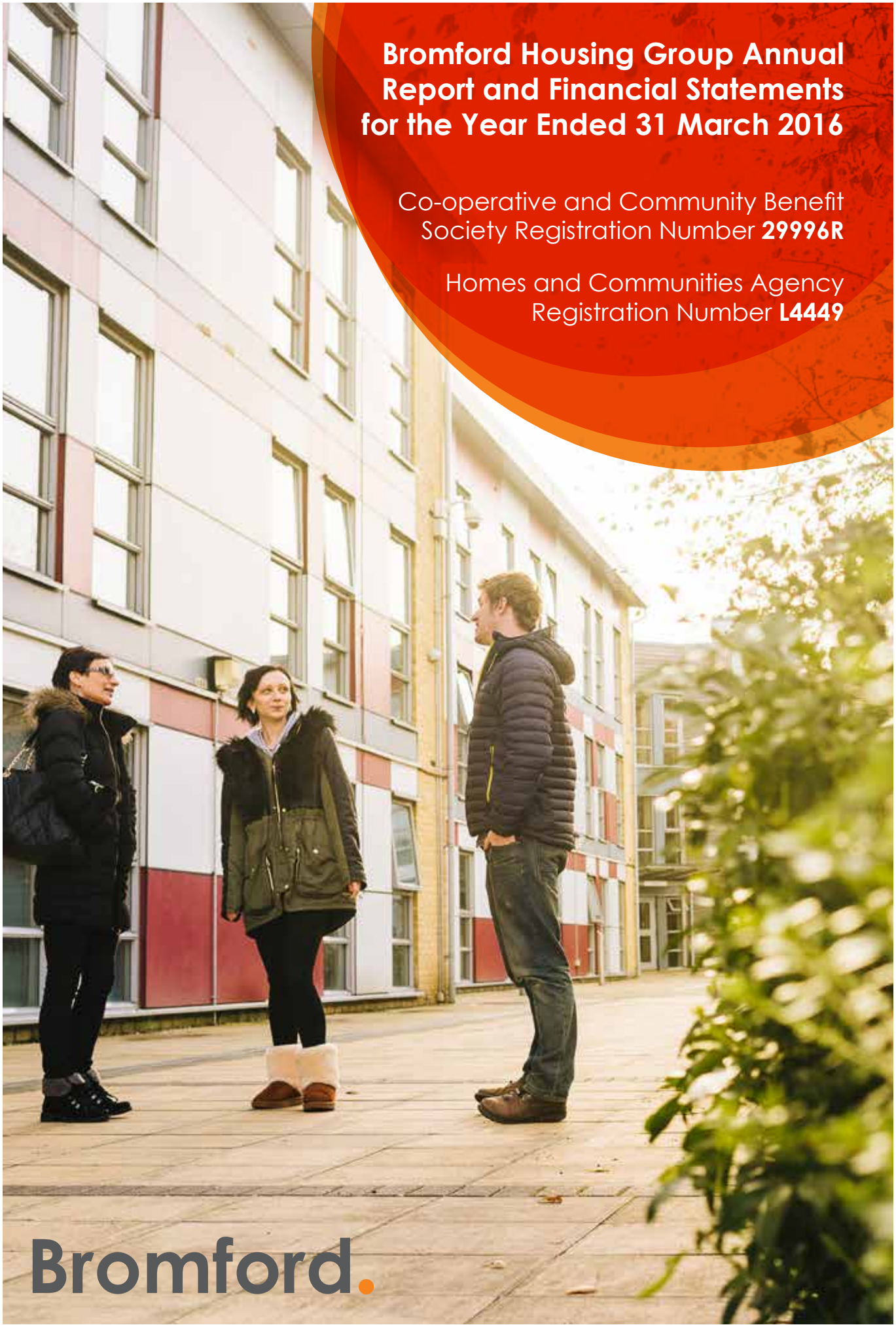
Bromford Housing Group Annual Report and Financial Statements for the Year Ended 31 March 2016

Co-operative and Community Benefit Society Registration Number **29996R**

Homes and Communities Agency Registration Number **L4449**



Bromford.

Contents

Board Members

The Board Members who served from 1 April 2015 up to the date of approval of these financial statements were as follows:

Jonathan Simpson-Dent

Chair

Jonathan is the Managing Director of Cardtronics Europe, where he is responsible for corporate strategy, business performance and service delivery, as well as brand, product, customer and market development. Jonathan is an experienced leader and has held senior positions in Price Waterhouse Coopers, McKinsey and PepsiCo. More recently, he served on the Boards of General Healthcare Group, HomeServe plc. and Evander. Jonathan is a fellow of the Institute of Chartered Accountants.

Jonathan is a member of the following committees:
- **Nominations and Remuneration Committee;**
- **Treasury Committee.**

John Barker

Vice Chair and Senior Independent Director; Chair of the Nominations and Remuneration Committee

As well as being a member of Bromford's board, John is Chair of Sentinel Housing Association and is also a co-opted member of the board of First Wessex. John is a member of the Chartered Institute of Housing and also mentors senior executives in the housing sector. He holds a BA in business studies and has previously been a Non-Executive Director of the National Housing Federation, our sector's trade body.

John was a member of the following committee:
- **Nominations and Remuneration Committee (Chair).**

John Retired from the Board On 31 March 2016

Andrew Battrum

Finance Director

Andrew is Group Finance Director, with a particular focus on financial and treasury management, long-term planning and risk management. He first joined Bromford in 1999, having worked with a variety of multi-national engineering companies for over 15 years.

Andrew qualified as a Chartered Accountant with a city firm of accountants after gaining a Physics degree from St John's College, Oxford.

Andrew is a member of the following committee:
- **Treasury Committee.**

Christine Clarke

Independent Non-Executive Director; Chair of the Treasury Committee

Christine is a Director of her own asset and development management consultancy, Honeychurch Limited. Her particular areas of expertise include portfolio management, strategic planning, procurement and management of third-party finance, due diligence processes and the use and operation of special purpose vehicles.

Having worked as an Executive Director in both the private and not-for-profit sectors, Christine has expertise in investment, governance, taxation and regulatory regimes both in the UK and Europe.

Christine is a member of the following committees:
- **Nominations and Remuneration Committee;**
- **Treasury Committee (Chair).**

Christine retired from the following on 24 May 2016:
- **Assurance and Audit Committee.**

Steve Dando

Independent Non-Executive Director

Steve is Chief Financial Officer of Punch Taverns plc, where he is responsible for finance and IT, legal, risk management, regulatory compliance and property sales. Prior to joining Punch Taverns, Steve previously held a number of senior finance roles with Courtaulds plc. Steve is a member of the Institute of Chartered Accountants of England & Wales and started his career at PricewaterhouseCoopers.

Steve is a member of the following committee:
- **Assurance and Audit Committee;**
- **Treasury Committee.**

Steve was appointed the following on 1 April 2016:
- **Chair of Assurance and Audit Committee.**

Steve retired from the following on 24 May 2016:
- **Nominations and Remuneration Committee.**

Steve joined the Board on 24th November 2015

Nick Cummins

Executive Director for Operations

Nick is responsible for delivering services to Bromford customers and for developing and delivering the Bromford Deal and it's Service Specific Pilots. Nick's specialties are leadership coaching and mentoring and social enterprise development.

A Fellow of the Chartered Institute of Housing, Nick joined Bromford in 1991 as Housing Services Director. His early career was spent working at housing associations and local authorities in Scotland and the North of England.

Nick is a member of the following committee:
- **Customer and Communities Network.**

Oke Eleazu

Independent Non-Executive Director; Chair of the Customer and Communities Network

Oke is the Managing Director of his own consultancy firm, Think Outside In, which helps organisations improve their customer service experience and operational performance. Oke is also an advisor at Fusion Universal, Managing and Creative Director at Catch the Ball Productions and is a Non-Executive Director at the Institute of Customer Service.

Oke is a member of the following committees:
- **Nominations and Remuneration Committee;**
- **Customer and Communities Network (Chair).**

Oke was appointed the following on 1 April 2016:
- **Vice Chair and Senior Independent Director;**
- **Chair of the Nominations and Remuneration Committee.**

Philippa Jones

Chief Executive

Philippa was appointed Chief Executive in January 2015, after holding leadership roles across Bromford for over 26 years. Her early management career was in retail, followed by the Citizens Advice Bureau.

Philippa moved into the housing sector in 1988, joining Bromford as an Area Housing Manager. She held a variety of roles at Bromford before establishing our supported housing business, and then leading our New Homes activity. Philippa holds an MBA in Public Service Management.

Philippa is a member of the following committee:
- **Nominations and Remuneration Committee (for Nominations matters only).**

Fiona Underwood

Independent Non-Executive Director; Chair of the Assurance and Audit Committee

Fiona is a housing regeneration and development specialist with her own consultancy firm, Altair Consultancy and Advisory Services Limited. Fiona works with boards and executive teams and specialises in governance and strategy.

Fiona was head of the Business Performance Group at the Confederation of British Industry and was the Managing Director of the Housing Regeneration and Local Government Practice Team at Tribal Consulting.

Fiona was a member of the following committees:
- **Assurance and Audit Committee (Chair);**
- **Nominations and Remuneration Committee.**

Fiona Retired from the Board On 31 March 2016

Board members appointed on 1 April 2016

Sally Higham

Independent Non-Executive Director

Sally is a high-energy social entrepreneur and founder/CEO of the award-winning Run-a-Club, a digital platform for local clubs and community groups. In 2016 Sally won the Innovation award at the Bath and Bristol Women in Business Awards.

