the pre-tenancy stages of our lettings process to ensure that we are able to enhance our support offering to new customers even before the tenancy has commenced. The results of this approach have supported our achievements this year whilst ensuring the number of new tenancies in arrears has also reduced.

There will be more challenges ahead as the UK moves out of lockdown and the furlough schemes come to an end, however our performance ensures we have a solid platform for the future.

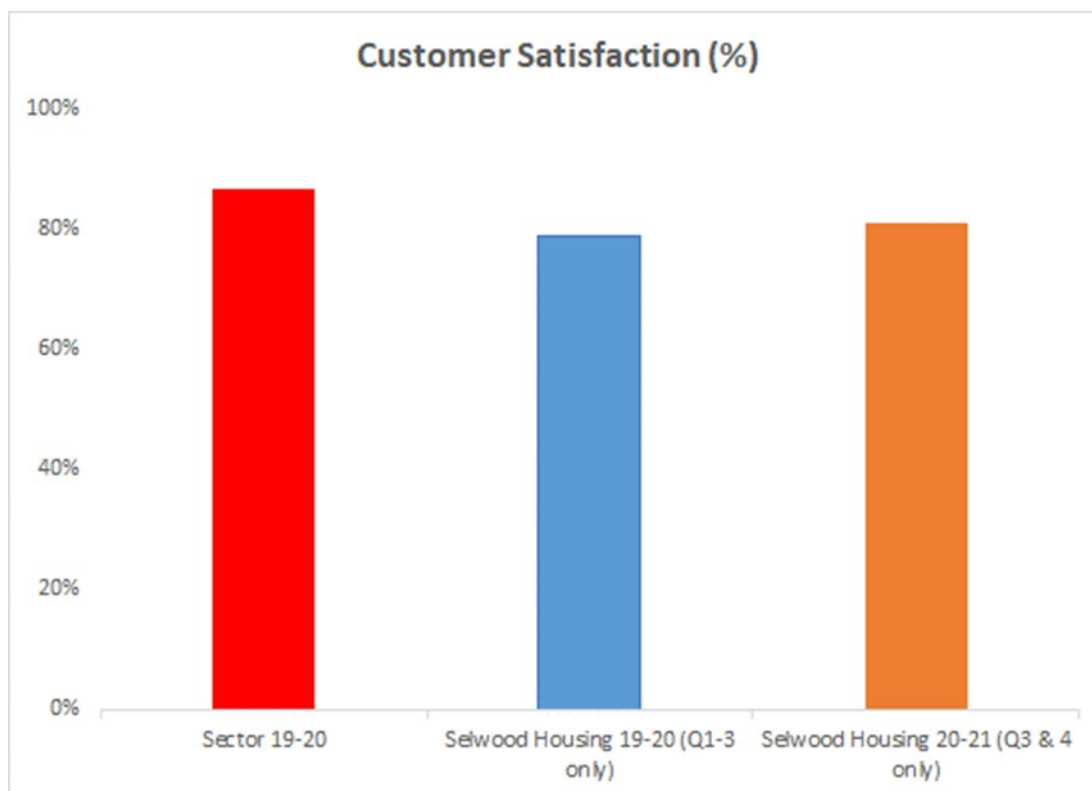
We model our arrears target by using the following assumptions – total arrears balance at year end, value of increasing and decreasing balances in the year, number of universal credit claimants in the year and their arrears balances at the start of their claim, additional universal credit arrears caused by the migration target. This is signed off by the board in January each year.

Selwood Housing Society Ltd

Group strategic report including the report of the board for the year ended 31 March 2021 *continued*

Value for Money (*continued*)

Another key indicator for the board is customer satisfaction, which is shown below on the sector scorecard basis.



Data was unavailable for Q4 19/20 and Q1 & Q2 20/21 due to the coronavirus outbreak.

Our corporate plan principles include one focused on us being easy for our customers to do business with, this is in direct response to customer dissatisfaction about speed of response and ease of access to our services. We are investing in a digital platform where our customers can access services at a time and place that suits them and their lifestyle.

Our target for 21/22 is 85%

Group strategic report including the report of the board for the year ended 31 March 2021 *continued*

Section 172 Statement

The board of directors, in line with their duties under s172 of the Companies Act 2006, act in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its stakeholders as a whole, and in doing so have regard to a range of matters including:

- the likely consequences of any decision in the long term,
- the interests of the company's employees,
- the need to foster the company's business relationships with suppliers, customers and others,
- the impact of the company's operations on the community and the environment,
- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act fairly between stakeholders in the company.

Key decisions and matters that are of strategic importance to the company are appropriately informed by s172 factors. These include but are not limited to:

- the approval of the company's response to the Covid-19 pandemic,
- the approval of the company's strategy and long-term strategic plan
- the approval of the current year budget including rent and service charge changes,
- the approval of the overall development strategy and individual site purchases,
- the approval of the transfer of operations and equity from Silcoa Ltd to Selwood Housing Group,
- The approval of the digital transformation strategy to enhance Customer experience and services.

Through an open and transparent dialogue with our key stakeholders, we have been able to develop a clear understanding of their needs, assess their perspectives and monitor their impact on our strategic ambition and culture.

As part of the board's decision-making process, the board considers the potential impact of decisions on relevant stakeholders whilst also having regard to a number of broader factors, including the impact of the company's operations on the community and environment, responsible business practices and the likely consequences of decisions in the long term.

In making material decisions the board has sought to deliver benefit to our customers and the communities that we build in, provide secure employment opportunities and fair economic relationships with our suppliers.

Group strategic report including the report of the board for the year ended 31 March 2021 *continued*

Internal controls assurance

The board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable, and not absolute, assurance against material misstatement or loss.

The board receives and considers annual reports from the group audit and risk committee and management on the management of risk and control arrangements. The group audit and risk committee review the risk register at each of its quarterly meetings. It reports the outcome of these quarterly reviews to the board through its minutes. The group audit and risk committee also ensure that appropriate corrective action is taken where necessary.

The process for identifying, evaluating and managing the significant risks faced by Selwood Housing is ongoing, and has been in place prior to and throughout the period commencing 1 April 2020 up to the date of approval of the annual report and financial statements. Selwood Housing has a system for administering risk management which puts emphasis on ensuring that good controls are in place and are effective.

The arrangements adopted by the board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework include:

- The articles of association, governance manual and financial regulations
- A set of delegated powers detailing the responsibilities of the committees, the group chief executive and the executive team
- Policies and procedures covering all major areas of activity
- A corporate plan setting out Selwood Housing's mission and key corporate objectives
- A risk management strategy including a risk register with a procedure for updating, reviewing and reporting that strategy
- An internal audit programme linked to the risk register
- External audit reports
- The 30-year business planning model – reviewed at least annually by the board
- An annual budget agreed before the beginning of each financial year
- Monthly management accounts and performance reports to the board and the executive team
- Review of the fraud register at each group audit and risk committee meeting

Group strategic report including the report of the board for the year ended 31 March 2021 *continued*

Internal controls assurance *continued*

The board cannot delegate ultimate responsibility for the system of internal control, but it can, and has, delegated authority to the group audit and risk committee to review the effectiveness of the system of internal control regularly. The board receives minutes from each committee meeting.

The means by which the group audit and risk committee reviews the effectiveness of the system of internal control include considering internal audit reports, management assurances and the external audit reports. The committee agrees and monitors a three-year rolling programme of internal audit reviews, which have been undertaken by an independent audit firm, TIAA Limited.

The group audit and risk committee has received the executive team's annual review of the effectiveness of the system of internal control for Selwood Housing, together with the annual report of the internal auditor and has reported its findings to the board.

