

Annual report and financial statement 2022/23



Contents

	Page
Directors, executive officers, advisors, and bankers	1
Letter from the chair	2
Group strategic report including the operating and financial review for the year ended 31 March 2023	5
Independent auditor's report	34
Consolidated and company statement of comprehensive income	38
Consolidated and company statement of financial position	39
Consolidated statement of changes in reserves	40
Company statement of changes in reserves	41
Consolidated statement of cash flows	42
Notes forming part of the financial statements	43

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 *	Richard Britton ** to 06/10/22
Stella Shepherd **	Chris Butters
Steve Oldrieve to 06/10/22	Richard Yates
David Knight	Valerie Lee
Hannah Jones from 06/10/22	Neil Hales-Owen to 29/06/22
Koo Chai Young Li Mow Ching from 06/10/22	Philip Whitehead from 06/10/22
*chair	
** vice chair	

Executive officers

Group chief executive	Barry Hughes
Group finance director	Mark Mayler
Group transformation and people director	Ria Bristow
Group operations director	Verena Buchanan
Group development director	Paul Walsh
Group IT director	John Rogers to 31/03/23

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 Artillery House Fort Fareham Newgate Ln Fareham PO14 1AH
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 & Hamlin 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. LH4097

Welcome from the chair of our board of directors

Following on from the pandemic, 2022-23 delivered new challenges for Selwood Housing and its customers.

We had to make tough decisions responding to cost-of-living pressures and rising inflation and interest rates.

The below inflation 7% rent cap for 23/24 added further pressure to an already difficult balance between affordability for our customers and the rising costs to provide our services and invest in our homes.

The Regulator of Social Housing confirmed our G1 governance rating but regraded our viability rating from V1 to V2. Although disappointing, we are just one of 62 housing associations regraded, many of those with active home-building programmes. These changes reflect the difficult economic circumstances facing the sector nationally.

In the face of these challenges, we prioritised our planned investment in areas that would bring substantial benefits to customers, such as energy efficiency.

Our homes and communities

Many more of our customers have faced financial hardship over the past 12 months. Our **tenancy sustainment team** managed a substantial rise in demand which peaked in January when 63 households received additional support to maintain their tenancies. This included support for customers struggling to afford to heat their homes.

Referrals to debt and hardship charities, budget planning, and benefit eligibility advice helped other customers in need. As did practical support, including a scheme providing customers with recycled white goods and another delivering food parcels to housebound customers and those without transport.

Alongside the work of our income team, this support helped minimise rent arrears to just 0.70%, a record low for the third year in a row.

Our **Priority Neighbourhoods** project teams continued to work with local communities in Studley Green (Trowbridge) and Queensway (Melksham). In September, a well-attended family fun day and garden makeover in Studley Green, Trowbridge, marked the end of the year-long initiative in those areas. Encouraged by some very positive outcomes, we plan to take a similar approach supporting two neighbourhoods in Warminster and Westbury through 2023/24.

With a net loss of affordable social homes in England over the last decade and 1.2 million households on the waiting list in 2021/22, our commitment to investing in our communities has never been stronger.

During the year, **we built 154 new homes** with a pledge to build a further 1,700 homes over the next ten years. This 2.2% annual increase is higher than the average growth in our sector.

Selwood Housing Society Ltd

In December, we celebrated a significant milestone, handing over the keys to our 7000th home. As a locally based housing association, this is a proud achievement and we're grateful for the ongoing support of our partners.

In the last year, **we welcomed 553 households** as new customers to Selwood Housing, including those moving to Nunney and Malmesbury, where we provided homes for the first time.

Progress towards our sustainability targets continued with our first fully **EPC 'A' rated** development, John Bull, nearing completion. We published our first environmental, social and governance (ESG) report and adopted the Sustainability Reporting Standard for Social Housing, providing direction and transparency in our ESG reporting.

We continued our dual approach to resolving damp and mould issues, reacting immediately to issues raised by our customers as well as proactively checking properties with historic damp and mould issues to assess whether further work is needed. Funding of around £500k has been ring-fenced to invest in remedial works during 2023/24.

Two dedicated specialist damp and mould surveyors were appointed to help us prioritise our lowest energy efficiency properties. All our surveyors were trained in domestic energy assessment to enable in-house Energy Performance Certificate ('EPC') assessments.

In March, we welcomed the award of £1.4m from the government's **Social Housing Decarbonisation Fund**. Combined with our £4.3m co-funding, we can now begin delivering improvements to these homes over the next two years.

Two sheltered housing refurbishments as well as two major sewerage maintenance upgrades were completed during the year.

Our people and processes

We started to reap the benefits of the previous year's operational team restructure, with productivity increasing from an average of 2.8 jobs per operative per day in April 2022 to 3.1 in February 2023.

Closer team collaboration proved invaluable in ensuring our customers remained safe in their homes with gas servicing achieving an excellent 100% compliance.

A staggering 47K calls and 16K emails were handled by customer support, with 17K response repairs and 12.5K services booked by the planning team.

Rant & Rave, our new real-time customer feedback platform, received 6,500 responses. This information allowed us to identify activities and services where customers said we excelled and areas where we could improve.

The launch of our new **customer complaints forum** helped to improve both the complaints process and our learning from outcomes. We continued developing our

positive complaints culture and rolled out a well-received online complaints training programme to all staff.

Our procurement team successfully implemented new contract guidance and regulations to improve governance and reduce risk around the award of new supplier contracts. This proved timely with multiple contracts awarded during the year, including grounds maintenance and asbestos surveying.

In August, we were pleased to **secure a £20m loan** from MORHomes. The fast turnaround helped us mitigate short-term interest rate risks to continue our work providing local affordable homes.

Looking ahead

The achievements and dedication of our teams over the past few difficult years give me no doubt that they will continue to deliver for our customers and communities, whatever challenges lie ahead.



Sheila Lewis
Chair

Selwood Housing Society Ltd

Group strategic report including the report of the board for the year ended 31 March 2023

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 2023.

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 7,053 properties and are the largest social landlord in the West of Wiltshire.

The Regulator of Social Housing refreshed their assessment of Selwood's compliance with the Governance and Financial Viability Standard in December 2022 which resulted in Selwood Housing retaining our G1 governance rating but regraded our viability rating from V1 to V2.

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 2023 *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 was our property repairs and improvement company which was integrated into Selwood Housing on the 1 July 2021. No activity remains in the company and so is now dormant.

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. In addition, during 22/23 several new properties were partially completed and transferred to Selwood for completion.

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 four guiding principles:

- Ensure our people are motivated, skilled, and able to deliver for our customers
- Deliver excellent value for money homes and services
- To respond quickly and effectively to our customers' needs and the changing environment we operate in
- To retain our local focus which is one of our key strengths

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.

Our key challenge is:

"To be able to deliver quickly on a wide range of complicated, changing targets to meet rising customer expectations"

Group strategic report including the report of the board for the year ended 31 March 2023 *continued*

Objectives and strategy *continued*

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

- Coordinate and prioritise our work
- Create the right culture
- Work in the right way
- Build partnerships
- Be flexible by design

The specific targets for 2023/24 are:

- Ensure that our homes are safe, in line with all relevant legislation
- Our asset management strategy outlines our approach to reaching our environmental targets, which are for all our properties to be at SAP C level by 2030 and carbon-neutral by 2050
- Build 1,700 new homes in the next ten years
- Deliver our Horizon programme of transformation to time and budget achieving the targeted outcomes. Horizon is our programme of work, to create new inclusive digital services, so we deliver an even better experience of working with and at Selwood Housing
- Deliver our other projects to time and budget
- Maintain compliant governance and viability ratings with the Regulator of Social Housing
- Continue to comply with all regulatory standards
- Deliver the targets we've set against the regulatory value for money and tenant satisfaction measures
- Deliver the other targets we've set relating to our people and culture
- We have signed up to and will implement the requirements of Together with Tenants
- We have a clear approach to equality, diversity and inclusion and will implement our action plan during 2023-2025
- We have now achieved Investor in People Gold and are targeting moving up to Platinum in our next assessment in 2024

Selwood Housing Society Ltd

Group strategic report including the report of the board for the year ended 31 March 2023 *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 can 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 £46m (2022: £44.3m). This represents an increase of 4% (2022: increase of 6%).

Operating costs are higher than last year at £34.1m (2022: £32.2m), this is mainly due to inflationary increases, the completion of some large, planned programmes of work in year and catching up on response work delayed by the pandemic. Operating costs include depreciation charges of £9.0m (2022: £8.2m), a key accounting estimate. Impairment losses of £433k have been recognised in the year in respect of office property. (2022: nil).

The surplus from the sale of properties was higher than last year at £1.6m (2022: £1.2m) due to selling more properties. The properties' sold included a mix of right to buy, right to acquire, staircasing and open market sales. Selwood Housing remains committed to considering the suitability and efficiency of our properties.

The overall surplus for the Group in the year is £6.1m, (2022: £6m), largely unchanged from the previous year despite rent increases and additional property sales, as a result of increasing operational & interest costs.

Selwood Housing carries fixed assets in its financial statements at cost (not valuation). Selwood Housing's residential property asset base at cost was £533m as at 31 March 2023 (2022: £502m). This increase was a combination of the addition of newly developed homes and works to existing properties.

Selwood Housing Society Ltd

Group strategic report including the report of the board for the year ended 31 March 2023 *continued*

Operational performance *continued*

The pension asset of £26.3m has been restricted to £nil (2022: liability £4.7m) as the recoverability of this asset would require a right to reduce employer contributions or to request a refund from the fund. Neither of these options are considered to be available.

The existing use value – social housing (EUV-SH) of Selwood Housing's properties was estimated to be in the region of £433m at 31 March 2023 (2022: £415m). 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 £108.6m (2022: £113m) made available by Nationwide Building Society, a £50m (2022: £50m) facility from Affordable Housing Finance Plc (AHF), a £30m (2022: £30m) facility from Lloyds Bank Plc and a £20m facility from MORhomes Plc. At 31 March 2023 £88.6m (2022: £93m) of the Nationwide facility had been drawn down. This left £20m (2022: £20m) available from Nationwide. £50m (2022: £50m) of the AHF funding had been drawn down at year end, £8m had been drawn from the Lloyds Bank facility (2022: £6m) and £20m from Morhomes Plc (2022: nil)

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 (2022: £17.4m) helped to fund net cash spend of £28.1m (2022: £18.1m) on developing new homes before receipt of social housing grant.