Sally is committed to supporting communities, education, youth services, charities, social enterprises and social housing and she has experience in UK Housing as a NED for Aster Group, where she chairs the Risk Committee.

Sally was made a member of the following committees:
- **Assurance and Audit Committee.**

Balvinder Heran

Independent Non-Executive Director

Balvinder has recently become Director of ICT for Hounslow Council, having previously worked at Stratford District Council where she successfully negotiated and implemented shared IT services across Stratford, South Northants, Cherwell and South Staffs councils.

Balvinder has a real passion for developing customer focused ICT and online services shaped around the needs of the user.

Balvinder was made a member of the following committee:
- **Nominations and Remuneration Committee.**

Details of the other board members who served during the period can be found on page 13.

Advisors:

External Auditors:

Beever and Struthers,
St George's House,
215-219 Chester Road,
Manchester,
M15 4JE.

Business Assurance Provider:

45 Church Street,
Birmingham,
B3 2RT.

Bankers:

Barclays Bank plc,
15 Colmore Row,
Birmingham,
B3 2BH.

Offices:

Registered Office

Exchange Court,
Brabourne Avenue,
Wolverhampton Business Park,
Wolverhampton,
WV10 6AU.

North Midlands Office - Wolverhampton

1 Venture Court,
Broadlands,
Wolverhampton,
WV10 6TB.

North Midlands Office - Lichfield

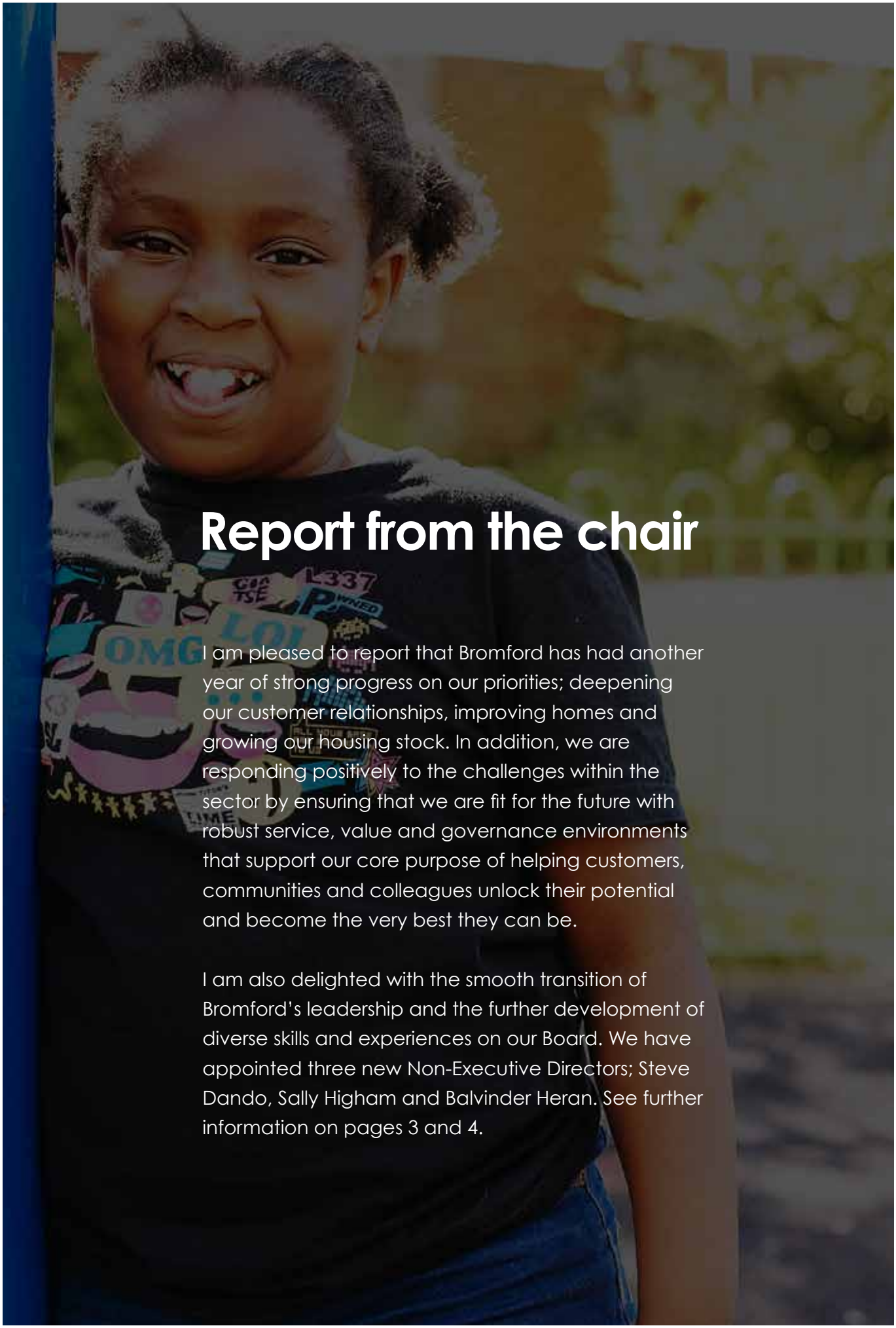
5 Stowe Road,
Lichfield,
WS13 6WA.

South Midlands Office

1st Floor,
Friars Gate,
1011 Stratford Road,
Shirley,
Solihull,
Birmingham,
B90 4BN.

South West Office

Units 1-6,
Cirencester Office Park,
Tetbury Road,
Cirencester,
GL7 6JJ.



Report from the chair

I am pleased to report that Bromford has had another year of strong progress on our priorities; deepening our customer relationships, improving homes and growing our housing stock. In addition, we are responding positively to the challenges within the sector by ensuring that we are fit for the future with robust service, value and governance environments that support our core purpose of helping customers, communities and colleagues unlock their potential and become the very best they can be.

I am also delighted with the smooth transition of Bromford's leadership and the further development of diverse skills and experiences on our Board. We have appointed three new Non-Executive Directors; Steve Dando, Sally Higham and Balvinder Heran. See further information on pages 3 and 4.

Fit for the future

Housing sector income will be further squeezed over the medium to longer-term by the challenging Welfare Reforms, rent cuts and the impact of further austerity measures and economic uncertainty following the referendum, so the Board's top priority is to ensure that Bromford responds appropriately, manages the risks and is fit for the future.

Firstly, we have reaffirmed our primary focus on our existing and new customers. This focus underpins our social purpose – to inspire people to be their best - with the right home, the right relationship and the right range of services through the Bromford Deal.

Secondly, all our activities are driven by a continuous focus on value for money. We closely guard the financial health of Bromford, balancing the pace of new development to meet housing needs whilst we respond to the increasing financial squeeze within the sector. Bromford has grown successfully through mergers in the past and we expect to do so in the future. The Board has adopted the principles of the NHF Voluntary Code on Mergers, Group Structures and Partnerships and our Position Statement on this is set out on page 47.

And thirdly, the Bromford Board is fully committed to a robust governance and risk framework. During the year, we became one of the first Housing Associations to complete the HCA's new In Depth Assessment, a regulatory process which scrutinised and assessed our governance and financial viability. We were delighted to retain our top-level G1 and V1 regulatory ratings – an acknowledgement of our focus on strong and effective governance, value for money (**VfM**), active treasury management and our strong credit rating. In addition, we continue to review the effectiveness of the Board, our governance processes and compliance with our code of governance, the UK Corporate Governance Code and the Economic and Consumer Standards in the HCA's Regulatory Framework. More information about these reviews, and their outcome, can be found in the Board and Strategic Report starting on page 11.

The Board of Directors has worked hard to make sure that Bromford's achievements are underpinned by strong corporate governance - but we also have an eye to the future, to make sure that our future success is supported by governance best practice.

Jonathan Simpson-Dent

Thanks from the Board

Our strength, performance and the progress we make each year as an organisation is only possible with the dedication, passion and resourcefulness of our colleagues, leaders and partners. On behalf of the Board I'd like to thank all Bromford colleagues for their enthusiasm and commitment to delivering results that make a real difference to peoples' lives. I'd like to recognise our customer representatives who give their valuable insights and guidance through our Customer and Communities Network. Their input is critical to helping Bromford become the best we can be.

Finally, we say goodbye to two of our longstanding Board members, John Barker and Fiona Underwood. Together, their knowledge of our sector and their strategic focus have been highly valued by the Board and we warmly thank them for their outstanding contributions to Bromford.

Jonathan Simpson Dent

Chair

19 July 2016

Report of the Chief Executive

At the end of my first full financial year as Chief Executive, I'd like to take this opportunity to look back at some of our key achievements during 2015/16 and look forward to new projects and opportunities in the coming year. Once again, Bromford has achieved a huge amount; making good progress towards our goal of inspiring people to be their best, whilst facing some unprecedented challenges to the sector.

Our customers, partners and stakeholders continue to benefit from our proven track record of high-quality service delivery, our sustained focus on innovation and Value for Money (VfM) and committed and well-motivated colleagues who are dedicated to helping the people they work with unlock their own potential. Our financial performance continues to be strong, and we have again achieved a sector leading core operating margin of **43%**, demonstrating our exceptional efficiency. This leading position has been further confirmed by the HCA's recent comparative analysis of costs across the sector.

Challenge and Opportunity

2015/16 has been recognised by many commentators as a watershed year for the sector. The Government pressed ahead with further welfare changes, such as household benefit caps, freezes on working age benefit and Local Housing Allowances, all of which will have a huge impact on both our customers and our business.

The NHF agreed a voluntary deal for the extension of Right to Buy but then the government threw in a very significant curve ball with the requirement that social landlords cut rents by 1% per annum for the next four years. This represents a considerable financial challenge for the sector, which cannot now plan with any certainty, future rent levels.