The internal auditors concluded in their annual report that "TIAA is satisfied that, for the areas reviewed during the year, Selwood Housing Group, has reasonable and effective risk management, control and governance processes in place". The board has in turn conducted its own annual review of the effectiveness of the system of internal control and considers there is nothing adverse to bring to the attention of company members.

Statement of responsibilities of the board

The board are responsible for preparing the strategic report, annual report and the financial statements in accordance with applicable law and regulations.

Company law and social housing legislation require the board to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the surplus of the group and company for that period.

In preparing these financial statements, the board 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 and the Statement of Recommended Practice for registered social housing providers 2018, subject to any material departures disclosed and explained in the financial statements; and

Group strategic report including the report of the board for the year ended 31 March 2021 *continued*

Statement of responsibilities of the board *continued*

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The board are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2019. They are also responsible for safeguarding the assets of the company 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 for 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. The board responsibility also extends to the ongoing integrity of the financial statements contained therein.

Going concern

After making enquiries the board has a reasonable expectation that Selwood Housing has adequate resources to continue in operational existence for the foreseeable future. The board defines the foreseeable future as at least 12 months from the date of signing the financial statements. For this reason, it continues to adopt the going concern basis in the financial statements.

Annual General Meeting

The Annual General Meeting is planned to be held on 6th October 2021 in the boardroom of Selwood Housing's office.

Independent auditor

A resolution to appoint Selwood Housing's auditor will be proposed at the forthcoming Annual General Meeting.

Group strategic report including the report of the board for the year ended 31 March 2021 *continued*

Statement of disclosure of information to auditor

So far as the board is aware, there is no relevant audit information of which the company's auditor is unaware. Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Approval

The report of the board of directors including the strategic report was approved by the board on 7 July 2021 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'S.F. Lewis'.

Sheila Lewis
Chair
7 July 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SELWOOD HOUSING SOCIETY LIMITED

Opinion

We have audited the financial statements of Selwood Housing Society Limited ("the Company") and its subsidiaries ("the Group") for the year ended 31 March 2021 which comprise the consolidated and company statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statements of changes in reserves, , the consolidated 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2021 and of the Group's and the Company's income and expenditure 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 requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

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 are independent of the Group and Company 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

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 Company's or Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The board are responsible for the other information. 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.

Selwood Housing Society Ltd

In connection with our audit of the financial statements, our responsibility is to read the other information including the letter from the chair and Group Strategic Report including the operating and financial review 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.

Opinions on other matters prescribed by the Companies Act 2006

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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company 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 parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of board members 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 statement of responsibilities of the board set out on page 32, 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 Company'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 Company 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.

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.

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the Group and Company, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Companies Act, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud.
- We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing, recognising the nature of the Group's activities and the regulated nature of the Group's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the

Selwood Housing Society Ltd

override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of our report

This report is made solely to the members of the Company, as a body, in accordance with the Housing and Regeneration Act 2008 and Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company'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 Company and the members as a body, for our audit work, for this report, or for the opinions we have formed.



Lee Cartwright (Senior Statutory Auditor)
For and on behalf of Beever and Struthers, statutory auditor
20 Colmore Circus
Queensway
Birmingham B4 6AT

Date: 13 July 2021

Selwood Housing Society Ltd

Consolidated and company statement of comprehensive income for the year ended 31 March 2021

	Note	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Turnover	4	41,613	41,935	41,809	42,757
Cost of sales	4	(3,275)	(3,764)	(3,279)	(3,764)
Operating costs	4	(28,181)	(28,060)	(28,546)	(28,581)
Gain on disposal of fixed assets	11	558	1,114	558	1,114
Operating surplus		10,715	11,225	10,542	11,526
Other interest receivable and similar income		59	264	56	251
Interest and financing costs	12	(2,558)	(2,823)	(2,558)	(2,823)
Other finance costs	26	(101)	(172)	(101)	(172)
Movement in fair value of investment properties	16	16	2	16	2
Surplus before taxation		8,131	8,496	7,955	8,784
Taxation on surplus	13	2	1	0	0
Surplus for the financial year		8,133	8,497	7,955	8,784
Actuarial (losses) / gains on defined benefit pension scheme	26	(4,409)	2,805	(4,409)	2,805
Total comprehensive income for year		3,724	11,302	3,546	11,589

The notes on pages 44 to 86 form part of these financial statements.

All activities relate to continuing operations.

Charity Commission Registration No 1141124
Company Limited by Guarantee - Registration No. 4168336
Registered with the Regulator of Social Housing No. LH4097

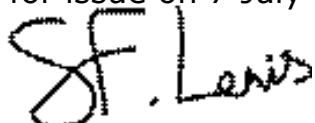
Selwood Housing Society Ltd

Consolidated and company statement of financial position at 31 March 2021

		Group	Group	Company	Company
		2021	2020	2021	2020
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Tangible fixed assets - housing properties	14	433,086	418,290	433,086	418,290
Tangible fixed assets - other	15	4,001	4,246	3,618	3,836
Investment properties	16	328	433	328	433
Investments in companies	17	25	25	2,125	1,375
		437,440	422,994	439,157	423,934
Current assets					
Stocks	19	4,422	3,257	3,876	3,123
Debtors - receivable within 1 year	20	3,477	2,997	3,281	2,824
Cash and cash equivalents	20a	9,868	24,072	8,367	22,580
		17,767	30,326	15,524	28,527
Creditors: amounts falling due within 1 year	21	(8,411)	(12,679)	(8,217)	(11,976)
Net current assets		9,356	17,647	7,307	16,551
Total assets less current liabilities		446,796	440,641	446,464	440,485
Creditors: amounts falling due after more than 1 year	22	(179,018)	(180,896)	(179,018)	(180,896)
Net assets excluding pension liability		267,778	259,745	267,446	259,589
Provision for deferred tax	30	(5)	(7)	0	0
Pension liability	26	(8,790)	(4,479)	(8,790)	(4,479)
Net assets		258,983	255,259	258,656	255,110
Capital and reserves					
Income and expenditure reserve		124,836	119,716	124,509	119,567
Revaluation reserve		134,147	135,543	134,147	135,543
		258,983	255,259	258,656	255,110

The notes on pages 44 to 86 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 7 July 2021



Sheila Lewis
Chair



Mark Mayler
Secretary

Charity Commission Registration No 1141124
Company Limited by Guarantee - Registration No. 4168336
Registered with the Regulator of Social Housing No. LH4097

Selwood Housing Society Ltd

Consolidated statement of changes in reserves for the year ended 31 March 2021

Group	I&E Reserve £'000	Revaluation Reserve £'000	Total £'000
Opening funds April 2019	105,907	138,050	243,957
Total comprehensive income for the year	8,497	0	8,497
Actuarial gains on defined benefit pension scheme	2,805	0	2,805
Total comprehensive income	11,302	0	11,302
Transfer from revaluation reserve to income and expenditure	2,507	(2,507)	0
Opening funds April 2020	119,716	135,543	255,259
Total comprehensive income for the year	8,133	0	8,133
Actuarial losses on defined benefit pension scheme	(4,409)	0	(4,409)
Total comprehensive income	3,724	0	3,724
Transfer from revaluation reserve to income and expenditure	1,396	(1,396)	0
Closing total funds March 2021	124,836	134,147	258,983

The notes on pages 44 to 86 form part of these financial statements.

Selwood Housing Society Ltd

Company statement of changes in reserves for the year ended 31 March 2021

Company	I&E Reserve £'000	Revaluation Reserve £'000	Total £'000
Opening funds April 2019	105,471	138,050	243,521
Total comprehensive income for the year	8,784	0	8,784
Actuarial gains on defined benefit pension scheme	2,805	0	2,805
Total comprehensive income	11,589	0	11,589
Transfer from revaluation reserve to income and expenditure	2,507	(2,507)	0
Opening funds April 2020	119,567	135,543	255,110
Total comprehensive income for the year	7,955	0	7,955
Actuarial losses on defined benefit pension scheme	(4,409)	0	(4,409)
Total comprehensive income	3,546	0	3,546
Transfer from revaluation reserve to income and expenditure	1,396	(1,396)	0
Closing total funds March 2021	124,509	134,147	258,656

The notes on pages 44 to 86 form part of these financial statements.