In the 2022/23 corporate plan Selwood Housing had several key areas of focus. Our achievements against each of those areas during 2022/23 include the following:

- Maintaining the highest governance rating at our recent in-depth assessment (IDA) review
- Issuing Selwood's first Environmental, Social and Governance report
- Completing our priority neighbourhood projects in Studley Green, Trowbridge and Queensway, Melksham
- Renegotiating our loan covenant agreements to enable Selwood to continue with a development programme and invest in our existing assets.
- Delivering a surplus that was better than forecast despite the impact of higher-than-expected cost inflation and interest rates
- Maintaining a very strong arrears performance that was sub 0.7% - a record low for the third year in a row
- Achieving 100% compliance for our gas servicing and fire risk assessments

Group strategic report including the report of the board for the year ended 31 March 2023 *continued*

Operational performance *continued*

- Awarded £1.4m of social housing decarbonisation funding for matched investment in our lower rated energy efficient properties to support our asset management strategy
- Improving our responsive repairs productivity to over 3 jobs completed per day (circa 11% improvement)
- Delivering the entire planned kitchens programme for the year on time and in line with budget expectations

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 regarding 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 use of an online tool, Decision Time. The risk register for Selwood Housing and all its subsidiaries is regularly reviewed by the board.

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. The register covers both strategic and operational risks.

Selwood Housing Society Ltd

Group strategic report including the report of the board for the year ended 31 March 2023 *continued*

Key risks *continued*

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

Risk Area	Key Controls/Actions
Lack of financial resilience to withstand changing socioeconomic environment	<ul style="list-style-type: none"> Budget and business plan approved by the board and reported on Financial plan stress tested with various scenarios Value for money strategy with regular review New contracts in place for key repairs and maintenance suppliers Contracts for supply of goods and services are regularly reviewed Identify and monitor appropriate benchmarking
Asset management – providing homes that are decent, warm and meet required need	<ul style="list-style-type: none"> Asset management strategy and plan reported to Group Asset and Development Committee (GADC) on a quarterly basis Provision for expenditure in financial plan to get properties to EPC C by 2030 and net zero carbon by 2050 External stock condition survey undertaken Budgeting and forecast process and subsequent monitoring Contract management and procurement processes in place Damp and mould action plan monitored by GADC Internal stock condition survey target of 205 per annum
Risk that people and culture do not allow us to deliver strategic objectives	<ul style="list-style-type: none"> Executive portfolio board in place to prioritise projects and agree resource allocation Project Brief and Business Case approval process in place Structured processes for 1-2-1's and annual evaluations Management development and training in place Professional development for relevant staff Flexible working policy determines approach to hybrid working Training and development programmes for digital skills
New homes delivery does not meet corporate plan targets	<ul style="list-style-type: none"> Development strategy approved by the board and progress reviewed on a quarterly basis by GADC Comprehensive monitoring and reporting of development programme Sites, suppliers, and key materials reviewed daily Regular dialogues with relevant local authorities, agents, developers, and landowners to seek future opportunities Strong links with local planning and housing departments
Technology failures that disrupt business (excluding cyber-attack)	<ul style="list-style-type: none"> Implement a cloud-based application Review hosting options Implement actions to reduce risk of network outage Complete implementation of Microsoft Dynamics
Risk of Cyber security attack	<ul style="list-style-type: none"> ICT and data protection policies in place Information dashboard in place Internal periodic reviews to ensure appropriate security levels in place Vulnerability scanner to review potential security issues Business continuity plan includes plan to address cyber risks

Group strategic report including the report of the board for the year ended 31 March 2023 *continued*

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. Selwood issued the first ESG report in 2022 and have adopted the principles of the sustainability for reporting standard (SRS) and aligned this to key strategies including how we build new and manage our existing homes.

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.

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.

Selwood Housing Society Ltd

Group strategic report including the report of the board for the year ended 31 March 2023 *continued*

Energy efficiency action statement

Reported emissions and energy use data for 1 st April 2022 – 31 st March 2023		
	Current reporting year 1 st April 2022 – 31 st March 2023	Current reporting year 1 st April 2021 – 31 st March 2022
Energy consumption used to calculate emissions: /kWh [mandatory] – optional to provide separate figures for gas, electricity, transport fuel and other energy Sources	*Gas: 1,361,941 kWh *Electricity: 985,237 kWh Transport fuel: 1,631,429 kWh Total: 3,978,607 kWh	Gas: 1,361,941 kWh Electricity: 985,237 kWh Transport fuel: 1,927,848 kWh Total: 4,275,026 kWh
Emissions from combustion of gas tCO ₂ e (Scope 1) [mandatory]	248.61 tonnes CO₂e¹ 11.26 tonnes CO ₂ e office usage 27.16 tonnes CO ₂ e communal areas 210.19 tonnes CO ₂ e communal heating systems	249.45 tonnes CO₂e 11.30 tonnes CO ₂ e office usage 27.25 tonnes CO ₂ e communal areas 210.90 tonnes CO ₂ e communal heating systems
Emissions from combustion of fuel for transport purposes (Scope 1) [mandatory]	393.31 tonnes CO₂e (in-house maintenance fleet)	456.56 tonnes CO₂e (in-house maintenance fleet)
Emissions from purchased electricity (Scope 2, location-based) [mandatory]	190.52 tonnes CO₂e¹ 10.01 tonnes CO ₂ e office usage 180.51 tonnes CO ₂ e communal areas <i>See below for transmission and distribution losses</i>	209.20 tonnes CO₂e 11.00 tonnes CO ₂ e office usage 198.20 tonnes CO ₂ e communal areas <i>See below for transmission and distribution losses</i>
Total gross CO ₂ e based on above - [mandatory]	832.44 tonnes CO₂e <i>Excludes scope 3 emissions</i>	915.21 tonnes CO₂e <i>Excludes scope 3 emissions</i>
Intensity ratio: tCO ₂ e gross figure based from mandatory fields above/ e.g. £100,000 revenue [mandatory]	124.39 kgCO ₂ per home managed (exc. office emissions) Office intensity: 12.25 kgCO ₂ per m ² (includes T&D losses)	138.95 kgCO ₂ per home managed (exc. office emissions) Office intensity: 13.39 kgCO ₂ per m ² (includes T&D losses)
Methodology [mandatory]	SHIFT methodology SECR Reporting SHIFT Environment Using DEFRA (2022) Conversion Factors in line with Environmental Reporting Guidelines (2019) as the majority of the financial year falls into the calendar year 2022. Comparison data from the previous year's SECR is using DEFRA 2021 Conversion Factors.	

¹ Energy use from buildings is based on previous data (21/22 financial year) due to difficulty obtaining updated figures after changing energy brokers. The 2022 Defra conversion factors have been applied. * Energy consumption is based on previous data (21/22 financial year) due to difficulty obtaining updated figures after changing energy brokers

Selwood Housing Society Ltd

Group strategic report including the report of the board for the year ended 31 March 2023 *continued*

Energy efficiency action statement *continued*

Emissions from purchase of electricity, heat, steam and cooling purchased for own use (Scope 2, market-based) / tCO ₂ e [optional]	Only reporting on location based	Only reporting on location based
Emissions from generation of electricity that is consumed in a transmission and distribution system for which the company does not own or control (Scope 3) / tCO ₂ e [optional]	17.43 tonnes CO₂e <i>Transmission and distribution (T&D) losses associated with UK electricity</i>	18.51 tonnes CO₂e <i>Transmission and distribution (T&D) losses associated with UK electricity</i>
Emissions from employee business travel for which the company does not own or control (Scope 3) / tCO ₂ e [optional]	32.09 tonnes CO₂e 32.03 tonnes CO ₂ e employee vehicles 0.06 tonnes CO ₂ e public transport	23.61 tonnes CO₂e 23.51 tonnes CO ₂ e employee vehicles 0.09 tonnes CO ₂ e public transport
Emissions from leased assets, franchises, and outsourced activities (Scope 3) / tCO ₂ e [optional]	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 16,733.13 tonnes in total, or 2.61 tonnes per home managed.	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 17,038.13 tonnes in total, or 2.65 tonnes per home managed.
Total gross Scope 3 emissions / tCO ₂ e [optional]	16,782.65 tonnes CO₂e	17,080.25 tonnes CO₂e
Total gross Scope 1, Scope 2 [location / market] & Scope 3 emissions / tCO ₂ e [optional]	17,615.09 tonnes CO₂e	17,995.46 tonnes CO₂e
Additional intensity ratio: tCO ₂ e net figure / e.g. £100,000 revenue [optional]	2.70 tonnes per home managed for total Scope 1, 2 and 3 emissions recorded.	2.80 tonnes per home managed for total Scope 1, 2 and 3 emissions recorded.
Third Party verification [optional]	SHIFT Environment	

Selwood Housing Society Ltd

Group strategic report including the report of the board for the year ended 31 March 2023 *continued*

Energy efficiency action statement *continued*

During the period 1st April 2022 to 31st March 2023, we installed:

- windows in 194 properties
- 83 gas boiler upgrades
- 68 electric heating systems
- 24 gas boilers in properties with electric heating or solid fuel boilers
- completed upgrades on 59 off gas bungalows

We are also preparing a project to:

- Upgrade a further 77 off gas bungalows using fabric first measures and PV

During 2021 Selwood issued a new asset management strategy. A key priority is to achieve SAP band C in all our properties by 2030. During 2022/23 we have successfully completed two energy efficiency pilots improving 90 homes using a

mixture of fabric first, heating upgrade and PV technology. We are gathering learning on these projects from customers and those involved to form our Social Housing Decarbonisation Fund Wave 2 project which will continue to increase the energy efficiency of our bungalows that are off gas as well as upgrade out EPC E and F properties to EPC C.

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 over 76.6% of customers rating rent as value for money in our 22/23 survey.