Against this backdrop, Bromford has continued to grow and capitalise on our financial strength. We've achieved this by delivering pioneering approaches and services to customers through the Bromford Deal and by innovating our new homes products in ways which significantly reduce, or eliminate, our reliance on grant. Our financial strength, demonstrated by our surplus of **£49m and our cash surplus of £57m** has allowed us to remain agile and in control of our own destiny. As a result, we can respond quickly and insightfully to challenge, risk and opportunity and adapt our strategic approach in proactive, rather than reactive ways.

During the year we retained our credit 'vote of confidence'; our Aa3 Moody's credit rating. As one of only three Housing Associations to achieve this, it continues to be a significant accolade which contributes to our ability to obtain external investment for more new homes. Our land-led investment programme, supported by our established in-house construction team, allows us to remain in control of the quality, mix and affordability of what we choose to build. In 2015/16 we invested **£50m** from our surpluses and reserves in building homes, with 727 new homes started and 465 completed. We started on site with two of our new Retirement Living schemes and completed our first two MyPlace, supported living schemes - our first such schemes to be developed without grant. This is an approach we plan to replicate during 2016/17 as we develop our sustainable investment programme of circa 650 new homes each year.

VfM remains at the heart of what we do and is integral to our strategy, business planning and culture. By running our core operations efficiently we maximise the cash available to invest in new homes, existing homes and new services. This means we're able to generate significant social value - approximately £9 for every pound we invest. This amounted to approx. £60m in 2015/16. We're increasingly using Social Value as our yardstick to assess the outcome of new services and drive investment decisions. This approach helps us understand what matters most to our customers and prioritise the services that maximise the impact on our communities and wider society.

> We didn't know about the Benefits system as we'd always worked... My coach really helped us make sense of it all.

Evolving the Bromford Deal: Unlocking Potential

Bromford's social purpose is to inspire people to be their best so they can get the most out of life. We've always felt that providing customers with a good quality home offers them a springboard to try and achieve this, but a few years back we realised that we could and should do a lot more.

The Bromford Deal was born out of a desire to have a different kind of relationship with our customers; one which supports them to be the best they can be by believing in what they're capable of achieving. Since then, we've worked with over 10,000 customers to help them realise personal goals and aspirations, build their personal resilience and access the tools and knowledge they need to manage their income as Welfare Reform starts to bite.

Our focus is on building relationships with customers as individuals. We engage in meaningful conversations, build trusting relationships and profile customer needs in order to offer tailored services which help customers feel more in control of their money, their tenancies and their future. During the past 18 months, we've piloted a number of new services for both new and existing customers. These have been designed to help new customers get their tenancies off to the best possible start or help existing customers to responsibly manage and sustain their tenancies. They also offer new and existing customers access to work, training or volunteering or help them feel more in control of their personal finances.

A total of 280 customer outcomes were evaluated as part of the service pilots around money advice, coaching based housing management and specialist employment and skills support. Our coaching based housing management service offers a different, more pro-active approach to customer service - asking the right questions, and really listening to the answers, in order to appreciate each customer's personal circumstances, concerns and motivations and help build their confidence, skills and knowledge.

Customers loved our new services and approach. All participants who received money advice now feel debt is less of a burden for them and 1 in 5 have been able to increase their household income as a result. Customers starting new tenancies have been helped with benefit claims and setting up utilities and we've seen reductions in anti-social behaviour and rent arrears as a result of increased customer wellbeing. Amongst the pilot group we saw a 6% increase in digital inclusion, a 27% fall in the average number of repairs per home and 16% of out of work customers were helped to enter work, work-related training or education.

> It was so good just knowing I had someone there to guide me... I'd been living in fear of who was knocking on my door... Now I can open my curtains!

The next 12 months will see us improving our service offer to customers and radically redesigning our local services as a result of this learning. Six new locality teams of neighbourhood coaches will work with all our customers to ensure that their home, and their relationship with us, truly does act as a springboard to help people identify and work towards fulfilling their own potential. Each coach will work with around 175 households – much smaller than traditional housing manager patches. This is a deliberate investment commitment of £2m per annum to deliver the capacity needed to build the kind of relationships that will facilitate lasting change. This is very different from the approach of many in our sector who are responding to the financial challenges by stripping back their services. In the longer term we are confident that this investment will pay dividends both for our customers and our business.

Building homes

In 2015/16 we started delivering our innovative new homes plan in pursuit of our grant-free future. We'll be continuing to drive this forward in 2016/17, with around £20m earmarked for land investment. We'll focus on areas where we currently have a geographical presence in order to increase stock density and maximise our broader social impact. As well as more MyPlace supported living schemes and continuing with our two major retirement schemes, we'll build some homes for outright sale to provide additional income to assist, but not underpin, our investment in affordable homes. While we'll continue to acquire some homes from housebuilders under s.106 planning agreements, we'll prioritise more of our investment in genuinely additional new supply. Part of growing and evolving as an organisation may involve joining up with other, like-minded organisations as part of a merger or joint venture. We are clear that any such venture must have at its heart the ability to build on Bromford's existing strong market position and enable us to inspire even more people to be their best.

Culture and Colleagues

Our colleagues continue to be the key driver of our success – not only because they produce great outcomes for our customers but because they support each other to become the best they can be.

Financial performance in recent years demonstrates that Value for Money is firmly embedded in Bromford's culture. Colleagues across the organisation have embraced the BeCommercial and BeBrave parts of the Bromford DNA with all successes and innovations, big or small, celebrated on Yammer our in-house social media network. Our colleagues are committed to supporting our customers and strive for the very best outcomes in all aspects of our work. Our popular Innovation Lab tests and trials ideas submitted by colleagues and customers, and in this way we use front-line knowledge and experience to continuously shape and influence how our services are delivered.

We continue to invest in developing our colleagues in order to equip them with the skills, capabilities and confidence to embrace the workplace of the future. The year saw us roll out the first phase of our remote working project; giving colleagues the tools and infrastructure to work effectively anywhere - in the office, on-site, on the move, at home or in our customers' homes. Colleagues are embracing new ways of working, as well as the creative, collaborative and logistical benefits this brings.

Over 140 colleagues having benefitted from participation in our leadership and 'Grow your own' academies over the past two years. Colleagues are encouraged and supported to develop their careers here, and we're proud of our continued track record of promoting existing colleagues to leadership positions.

As we write this report the referendum result has just been announced and will clearly create uncertainty in funding and housing markets. However Bromford is strongly positioned with the financial strength, resilience and agility to manage the economic challenges while staying true to our social purpose.

Philippa Jones

Chief Executive

19 July 2016

Board and strategic report

Who we are and what we do?

Bromford is a **business with a social purpose** whose objective is to inspire our customers to be their best.

For over 50 years we've provided customers with new and affordable homes and provided a range of services aimed at reducing welfare-dependency and generating social value in employment, education, health and community safety.

Our 29,000 properties are home to over 60,000 people and this year an additional 4,400 customers have benefitted from the support services we provide.

Our main operating structure and the principal activities of each subsidiary are shown in **Fig. 1.**

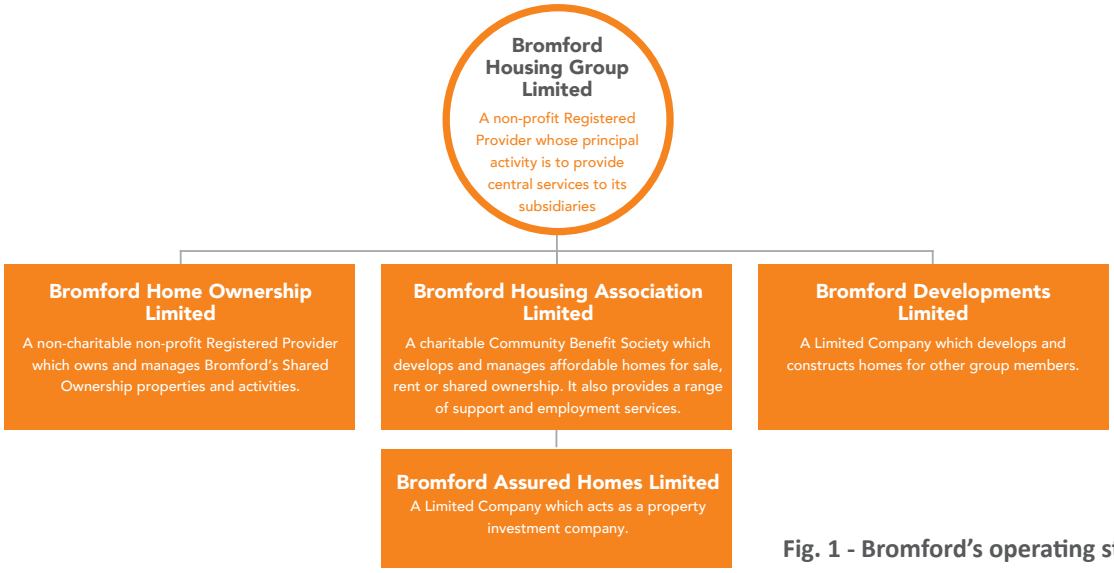


Fig. 1 - Bromford's operating structure

Our Board – Who are they and what do they do?

The Board's role is to **set and uphold Bromford's strategy and values** and to make sure that **effective leadership** and **sufficient resources** are in place for Bromford to achieve its strategic aims and objectives. The Board monitors and tests **performance** in relation to approved plans and budgets and is also responsible for determining risk appetite, to make sure good governance and decision-making is taking place. It promotes and supports our probity and values and makes sure that there are succession plans for Board members and the senior team. Bromford's day-to-day leadership is delegated to the Chief Executive.