Selwood Housing Society Limited

Consolidated statement of cash flows for the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Cash flows from operating activities			
Surplus for the financial year		8,131	8,496
Adjustments for:			
Depreciation of fixed assets - housing properties	14	7,093	6,635
Depreciation of fixed assets - other	15	387	392
Amortised grant	23	(386)	(365)
Interest payable and finance costs		2,659	2,995
Interest received		(59)	(264)
Difference between net pension expenses and cash contribution		(199)	(86)
Proceeds from sale of fixed assets- housing properties	11	(1,241)	(2,986)
Increase in trade and other debtors		(480)	314
Decrease /(Increase) in stocks		(1,165)	90
Increase / (decrease) in trade and other creditors		1,421	(646)
Carrying amount of disposals		860	1,960
Movement in fair value of investment properties		(16)	(2)
Cash from operations		17,005	16,533
Taxation paid		0	0
Net cash generated from operating activities		17,005	16,533
Cash flows from investing activities			
Proceeds from sale of fixed assets - housing properties	11	1,241	2,986
Purchase of fixed assets - housing properties	14	(22,616)	(23,146)
Purchase of fixed assets - other	15	(142)	(614)
Receipt of grant	23	515	787
Interest received		59	264
Net cash from investing activities		(20,943)	(19,723)
Cashflows from financing activities			
Interest paid	12	(2,558)	(2,823)
Taxation Paid		0	0
New loans		0	4,500
Debt issue costs incurred		(170)	(225)
Repayment of loans	25	(7,539)	(4,292)
Net cash used in financing activities		(10,267)	(2,840)
Net (decrease) / increase in cash and cash equivalents		(14,204)	(6,030)
Cash and cash equivalents at beginning of year		24,072	30,102
Cash and cash equivalents at end of year		9,868	24,072

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

The notes on pages 44 to 86 form part of these financial statements.

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Selwood Housing Society Limited

Notes to the financial statements **For the year ended 31 March 2021**

1 Legal status

Selwood Housing is incorporated in England and Wales under the Companies Act 2006 and is registered with the Regulator of Social Housing. Selwood Housing is a company limited by guarantee. The guarantors are the company members. Selwood Housing is registered with the Charity Commission. The address of the registered office is given on page 1 and the nature of the group's operations and principal activities are set out in the strategic report. The Society is a public benefit entity.

2 Accounting policies

All accounting policies have been applied consistently year to year.

Basis of accounting

The financial statements of Selwood Housing have been prepared in accordance with applicable law and accounting standards in the United Kingdom, FRS 102 "the Financial Reporting Standard in the United Kingdom and the Republic of Ireland", the Statement of Recommended Practice (SORP): Accounting by registered social housing providers (update 2018) and the Accounting Direction for Private Registered Providers of Social Housing 2019.

The accounts are prepared under the historic cost basis except for the modification to a fair value basis for investment properties as specified in the accounting policies below.

Consolidation

The consolidated financial statements incorporate the results of Selwood Housing Society Limited and all of its subsidiary undertakings for the year. Intra-group transactions and balances have been eliminated on consolidation. Subsidiaries are deconsolidated from the date control ceases.

Going concern

After making enquiries and reviewing the financial plan, the board has a reasonable expectation that the company and the group have adequate

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

2 Accounting policies (*continued*)

resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in the financial statements.

Turnover

Turnover comprises rental income receivable in the year, income from shared ownership first tranche sales, sales of properties built for sale and other services included at the invoiced value (excluding value added tax (VAT)) of goods and services supplied in the year and revenue grants receivable in the year and capitalised capital grants. Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting. Income from first tranche sales and sales of properties built for sale is recognised at the legal completion of sale. Income from the supply of goods and services is recognised when those goods or services are provided. Income is measured at the fair value of the consideration received or receivable. All turnover arises in the UK.

Grant income (non-Social Housing Grant)

The treatment of grant income depends on the terms of the funding. Where the grant is not conditional upon specific targets being met, then it is treated as income as it becomes receivable. Where grant income received is conditional upon the completion of certain targets and is returnable to the grant giver if the targets are not met, the income is credited to the Statement of Comprehensive Income as the targets are achieved. Any grants received, where the targets have not yet been achieved, are held as deferred income.

Other grants are receivable from local authorities and other organisations. Grants in respect of revenue expenditure are credited to the Statement of Comprehensive Income in the same period as the expenditure to which they relate.

Value added tax

Selwood Housing is registered for VAT. All amounts disclosed in the financial statements are adjusted to reflect Selwood Housing's agreed method for the treatment of VAT and the financial statements include VAT to the extent that is suffered by the group and is not recoverable from HM Revenues and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

2 Accounting policies (*continued*)

Taxation

Selwood Housing is a registered charity and as such, is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

Qualifying Charitable Donations of Subsidiaries

The parent company only recognises gift aid income when a qualifying charitable donation is paid by a subsidiary.

Interest

Interest is capitalised on borrowings used to fund new development under construction for the period until the property is available for letting.

Other interest payable, interest receivable and related funding costs are charged to the Statement of Comprehensive Income in the year incurred.

Pensions

Defined benefit scheme

Selwood Housing participates as an admitted body in the Local Government Pension Scheme administered by Wiltshire Council, a defined benefit final salary scheme. The operating costs of providing retirement benefits to participating employees are recognised in the accounting periods in which the benefits are earned. The related finance costs, expected return on assets and any other changes in fair value of the assets and present value of liabilities, are recognised in the accounting period in which they arise.

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high-quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of Selwood Housing's defined benefit pension scheme expected to arise from employee service in the period is charged to operating surplus. The expected return on the scheme's assets and the increase during the year in the present value of the scheme's

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

2 Accounting policies *(continued)*

liabilities arising from the passage of time are included in operating surplus. Actuarial gains and losses are recognised in the Statement of Comprehensive Income. This pension scheme was closed to new members on 1 October 2010.

Defined contribution scheme

Selwood Housing also participates in a defined contribution scheme where the amount charged to the Statement of Comprehensive Income represents the contributions payable to the scheme in respect of the accounting period.

Holiday pay accrual

A liability is recognised to the extent any unused holiday pay entitlement has accrued at the year end and is material; it is carried forward to future periods.

Housing properties

Housing properties are principally dwellings available for rent and are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements.

Development administration costs are capitalised on an apportionment of the staff time spent on this activity up to the point where the property is available for letting.

Improvements are works which result in an increase in the net rental income, such as a reduction in future maintenance costs, or result in a significant extension of the useful economic life of the property to the business. Only the direct overhead costs associated with new developments or improvements are capitalised.

Works to existing properties which replace a component that has been treated separately for depreciation purposes are capitalised and the replaced component treated as disposed of in the year of replacement.

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales.

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

2 Accounting policies *(continued)*

The first tranche proportion is classed as current asset and related sales proceeds included in turnover and the remaining element is classed as fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

Deemed cost on transition to FRS 102

On transition to FRS 102 the Group took the option of carrying out a one-off valuation exercise of selected housing properties and using that amount as deemed cost. The Group engaged independent valuation specialist Jones Lang LaSalle (JLL) to value properties on an existing use social housing (EUV-SH) basis to determine the deemed cost as at 1 April 2014. The adoption of the deemed cost option resulted in a net increase in fixed assets as at 1 April 2014 of £144.4m revaluation gains which was credited to the revaluation reserve.