Group strategic report including the report of the board for the year ended 31 March 2023 *continued*

Resident Voice

In May and June 2022, we delivered a new, innovative customer training programme called We Are All Selwood Housing. We wanted to increase customer understanding of social housing and how Selwood operates. We also wanted to encourage customers to apply to be either Board or Scrutiny members and give them the knowledge required to perform their best in the application stage. Eleven customers completed the whole four-day programme, with three of them going on to successfully apply to the Scrutiny Team.

Through the year customers were involved in shaping our services and influencing our thinking through 274 interactions across 12 projects that included an assessment of our Pets & Animals policy, the value for money strategy review and redevelopment of our Damp & Mould leaflet. We also held focus groups with customers to assess the usability of the lettings side of our forthcoming customer portal, which will be delivered through the Horizon project.

We supported the Neighbourhood team's pilot of Priority Neighbourhoods in Trowbridge and Melksham, assisting with customer consultation and community events. We worked with the development team to engage the local primary school on Studley Green estate and involve pupils in naming our new development on the old John Bull pub site.

Working with the customer complaints specialist and head of housing we established a new customer complaints forum. This group will support the process of complaint

resolution by ensuring best practice and developing effective approaches to resolving, learning, and improving complaint management. It will give customers more power in holding us to account for the decisions, performance, and conduct.

The scrutiny team delivered a customer-led review into communications. The communications team have since submitted a document to our portfolio board which will start a project to take forward actions which came out of that scrutiny review. Selwood and the scrutiny team have contracted leading tenant engagement experts TPAS to work with us over 2023-2024 on a new more efficient model of scrutiny. The team also continue to monitor our Together with Tenants plan.

We invested over £42,000 of our Stronger Communities Funding across 21 local projects. This enabled the groups we supported to attract another £433,515 of match-funding into our communities and neighbourhoods. Projects included Bradford on Avon Skate Park, Trowbridge Lantern Festival and Alzheimer's Support. We also gave repeat core-funding to Group 5. This is a local charity who provide free furniture and household items to families and individuals in need, we know that our customers are their main users, so we continue to support them. We are into the second year of a three-year funding commitment to local charity, Trowbridge

Selwood Housing Society Ltd

Group strategic report including the report of the board for the year ended 31 March 2023 *continued*

Futures, to fund a Neighbourhood Connector who is working across our three main housing estates in Trowbridge.

Resident Support

Selwood Housing's charitable donations were £18k (2022: £21k) during the year to 31 March 2023. In addition to this 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 £7k (2022: £8.9k, including 4 garages).

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 2020). The code was reviewed and adopted by the board in December 2021. 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.

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 supports the employment of a diverse workforce, both in recruitment and in the retention of employees.

Board and executive composition

At 31 March 2023 Selwood Housing's board was made up of 5 females and four male directors. The senior management team was made up of four male and two female members.

Group strategic report including the report of the board for the year ended 31 March 2023 *continued*

Committees of the group board

During the year the following committees were in operation:

- The group audit and finance committee have oversight of external and internal audit, the financing and treasury position of Selwood Housing, monitoring of stage 3 complaints, changes to specific policies and reviews the fraud register at each meeting. At 31 March 2023 the members of the group audit and finance committee were Chris Butters, David Knight, Stella Shepherd, Richard Yates and Philip Whitehead.
- The group asset and development committee consider and makes recommendations to the board in respect of matters relating to repairs, planned and cyclical works, development, compliance, and any other property related matter that needs board consideration. At 31 March 2023 the
- members of the group asset and development committee were Sheila Lewis, Valerie Lee, Koo Chai Young Li Mow Ching, and Hannah Jones.

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. Their role in practice may be summarised as:

- Providing leadership
- Setting policy and strategic aims
- Monitoring performance
- Management of risk
- Uphold Selwood Housing Group's values

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.

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

Selwood Housing Society Ltd

Group strategic report including the report of the board for the year ended 31 March 2023 *continued*

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 2023, 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.

The IT director left the organisation on 31 March 2023 and all directorship responsibilities for IT transferred to the group finance 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 based on 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 2023 *continued*

The board decides the pay and benefits of the executive directors and 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.

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 2022 and the board concluded that Selwood Housing complies with the standard.

Group strategic report including the report of the board for the year ended 31 March 2023 *continued*

Value for Money

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

Value for money forms one of the key pillars of our principles and values as outlined in our corporate strategy:



Our VfM strategy was reviewed in 2022 and agreed with the board in October 2022. It was presented to a group of customers and received some very positive feedback. Details of the review can be found here:

[What is 'value for money'? - Selwood Housing](#)

The aims of our value for money strategy are:

- To achieve the appropriate balance of performance, satisfaction, and cost in the delivery of our strategy differentiating between service areas
- To measure the value for money that Selwood Housing delivers at a headline level using the Regulator of Social Housing value for money key performance indicators
- To measure where we are against appropriate comparators for other areas in our strategy, and
- To set annual targets to achieve our desired position

Group strategic report including the report of the board for the year ended 31 March 2023 *continued*

Value for Money *continued*

Value for money for Selwood Housing includes considering:

- Making best use of our assets

Value for Money

- Changing how we work so we need fewer resources to deliver the same service, freeing up resources for other priorities.
- Adopting the best way for delivering our services, which could be delivered internally or through external partners or suppliers.
- Making better use of the data we hold and using this to make our services better value.
- Contributing positively to the country's finances by reducing the call on welfare benefits through charging below market rents
- The social impact of our homes and services
- Improving the energy efficiency of our homes and thereby reducing energy costs for our customers

Value for Money Standard (VfM)

The Regulator of Social Housing (RSH) issued a new VfM Standard in April 2018 which includes a requirement for registered providers to publish their performance against a series of common metrics with which to measure economy, efficiency and effectiveness as set by the Regulator. The table below compares our performance over the last three years with our peer group, Place shapers (PS), the RSH global accounts performance and our targets for next year.

Selwood Housing Society Ltd

Group strategic report including the report of the board for the year ended 31 March 2023 *continued*

Value for Money *continued*

Performance Metric	2020/21 Actual	2021/22 Actual	2022/23 Target	2022/23 Actual	2023/24 Target	2021/22 PS Median *	2021/22 Sector Median **
Business health % efficiency							
Operating margin - Overall	24.4%	17.1%	11.4%	18.1%	17.5%	24.3%	20.5%
Operating margin - Social housing lettings	23.1%	18.8%	12.8%	18.9%	16.4%	27.2%	23.3%
Interest cover % (EBITDA-MRI)	426.0%	311.3%	122.0%	260.4%	102.7%	185.0%	145.7%
Headline social housing cost per unit £ CPU	£3,732	£4,343	£5,240	£4,332	£5,548	£3,587	£4,150
Return on capital employed %	2.4%	1.9%	1.4%	2.1%	2.5%	3.3%	3.2%
Development & investment							
New supply delivered % - Social housing units	1.8%	2.3%	2.3%	2.2%	2.1%	1.3%	1.4%
Gearing %	31.2%	31.7%	35.9%	33.6%	36.7%	44.9%	44.1%
Reinvestment %	5.3%	5.4%	7.3%	7.2%	7.0%	5.9%	6.5%

* Place shapers – results from a national network of community based social housing providers

** Sector median is the latest published sector results (2021/22) as reported by the Regulator of Social Housing

The past two years have been a challenging time for all organisations across every sector. The global pandemic forced us to change our working practices and be flexible and adaptable in our approach. The subsequent supply chain shortages and the economic crisis that has resulted from the war in Ukraine continues to challenge our value for money aims and have been a main focus. The impacts of inflation are also only just starting to materialise and begin to influence our KPIs.

Given this backdrop, it is perhaps surprising that Selwood's **headline social housing cost per unit (CPU)** has outperformed our 21/22 result and our target for 22/23. However, this has been largely due to delays in our planned maintenance and major repairs programmes following resource shortages and contractor failures that resulted in re-tendering of the activities. Our target for 23/24 reflect an improved resource availability and more realistic mobilisation periods for newly acquired contractors for major works like window replacements and roofing. Selwood board are confident that the new contracts are robust as they have been managed by a larger and more experienced procurement function.

Group strategic report including the report of the board for the year ended 31 March 2023 *continued*

Value for Money *continued*

EBITDA-MRI interest cover (*) was well ahead of our 22/23 target, due to the reasons above but is expected to fall in 23/24. Selwood board recognised the impact rising interest rates would have on the cost of debt and instructed management to renegotiate our interest cover covenants with lenders. By December 2022, all agreements had been amended to remove MRI from the covenant calculation, moving to an EBITDA only requirement. This means that Selwood now have significant headroom on all of the covenants (e.g. over 2x cover in 22/23), however the board agreed that Selwood would still maintain a minimum cover of 100% for EBITDA-MRI to provide further financial security to the plan.

Gearing was better than target and well below Selwood's golden rule target of 50% and the existing loan covenant of 60%. Gearing measures, the relationship between debt and tangible fixed housing assets and will increase over the next few years as we borrow more money to fund our development programme and meet our environmental targets.