We are an ethical business, a force for good; we work with integrity, trust and fairness; we respect people and our world and do our bit to make it better. We add value to UK PLC .

We are adventurous, creative and open-minded; we try new things and we're positive about change; we've made and will make the odd mistakes along the way but bravery has led us to a lot of success and will continue to do so.

We want to stand out from the crowd; we love different ideas, views and experiences – they feed our creativity and bring us solutions; we ask our colleagues to 'add a bit of you' in everything they do; we're serious about what we do but we have fun doing it.

Profitability and cash are essential – without them we wouldn't be able to do what we do. We encourage everyone to 'release their inner accountant'.

The Bromford DNA Fig. 2

Our Statement of Strategy (published on our website) describes our 'DNA' **(Fig. 2).** Our DNA is what we stand for and the behaviours, qualities and values that represent what it means to **Be Bromford.**

Board Composition, Meetings, Decisions and Delegations

The Board operates as a unitary board. As at 31 March 2016 it was made up of 6 Non-Executive Directors (**'NEDs'**) and 3 Executive Directors. More information about our Board members can be found on pages 3 and 4 and some key diversity statistics as at 31 March 2016 are set out in **Fig. 3.** We have co-terminous Boards across our three Registered Providers – Bromford Housing Group Limited, Bromford Housing Association Limited and Bromford Home Ownership Limited.

NEDs are recruited for their skills and experience and are appointed for an initial term of three years. Reappointment following the initial term is not automatic and NEDs are required to satisfy continuing independence and performance-related criteria before they are appointed for a second, three-year term. Any term beyond six years is subject to rigorous annual review which takes into account the need to progressively refresh the Board.

Our NEDs are offered ongoing training, support and access to independent professional advice to enhance their decision-making and help them discharge their duties effectively.

The time commitment required from NEDs is currently between 12 and 15 days a year.

The **other significant commitments** of the Chair, Jonathan Simpson-Dent, and other NEDs were disclosed to the Board before appointment and are summarised on pages 3 and 4.

Board Changes during the Year

In line with our Board Renewal Plan, the following individuals have retired from the Board since 1 April 2015:

Board Member	Retirement Date
John Barker	31 March 2016
Tony Crawford	7 April 2015
David Lavender	7 April 2015
Fiona Underwood	31 March 2016

The following individuals have been appointed to the Board since 1 April 2015:

Board Member	Appointment Date
Steven Dando	24 November 2015

In line with our Board Renewal Plan, two new NEDs were appointed on 1 April 2016; Sally Higham and Balvinder Heran. More information about our new NEDs can be found on pages 3 and 4.

Company Secretary	Date of Appointment or Retirement
Philippa Jones	Retired 31 March 2015
Brigid Burbridge	Appointed 1 April Retired 31 March 2016
Andrew Battrum	Appointed 1 April 2016 Retired 19 July 2016
John Wade	Appointed 19 July 2016

The Bromford Board in Numbers

NEDs	**62.5%**
Executive Directors	**37.5%**
Women	**37.5%**
Men	**62.5%**
Ethnic Minorities	**12.5%**
Board Members under 55	**50%**
Board Members over 55	**50%**

Fig. 3 - Key Diversity Statistics

Board Meetings

The Board meet six times a year plus away days. Each meeting has a planned agenda which allows enough time to discuss key areas such as strategy and risk management. Board days usually include a themed workshop or strategy presentation from colleagues and this provides Board members with the operational information and context they need to inform their decision-making. Input from professional experts and/or external advisors is also sought by the Board when necessary. NEDs also participate in "experience it" days to keep in touch with the business and our customers.

Board Attendance

The table below sets out each Board member's attendance at Board and committee meetings during the financial year:

Membership and meeting attendances*

Board Member	BHG Board	Assurance and Audit	Treasury	Nominations and Remuneration
Jonathan Simpson-Dent	6 out of 6		4 out of 4	4 out of 4
John Barker	6 out of 6			4 out of 4
Andrew Battrum	6 out of 6		4 out of 4	
Tony Crawford	0 out of 0		0 out of 0	0 out of 0
Christine Clarke	5 out of 6	2 out of 3	3 out of 4	3 out of 4
Nick Cummins	6 out of 6			
Oke Eleazu	6 out of 6			4 out of 4
Philippa Jones	6 out of 6			4 out of 4
Rev. David Lavender	0 out of 0		0 out of 0	0 out of 0
Fiona Underwood	5 out of 6	3 out of 3		2 out of 4
Steve Dando	3 out of 3	2 out of 2		3 out of 3

*Meeting attendances reflect the number of meetings attended by the Board member out of the total number of meetings the Board member was eligible to attend.

Board and Committee Decision-making

An important part of our internal control framework is making sure that decisions are made by the right people.

The Matters Reserved for the Board and its committees are set out in our **Group Delegations Framework** and **Fig. 4** shows the flow of delegations around our Board, committee and senior management structure.

Certain key decisions and matters have been reserved for approval by the Board, with all other matters being delegated to Board Committees or the Chief Executive. Subsidiary boards reserve some matters for themselves, such as approving their annual budget and accounts, and delegate all other matters to Board of BHG.

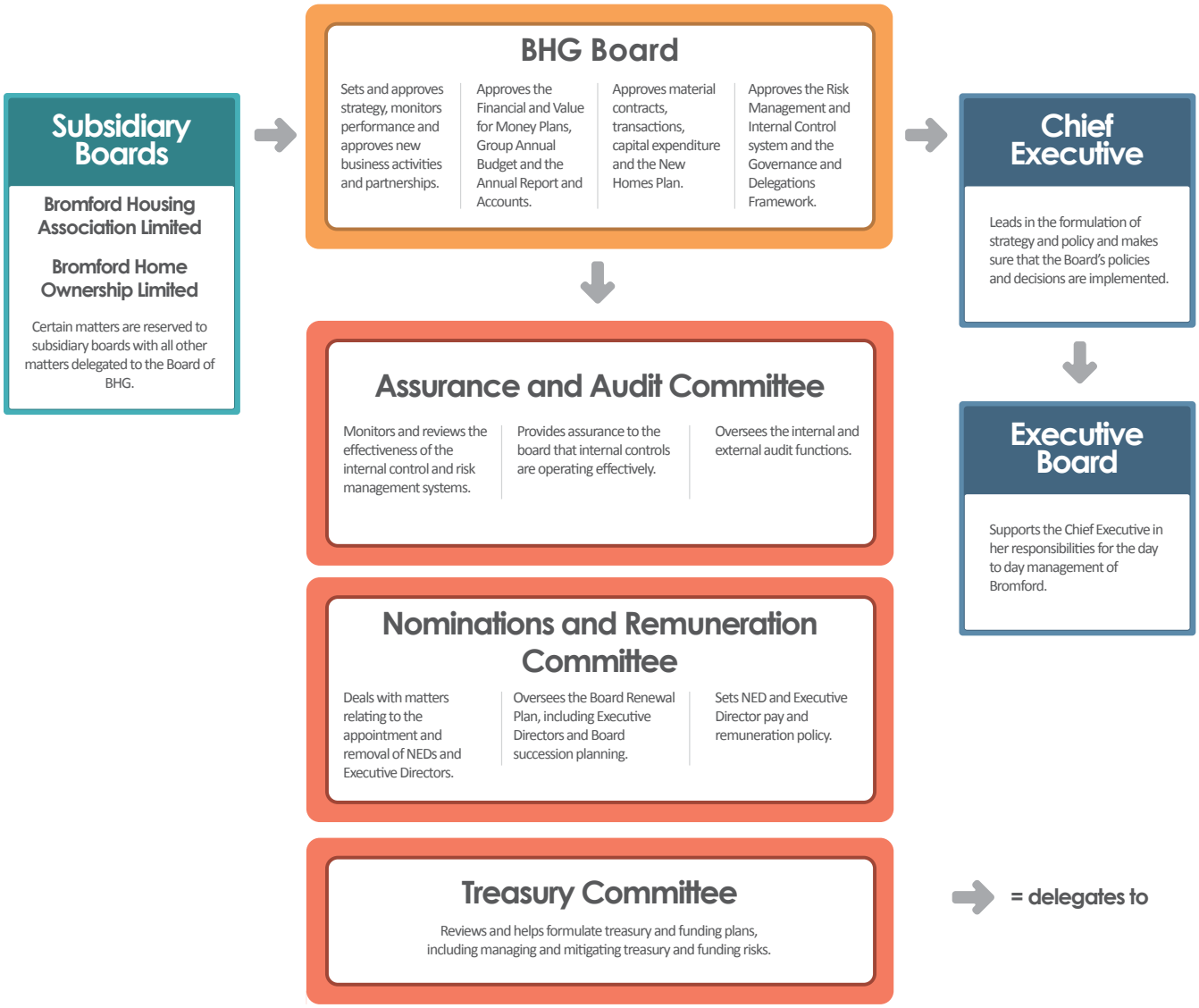


Fig. 4. - The flow of Delegations

The Board has three committees: the Assurance & Audit Committee, the Nominations & Remuneration Committee and the Treasury Committee. The Chief Executive has also established an executive forum which includes the Executive Directors and all Functional Directors. Our Customer & Communities Network ('CCN') is independent of our formal governance structure but has strong links to the Board and plays an important role in scrutinising service delivery and performance. More information about the CCN can be found on page 35.

More information about the membership and work of our Board Committees can be found in the **Report of the Board Committees** (page 49 to 52). Each committee's Terms of Reference can be found on our website.