Depreciation of Housing properties

Selwood Housing depreciates its housing properties by component on a straight-line basis over the estimated useful economic lives of component categories. Freehold land is not depreciated.

The useful economic lives of the components are as follows:

Structure	100 years
Roofs	60 years
Windows	25 years
Bathrooms	25 years
Kitchens	20 years
Boilers	15 years
PV panels	20 years
Fixtures & Fittings	10 years
Lighting	20 years
Fire Alarms	15 years
Door entry systems	10 years
Electric Heat Pumps	20 years

Housing properties under construction are not depreciated until practical completion. A full year's depreciation is charged in the year the property is first available for letting.

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

2 Accounting policies *(continued)*

Impairment

Housing properties, which are depreciated over a period in excess of 50 years, are subject to impairment reviews annually. Other assets are reviewed for impairment if there is an indication that impairment may have occurred.

Where there is evidence of impairment, a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated to their recoverable amounts.

Where necessary, fixed assets are written down to the recoverable amount, being the higher of the fair value less costs to sell or value in use of an asset or cash generating unit. Any such write down is charged to operating surplus.

What constitutes a cash generating unit (CGU) when indicators of impairment require there to be an impairment review. Selwood Housing considers those properties revalued to deemed cost on adoption of FRS102 and within specific schemes as CGU's.

Social Housing Grant

Social Housing Grant (SHG) is receivable from Homes England. Where properties are held at deemed cost under the transition to FRS102, the related SHG was initially recognised under the performance model. Subsequent grant is accounted for using the accrual model set out in FRS 102 and the Housing SORP. Grant is carried as deferred income in the statement of financial position and released to the statement of comprehensive income on a systematic basis over the useful economic life of the structure of the property.

If SHG is received in respect of revenue expenditure, it will be credited to the Statement of Comprehensive Income in the same period as the expenditure to which it relates.

SHG is subordinated to the repayment of loans by agreement with Homes England. SHG released on sale of a property may be repayable but is normally available to be recycled and is credited to a Recycled Capital Grant Fund and included in the Statement of Financial Position in creditors.

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

2 Accounting policies (*continued*)

Other tangible fixed assets and depreciation

Other fixed assets are stated at cost less depreciation. Cost includes the purchase price of the asset and any costs incurred in bringing the asset into use. Depreciation is provided to write off the cost of tangible fixed assets, less their residual values, over their expected useful lives using the straight-line basis.

• Office premises	-	50 years
• PV Panels	-	20 years
• Motor Vehicles	-	5 years
• IT tangible assets (where costs exceed £2k)	-	5 years
• IT intangible assets (where costs exceed £2k)-		5 years
• Plant and Equipment	-	5 years

Freehold land is not depreciated.

Where website and software costs can be treated as either tangible or intangible assets, they are treated as tangible fixed assets by the group.

Surpluses or deficits arising on the disposal of other fixed assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised as part of the surplus/deficit for the year.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Shared ownership first tranche sales, completed properties for outright sale and property under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour, capitalised interest and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

2 Accounting policies *(continued)*

Recoverable amount of rental and other receivables

The Group estimates the recoverable value of rent and other receivables and impairs the debtor by appropriate amounts. When assessing the amount to impair it reviews the age profile of the debt and the class of debt.

Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

Schemes managed by agents

In accordance with financial reporting standards, where the risks and rewards of running the scheme accrue to the managing agent the Statement of Comprehensive Income includes only that income and expenditure which relates solely to Selwood Housing. Revenue is recognised as services are provided.

Cash and cash equivalents

Cash and cash equivalents in the Group's Consolidated Statement of Financial Position consists of cash at bank, in hand, deposits and short-term investments with an original maturity of 95 days or less.

Short-term investments

Investments are stated at the lower of cost or market value.

Investment properties

Investment properties consist of commercial properties and other properties not held for social benefit or for use in the business. These properties are held at fair value determined annually by external valuers. Any changes in fair value are recognised in the Statement of Comprehensive Income. No depreciation is provided.

In the Company's individual financial statements, investment properties rented to other group companies are classified as freehold office (other tangible fixed assets) and held at historical cost less depreciation and impairment.

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

2 Accounting policies (*continued*)

Loans

All loans held by the group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price (the amount of cash received including any loan premiums) less any transaction costs. FRS 102 requires that basic financial instruments are subsequently measured at amortised cost using the effective interest rate method. The group has calculated that the difference between the historical cost basis amortising costs and premiums on a straight-line basis and the application of the effective interest rate method is not material and so loan transaction costs and premiums are amortised to the income and expenditure account on a straight-line basis over the term of the loan.

Financial Instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all its liabilities.

Sinking funds

All sinking funds are dealt with as creditors.

Revaluation reserve

The difference on transition to FRS 102 between the deemed cost of social housing properties and the historical cost carrying value is credited to the revaluation reserve. The difference between historical cost depreciation and depreciation charged on the deemed cost is transferred from the revaluation reserve to the income and expenditure reserve each year

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

2 Accounting policies *(continued)*

Debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method, less any impairment losses. Any losses arising from impairment are recognised in the statement of comprehensive income in other operating expenses. The Group estimates the recoverable value of rental and other receivables and impairs the debtor by appropriate amounts.

The Group has made arrangement with individuals and households for arrears payments of rent and service charges. These arrangements are effectively loans granted at nil interest rate.

3 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, key judgements have been made in respect of the following:

- Whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and, where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. The board have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on EUV-SH or depreciated replacement cost. The board have also considered impairment based on their assumptions to define cash or asset generating units. A comparison of the cost of developing equivalent or similar assets has shown there is no impairment at a property asset level.
- The anticipated costs to complete on a development scheme based on anticipated construction cost, the effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, the board then determine the recoverability of the cost of properties developed for outright sale and / or land held for sale. This judgement is also based on the board's best estimate of sales value based on economic conditions within the area of development.

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

3 Judgements in applying accounting policies and key sources of estimation uncertainty *(continued)*

- The critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation such as standard rates or inflation, mortality, discount rate and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense.

Other key sources of estimation uncertainty

- Tangible fixed assets (see notes 14 and 15)
Tangible fixed assets, other than investment properties are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as the Group's experience over a number of years of actual component lives and the Group's ability to protect the life of a property by continuing investment are taken into account.

Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

3 Judgements in applying accounting policies and key sources of estimation uncertainty *(continued)*

- Investment properties (see note 16)

Investment properties are professionally valued annually using a yield methodology. This uses market rental values capitalised at a market capitalisation rate but there is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself. Key inputs into the valuations for the commercial units were

- Annual rent per square metre: £82-£135 with a weighted average of £107
- Capitalisation rate: 9.5% - 10% with a weighted average of 9.75%

- Rental and other trade receivables (debtors) (see note 20)

The estimate for receivables relates to the recoverability of the balance outstanding at year end. A review is performed on the debt to consider whether it is recoverable.