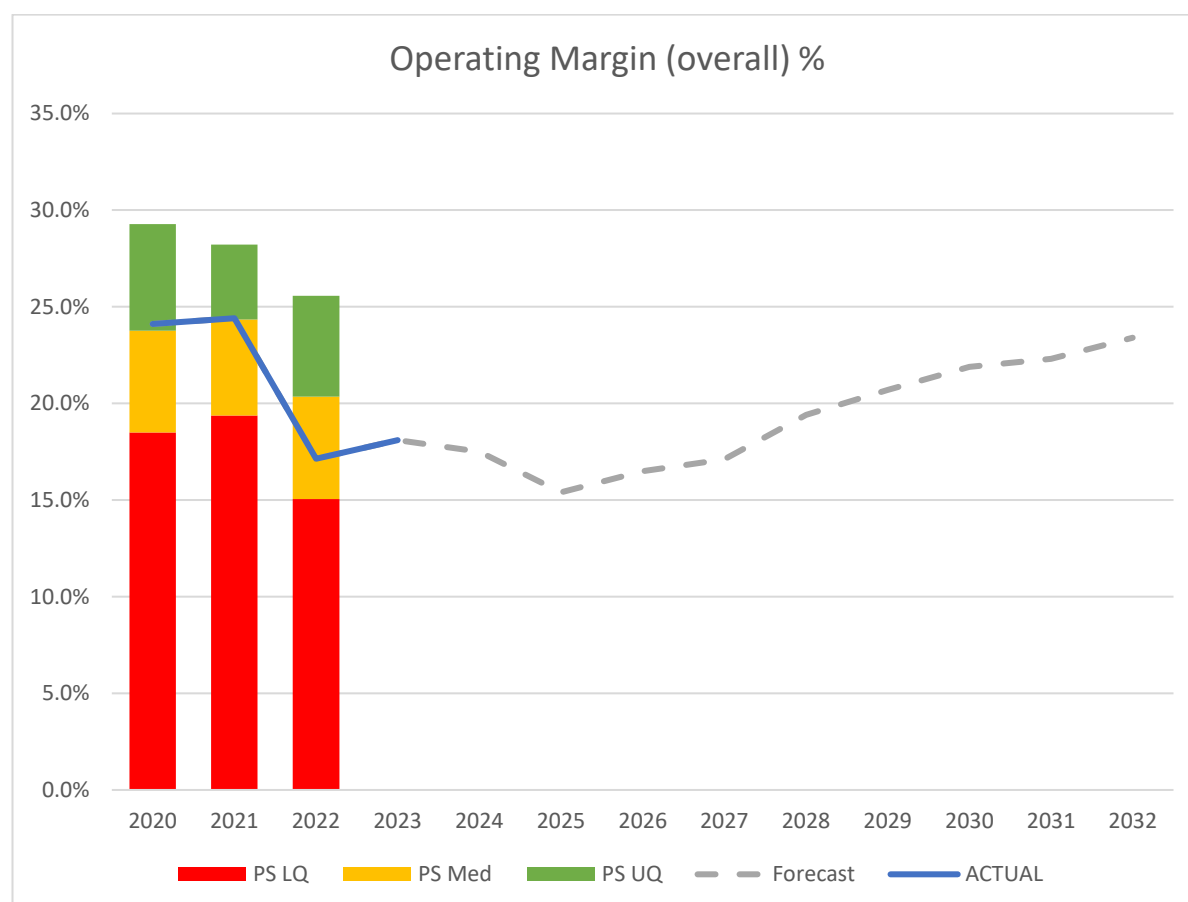
The improved **return on capital employed (ROCE)** was better than target due to an increase in gains from disposals of fixed assets. The board agreed to a targeted disposal strategy for properties that would not meet EPC C levels by 2030 without a significant investment beyond the properties 30-year return. This will result in the disposal of a handful of properties over the coming years which will continue to boost the Selwood ROCE performance.

* EBITDA-MRI – Earnings Before Interest, Tax, Depreciation, Amortisation – Major Repairs Included

Selwood Housing Society Ltd

Group strategic report including the report of the board for the year ended 31 March 2023 *continued*

Value for Money *continued*



The improved **operating margin** is partly due to the delays in planned programmes as detailed above but also from efficiency gains in our responsive repair teams, improved by circa 11% year on year, and a reduction in maintenance costs on our sheltered housing properties, following previous years' work.

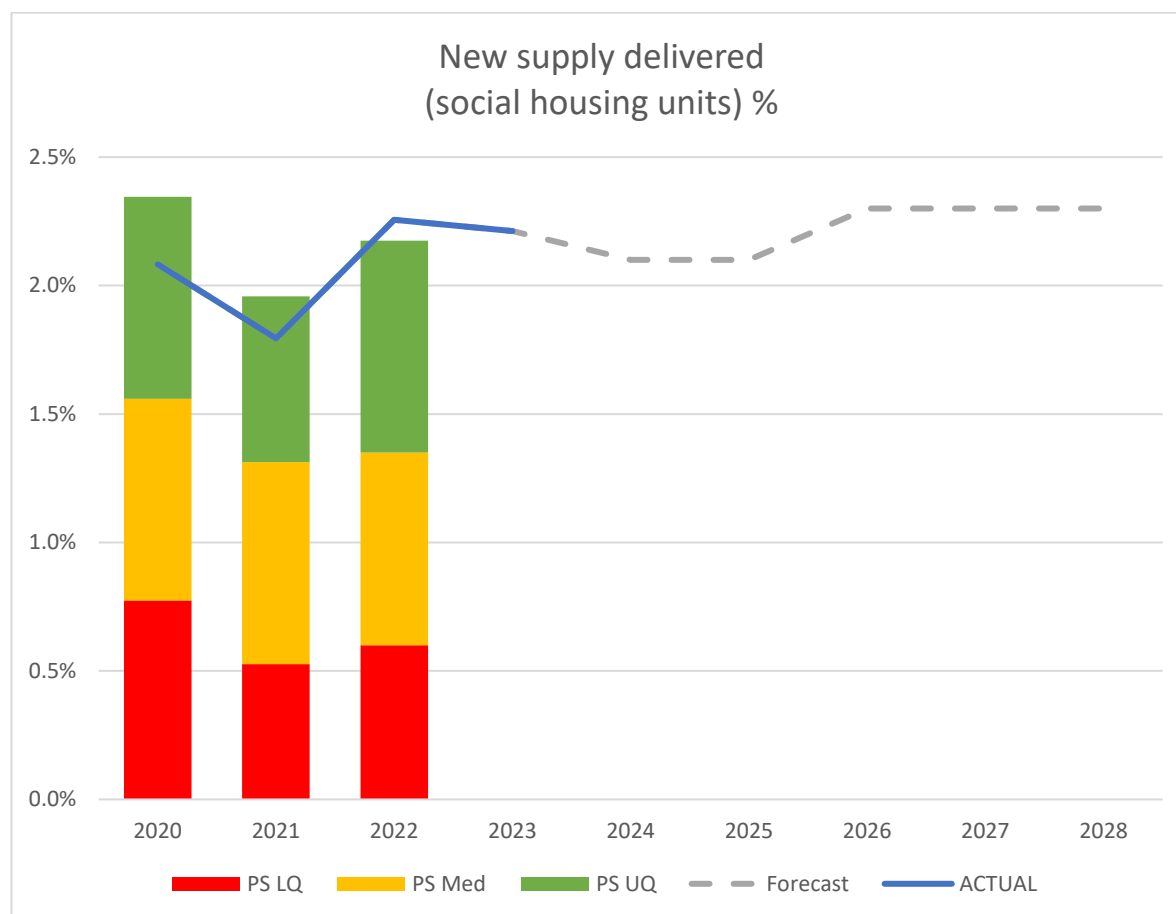
The work on Selwood's major transformation project, Horizon, has also continued. This will allow us to develop and expand our system capabilities, improve our processes, and explore further efficiencies. This project continues to require additional staff and investment in new systems which impacts our operating margin.

It is anticipated that investment in Horizon, additional costs in maintenance for activities relating to damp and mould along with more surveying and further impact of inflation on supply and staffing, will continue to reduce our operating margin for the next 3 years before the benefits of Horizon programme start to reverse the trend.

Selwood Housing Society Ltd

Group strategic report including the report of the board for the year ended 31 March 2023 *continued*

Value for Money (*continued*)



The economic conditions led to management agreeing to slow down the development programme, reducing the **new supply delivery** from 200 to 150 units for the next two years. This is the main reason for the slight fall in the development and investment results compared to the target for the year and prior years. This trend will continue in 23/24 and is reflected in those targets. Selwood are still committed to development and our recent corporate strategy lays out a plan to build 1,700 homes over the next 10 years. This, combined with our commitment to invest in our existing properties is shown in our **re-investment percentage** remaining above the median benchmark. Shared ownership demand still remains strong, and the Board have agreed to maintain our average of 30% shared ownership for all newly developed properties. We will continue to monitor this in our performance triggers to mitigate any risk of unsold properties.

Group strategic report including the report of the board for the year ended 31 March 2023 *continued*

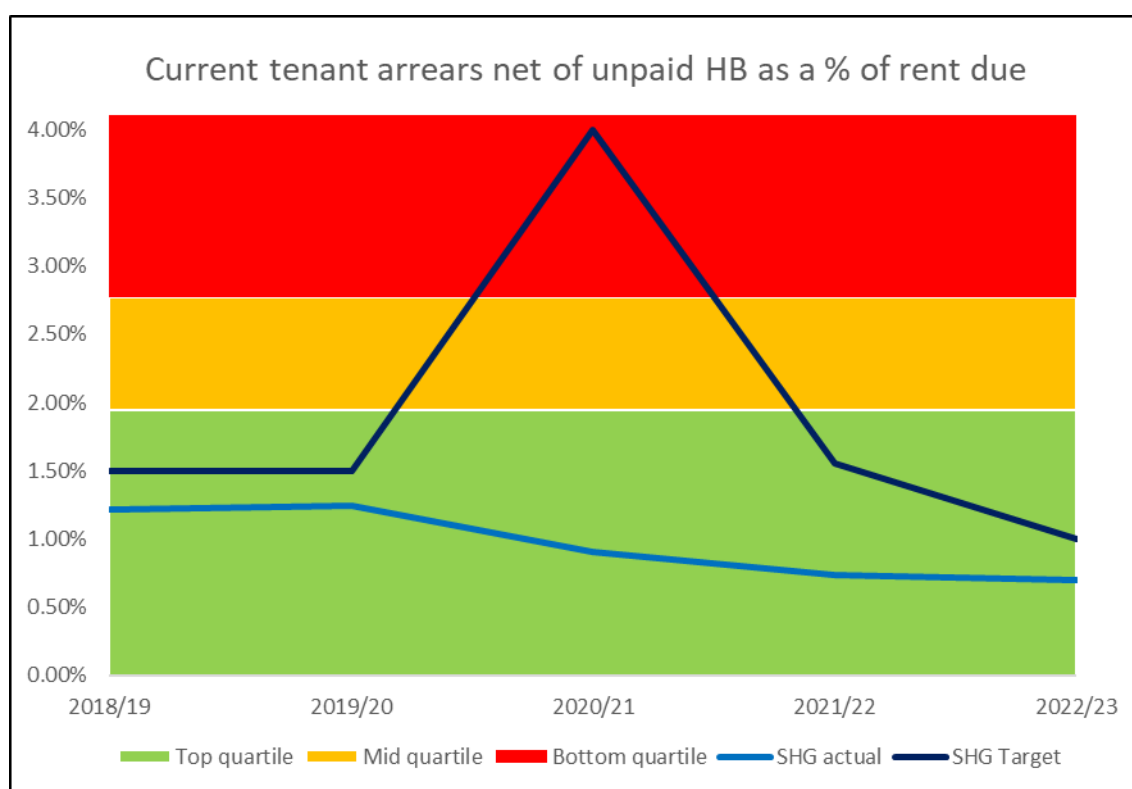
Value for Money (*continued*)

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 financial KPIs but also helps us to fulfil 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

It has been another good year for our lettings team, both in terms of performance and of adapting service delivery to embed lessons learned from the pandemic and a changing environment. During the year the team let 399 homes and the neighbourhoods team facilitated 88 mutual exchanges. At the end of March 2023, the void loss attributable to rented dwellings (including shared ownership) was 0.63% (March 2022 0.9%).