Statement of Compliance with our Regulatory Standards

Our regulator, the Homes & Community Agency (**HCA**), published a revised **Regulatory Framework** and **Regulatory Standards** on 1 April 2015.

The Regulatory Standards comprise **Economic Standards** (Governance and Financial Viability, Value for Money and Rent) and **Consumer Standards** (Tenant Involvement and Empowerment, Home, Tenancy and Neighbourhood and Community). The **objectives** of these regulatory standards are set out in **Fig. 5.**

One of the core Economic Standards is **Governance and Financial Viability.** This requires Registered Providers to:

- have effective governance arrangements in place that deliver their aims, objectives and intended outcomes for tenants and potential tenants in an effective, transparent and accountable manner; and
- manage their resources effectively, to make sure their viability is maintained whilst ensuring that social housing assets are not put at undue risk.

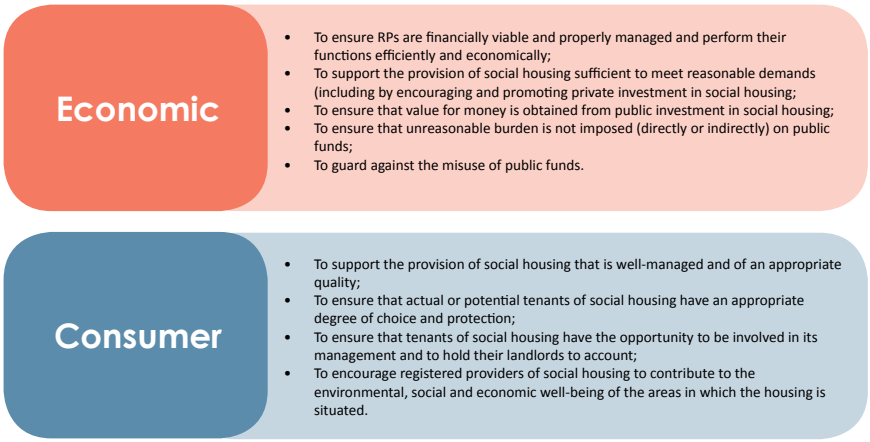


Fig. 5 - The objectives of the Regulatory Standards

The HCA requires Registered Providers to assess their compliance with the Governance and Financial Viability Standard at least once a year. Following their annual review of compliance, the Board considers that **during the year ended 31 March 2016 we have complied with all applicable outcomes and specific expectations of the Governance and Financial Viability Standard and of all the other economic and consumer standards.**

Statement of Compliance with our Code of Governance

We have adopted the UK Corporate Governance Code (the **'UK Code'**). The UK Code reflects our commercial outlook, focus on achieving the highest possible standards of accountability and transparency and our desire to position ourselves alongside other high-achieving organisations, regardless of sector.

As we don't have shareholders in a conventional sense, some aspects of the UK Code (such as Section E) don't apply to us. However, we strongly support the objectives that this section aims to achieve and this is reflected in the open and transparent way we deal with our partners and stakeholders - see page 18 for more information.

During the year ended 31 March 2016, we consider that **we have complied with all relevant principles and provisions of the UK Code.**

Governance Effectiveness Review

We carry out a formal evaluation of board, committee and individual director performance on an annual basis. Every three years, as recommended by the UK Code, this evaluation is facilitated by an external advisor to provide an independent perspective. Each review identifies what we're doing well and the areas we need to concentrate on going forward.

Following the use of an external advisor in 2014/15, the 2015/16 review was conducted internally by the Chair. It looked at Board Composition, Governance, Strategic Direction, Committees and Meeting Effectiveness. The review was complemented by the usual annual 'Looking back-Looking forward' reviews for NEDs and Executives.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The outcome of the 2015/16 review was positive:

- Board members believe the board is effective, with a good level of constructive challenge and debate;
- The focus on governance and risk management is considered to be stronger now than ever;
- AAC and the Nominations and Remuneration Committee are effective and add value, and the Treasury committee supports the Finance Director and Treasury team well;
- There is a "positive hunger" from the Board to get closer to the business.

Some areas identified for improvement included:

- More focus on customer metric and compliance assurance by improving reporting; and
- Improving NED's operational knowledge of the business by introducing NED 'Keep in touch days'.

Openness and Transparency

We believe in being open and transparent – not only because it helps deliver fair, efficient, and effective customer service, but because we believe it should be easy for our customers, colleagues and stakeholders to get the information they need to make informed judgments about how we operate and use our resources. Our approach to Openness and Transparency is set out in **Fig. 6.**

The 'Open and Transparent' section of our website contains copies of our key policies and procedures, alongside copies of our Statement of Strategy, Governance Framework, Delegations Framework, Probity Policy and our Value for Money Policy and Self assessment. Value for Money is particularly important to us and we want to be transparent about the spending decisions we make, why we have made them and what their impact was. All expenditure over £500 is published each quarter on our website, alongside statistics and information about what our Board members and colleagues are paid.

An important part of being open and transparent is interacting with our customers, partners and stakeholders in ways which are constructive and meaningful. We want customers to be able to contact us easily and conveniently whenever and wherever they need to and we work hard to remove any barriers to doing this.

Alongside traditional contact methods such as phone and email, we also have a strong social media presence with accounts on Facebook and Twitter. Customers are responding well to the flexibility this offers and the ability to proactively manage their relationship with us in different ways.

We encourage our customers to 'Be Brave' and share their thoughts on the services we provide. The Bromford Lab, a project we set up in 2013, is one way customers can get involved in developing what we do. The Lab provides customers with information about the latest projects we have in the pipeline and gives them the opportunity to contribute their own ideas and suggestions.

Set an example of good business practice by explaining what we do and why we do it and by taking responsibility for our actions.

Explain our decisions and show people that we're careful about how we spend money and that we spend it wisely.

Set an example for our sector by sharing as much information as we can and, where possible, more than we're legally required to.

Create business relationships based on mutual trust and respect so people want to work with us or be our customer.

Fig. 6. - Our approach to openness and transparency

All customer feedback we receive helps to shape our plans for continuous improvement and allows us to deliver the best customer service we can. Performance feedback is reported quarterly on our website.

Risk Management and Internal Control

Our approach

Our approach to risk is to understand it, so we can take advantage of the upside and minimise the downside. We promote an organisational culture that recognises that no activity is free from risk and we encourage colleagues to be risk aware, not risk averse.

How we manage risk

One of the Board's key responsibilities is to make sure that Bromford has a system of internal controls in place that robustly manage the operational and strategic risks that threaten our business model, future performance, solvency and liquidity. Our risk management process, which was in place throughout 2015/16, is set out in **Fig. 7.** Risks are identified in all our business planning processes and in our day to day running of the business.

The Board has delegated authority to the Assurance and Audit Committee (the **'AAC'**) to review Bromford's internal control and risk management framework and provide assurance to the Board that it is operating effectively. More information about the role, purpose and activities of the AAC can be found in the **Report of the Board Committees.**

Assurance and Audit Committee ('AAC') considers:

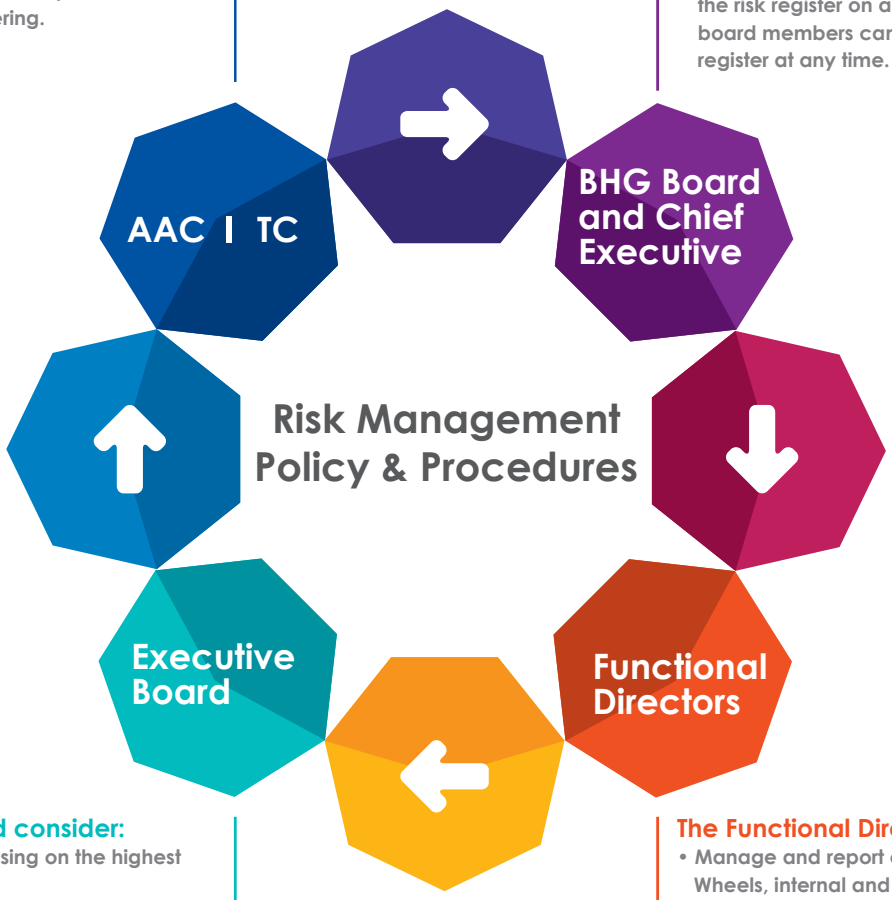
- Risk Reports and the Risk Register at each meeting;
- Internal and External Audit Reports;
- The Wobbly Wheel Register;
- Financial Reporting; Compliance with internal controls;
- Confidential Reporting;
- Probity, fraud, bribery and money-laundering.