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

4 Particulars of turnover, cost of sales, operating costs and operating surplus - group

	Turnover 2021 £'000	Cost of sales 2021 £'000	Operating costs 2021 £'000	Surplus on disposal 2021 £'000	Operating surplus /(deficit) 2021 £'000
Social housing lettings (note 5)	36,423	0	26,783	0	9,640
Other social housing activities					
First tranche low cost home ownership sales	4,169	3,275	121	0	773
Gain on disposal of fixed assets	0	0	0	558	558
Charges for support services	17	0	3	0	14
Development costs not capitalised	0	0	573	0	(573)
	4,186	3,275	697	558	772
Activities other than social housing activities					
Lettings	16	0	3	0	13
Other	988	0	698	0	290
	1,004	0	701	0	303
	41,613	3,275	28,181	558	10,715

	Turnover 2020 £'000	Cost of sales 2020 £'000	Operating costs 2020 £'000	Surplus on disposal 2020 £'000	Operating surplus /(deficit) 2020 £'000
Social housing lettings (note 5)	34,981	0	26,893	0	8,088
Other social housing activities					
First tranche low cost home ownership sales	6,507	3,764	101	0	2,642
Gain on disposal of fixed assets	0	0	0	1,114	1,114
Charges for support services	15	0	2	0	13
Development costs not capitalised	0	0	708	0	(708)
	6,522	3,764	811	1,114	3,061
Activities other than social housing activities					
Lettings	41	0	9	0	32
Other	391	0	347	0	44
	432	0	356	0	76
	41,935	3,764	28,060	1,114	11,225

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

4 Particulars of turnover, cost of sales, operating costs and operating surplus - company

	Turnover 2021 £'000	Cost of sales 2021 £'000	Operating costs 2021 £'000	Surplus on disposal 2021 £'000	Operating surplus /(deficit) 2021 £'000
Social housing lettings (note 5)	36,423	0	27,000	0	9,423
Other social housing activities					
First tranche low cost home ownership sales	4,169	3,279	121	0	769
Gain on disposal of fixed assets	0	0	0	558	558
Charges for support services	17	0	3	0	14
Development costs not capitalised	0	0	573	0	(573)
	4,186	3,279	697	558	768
Activities other than social housing activities					
Lettings	16	0	3	0	13
Other	1,184	0	846	0	338
	1,200		849		351
	41,809	3,279	28,546	558	10,542
	Turnover 2020 £'000	Cost of sales 2020 £'000	Operating costs 2020 £'000	Surplus on disposal 2020 £'000	Operating surplus /(deficit) 2020 £'000
Social housing lettings (note 5)	34,981	0	26,918	0	8,063
Other social housing activities					
First tranche low cost home ownership sales	6,507	3,764	101	0	2,642
Gain on disposal of fixed assets	0	0	0	1,114	1,114
Charges for support services	15	0	2	0	13
Development costs not capitalised	0	0	708	0	(708)
	6,522	3,764	811	1,114	3,061
Activities other than social housing activities					
Lettings	41	0	9	0	32
Other	1,213	0	843	0	370
	1,254	0	852	0	402
	42,757	3,764	28,581	1,114	11,526

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

5 Income and expenditure from social housing lettings – group

	General needs £'000	Supported & older people's housing £'000	Low cost home ownership £'000	Care Homes £'000	Garages £'000	Total 2021 £'000	Total 2020 £'000
Income							
Rents net of identifiable service charges	25,795	7,493	864	237	531	34,920	33,505
Service charge income	406	683	32	0	0	1,121	1,121
Amortised government grants	376	0	0	0	0	376	355
Other grants	6	0	0	0	0	6	0
Turnover from social housing lettings	26,583	8,176	896	237	531	36,423	34,981
Expenditure							
Management	3,455	1,284	191	78	69	5,077	4,961
Service charge costs	1,318	729	0	3	7	2,057	2,078
Routine maintenance	4,116	1,252	0	184	22	5,574	4,802
Planned maintenance	2,481	830	0	8	19	3,338	3,708
Major repairs expenditure	2,532	747	0	7	227	3,513	4,482
Bad debts	23	7	0	0	0	30	117
Depreciation of housing properties:							
-annual charge	5,502	1,591	0	0	0	7,093	6,635
-accelerated on disposal of components	78	23	0	0	0	101	110
Operating expenditure on social housing lettings	19,505	6,463	191	280	344	26,783	26,893
Operating surplus / (deficit) on social housing lettings	7,078	1,713	705	(43)	187	9,640	8,088
Void Losses	81	86	17	0	109	293	322

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

5 Income and expenditure from social housing lettings – company

	General needs £'000	Supported & older people's housing £'000	Low cost home ownership £'000	Care Homes £'000	Garages £'000	Total 2021 £'000	Total 2020 £'000
Income							
Rents net of identifiable service charges	25,795	7,493	864	237	531	34,920	33,505
Service charge income	406	683	32	0	0	1,121	1,121
Amortised government grants	376	0	0	0	0	376	355
Other grants	6	0	0	0	0	6	0
Turnover from social housing lettings	26,582	8,176	896	237	531	36,423	34,981
Expenditure							
Management	3,455	1,284	191	78	69	5,077	4,960
Service charge costs	1,317	729	0	3	7	2,056	2,078
Routine maintenance	4,284	1,302	0	184	22	5,792	4,828
Planned maintenance	2,481	830	0	8	19	3,338	3,708
Major repairs expenditure	2,532	747	0	7	227	3,513	4,482
Bad debts	23	7	0	0	0	30	117
Depreciation of housing properties:	0	0	0	0	0	0	0
-annual charge	5,502	1,591	0	0	0	7,093	6,635
-accelerated on disposal of components	78	23	0	0	0	101	110
Operating expenditure on social housing lettings	19,672	6,513	191	280	344	27,000	26,918
Operating surplus / (deficit) on social housing lettings	6,910	1,663	705	(43)	187	9,423	8,063
Void Losses	81	86	17	0	109	293	322

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

6 Units of housing stock

At the end of the year accommodation in management was as follows:

	Group & Company 2021 Number	Group & Company 2020 Number
General needs housing:		
- social	4,158	4,152
- affordable	723	660
Low cost home ownership	266	226
Supported housing	72	72
Housing for older people	701	701
Sheltered units for older people / supported living	714	714
Total social housing units	6,634	6,525
Residential care home bed spaces	49	49
Total owned and managed	6,683	6,574
Leaseholders of sold flats	89	89
Leaseholders units for supported living	4	4
Market rent	2	2
Total owned and managed accommodation	6,778	6,669
Units under construction	265	255

During the year Selwood sold 8 general needs social rent on RTB or open market basis (including 1 flat above a shop), gained 77 general needs affordable rent and 43 shared ownership properties. 2 shared ownership properties staircased to full ownership and 1 shared ownership flat to leasehold status.

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

6 Units of housing stock (*continued*)

Selwood Housing owns 72 supported housing units (2020: 72) and tenancy sustainment support was provided for 11 of these units by Selwood Housing in 2021. The rest are managed by bodies that contract with adult social care and carry the financial risk relating to these supported housing units. Other organisations manage 53 care home units on our behalf.

Selwood Housing also owns 1,159 garages, 1 shop unit used by Selwood Housing as a resource centre and 1 doctors' surgery.

7 Operating surplus

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
This is arrived at after charging / (crediting):				
Depreciation of housing properties:				
-annual charge	7,093	6,635	7,093	6,635
-accelerated depreciation on replaced components	101	110	101	110
Depreciation of other tangible fixed assets	387	396	360	363
Auditor's remuneration (excluding VAT):				
-fees payable to the group's auditor for the audit of the group's annual accounts	27	26	18	18
- fees for other non-audit services	0	1	0	1

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

8 Employees

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Staff costs (including Executive Team) consist of:				
Wages and salaries	9,640	8,607	5,596	5,088
Social security costs	895	785	528	476
Cost of defined benefit scheme (see note 26)	475	600	475	600
Cost of defined contribution scheme	497	421	327	279
	<u>11,507</u>	<u>10,413</u>	<u>6,926</u>	<u>6,443</u>

The average number of employees (including the executive team) expressed as full-time equivalents (calculated based on a standard working week of 35 hours during the year) was as follows:

	Group 2021	Group 2020	Company 2021	Company 2020
Administration	54	49	54	49
Development	10	8	10	8
Maintenance	111	98	0	0
Housing, Support and care	154	144	119	115
	<u>329</u>	<u>299</u>	<u>183</u>	<u>172</u>

9 Directors' and senior executive remuneration

The directors and senior executives are defined as the members of the board of directors, the group chief executive and the executive team disclosed on page 1.