The graph below compares the actual performance and target for Selwood Housing with the quartiles calculated by HouseMark for our benchmarking group during 2021/22:



Group strategic report including the report of the board for the year ended 31 March 2023 *continued*

Value for Money *(continued)*

Despite the increased cost of living the collection of rent and service charges remains strong. This is in part due to our robust pre-tenancy assessment of affordability, the firm, consistent and timely intervention of the income team, and timely referrals to our tenancy sustainment coordinators and financial inclusion partners.

The decision to contact customers in advance of the unprecedented annual rent increase has been positive; with only a small amount dissatisfaction being recorded and early indications are that rent debt has not increased.

The strong collection ethos has shone through again this year with only 4 evictions taking place. The principles of timely support and decisive intervention have resulted in another top-quartile performance from the income team of 0.7% current customer arrears.

2023 has seen the organisation re-join the Housemark benchmarking group. Peer group comparison has validated our income collection performance. Our 2023 year end figure compares favourably against the sector (reported at 2.7%) and a comparable cohort of providers (at 2.6%). Selwood Housing is amongst the best performers in the sector

Supporting actions to deliver the 23/24 targets

To support the delivery of the targets set out for the value for money metrics shown above, we will:

- As a result of the rising interest rates, ensure that the cost of carry of debt is as low as possible, balancing borrowing with the requirements of the organisation.
- Utilise peer group data from organisations like Housemark to ensure that we are benchmarking against similar organisations providing similar services.

Group strategic report including the report of the board for the year ended 31 March 2023 *continued*

Value for Money (*continued*)

- Continue to closely monitor for slowdown in the housing market that could affect shared ownership schemes and the overall operating margin of the Association.
- As inflation effects take hold, consider how Selwood can further maintain the surplus to mitigate the impact whilst still providing good services to our customers
- Look at ways to improve our return on capital employed (ROCE) as our cost of borrowing rises.
- Analyse headcount and staffing costs by service and benchmark to identify under/over provision.

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 strategy and long-term strategic plan
- the approval of the current year budget including rent and service charge changes,
- the approval of the overall 30-year financial plan and stress test scenarios
- the approval of the development strategy and individual site purchases,
- the approval of the Asset management strategy
- the approval of the company pay and benefits for staff and CEO
- the adoption of 2020 NHF Code of Governance

Group strategic report including the report of the board for the year ended 31 March 2023 *continued*

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.

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 at the group audit and finance committee, group asset and development committee and management on the management of risk and control arrangements. The board review the strategic risk register at each of its meetings and receive the full risk register annually for review. The group audit and finance committee set the plans for internal audits based on the risk register to ensure that appropriate work is being undertaken to mitigate risks with corrective actions, where necessary.

The process for identifying, evaluating, and managing the strategic risks faced by Selwood Housing is ongoing, and has been in place prior to and throughout the period commencing 1 April 2022 up to the date of approval of the annual report and financial statements. Selwood Housing introduced a new system for monitoring risk management which is more intuitive, interactive and puts emphasis on ensuring that good controls are in place and actions are progressed to deliver improvement in risk scores.

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 and procurement regulations
- A set of delegated powers detailing the responsibilities of the committees, the group chief executive and the executive team

Group strategic report including the report of the board for the year ended 31 March 2023 *continued*

Internal controls assurance *continued*

- 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
- Review of the Regulator of Social Housing (RSH) sector risk profile
- 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 finance committee meeting

The board cannot delegate ultimate responsibility for the system of internal control, but it can, and has, delegated authority to the group audit and finance 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 finance 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 finance 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.

Group strategic report including the report of the board for the year ended 31 March 2023 *continued*

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 situation 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
- 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 2022. 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.

Selwood Housing Society Ltd

Group strategic report including the report of the board for the year ended 31 March 2023 *continued*

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 4th October 2023 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.

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 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 5 July 2023 and signed on its behalf by:



Sheila Lewis
Chair
5 July 2023

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 2023 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 2023 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.

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 during 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 during 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 25, 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 based on 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: 20 July 2023

Selwood Housing Society Ltd

Consolidated and company statement of comprehensive income for the year ended 31 March 2023

		Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
	Note				
Turnover	4	45,967	44,284	45,951	44,630
Cost of sales	4	(3,455)	(4,458)	(3,455)	(4,457)
Operating costs	4	(34,147)	(32,237)	(34,155)	(32,420)
Gain on disposal of fixed assets	11	1,652	1,208	1,652	1,208
Operating surplus		10,017	8,797	9,993	8,961
Other interest receivable and similar income		53	6	49	5
Interest and financing costs	12	(3,835)	(2,594)	(3,835)	(2,594)
Other finance costs	26	(126)	(175)	(126)	(175)
Movement in fair value of investment properties	16	1	23	1	23
Surplus before taxation		6,110	6,057	6,082	6,220
Taxation on surplus	13	2	(13)	0	0
Surplus for the financial year		6,112	6,044	6,082	6,220
Actuarial gains on defined benefit pension scheme	26	4,736	4,179	4,736	4,179
Total comprehensive income for year		10,848	10,223	10,818	10,399

The notes on pages 44 to 85 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 2023

		Group	Group	Company	Company
		2023	2022	2023	2022
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Tangible fixed assets - housing properties	14	471,855	448,308	471,907	448,308
Tangible fixed assets - other	15	3,575	3,760	3,247	3,404
Investment properties	16	352	351	352	351
Investments in companies	17	125	25	2,225	2,125
		475,907	452,444	477,731	454,188
Current assets					
Stocks	19	4,840	4,052	4,840	3,557
Debtors - receivable within 1 year	20	3,177	3,172	3,161	3,165
Cash and cash equivalents	20a	8,720	8,864	6,688	7,422
		16,737	16,088	14,689	14,144
Creditors: amounts falling due within 1 year	21	(17,638)	(14,565)	(17,602)	(14,524)
Net current assets / (liabilities)		(902)	1,523	(2,914)	(380)
Total assets less current liabilities		475,006	453,967	474,818	453,808
Creditors: amounts falling due after more than 1 year	22	(194,944)	(180,012)	(194,944)	(180,012)
Net assets excluding pension liability		280,062	273,955	279,874	273,796
Provision for deferred tax	30	(7)	(9)	0	0
Pension liability	26	0	(4,741)	0	(4,741)
Net assets		280,055	269,205	279,874	269,055
Capital and reserves					
Income and expenditure reserve		148,691	136,347	148,510	136,197
Revaluation reserve		131,364	132,858	131,364	132,858
		280,055	269,205	279,874	269,055

The notes on pages 44 to 88 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 5 July 2023



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 2023

Group	I&E Reserve £'000	Revaluation Reserve £'000	Total £'000
Opening funds April 2021	124,836	134,147	258,983
Total comprehensive income for the year	6,044	0	6,044
Actuarial gains on defined benefit pension scheme	4,179	0	4,179
Total comprehensive income	10,222	0	10,222
Transfer from revaluation reserve to income and expenditure	1,289	(1,289)	0
Opening funds March 2022	136,347	132,858	269,205
Total comprehensive income for the year	6,112	0	6,112
Actuarial gains on defined benefit pension scheme	4,736	0	4,736
Total comprehensive income	10,848	0	10,848
Transfer from revaluation reserve to income and expenditure	1,494	(1,494)	0
Closing total funds March 2023	148,689	131,364	280,053

The notes on pages 44 to 85 form part of these financial statements.

Selwood Housing Society Ltd

Company statement of changes in reserves for the year ended 31 March 2023

Company	I&E Reserve £'000	Revaluation Reserve £'000	Total £'000
Opening funds April 2021	124,509	134,147	258,656
Total comprehensive income for the year	6,220	0	6,220
Actuarial gains on defined benefit pension scheme	4,179	0	4,179
Total comprehensive income	10,399	0	10,399
Transfer from revaluation reserve to income and expenditure	1,289	(1,289)	0
Opening funds April 2022	136,197	132,858	269,055
Total comprehensive income for the year	6,082	0	6,082
Actuarial gains on defined benefit pension scheme	4,736	0	4,736
Total comprehensive income	10,818	0	10,818
Transfer from revaluation reserve to income and expenditure	1,494	(1,494)	0
Closing total funds March 2023	148,509	131,364	279,873

The notes on pages 44 to 85 form part of these financial statements.