Treasury Committee ('TC') considers:

- Treasury Risks;
- Treasury Policy;
- Funding Framework;
- Investment & Liquidity Framework;
- Interest Rate Management Framework.

BHG Board and Chief Executive:

- The Chief Executive prepares a horizon scanning report for each Board meeting which links to the Risk Register.
- The BHG Board and the Chief Executive delegate responsibility and authority for risk to the Functional Directors.
- The BHG Board do a formal review of the risk register on an annual basis but board members can consult the risk register at any time.



The Executive Board consider:

- The Risk Register - focusing on the highest scoring risks;
- Performance reports, which includes risk assessment;
- Major Wobbly Wheels and the Wobbly Wheel Register;
- Plans, Policies and other documents, such as the Chief Executive's Scheme of Delegations, the Financial Authorisation Levels in the Financial Standing Orders, the Business Continuity Plan, Draft Regulatory Judgements, Draft Financial Viability Reviews, Data Protection and HR Policies.
- Approvals for disposals, purchases, development, sales and construction;
- Business Planning.

The Functional Directors:

- Manage and report on risks, Wobbly Wheels, internal and external audit recommendations, KPIs, customer feedback, fraud, money laundering and litigation.
- Complete quarterly 'Internal Control Returns'.
- All reports to BHG Board and Committees include a full risk analysis and recommendations.

Fig. 7 - Our risk management process

Principal Risks and uncertainties

The Board believe the principal risks and uncertainties currently facing Bromford are:

Risk	Our response
Treasury A tightening of the credit markets leading to increased lending costs and/ or a reduction in the number of funders accessible to the sector. Pressures on liquidity from counterparty risk, Welfare Reform and market movements.	We have robust treasury management policies and processes in place, which provide for high levels of liquidity in both cash terms and available property security. Our forecasting processes allow us to plan ahead for a long time horizon. We maintain excellent relationships with funders, valuing their long term commitment to the business. Our covenants are comfortably met and robustly stress-tested. We have access to expert treasury advisors who have the right skills and knowledge to support us as we manage our finances. These factors and our overall strong financial position, combine to support us in managing our treasury risks.
Affordability and loss of income The potential for a reduction in income as a result of the roll-out of the changes to Welfare Reform, the implementation of Universal Credit and significantly reduced funding available for supporting people.	We've had a multifaceted response to this which included: • Communicating with customers about the impact of the changes. • Participating in a Government pilot. • Increasing our dedicated colleague resources so colleagues work with customers to deal with the changes. • Piloting a new range of services designed to help manage their tenancies and their income. • Supporting our customers into work, skills development and volunteering. • Stress-testing the impact of higher arrears, bad debts and income reduction on our financial plan and budgets. • Reviewing future affordability of our homes and potential changes to how we let them.
Impact of Increased Right to Buy for Housing Association tenants Implementation policies and the volume of take-up by customers is unclear. Volatility and uncertainty on timing of receipts could impact future income streams and impact future and current customers.	We prepare a revised Business Plan annually, based on our assessment of this risk. This includes reviewing and monitoring our Value for Money targets to make sure we continue to meet our overall strategic objectives. We carry out stress-testing of the Business Plan to assess the potential impact on our business – including looking at securitisation issues, churn on existing charged stock, impact on covenants and reduction in income. We are involved in the NHF/DCLG working group so we can better understand the issues and consider how best to implement Right to Buy in our own stock.

As well as the above risks, to ensure that we are prepared for the challenges ahead, 2016/17 will see us managing the risks around:

- Embedding the Bromford Deal in our culture and service delivery;
- Restructuring our services under the Bromford Deal on a 'localities basis';
- Driving forward our land-led development programme, supported by our in-house construction team.

Internal Control

The AAC monitors and reviews the effectiveness of the internal control system, conducts an annual effectiveness review and reports the findings to the Board. The system of internal control is designed to manage rather than eliminate risk, to prevent and/or detect fraud and to provide reasonable, but not absolute, assurance against material misstatement or loss.

As part of its annual review process the AAC considers:

The Executive's annual review of the effectiveness of the internal control system;

- The Risk Register;
- External auditor reports;
- Reports from our Business Assurance provider;
- Internal monitoring reports and Key Performance Indicators;
- Reports from the Treasury Committee and treasury controls;
- Reviews of statutory and regulatory compliance – including health and safety compliance;
- Financial accounts, budgets, forecast and financial controls;
- Customer and colleague feedback.

Some key elements of our internal control framework include:

- Our Governance Framework and Group Delegation Framework, including committee terms of reference, approved by the Board;
- Financial Standing Orders;
- Strong treasury management, supported by external advisors and experts where necessary;
- A clear risk management process (see **Fig. 7**);
- Robust strategic and business planning processes;
- A bespoke business assurance programme;
- Up to date and innovative recruitment, training and development programmes for colleagues;
- Regular and formal reporting to Board on performance and progress on strategic priorities, targets and outcomes;
- Confidential Reporting and Probity policies;
- Anti-money laundering and fraud policies and registers.

All policies and 'How To' guides are simple, easy to understand and written in 'plain English'. The latest versions of all policies and 'How To' guides are accessible to all colleagues on our colleague intranet.

Business Assurance and External Audit is an important way the AAC obtains assurance that internal controls are in place and working. At the start of each financial year, our Business Assurance provider and external auditor work with us to put a work plan in place to review and test the controls in our biggest risk areas, or in areas of strategic importance.

During the year, no significant failings or weaknesses were identified by either our Business Assurance provider or external auditor.


Bromford.

Financial performance for the year

1. How do we perform financially?

Income and Expenditure	15/16	14/15	13/14	12/13	11/12
	£m	£m	£m	£m	£m
Core turnover	155	154	144	139	126
1st tranche & similar sales	15	11	22	14	8
Turnover	170	165	166	153	134
Operating costs	(90)	(91)	(87)	(87)	(81)
Cost of sales	(11)	(8)	(18)	(12)	(7)
Operating surplus	69	66	61	54	46
Net interest charge	(27)	(27)	(26)	(26)	(26)
Surplus pre disposals	42	39	35	28	20
Surplus on disposals	7	5	4	2	2
Retained surplus	49	44	39	30	22
Movement in Fair value of investments	-	-	-	-	-
Movement in Fair value of investments properties	-	1	-	-	-
Movement in fair value of financial instruments	-	(11)	-	-	-
Surplus before taxation	49	34	39	30	22

Balance Sheet	15/16	14/15	13/14	12/13	11/12
	£m	£m	£m	£m	£m
Housing property at cost	1,809	1,760	1,656	1,604	1,542
Depreciation	(220)	(205)	(186)	(175)	(168)
Grant	-	-	(528)	(526)	(519)
Net book value	1,589	1,555	942	903	855
Other fixed assets	25	24	17	16	18
Grant liabilities	(447)	(451)	-	-	-
Net current liabilities	(9)	(17)	(16)	(8)	(7)
Assets less current liabilities and grant	1,158	1,111	943	911	866
Reserves	584	531	397	358	331
Pension	11	15	13	12	10
Other long term liabilities	54	49	8	5	5
Net debt[1]	509	516	525	536	520
Funding	1,158	1,111	943	911	866

Operating cash flow	82	78	84	71	56
Cash surplus (operating cash less interest)	57	50	57	44	30

Financial Ratios	15/16	14/15	13/14	12/13	11/12
Core operating margin	43%	42%	39%	37%	36%
EBITDA cover	3.40	3.17	3.12	2.76	2.47
Cash conversion[2]	120%	118%	138%	131%	122%
Net debt / cash surplus	8.9	10.3	9.2	12.1	17.5
Asset gearing[3]	29%	31%	32%	33%	34%
Gearing[4]	49%	53%	57%	61%	61%

1 Net debt is loans net of cash at bank and investments
2 Cash conversion compares operating surplus to operating cash flow
3 Asset gearing compares net debt to housing properties at cost
4 Gearing compares net debt to reserves plus capital grant
5 14/15 and 15/16 reflect FRS 102, 11/12, 12/13 and 13/14 information is from accounts prepared under previous UK GAAP and do not reflect changes under FRS 102

Our key financial objective has been to maintain and improve our financial strength whilst protecting our liquidity – enabling us to meet our objectives as a business with a social purpose and be in a position to respond to emerging opportunities as they arise.

We continue to focus on two main areas; cost control within a value for money framework and strong cash generation from core activities, allowing us to invest in our existing and new homes and in our services to customers. Our principle financial ratios show exceptional performance in both areas. Core operating margin, our lead financial efficiency measure, has improved by 7% over the last five years to 43%. In the same period, cash conversion consistently exceeds 100% and our free cash flow is consistently over £40m. Reflecting this, EBITDA interest cover has risen 38% to 3.40 times and gearing and asset gearing have now reached a steady level.

Liquidity remains a key focus and at March 2016 we had:

- Cash and cash equivalents of £64.5m;
- £122m in undrawn loan facilities (including Revolving Credit Facilities);
- £247m of security ready to use within 3 months, with another £256m in the pipeline.

2. Income and expenditure

These accounts have been prepared under FRS 102 for the first time and this has impacted on reported surpluses.