Group and company

	2021 £'000	2020 £'000
Executive directors' emoluments	710	593
Amounts paid to non-executive directors	46	47
Contributions to money purchase pension schemes	9	9
Contributions to defined benefits pension scheme	131	118
	<u>896</u>	<u>767</u>

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

9 Directors' and senior executive remuneration (continued)

The emoluments paid to the executive team were:

	Job Title	Basic Pay	Final Pay	Pension Contribution	Total 2021	Total 2020
Barry Hughes	Group Chief Executive Officer	136	0	35	171	168
Diane Hall - to Apr 2021	Group Finance Director	107	0	28	135	132
	Group Development					
Paul Walsh	Director	91	0	23	114	112
Chris George *	Group Assets Director	122	14	8	144	102
Verena Buchanan	Group Housing Director	95	0	24	119	111
Ria Bristow	Group People Director	81	0	21	102	95
	Group Enterprise					
Ceri-Ann Lambdin **	Director	16	0	1	17	8
Mark Mayler ***	Group Finance Director	4	0	0	4	0
John Rogers - Agency from Sept 2020	Group IT Director	58	0	0	58	0
* Left 31.12.2020						
** Left 31.05.2020						
*** Started 17.03.2021						
		710	14	140	864	728

The remuneration paid to staff (including the executive team) earning over £60,000 upwards (excluding employer pension contributions):

	2021 No.	2020 No.
£60,000 - £69,999	8	6
£70,000 - £79,999	1	1
£80,000 - £89,999	1	3
£90,000 - £99,999	3	1
£100,000 - £109,999	3	1
£110,000 - £119,999	0	0
£120,000 - £129,999	0	0
£130,000 - £139,999	1	1
	17	13

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

9 Directors' and senior executive remuneration (*continued*)

The CEO is a member of the Wiltshire local government pension scheme, the pension entitlement of the chief executive is identical to those of other members and no special terms apply.

Benefits have accrued to 4 further executive officers under the Wiltshire pension fund defined benefit scheme (2020 – 4) and 3 directors accrued benefits under the group's defined contribution pension scheme during the year (2020 – 2).

The group chief executive's salary is 4.93 times the median salary of all members of staff (2020: 4.96 times).

10 Board members

The Chair of the board receives a salary of £10,500 (2020: £10,380) per annum, the committee chairs each receive £1,240 per annum (2020: £710), in addition to their basic board member payment. The standard other group board member payment is £4,250 (2020: £4,050). Emoluments paid to board members in 2021 were 0.1% (2020: 0.1%) of Selwood Housing's annual turnover.

Board member	Remuneration & Expenses £	Current Member of Group Asset & Development Committee	Current Member of Group Audit and Risk committee	Group Board
Sheila Lewis *	10,667	x		x
Martin Large to 31/01/2021	4,371			x
Lee O'Bryan to 31/01/2021 **	2,777			x
Richard Britton ***	5,371		x	x
Chris Butters	4,148		x	x
Valerie Witcomb to 31/03/2021	4,148			x
Stella Shepherd	4,148	x		x
Steve Oldrieve	4,148		x	x
Richard Yates	4,148	x		x
David Knight from 01/02/2021	708		x	x
Valarie Lee from 01/02/2021	946	x		x
Neil Hales-Owen from 19/04/21			x	x
Total	45,582			

* Chair

** Vice Chair

*** Vice chair from 01/02/2021

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

11 Surplus on disposal of fixed assets

Group and Company	Right to Buy and Right to Acquire 2021 £'000	Other housing properties 2021 £'000	Staircasing 2021 £'000	Total 2021 £'000	Total 2020 £'000
Disposal proceeds	670	246	325	1,241	2,986
Costs of disposals	(353)	(155)	(184)	(692)	(1,844)
Selling costs	(7)	(11)	(3)	(21)	(28)
Grant recycled	0	0	0	0	0
	310	80	138	528	1,114
Surplus on disposal of other tangible fixed assets	0	0	30	30	0
	310	80	138	558	1,114

12 Interest payable and similar charges

Group and company	2021 £'000	2020 £'000
Bank loans and overdrafts	1,518	1,785
All other loans (excluding loans from group entities)	1,339	1,342
Interest capitalised on construction of housing properties	(299)	(304)
	2,558	2,823

13 Taxation on profit from ordinary activities

	Group 2021 £'000	Group 2020 £'000
Current tax		
UK corporation tax on profits of the year	0	0
Effect of changes in rates	0	1
Origination and reversal of timing differences	(2)	(2)
Taxation on profit on ordinary activities	(2)	(1)

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

13 Taxation on profit from ordinary activities *(continued)*

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below.

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Profit on ordinary activities before tax	8,131	8,496	7,955	8,784
Tax on profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2020: 19%)	1,545	1,614	1,511	1,669
Effects of:				
Charitable income	(1,495)	(1,600)	(1,511)	(1,669)
Gift Aid Payment to parent	(51)	(16)	0	0
Adjustment in respect of prior year	0	0	0	0
Tax rate changes	0	1	0	0
Current tax charge for year	(2)	(1)	0	0

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

14 Tangible fixed assets – housing properties

All housing properties were freehold at 31 March 2021 (2020: all freehold).

Group and company	General needs completed	General needs under construction	Shared ownership completed	Shared ownership under construction	Total
	£'000	£'000	£'000	£'000	£'000
<i>Cost</i>					
1st April 2020	425,702	11,303	17,209	3,442	457,657
Construction Costs	0	12,039	0	5,758	17,797
Replaced components - Additions	6,271	(1,451)	0	0	4,820
Completed Schemes	10,059	(10,059)	5,473	(5,473)	0
Disposals - RTB, RTA & market sales	(433)	0	0	0	(433)
Disposals - replaced components	(442)	0	0	0	(442)
Disposals - staircasing	0	0	(260)	0	(260)
Transfers	0	0	12	0	12
At 31 March 2021	441,157	11,832	22,434	3,727	479,151
<i>Depreciation</i>					
1st April 2020	(39,037)	0	(330)	0	(39,367)
Charge for the year	(6,928)	0	(165)	0	(7,093)
Eliminated on disposals	46	0	0	0	46
Replaced components - Disposals	341	0	0	0	341
Disposals - staircasing	0	0	8	0	8
At 31 March 2021	(45,578)	0	(487)	0	(46,065)
Net Book Value at 31 March 2021	395,579	11,832	21,947	3,727	433,086
Net Book Value at 31 March 2020	386,665	11,303	16,879	3,442	418,290

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

14 Tangible fixed assets – housing properties *(continued)*

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Interest capitalised in the year	(299)	(304)	(299)	(304)
Rate used for capitalisation	2%	2%	2%	2%
Total social housing grant received or receivable to date	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
as follows				
Capital grant - Housing properties	33,696	33,024	33,696	33,024
Recycled Capital Grant Fund	254	516	254	516
Revenue grant - I&E	376	355	376	355
Revenue grant - reserves	3,872	3,496	3,872	3,496
	38,198	37,391	38,198	37,391

Properties held for security

Selwood Housing Society Ltd had property with an existing use value of £186 million pledged as security at 31 March 2021 (£186 million – 2020).

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

15 Other tangible fixed assets – group

Group	Freehold Office £'000	Motor Vehicles £'000	Plant & Equip £'000	IT £'000	Fixtures & Fittings £'000	Total £'000
Cost						
At 1 April 2020	3,556	103	550	1,780	52	6,041
Additions	0	0	0	142	0	142
Disposals	0	(90)	0	0	0	(90)
At 31 March 2021	3,556	13	550	1,922	52	6,093
Accumulated Depreciation						
At 1 April 2020	(669)	(103)	(140)	(876)	(7)	(1,795)
Charged in year	(66)	0	(27)	(289)	(5)	(387)
Disposals	0	90	0	0	0	90
At 31 March 2021	(735)	(13)	(167)	(1,165)	(12)	(2,092)
Net book value at 31 March 2021	2,821	0	383	757	40	4,001
Net book value at 31 March 2020	2,887	0	410	904	45	4,246

Freehold office includes freehold land at cost of £360,000 (2020: £360,000) which is not depreciated.