Selwood Housing Society Ltd

Consolidated statement of cash flows for the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Cash flows from operating activities			
Surplus for the financial year		6,110	6,057
Adjustments for:			
Depreciation of fixed assets - housing properties	14	8,063	7,741
Depreciation of fixed assets - other	15	866	409
Amortised grant	23	(385)	(395)
Interest payable and finance costs		3,961	2,769
Interest received		(53)	(6)
Difference between net pension expenses and cash contribution		(131)	(45)
Proceeds from sale of fixed assets- housing properties	11	(3,043)	(2,275)
Decrease /(Increase) in trade and other debtors		(5)	305
Decrease /(Increase) in stocks		(788)	370
Increase in trade and other creditors		959	1,428
Carrying amount of disposals		1,463	1,014
Movement in fair value of investment properties		(1)	(23)
Cash from operations		17,016	17,350
Taxation paid		0	0
Net cash generated from operating activities		17,016	17,350
Cash flows from investing activities			
Proceeds from sale of fixed assets - housing properties	11	3,043	2,275
Purchase of fixed assets - housing properties	14	(33,063)	(23,977)
Purchase of fixed assets - other	15	(691)	(167)
Purchase of investments		(100)	0
Receipt of grant	23	1,446	103
Interest received		53	6
Net cash from investing activities		(29,311)	(21,760)
Cashflows from financing activities			
Interest paid	12	(3,835)	(2,594)
Taxation Paid		0	0
New loans		20,000	6,000
Debt issue costs incurred		377	0
Repayment of loans	25	(4,390)	0
Net cash used in financing activities		12,152	3,406
Net (decrease) / increase in cash and cash equivalents		(144)	(1,004)
Cash and cash equivalents at beginning of year		8,864	9,868

The notes on pages 44 to 85 form part of these financial statements.

Selwood Housing Society Ltd

Notes to the financial statements For the year ended 31 March 2023

Index of notes

General notes

1. Legal status
2. Accounting policies
3. Judgements in applying accounting policies and key sources of estimation uncertainty

Statement of comprehensive income related notes

4. Particulars of turnover, cost of sales, operating costs, and operating surplus
5. Income and expenditure from social housing lettings
6. Units of housing stock
7. Operating surplus
8. Employees
9. Directors' and senior executive remuneration
10. Board members
11. Surplus on disposal of fixed assets
12. Interest payable and similar charges
13. Taxation on profit from operating activities

Statement of financial position related notes

14. Tangible fixed assets – housing properties
15. Other tangible fixed assets
16. Investment properties
17. Fixed asset investments
18. Subsidiary undertakings / other investments
19. Properties for sale and other stock
20. Debtors
- 20a. Cash and Cash Equivalents
21. Creditors: amounts falling due within 1 year
22. Creditors: amounts falling due after more than 1 year
23. Deferred capital grant
24. Recycled capital grant
25. Loans and borrowings
26. Pension obligations
27. Operating leases
28. Capital commitments
29. Related party transactions
30. Provision for liabilities
31. Net debt reconciliation

Selwood Housing Society Ltd

Notes to the financial statements For the year ended 31 March 2023

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 2022.

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 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 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.

Notes to the financial statements For the year ended 31 March 2023

2 Accounting policies (*continued*)

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 Society Ltd is registered for VAT. All amounts disclosed in the financial statements are adjusted to reflect Selwood Housing Society Ltd'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 Ltd

Notes to the financial statements For the year ended 31 March 2023

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 Society Ltd 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 Society Ltd'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 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.

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2023

2 Accounting policies *(continued)*

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 2023

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	15 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 2023

2 Accounting policies *(continued)*

Impairment

Housing properties, which are depreciated over a period more than 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 2023

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 2023

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 2023

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 2023

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 2023

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 several factors. In re-assessing asset lives, factors such as the Group's experience over several 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 2023

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: £86-£139 with a weighted average of £113
- Capitalisation rate: 9.75% - 10% with a weighted average of 9.90%

- 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 2023

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

	Turnover 2023 £'000	Cost of sales 2023 £'000	Operating costs 2023 £'000	Surplus on disposal 2023 £'000	Operating surplus /(deficit) 2023 £'000
Social housing lettings (note 5)	40,417	0	32,736	0	7,681
Other social housing activities					
First tranche low cost home ownership sales	5,114	3,455	183	0	1,476
Gain on disposal of fixed assets	0	0	0	1,652	1,652
Charges for support services	25	0	4	0	21
Development costs not capitalised	0	0	734	0	(734)
	5,139	3,455	921	1,652	2,415
Activities other than social housing activities					
Lettings	10	0	4	0	6
Other	401	0	487	0	(86)
	411	0	491	0	(80)
	45,967	3,455	34,148	1,652	10,016

	Turnover 2022 £'000	Cost of sales 2022 £'000	Operating costs 2022 £'000	Surplus on disposal 2022 £'000	Operating surplus /(deficit) 2022 £'000
Social housing lettings (note 5)	38,078	0	30,933	0	7,145
Other social housing activities					
First tranche low cost home ownership sales	5,801	4,458	164	0	1,179
Gain on disposal of fixed assets	0	0	0	1,208	1,208
Charges for support services	17	0	4	0	13
Development costs not capitalised	0	0	661	0	(661)
	5,818	4,458	829	1,208	1,739
Activities other than social housing activities					
Lettings	13	0	3	0	10
Other	375	0	473	0	(99)
	388	0	476	0	(89)
	44,284	4,458	32,238	1,208	8,796

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2023

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

	Turnover 2023 £'000	Cost of sales 2023 £'000	Operating costs 2023 £'000	Surplus on disposal 2023 £'000	Operating surplus /(deficit) 2023 £'000
Social housing lettings (note 5)	40,417	0	32,735	0	7,682
Other social housing activities					
First tranche low cost home ownership sales	5,114	3,455	182	0	1,477
Gain on disposal of fixed assets	0	0	0	1,652	1,652
Charges for support services	25	0	4	0	21
Development costs not capitalised	0	0	734	0	(734)
	5,139	3,455	920	1,652	2,416
Activities other than social housing activities					
Lettings	10	0	4	0	6
Other	385	0	496	0	(111)
	395		500	0	(105)
	45,951	3,455	34,155	1,652	9,993

	Turnover 2022 £'000	Cost of sales 2022 £'000	Operating costs 2022 £'000	Surplus on disposal 2022 £'000	Operating surplus /(deficit) 2022 £'000
Social housing lettings (note 5)	38,078	0	30,987	0	7,091
Other social housing activities					
First tranche low cost home ownership sales	5,801	4,457	163	0	1,181
Gain on disposal of fixed assets	0	0	0	1,208	1,208
Charges for support services	17	0	4	0	13
Development costs not capitalised	0	0	661	0	(661)
	5,818	4,457	828	1,208	1,741
Activities other than social housing activities					
Lettings	13	0	3	0	10
Other	721	0	602	0	119
	734		605	0	129
	44,630	4,457	32,420	1,208	8,961

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2023

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 2023 £'000	Total 2022 £'000
Income							
Rents net of identifiable service charges	28,564	7,956	1,261	254	655	38,691	36,345
Service charge income	504	787	49	0	0	1,341	1,317
Amortised government grants	385	0	0	0	0	385	385
Other grants	0	0	0	0	0	0	31
Turnover from social housing lettings	29,453	8,744	1,310	254	655	40,417	38,078
Expenditure							
Management	4,408	1,666	265	92	90	6,521	6,166
Service charge costs	1,309	904	0	19	9	2,241	2,333
Routine maintenance	4,686	1,471	0	242	49	6,448	5,274
Planned maintenance	4,209	1,289	0	12	26	5,536	4,912
Major repairs expenditure	2,807	884	0	9	21	3,721	4,506
Bad debts	76	22	0	0	0	98	(70)
Depreciation of housing properties:							
-annual charge	6,228	1,840	0	0	0	8,068	7,741
-accelerated on disposal of components	77	23	0	0	0	100	71
Operating expenditure on social housing lettings	23,800	8,099	268	374	195	32,736	30,933
Operating surplus / (deficit) on social housing lettings	5,653	645	1,043	(120)	460	7,681	7,145
Void Losses	111	98	57	0	45	312	339

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2023

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 2023 £'000	Total 2022 £'000
Income							
Rents net of identifiable service charges	28,565	7,956	1,261	254	655	38,691	36,345
Service charge income	504	787	49	0	0	1,341	1,317
Amortised government grants	385	0	0	0	0	385	385
Other grants	0	0	0	0	0	0	31
Turnover from social housing lettings	29,454	8,744	1,310	254	655	40,417	38,078
Expenditure							
Management	4,408	1,666	265	92	90	6,521	6,166
Service charge costs	1,309	904	0	19	9	2,241	2,332
Routine maintenance	4,685	1,472	0	242	49	6,448	5,329
Planned maintenance	4,209	1,289	0	12	26	5,536	4,912
Major repairs expenditure	2,807	884	0	9	21	3,721	4,506
Bad debts	76	22	0	0	0	98	(70)
Depreciation of housing properties:	0	0	0	0	0	0	0
-annual charge	6,228	1,840	0	0	0	8,068	7,741
-accelerated on disposal of components	77	23	0	0	0	100	71
Operating expenditure on social housing lettings	23,799	8,100	265	374	195	32,733	30,987
Operating surplus / (deficit) on social housing lettings	5,655	644	1,045	(120)	460	7,684	7,091
Void Losses	111	98	57	0	45	312	339

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2023

6 Units of housing stock

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

	Group & Company 2023 Number	Group & Company 2022 Number
General needs housing:		
- social	4,192	4,173
- affordable	861	805
Low cost home ownership	367	308
Supported housing	76	72
Housing for older people	701	701
Sheltered units for older people / supported living	714	714
Total social housing units	6,911	6,773
Residential care home bed spaces	46	49
Total owned and managed	6,957	6,822
Leaseholders of sold flats	90	90
Leaseholders units for supported living	4	4
Market rent	2	2
Total owned and managed accommodation	7,053	6,918
Units under construction	250	299

	Group & Company Number
Total owned and managed accommodation as at Apr 22	6,918
Newly built rental accommodation, built by or for Selwood Housing.	155
Sales to the open market	(3)
Right to Buy Disposals	(4)
Right to Acquire Disposals	(5)
Fully Staircased LCHO	(8)
Total owned and managed accommodation as at Mar 23	7,053

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2023

6 Units of housing stock (*continued*)

Selwood Housing owns 76 supported housing units (2022: 72) and tenancy sustainment support was provided for 11 of these units by Selwood Housing in 2023. 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 46 care home units on our behalf.

Selwood Housing also owns 1,158 garages, 1 shop unit used by Selwood Housing as a resource centre and 1 doctors' surgery.