The underlying surplus (under UK GAAP) of £51.1m is another record for Bromford (14/15: £43.8m). This is then decreased to £48.9m (14/15: decreased to £34.5m) by the following FRS 102 adjustments:

	2016 £ million	2015 £ million
Surplus for the year under UK GAAP	**51.1**	**43.8**
Turnover - amortised grant	**4.9**	**4.6**
Net Increase in operating costs - mainly additional depreciation charge and re-measurement of SHPS pension creditor	**(6.1)**	**(3.1)**
Changes to profits on disposal of fixed assets	**0.1**	**(0.6)**
Increase in Interest and financing costs	**(0.7)**	**(0.8)**
Movements in fair value of financial instruments and investments	**(0.4)**	**(9.4)**
Surplus for the year under FRS 102	**48.9**	**34.5**

This illustrates that the implementation of FRS 102 will bring additional volatility in reported surplus, even though the underlying cash and business performance position is unchanged. To aid the understanding of our financial statements we have reported our Statement of Comprehensive Income under UK GAAP and FRS 102.

The vast majority of our income is derived from rents and service charges and we are not dependent upon income from asset disposals.

Effects of material estimates and judgments within these financial statements

- On an annual basis we review for potential **Impairment of non financial assets.** Following the review no impairment was deemed to be required.
- We have accounted for depreciation of assets on a straight line basis. The depreciation basis is reviewed regularly for each class of asset, and no changes were required.
- The majority of our **debt financial instruments** are classified as basic. We do however have some standalone interest rate swaps which have been categorised as non basic and these have been measured at fair value within these financial statements.

Further details of key estimations can be found within our accounting policies on page 61.

Performance Indicator	Notes	Actual	Target	Better/ (Worse) %
Customers				
Overall advocacy (%)	% of customers that recommend us	87.00	82.00	6.1%
Customers into work	Numbers helped into work	223	258	(13.6%)
Total Expected Arrears (%)	Arrears excluding outstanding HB due	3.04	2.80	(8.6%)
Colleagues				
Great place to work	Best Companies Survey score	676.10	666.50	1.4
Grow your own (%)	% internal recruitment	73.00	75.00	(2.7%)
Total Days Sickness	Average days per colleague - whole group	7.90	8.00	1.3%
Business				
Free cash flow (£m)	Operating cashflow excluding development, less interest	57.57	41.46	38.9%
Core operating margin (%)	Under UK GAAP	42.84	43.06	(0.5%)
Development Investment (£m)	Total net spend on new homes, which is shown in operating activities or capital expenditure in these financial statements.	61.74	65.10	(5.2%)
S/O unsold stock	No. of unsold homes	34	25	(36%)
Repairs WIP (jobs)	No. jobs in progress	2,596	3,400	23.7%

Customer Advocacy

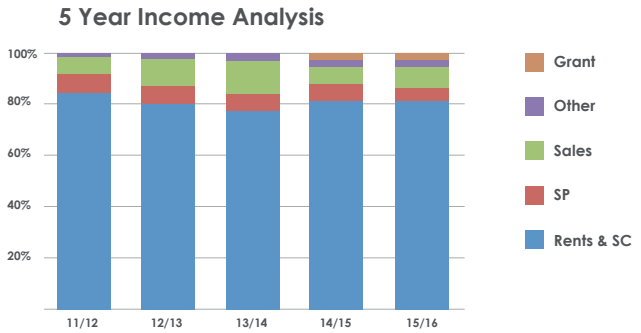
We have seen a significant improvement in our overall customer advocacy score for the year, further detail on customer advocacy is set out on page 33 within our value from money self assessment summary.

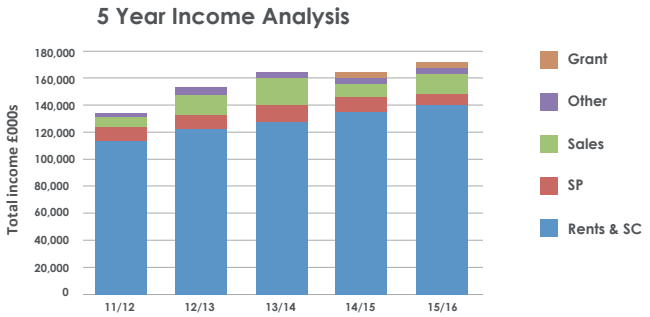
Customers into work

Whilst the number of customers into work has not been met, those who have made progress along the work journey is significant with 839 customers making small steps. Many customers are still a long way back from work and the Neighbourhood Coach role together with specialist support from Skills Coaches and Money Advisors should help move the customer closer to the work place over the coming years.

Rental income and arrears:

The charts below summarise our sources of income from the last five years:





We aim to maximise rental income within a customer affordability framework. Performance on bad debts and arrears remains strong despite the difficult economic conditions. Gross arrears rose slightly in the year, but at 14.8 days rent are still only 4.0% of rental income (14/15 3.7%).

Net arrears (taking prepaid rent into account) also rose, but remain low at only 1.8% of rental income (14/15: 1.5%).

Impact of Welfare Reform and Government Policy Changes

General Needs' arrears stands at £3.9m (3.39%) of the total rent roll at year end, compared to £4.4m (3.43%) this time last year. This is a great result against the backdrop of challenging welfare cuts for customers.

We have been trialling a 'Leaving Well' service which encourages and helps customers to hand back their homes in good condition with no rent arrears, or with a plan to pay. This focus is bringing benefits in reducing former tenant arrears and will continue as part of our plans for locality working. Overall, 71% of our total rent accounts were clear or in credit at the end of March 2016.

Planning for Welfare Reform remains a priority for us. In particular, we want to help customers to manage financially and take ownership of their own housing costs when housing benefits are paid directly to them. Arrears sit at 5.1% for the 840 customers who are currently piloting Housing Benefit Direct Payment and at 13.1% for our 139 Universal Credit customers. However, our Universal Credit customers had pre-existing arrears of 11% before moving onto Universal Credit meaning the move to Universal Credit has only increased the arrears by 2.1%.

Our 'Starting Well' service encourages tenants to make a rent payment in advance at tenancy sign up – providing a 'safety net' if their circumstances subsequently change for the worse. In March 2016, 51% of customers paid a months' rent in advance or more at sign up – increasing the average rent collected at sign-up to £366, up from £160 per customer previously.

Welfare Reform Training has been delivered to over 200 colleagues, equipping them with the knowledge of how these changes will impact our customers, and our organisation, and giving them the tools they need to help our customers prepare.

Our in-house Money Advice Service, successfully run as a pilot during 2014/15, is now fully authorised and regulated by the Financial Conduct Authority. During 2015/16 the service helped 227 customers with debt advice issues of these 78 were in arrears with an initial combined debt of £65k. Due to the intervention of our Money Advisors this has now reduced by £9k (14%).

Shared ownership sales

Shared ownership and shared equity sales income for the year was £15m (14/15: £11m). We sold 157 homes at an average 100% sales value of £191k (14/15: 137 units, 100% value: £167k). The first tranche share decreased slightly to 45% (14/15: 48%), excluding shared equity sales.

We had 34 homes unsold at year end, with just 3 unsold units older than six months, all of which are currently reserved.

Costs:

Cost control is a core deliverable across the business. The HCA's recent comparative analysis of costs across the sector has validated that our costs are low using 2014/15 as the benchmark. Whilst our underlying operating costs have increased, our underlying operating cost per home has remained constant over the last 5 years at c. £2,500. When FRS 102 changes to depreciation charges are taken into account we see a small increase in operating costs per home for 14/15 and 15/16 (See Fig. 8). Success in controlling costs drives our excellent core operating margin which at 43% remains one of the strongest in the sector. Our strong focus on cost is a central part of our Value for Money framework, evidencing not just the cost of what we do but its effectiveness and the outcomes we achieve for our customers.

Our operating costs for other social housing activities (see note 2 on page 70) includes our Social Value investment activities which are offered as part of the Deal. During the year we spent £1.1m (14/15 £0.8m) on these added value activities; coaching and supporting our customers and piloting new service delivery models. The social return on this investment is shown in our social value report summary on page 43.

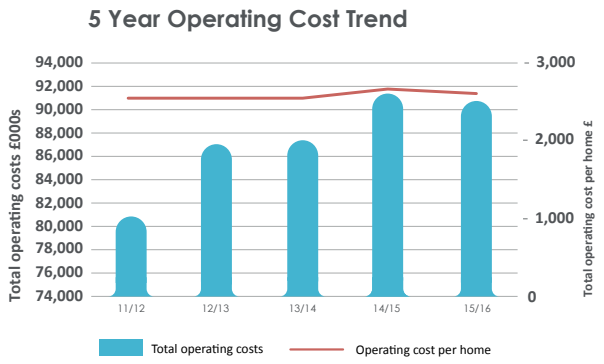


Fig. 8

Disposals:

Disposals are not a material feature of our financial results, but we expect them to grow over time as we proactively manage our homes to deliver a strong return on assets.

Disposal profits in the year were £7.0m (14/15: £5.1m), comprising staircasing (£3.0m) and our void disposal programme (£4.1m). During the year 113 homes staircased (108 to 100%), and seven homes were repossessed. Disposals generated cash of £16.1m and £0.8m in recycled grant.

Corporation tax

We continue the policy of Gift Aiding taxable surpluses from non-charitable Group Members to charitable Group Members. The corporation tax charge for the year is £108k and there is a deferred tax charge of £140k.

3. Balance Sheet

Fixed assets:

Details of the movements in fixed assets during the year are set out in notes 11 to 16 of the financial statements.

Sales exposure:

Exposure to unsold shared ownership stock is not a material issue for us, neither is potential impairment of property values. The market value of unsold homes at year end was £6.1m and represented only 34 homes of which 20 were reserved at year end. Only 3 of these homes are over 6 months old.

We had no unsold outright sales stock at the year end.