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

15 Other tangible fixed assets – company

	Freehold Office £'000	Fixtures & Fittings £'000	Motor Vehicles £'000	IT £'000	Total £'000
Cost					
At 1 April 2020	3,556	52	103	1,868	5,579
Additions	0	0	0	142	142
Disposals	0	0	(90)	0	(90)
At 31 March 2021	3,556	52	13	2,010	5,631
Accumulated Depreciation					
At 1 April 2020	(669)	(7)	(103)	(964)	(1,743)
Charged in year	(66)	(5)	0	(289)	(360)
Disposals	0	0	90	0	90
At 31 March 2021	(735)	(12)	(13)	(1,253)	(2,013)
Net book value at 31 March 2021	2,821	40	0	757	3,618
Net book value at 31 March 2020	2,887	45	0	904	3,836

Freehold office includes freehold land at cost of £360,000 (2020: £360,000) which is not depreciated.

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

16 Investment properties

Group and Company	Market rent £'000	Commercial £'000	Total £'000
At 1 April 2020	212	221	433
Disposals	0	(121)	(121)
Revaluations	1	15	16
At 31 March 2021	213	115	328

The group's investment properties are valued annually on 31 March at fair value, determined by an independent, professionally qualified valuer. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual. Details on the assumptions made and the key sources of estimation uncertainty are given in note 3.

The surplus on revaluation of investment property arising £16k (2020 – surplus of £2k) has been credited to the statement of comprehensive income for the year (company and group).

17 Fixed asset investments

<i>Cost or valuation</i>	Group £'000	Company £'000
At 1 April 2020	25	1,375
Additions	0	750
At 31 March 2021	25	2,125

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

18 Subsidiary undertakings

The principal undertakings in which the company has an interest are as follows:

Name	Country of incorporation or registration	Proportion of voting rights / ordinary share capital held	Nature of business	Nature of entity	Number of shares
Silcoa Ltd	England	100%	Repair and Maintenance of social housing	Private company limited by shares	100,000 ordinary £1 shares
Cottsbury Homes Ltd	England	100%	Sale of properties at market cost	Private company limited by shares	500,000 ordinary £1 shares
Selwood DevCo Ltd	England	100%	Generation and supply of electricity	Private company limited by shares	1,500,000 ordinary £1 shares

All subsidiary undertakings have the same registered office as the company, shown on page 1.

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

19 Properties for sale & other stock

Group

	First tranche shared ownership properties 2021 £'000	Other Stock 2021 £'000	Total 2021 £'000	Total 2020 £'000
Completed properties	1,391	0	1,391	827
Other	0	154	154	134
Properties under construction	2,485	392	2,877	2,296
	<u>3,876</u>	<u>546</u>	<u>4,422</u>	<u>3,257</u>

Company

	First tranche shared ownership properties 2021 £'000	Other Stock 2021 £'000	Total 2021 £'000	Total 2020 £'000
Completed properties	1,391	0	1,391	827
Properties under construction	2,485	0	2,485	2,296
	<u>3,876</u>	<u>0</u>	<u>3,876</u>	<u>3,123</u>

Properties developed for sale include capitalised interest of £49k (2020 - £29k).

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

20 Debtors

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Due within one year				
Arrears of rent and service charges	554	655	554	655
Less: Provision for doubtful debts	(314)	(373)	(314)	(373)
	240	282	240	282
Amounts owed by group undertakings	0	0	1	0
Other debtors	2,002	1,963	1,923	1,957
Prepayments and accrued income	1,235	752	1,117	585
	<u>3,477</u>	<u>2,997</u>	<u>3,281</u>	<u>2,824</u>

The other debtors figure includes £478k (2020: £478k) in respect of 17 days' (2020:16 days) housing benefit due from Wiltshire Council.

20a Cash and cash equivalents

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Cash	8,183	23,348	6,682	21,856
Deposit accounts	1,685	724	1,685	724
	<u>9,868</u>	<u>24,072</u>	<u>8,367</u>	<u>22,580</u>

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

21 Creditors: Amounts falling due within one year

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Trade creditors	1,285	798	1,008	580
Rent and service charges received in advance	926	840	926	840
Amounts owed to group undertakings	0	0	833	289
Taxation and social security	259	229	159	150
Other creditors	1,046	1,036	1,024	1,012
Accruals and deferred income	4,668	4,213	4,040	3,542
Loans due within 1 year	0	5,303	0	5,303
Recycled Capital Grant	227	260	227	260
	<u>8,411</u>	<u>12,679</u>	<u>8,217</u>	<u>11,976</u>

Pension commitments

A defined contribution pension scheme is operated by the group on behalf of some employees. The assets of the scheme are held separately from those of the group and the company in an independently administered fund. The pension charge represents contributions payable by the group to the fund and amounted to £866,271, (2020 – £691,756), which included £496,769 (2020–£421,495) payable by the company. Contributions amounting to £75,243 (2020 - £64,785) were payable to the fund by the group at the balance sheet date and included £43,523 (2020 - £37,864) payable by the company and are included in other creditors in the statement of financial position.

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

22 Creditors: Amounts falling due after more than one year

Group and company

	2021 £'000	2020 £'000
Loans and borrowings (note 25)	145,022	147,418
Deferred capital grant (note 23)	33,696	33,024
Recycled capital grant (note 24)	28	257
Sinking fund balances	272	197
	<u>179,018</u>	<u>180,896</u>

23 Deferred capital grant

Group and company

	2021 £'000	2020 £'000
At 1 April	33,024	32,389
Grants received in the year	515	787
Grants accrued	281	0
Grants recycled from the recycled capital grant fund	262	213
Released to income in the year	(386)	(365)
At 31 March	<u>33,696</u>	<u>33,024</u>

24 Recycled capital grant

Group and company

	2021 £'000	2020 £'000
At 1 April	516	516
Inputs to fund:		
- grants recycled from deferred capital grants	28	0
Use / allocation of funds:		
- new build	(290)	0
At 31 March	<u>254</u>	<u>516</u>

Amounts 3 years or older where repayment may be required	<u>0</u>	<u>0</u>
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Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

25 Loans and borrowings

Loans are secured by specific charges on the housing properties of the group and are secured on the assets of Selwood Housing, including fixed charges on individual properties.

	Bank Loans 2021 £'000	Total 2021 £'000	Total 2020 £'000
In one year or less, or on demand	0	0	5,303
In more than one year but not more than two years	4,390	4,390	6,024
In more than two years but not more than five years	23,343	23,343	20,757
In more than five years	117,289	117,289	120,636
*Total debt	145,022	145,022	152,720

*Balance includes AHF Liquidity Reserve Funds

The loans bear interest at fixed rates ranging from 0.83% to 4.78% or at variable rates calculated at a margin above the London Inter Bank Offer Rate. The current loan outstanding is made up of £100m fixed and £43m variable, against agreed facilities of £193m. At 31 March 2021 the group had undrawn loan facilities of £20m (2020 - £5.5m) with Nationwide and £30m (2020 £30m) with Lloyds.

26 Pension obligations

Group and Company

The Wiltshire Pension Fund ("WPF") is a multi-employer scheme with more than one participating employer, which is administered by Wiltshire Council under the regulations governing the Local Government Pension Scheme (LGPS), a defined benefit scheme. The assets of the WPF are held separately from those of Selwood Housing in independently administered funds. The most recent formal actuarial valuation was completed as at 31 March 2019 and rolled forward to 31 March 2021 by a qualified independent actuary. The actuaries have used the projected unit credit method of valuation in accordance with FRS 17.