7 Operating surplus

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
This is arrived at after charging / (crediting):				
Depreciation of housing properties:				
-annual charge	8,063	7,741	8,063	7,741
-accelerated depreciation on replaced components	100	71	100	71
Depreciation of other tangible fixed assets	433	409	404	381
Impairment of Office property	433	0	433	0
Auditor's remuneration (excluding VAT):				
-fees payable to the group's auditor for the audit of the group's annual accounts	27	27	19	18

8 Employees

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Staff costs (including Executive Team) consist of:				
Wages and salaries	10,615	10,950	10,615	9,827
Social security costs	1,029	964	1,029	866
Cost of defined benefit scheme (see note 26)	458	580	458	580
Cost of defined contribution scheme	741	707	741	657
	<u>12,843</u>	<u>13,201</u>	<u>12,843</u>	<u>11,930</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:

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2023

8 Employees (*continued*)

	Group 2023	Group 2022	Company 2023	Company 2022
Administration	61	59	61	59
Development	10	10	10	10
Maintenance	92	117	92	87
Housing, Support and care	149	155	149	147
	312	341	312	303

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

	2023 £'000	2022 £'000
Executive directors' emoluments	718	644
Amounts paid to non-executive directors	51	49
Contributions to money purchase pension schemes	10	9
Contributions to defined benefits pension scheme	75	112
	854	814

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

	2023 No.	2022 No.
£60,000 - £69,999	5	5
£70,000 - £79,999	7	3
£80,000 - £89,999	0	0
£90,000 - £99,999	2	2
£100,000 - £109,999	1	3
£110,000 - £119,999	1	0
120,000 - 129,999	0	0
130,000 - 139,999	0	1
140,000 - 149,999	0	0
150,000 - 159,999	0	0
160,000 - 169,999	0	0
170,000 - 179,999	0	0
180,000 - 189,999	0	0
190,000 - 199,999	1	0
	17	14

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2023

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

The CEO left the Wiltshire local government pension scheme as of the 31st March 2022. From 1st April 2022 the CEO salary was adjusted to include the amount that would have been paid into the Wiltshire pension fund as employer contributions on their behalf.

Benefits have accrued to 3 executive officers under the Wiltshire pension fund defined benefit scheme (2022 – 4, including 1 leaver) and 1 director accrued benefits under the group's defined contribution pension scheme during the year (2022 – 1).

The group chief executive's salary is 6.06 times the median salary of all members of staff (2022: 4.68 times).

10 Board members

The Chair of the board receives a salary of £10,500 (2022: £10,500) per annum, the committee chairs each receive £1,750 per annum (2022: £1,750), in addition to their basic board member payment. The standard other group board member payment is £4,250 (2022: £4,250). Emoluments paid to board members in 2023 were 0.1% (2022: 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 Finance committee	Group Board
Sheila Lewis *	12,720	x		x
Richard Britton ** to 06/10/22	3,188		x	x
Chris Butters	5,734		x	x
Stella Shepherd **	4,250		x	x
Steve Oldrieve to 06/10/22	2,192		x	x
Richard Yates	4,250		x	x
David Knight	4,476		x	x
Valerie Lee	6,167	x		x
Neil Hales-Owen to 29/06/22	1,034		x	x
Hannah Jones from 06/10/22	2,086	x		x
Koo Chai Young Li Mow Ching from 06/10/22	2,684	x		x
Philip Whitehead from 06/10/22	2,074		x	x
Total	50,857			

* Chair

** Vice Chair

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2023

11 Surplus on disposal of fixed assets

Group and Company	Right to Buy and Right to Acquire 2023 £'000	Other housing properties 2023 £'000	Staircasing 2023 £'000	Total 2023 £'000	Total 2022 £'000
Disposal proceeds	1,334	493	1,216	3,043	2,275
Costs of disposals	(509)	(137)	(711)	(1,357)	(1,055)
Selling costs	(11)	(5)	(8)	(24)	(12)
Grant recycled	0	0	0	0	0
	814	351	497	1,662	1,208
Surplus on disposal of other tangible fixed assets	0	0	0	(10)	0
	814	351	497	1,652	1,208

12 Interest payable and similar charges

Group and company	2023 £'000	2022 £'000
Bank loans and overdrafts	2,618	1,580
All other loans (excluding loans from group entities)	1,861	1,342
Interest capitalised on construction of housing properties	(644)	(328)
	3,835	2,594

13 Taxation on profit from ordinary activities

	Group 2023 £'000	Group 2022 £'000
Current tax		
UK corporation tax on profits of the year	0	(10)
Effect of changes in rates	0	(2)
Origination and reversal of timing differences	2	(1)
Taxation on profit on ordinary activities	2	(13)

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2023

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 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Profit on ordinary activities before tax	6,110	6,057	6,082	6,220
Tax on profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2022: 19%)	(1,161)	(1,151)	(1,156)	(1,182)
Effects of:				
Charitable income	1,137	1,131	1,156	1,182
Gift Aid Payment to parent	26	9	0	0
Expenses not deductible	0	0	0	0
Tax rate changes	0	(2)	0	0
Current tax charge for year	2	(13)	0	0

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2023

14 Tangible fixed assets – housing properties

All housing properties were freehold at 31 March 2023 (2022: 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 2022	459,761	11,276	26,231	4,309	501,577
Construction Costs	0	20,751	0	7,458	28,209
Replaced components - Additions	5,371	(465)	0	0	4,906
Completed Schemes	17,093	(17,093)	7,819	(7,819)	0
Disposals - RTB, RTA & market sales	(739)	0	0	0	(739)
Disposals - replaced components	(651)	0	0	0	(651)
Disposals - staircasing	0	0	(731)	0	(731)
Transfers	0	0	0	0	0
At 31 March 2023	480,834	14,469	33,318	3,949	532,571
<i>Depreciation</i>					
1st April 2022	(52,603)	0	(667)	0	(53,269)
Charge for the year	(7,825)	0	(239)	0	(8,063)
Eliminated on disposals	98	0	0	0	98
Replaced components - Disposals	551	0	0	0	551
Disposals - staircasing	0	0	20	0	20
At 31 March 2023	(59,778)	0	(885)	0	(60,664)
Net Book Value at 31 March 2023	421,056	14,469	32,433	3,949	471,907
Net Book Value at 31 March 2022	407,158	11,276	25,564	4,309	448,308

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2023

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

Group	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 2022	459,761	11,276	26,231	4,309	501,577
Construction Costs	0	20,716	0	7,441	28,157
Replaced components - Additions	5,371	(465)	0	0	4,906
Completed Schemes	17,093	(17,093)	7,819	(7,819)	0
Disposals - RTB, RTA & market sales	(739)	0	0	0	(739)
Disposals - replaced components	(651)	0	0	0	(651)
Disposals - staircasing	0	0	(731)	0	(731)
Transfers	0	0	0	0	0
At 31 March 2023	480,834	14,434	33,318	3,931	532,519
<i>Depreciation</i>					
1st April 2022	(52,603)	0	(667)	0	(53,269)
Charge for the year	(7,825)	0	(239)	0	(8,063)
Eliminated on disposals	98	0	0	0	98
Replaced components - Disposals	551	0	0	0	551
Disposals - staircasing	0	0	20	0	20
At 31 March 2023	(59,778)	0	(885)	0	(60,664)
Net Book Value at 31 March 2023	421,056	14,434	32,433	3,931	471,855
Net Book Value at 31 March 2022	407,158	11,276	25,564	4,309	448,308

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2023

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

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Interest capitalised in the year	(644)	(328)	(644)	(328)
Rate used for capitalisation	3%	2%	3%	2%
Total social housing grant received or receivable to date	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
as follows				
Capital grant - Housing properties	34,518	33,132	34,518	33,132
Recycled Capital Grant Fund	205	150	205	150
Revenue grant - I&E	385	385	385	385
Revenue grant - reserves	4,642	4,257	4,642	4,257
	39,750	37,924	39,750	37,924

Properties held for security

Selwood Housing Society Ltd had property with an existing use value of £239 million pledged as security at 31 March 2023 (£206 million – 2022).

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2023

15 Other tangible fixed assets – group

Group	Freehold	Fixtures	Plant & & Equipment	Motor	IT	Total
	Office £'000	& Fittings £'000	£'000	Vehicles £'000	£'000	£'000
Cost						
At 1 April 2022	3,556	52	554	13	2,177	6,352
Additions	0	0	0	0	691	691
Disposals	0	0	0	0	(58)	(58)
At 31 March 2023	3,556	52	554	13	2,810	6,985
Accumulated Depreciation						
At 1 April 2022	(801)	(17)	(198)	(13)	(1,563)	(2,592)
Charged in year	(70)	(5)	(28)	0	(329)	(433)
Impairment	(433)	0	0	0	0	(433)
Disposals	0	0	0	0	47	47
At 31 March 2023	(1,303)	(22)	(226)	(13)	(1,845)	(3,410)
Net book value at 31 March 2023	2,253	30	328	0	965	3,575
Net book value at 31 March 2022	2,755	35	356	0	614	3,760

Freehold office includes freehold land at cost of £360,000 (2022: £360,000) which is not depreciated.

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2023

15 Other tangible fixed assets – company

	Freehold	Fixtures	Plant & Equipment	Motor Vehicles	IT	Total
	Office £'000	& Fittings £'000	£'000	£'000	£'000	£'000
Cost						
At 1 April 2022	3,556	52	6	13	2,177	5,804
Transfer	0	0	0	0	0	0
Additions	0	0	0	0	691	691
Disposals	0	0	0	0	(58)	(58)
At 31 March 2023	3,556	52	6	13	2,810	6,437
Accumulated Depreciation						
At 1 April 2022	(801)	(17)	(6)	(13)	(1,563)	(2,400)
Depreciation on Transfer	0	0	0	0	0	0
Charged in year	(70)	(5)	0	0	(329)	(405)
Impairment	(433)	0	0	0	0	(433)
Disposals	0	0	0	0	47	47
At 31 March 2023	(1,303)	(22)	(6)	(13)	(1,845)	(3,190)
Net book value at 31 March 2023	2,253	30	0	0	965	3,247
Net book value at 31 March 2022	2,755	35	0	0	614	3,404

Freehold office includes freehold land at cost of £360,000 (2022: £360,000) which is not depreciated.

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2023

16 Investment properties

Group and Company	Market rent £'000	Commercial £'000	Total £'000
At 1 April 2022	221	130	351
Disposals	0	0	0
Revaluations	3	(2)	1
At 31 March 2023	224	128	352

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 £1k (2022 – surplus of £23k) 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 2022	25	2,125
Additions	100	100
At 31 March 2023	125	2,225

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2023

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%	Dormant	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 2023

19 Properties for sale & other stock

Group	First tranche shared ownership properties 2023 £'000	Other Stock 2023 £'000	Total 2023 £'000	Total 2022 £'000
Completed properties	2,120	0	2,120	613
Other	0	88	88	72
Properties under construction	2,632	0	2,632	3,367
	4,752	88	4,840	4,052

Company	First tranche shared ownership properties 2023 £'000	Other Stock 2023 £'000	Total 2023 £'000	Total 2022 £'000
Completed properties	2,120	0	2,120	613
Other	0	88	88	72
Properties under construction	2,632	0	2,632	2,872
	4,752	88	4,840	3,557

Properties developed for sale include capitalised interest of £26k (2022 - £21k).

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2023

20 Debtors

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Due within one year				
Arrears of rent and service charges	492	638	492	638
Less: Provision for doubtful debts	(280)	(359)	(280)	(359)
	212	279	212	279
Amounts owed by group undertakings	0	0	0	0
Other debtors	2,077	1,875	2,067	1,873
Prepayments and accrued income	887	1,018	881	1,013
	3,176	3,172	3,160	3,165

The other debtors figure includes £486k (2022: £479k) in respect of 19 days' (2022:18 days) housing benefit due from Wiltshire Council.

20a Cash and cash equivalents

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Cash	7,425	8,251	6,075	6,809
Deposit accounts	1,295	613	613	613
	8,720	8,864	6,688	7,422

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2023

21 Creditors: Amounts falling due within one year

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Trade creditors	2,743	1,237	2,742	1,235
Rent and service charges received in advance	858	868	858	868
Amounts owed to group undertakings	0	0	9	9
Taxation and social security	3	266	0	256
Other creditors	593	838	560	840
Accruals and deferred income	6,564	6,590	6,556	6,550
Loans due within 1 year	6,849	4,390	6,849	4,390
Recycled Capital Grant	28	0	28	0
Deferred Capital grant	385	376	385	376
	<u>18,023</u>	<u>14,565</u>	<u>17,987</u>	<u>14,524</u>

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2023

22 Creditors: Amounts falling due after more than one year

Group and company

	2023 £'000	2022 £'000
Loans and borrowings (note 25)	160,100	146,576
Deferred capital grant (note 23)	34,134	33,132
Recycled capital grant (note 24)	177	150
Sinking fund balances	148	154
	<u>194,559</u>	<u>180,012</u>

23 Deferred capital grant

Group and company

	2023 £'000	2022 £'000
At 1 April	33,508	33,697
Grants received in the year	1,446	103
Grants accrued	0	0
Grants recycled from the recycled capital grant fund	(51)	104
Released to income in the year	(385)	(395)
At 31 March	<u>34,518</u>	<u>33,508</u>

24 Recycled capital grant

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
At 1 April	150	254	150	254
Inputs to fund:				
- grants recycled from deferred capital grants	55	123	55	123
Use / allocation of funds:				
- new build	0	(227)	0	(227)
At 31 March	<u>205</u>	<u>150</u>	<u>205</u>	<u>150</u>
Amounts 3 years or older where repayment may be required	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2023

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 2023 £'000	Total 2023 £'000	Total 2022 £'000
In one year or less, or on demand	6,849	6,849	4,390
In more than one year but not more than two years	7,702	7,702	6,849
In more than two years but not more than five years	36,888	36,888	32,234
In more than five years	115,510	115,510	107,493
Total debt	166,949	166,949	150,966

New fixed rate funding of £20m was secured in 22/23 with MORHomes.

The loans bear interest at fixed rates ranging from 1.41% to 4.98% or at variable rates calculated at a margin above the London Inter Bank Offer Rate. The current loan outstanding is made up of £120m fixed and £46.6m variable, against agreed facilities of £208.6m. At 31 March 2023 the group had undrawn loan facilities of £20m (2022 - £20m) with Nationwide and £22m (2022 £24m) 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 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 2023 were £585,547 (2022: £621,195) 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 2023

26 Pensions obligations (*continued*)

Financial assumptions

The main financial assumptions used by the actuary were:

	31 March 2023 % per annum	31 March 2022 % per annum
Discount rate	4.75	2.70
Future salary increases	3.45	3.60
Future pension increases	2.95	3.20

Mortality assumptions

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 10% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of improvement of 1.5% per annum for both males and females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	2023 No. of years	2022 No. of years
Current pensioners:		
Males	21.5	21.7
Females	24.5	24.2
Future pensioners: *		
Males	24	22.6
Females	26.1	26

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

Commutation

A commutation allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits.

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2023

26 Pensions obligations (*continued*)

Amounts recognised in the statement of financial position

	2023 £'000	2022 £'000
Present value of funded obligations relating to Selwood Housing	(23,324)	(32,863)
Fair value of plan assets relating to Selwood Housing	26,289	28,122
Unrecognised Asset	(2,965)	
Net Deficit	0	(4,741)

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

	2023 £'000	2022 £'000
Current service cost	458	580
Expected return on pension scheme assets	(757)	(520)
Interest on pension scheme liabilities	883	695
Total operating charge	584	755

Of the above amount, £126,000 (2022: £175,000) was charged to other finance charges. £131,000 (2022: £45,000) was credited to operating surplus.

Changes in fair value of employer assets

	2023 £'000	2022 £'000
Opening fair value of employer assets	28,122	26,017
Contributions by the Employer	589	625
Actuarial gains	(2,478)	1,606
Benefits paid	(778)	(737)
Contributions by members	77	91
Interest	757	520
Closing fair value of employer assets	26,289	28,122

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2023

26 Pensions obligations (*continued*)

Changes in present value of defined benefit obligation

	2023 £'000	2022 £'000
Opening defined benefit obligation	32,863	34,807
Current service cost	458	580
Interest cost	883	695
Actuarial losses /(gains)	(10,179)	(2,573)
Estimated benefits paid	(778)	(737)
Contributions by members	77	91
Closing defined benefit obligation	23,324	32,863

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

	2023	2022
Equities	55%	53%
Bonds	31%	33%
Property	13%	13%
Cash	1%	1%

Fair value of employer assets

	2023 £'000	2022 £'000
Equities	14,459	14,905
Bonds	8,150	9,280
Property	3,418	3,656
Cash	263	281
	26,289	28,122

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2023

26 Pensions obligations (*continued*)

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

	2023 £'000	2022 £'000	2021 £'000	2020 £'000	2019 £'000
Present value of defined benefit obligation	(23,324)	(32,863)	(34,807)	(26,518)	(30,074)
Fair value of scheme assets	26,289	28,122	26,017	22,039	22,876
Surplus/(Deficit) on scheme	2,965	(4,741)	(8,790)	(4,479)	(7,198)
Experience adjustments on plan liabilities	(1,743)	(68)	298	1,027	0
Experience adjustments on plan assets	(2,457)	1,606	3,269	(1,681)	1,183
Cumulative actuarial gains/losses	5,092	(2,609)	(6,788)	(2,379)	(5,184)

Projected pension expense for the year to 31 March 2023

	£'000
Projected Current Service Cost	229
Interest on Obligation	1097
Expected Return on Plan Assets	(1,246)
Total	80

The estimated employer contributions for the year to 31 March 2024 are approximately £589,000.

Defined Contribution Scheme

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. All existing and new colleagues are eligible to join. The costs associated with providing this scheme are outlined in note 8.

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2023

27 Operating leases

At 31 March 2023, the group and company had future minimum lease payments under non-cancellable operating leases as set out below:

Amounts payable as Lessee	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Not later than 1 year	493	325	493	325
later than 1 year and no later than 5 years	1013	500	1013	500
Later than 5 years	0	0	0	0
Total	1,506	825	1506	825

Amounts receivable as Lessor	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Not later than 1 year	1	1	1	1
later than 1 year and no later than 5 years	0	0	0	0
Later than 5 years	0	0	0	0
Total	1	1	1	1

28 Capital commitments

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Commitments contracted but not provided for in the accounts	60,907	45,702	60,907	45,702
Commitments approved by the Board but not contracted for	92,218	103,341	92,218	103,341
	153,125	149,042	153,125	149,042

Selwood Housing Society Limited

Notes to the financial statements For the year ended 31 March 2023

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 Stella Shepherd, Richard Yates and Hannah Jones 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 director Philip Whitehead is also a councillor of Wiltshire Council. 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 2023

29 Related party transactions (continued)

Transactions with non-regulated entities Payable to Selwood Housing by Subsidiaries:	Management Charges		Silcoa Transfer		Gift Aid	
	2023	2022	2023	2022	2023	2022
	£'000	£'000	£'000	£'000	£'000	£'000
Silcoa Ltd	0	146	0	217	0	219
Selwood DevCo Ltd	0	0	0	0	46	47
Cottsbury Homes Ltd	0	0	0	0	0	3
	0	146	0	217	46	269

Payable by Selwood Housing to Subsidiaries:	Other Charges	
	2023	2022
	£'000	£'000
Silcoa Ltd	0	2,913
Selwood DevCo Ltd	1,050	27
	1,050	2,941

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 2023

30 Provision for liabilities – Deferred Tax

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
At 31 March 2022	9	5	0	0
Charge / (Credit)	(2)	4	0	0
Origination and reversal of timing differences	0	0	0	0
At 31 March 2023	7	9	0	0

31 Net debt reconciliation

	01 April 2022 £'000	Cash flows £'000	Non -cash changes £'000	31 March 2023 £'000
Group				
Cash and cash equivalents	8,864	(144)	0	8,720
Loans and borrowings	(150,966)	(15,671)	-312	(166,949)
	(142,102)	(15,815)	(312)	(158,229)
Company				
Cash and cash equivalents	7,422	(734)	0	6,688
Loans and borrowings	(150,966)	(15,671)	(312)	(166,949)
	(143,544)	(16,405)	(312)	(160,261)