The employers' contributions to the WPF by Selwood Housing for the year ended 31 March 2021 were £671,672 (2020: £686,422) at a contribution rate of 25.7% of pensionable salaries including an annual contribution of £343,000 to fund the deficit, set until the next funding valuation.

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

26 Pensions obligations (*continued*)

Financial assumptions

The main financial assumptions used by the actuary were:

	31 March 2021 % per annum	31 March 2020 % per annum
Discount rate	2.0	2.3
Future salary increases	3.25	2.3
Future pension increases	2.85	1.9

Mortality assumptions

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2018 model, an allowance for smoothing of recent mortality experience and a long-term rate of improvement of 1.25% per annum for men and women. Based on these assumptions, the average future life expectancies are summarised below:

	2021 No. of years	2020 No. of years
Current pensioners:		
Males	21.9	21.7
Females	24.4	24
Future pensioners: *		
Males	22.9	22.5
Females	26.2	25.5

* Figures assume members aged 45 as at the last formal valuation date

Commutation

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

26 Pensions obligations (*continued*)

Amounts recognised in the statement of financial position

	2021 £'000	2020 £'000
Present value of funded obligations relating to Selwood Housing	(34,807)	(26,518)
Fair value of plan assets relating to Selwood Housing	26,017	22,039
Net Deficit	<u>(8,790)</u>	<u>(4,479)</u>

Analysis of the amount (credited)/charged to the statement of comprehensive income:

	2021 £'000	2020 £'000
Current service cost	475	600
Expected return on pension scheme assets	(509)	(554)
Interest on pension scheme liabilities	610	726
Total operating charge	<u>576</u>	<u>772</u>

Of the above amount, £101,000 (2020: £172,000) was charged to other finance charges. £199,000 (2020: £86,000) was credited to operating surplus.

Changes in fair value of employer assets

	2021 £'000	2020 £'000
Opening fair value of employer assets	22,039	22,876
Contributions by the Employer	674	686
Actuarial gains	3,269	(1,681)
Benefits paid	(581)	(505)
Contributions by members	107	109
Interest	509	554
Closing fair value of employer assets	<u>26,017</u>	<u>22,039</u>

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

26 Pensions obligations (*continued*)

Changes in present value of defined benefit obligation

	2021 £'000	2020 £'000
Opening defined benefit obligation	26,518	30,074
Current service cost	475	600
Interest cost	610	726
Actuarial losses /(gains)	7,678	(4,486)
Estimated benefits paid	(581)	(505)
Contributions by members	107	109
Closing defined benefit obligation	34,807	26,518

Major categories of plan assets as a percentage of total plan assets:

	2021	2020
Equities	56%	58%
Bonds	32%	29%
Property	12%	12%
Cash	0%	1%

Fair value of employer assets

	2021 £'000	2020 £'000
Equities	14,570	12,783
Bonds	8,325	6,391
Property	3,122	2,645
Cash	0	220
	26,017	22,039

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

26 Pensions obligations (*continued*)

Amounts for the current and previous four years are as follows:

	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
Present value of defined benefit obligation	(34,807)	(26,518)	(30,074)	(27,042)	(26,639)
Fair value of scheme assets	26,017	22,039	22,876	21,049	19,186
Deficit on scheme	(8,790)	(4,479)	(7,198)	(5,993)	(7,453)
Experience adjustments on plan liabilities	298	1,027	0	0	(409)
Experience adjustments on plan assets	3,269	(1,681)	1,183	1,099	2,317
Cumulative actuarial losses	(6,788)	(2,379)	(5,184)	(4,048)	(5,687)

Projected pension expense for the year to 31 March 2022

	£'000
Projected Current Service Cost	682
Interest on Obligation	698
Expected Return on Plan Assets	(522)
Total	858

The estimated employer contributions for the year to 31 March 2022 are approximately £674,000.

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

27 Operating leases

At 31 March 2021, the group and company had future minimum lease payments under non-cancellable operating leases as set out below:

Amounts payable as Lessee	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Not later than 1 year	431	373	48	3
later than 1 year and no later than 5 years	781	992	133	13
Later than 5 years	0	0	0	0
Total	1,212	1,365	181	16

Amounts receivable as Lessor	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Not later than 1 year	1	4	1	4
later than 1 year and no later than 5 years	0	0	0	0
Later than 5 years	0	0	0	0
Total	1	4	1	4

28 Capital commitments

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Commitments contracted but not provided for in the accounts	15,556	5,451	15,556	5,451
Commitments approved by the Board but not contracted for	89,523	94,758	89,523	94,758
	105,080	100,209	105,080	100,209

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

28 Capital commitments (continued)

The above commitments will be financed primarily through borrowings, new funding, social housing grant, property sales and internal cash balances.

29 Related party transactions

The directors Valerie Witcomb, Stella Shepherd, Neil Hales-Owen and Richard Yates are tenants of Selwood Housing. Their tenancy agreements are under normal commercial terms and they are not able to use their position to their advantage.

The directors Richard Britton and Steve Oldrieve are also councillors of Wiltshire Council. Steve Oldrieve stopped being a councillor on the 5 May 2021. Any transactions made with Wiltshire Council are made at arm's length, on normal commercial terms and the councillors cannot use their position on the board to their advantage.

Except for the disclosures below, Selwood Housing Group has taken advantage of the exemption allowed under FRS 102 not to disclose related party transactions within the group. All intra-group transactions are with subsidiaries that are wholly owned. These have been eliminated on consolidation in the group's financial statements

Transactions with non-regulated entities

The association provides management services and other services to some of its subsidiaries. Selwood Housing also receives charges from its subsidiaries. The quantum and basis of those charges is set out below.

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

29 Related party transactions (continued)

Transactions with non-regulated entities Payable to Selwood Housing by Subsidiaries:	Management Charges		Gift Aid	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Silcoa Ltd	575	565	29	328
Selwood DevCo Ltd	0	0	54	32
Cottsbury Homes Ltd	0	0	2	2
	575	565	85	362

Payable by Selwood Housing to Subsidiaries:	Other Charges	
	2021	2020
	£'000	£'000
Silcoa Ltd	9,353	8,721
Selwood DevCo Ltd	31	30
	9,384	8,751

Intra-group management charges

Intra-group management charges are receivable by the society from subsidiaries to cover the running costs the society incurs on behalf of managing its subsidiaries. The management charge is calculated on a department basis, with varying methods of allocation. The costs are apportioned as follows:

	By reference to
Finance	Headcount
Human Resources	Headcount
Facilities	Floor Space
Executive	Staff time
Health and Safety	Headcount

Other intra-group charges

No other intra-group charges are payable to the society from subsidiaries. Charges from subsidiaries to the society are for goods and services provided, such as repairs and maintenance.

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2021

30 Provision for liabilities – Deferred Tax

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
At 31 March 2020	7	9	0	0
Origination and reversal of timing differences	(2)	(2)	0	0
At 31 March 2021	5	7	0	0

31 Net debt reconciliation

	01 April 2020 £'000	Cash flows £'000	Non -cash changes £'000	31 March 2021 £'000
Group				
Cash and cash equivalents	24,072	(14,204)	0	9,868
Loans and borrowings	(152,720)	7,698	0	(145,022)
	(128,648)	(6,506)	0	(135,154)
Company				
Cash and cash equivalents	22,580	(14,213)	0	8,367
Loans and borrowings	(152,720)	7,698	0	(145,022)
	(130,140)	(6,515)	0	(136,655)

32 Post Balance Sheet Event

In July 21/22 Selwood Housing plans to fully integrate its subsidiary company Silcoa Ltd.