Investment in our homes:

In 2015/16 we invested £20m (2014/15: £19m) in major repair and refurbishment programmes and £50m (2014/15: £44m) in new homes.

4. Treasury

The following table highlights our position on key indicators:

	15/16
Borrowing	£583m
Undrawn facilities	£122m
Cash Balances	£64m
Fixed rate borrowing	80%
Cost of borrowing	4.48%
Interest cover covenant (cash flow)	3.91 times
Asset gearing covenant (66.67% max)	29%

Cash, liquidity and funding:

Rigorous control of cash is a key focus for us. Operating cash flow was again strong at £82m (14/15: £78m) and represents 120% of operating surplus - a good cash conversion performance. Cash from operations has again been sufficient to fund our interest payments and investment activities, requiring no additional net borrowing Cash balances were strong at £64m. This includes our recently issued £43m Affordable Housing Finance (AHF) bond. We plan to draw a further £27m against this facility in 2016/17.

This provides the business with a comfortable level of cash and undrawn available facilities, covering more than two years of planned expenditure.

Borrowings of £583m (14/15 £555m) increased due to the £43m AHF bond issue (net of operational repayments on our Revolving Credit Facilities (RCFs) and scheduled capital repayments).

Undrawn facilities are predominantly RCFs which provide flexibility and assist in mitigating the cost of carry on excess funds.

Cash balances not within RCFs were placed on deposit in line with our treasury policy. This requires a minimum of £5m immediately available funds and a further £20m available within two business days, highlighting the importance we place on liquidity in our management of risk.

Interest rate management and mark to market position:

We use fixed rate borrowings to manage our exposure to increases in interest rates and 80% of our borrowings are at fixed rates (14/15 79%). This strikes a balance between managing medium term rate risk and benefiting from current low short term rates. No new interest rate hedging was undertaken during the year.

The average cost of borrowing was 4.48% (14/15 4.62%). The slight fall came from scheduled repayment of variable rate loans, RCF repayments and fixed loans maturing to variable.

We have a portfolio of cancellable interest rate swaps for periods up to 2047. The swaps are with banks with whom we already have a borrowing relationship. We manage our mark to market (MtM) position carefully, using the MtM thresholds built into our International Swaps and Derivatives Association agreements and are able to use property as security.

The full MtM value of the cancellable swaps at year end was £30.2m which was slightly above last year's level of £29.9m due to falls in the yield curve and long term rates. At year end the MtM call amount over our contracted threshold levels decreased to £10.2m (14/15 £11.4m) as a result of movement in the yield curve.

Security:

Bromford has a healthy level of available uncharged security. Our £122m of undrawn facilities are all fully secured. In addition we have £25m pre-charged security ring-fenced to cover any further movements in our MtM exposure over and above our substantial contractual thresholds.

Further security charging is at various stages of completion. Over £100m is held by our Security Trustee and is available subject to renewing searches, with another £100m at a concluded or advanced stage with solicitors. Together with our as yet uncharged security, these pools are being managed in line with future funding plans, funder security covenant requirements and market changes to the extent they effect security valuations.

Covenants:

All of our covenants are based on group results and are broadly consistent in their composition across our funder base. We have considerable capacity on both our interest cover and asset gearing covenants and they do not limit our activities.

5. Future Outlook

Welfare Reform

We continue to gain valuable insight from running our own internal pilot of Direct Payments, as well as closely monitoring customers who have migrated to Universal Credit (see commentary on page 27). We continue to keep close to Universal Credit development and implementation issues and are represented on key DWP working groups.

We have completed an affordability review to assess the impact of Welfare Reform for our current and future customers and will monitor our new lettings in 2016/17 closely, using our affordability calculator to ensure our customers can afford to live in our homes both now and in the future when Welfare Reform changes are likely to impact them.

Our financial planning allows for additional resources we believe we will need both to implement our Localities plan and to manage the impact of Welfare Reform on our customers. By investing in localities and our service offers, we expect to maintain our current strong financial position. We have none the less allowed for an increase in both bad debts and void costs.

Supporting People contracts

Continued pressure on Local Authority funding has led to further reductions in services and funding and we are reviewing our position on a contract by contract basis. Over time we expect our Supporting People activity to continue to reduce.

Voluntary Right to Buy

We await the outcome of the National Housing Federation (NHF) pilots, and are keeping close to issues of implementation via the NHF/DCLG working groups.

Value for Money self assessment

Our full VfM Self assessment is published on our website, click here

1. Financial Strategy and VfM

In summary our strategy is to operate our core services as efficiently and effectively as we can, delivering VfM so that we generate the maximum funds possible for investment in new services (the Deal), our existing homes and new homes. We aim to target that investment to produce the greatest possible social value and to inspire people to be the best they can be. All this remains unchanged, although there are clearly significant uncertainties facing the sector as a whole and these will affect the detail of how, and at what speed, we deliver our strategy, we are well placed to meet the challenges of the future – benefiting from:

- **A proven track record of service delivery and innovation combined with VfM**
- **Committed and well-motivated colleagues who are open to change**
- **A sustained strong financial performance**

Low operating costs as evidenced by the recently published HCA's VfM cost measure report, for 14/15 Bromford subsidiaries' operating costs were amongst the lowest in the sector.

Our business plan sets out how we intend to achieve our strategy and allocate our resources. Generally we operate to a five year planning horizon and the business plan is subject to our VfM planning framework.

We have a good understanding of the costs of our services, the returns we achieve on our assets and how our performance compares to our peer group. The detail of this is set out in the 'Benchmarking' section below and in the benchmarking annex to our VfM self assessment document.

Our fundamental purpose is to create and maintain social value, and the further development of systems to capture this is a major priority for us. We have for the third year produced a Social Value Assessment (SVA), setting out our vision, progress and plans in this area.

2. How effectively are we servicing our customers?

Customer experience

We measure how well our customers think we are performing across a range of services. The 2015/16 results are shown below:

	15/16	14/15
Overall advocacy	87%	78%
Anti-social behaviour advocacy	69%	85%
Moving-in advocacy	95%	92%
Home improvements advocacy	92%	84%
Support services advocacy	92%	90%
Repairs advocacy	81%	74%
Recommend the neighbourhood	87%	82%

Click here to read our end of year customer performance infographic

Customer Service

This year we've spoken to a record-breaking 6,600 customers – an increase of 45% compared to 2014/15. In this context, the increase in our customer advocacy score from 78% to 87% is especially pleasing. We are confident that the improvements we are delivering through our operational services are having a positive impact for our customers.

A key focus for us in the year has been to improve the customer experience of our gas service. The number of customers recommending our gas service is now 86% - up from 72% in 2014/15. At the same time we have seen a 74% reduction in the number of customer contacts arising as a result of customers being unhappy with the gas service.

The three most important changes behind this are:

- **Improved partnerships with contractors, managing each contract individually to achieve the best solutions for our customers;**
- **Colleagues in the repairs team and elsewhere are owning and resolving customer issues; ensuring the loop is always closed and nothing is left outstanding; and finding solutions faster than in the past.**
- **A more holistic service - not just carrying out single repairs but where customers have had repeat breakdowns replacing the boiler or carrying out more extensive repairs / refurbishments.**

Other key initiatives that we have taken over the last year include:

- **Complaints –** we have a new complaints process which has shortened the time to resolve complaints by an average of 7 days. Of the 323 complaints we received in the year, 91% were successfully resolved at the informal stage of our process.
- **Customer contact -** we have found new ways to meet changes in call demand, concentrating on the root cause of avoidable contacts to eliminate them, adapting resourcing levels to meet demand patterns and have extended our opening hours. Over the last few months we've seen significant improvement in answering times and customers are finding it easier to contact us. Alongside this we have developed a 'mock house' which sets out the most common repair issues and enable colleagues to have more informed conversations with customers to diagnose repairs, and support customers in doing more for themselves. In addition we have changed the way in which we manage Housing Manager call backs, improving our resolution of issues at first call, and, based on customer feedback, this seems to have resolved issues that customers were having with this aspect of our service.
- **Home standards -** we are now installing showers and extractor fans in all our empty homes. This further supports the work we have been doing around damp and condensation.
- **Starting Well Engineer pilot –** this is designed to coach and support customers to do more themselves, and has also supported the handover of empty homes with no follow-on repairs by, ensuring there are robust post inspection and handover processes to the customer. Early indications from the pilot tell us that customers value this service.
- **Boiler Supplier -** we've changed our boiler supplier whilst keeping the same boiler manufacturer; which will allow us to do more with our money with no compromise on quality for customers and install more new boilers this year for customers.
- **Anti-social behaviour (ASB) advocacy -** our ASB score can fluctuate, partly due to small sample sizes; but when cases take longer to resolve, customers told us they didn't feel well informed, an area we are addressing. Positively, we've opened fewer cases, issued more to court to resolve things, and carried out more prevention work.

How do we invest in and repair our homes?

We invested £21m in planned improvement works, with a focus on heating, including £5.1m heating system upgrades and £180k insulation upgrades. By reviewing our home improvement contracts we have saved £300K which will be directly reinvested to support our work on energy efficient homes and affordable warmth. It could see 160 customers having new high efficiency condensing boilers or 150 customers having A-rated double-glazed windows.

We completed 980 Aids and Adaptation works, securing £1.57m in grant funding to improve peoples' lives through having homes that better fit their needs.

We completed over 90,000 repairs, including c. 21,000 gas related jobs. 7,300 gas jobs were completed within the same day. The cost of maintenance per property decreased considerably to £338 (2014/15: £441).

How do we perform letting our homes?

Our lettings and support services have consistently delivered a great service for our customers this year. In Quarter 4 2015/16 our lettings service achieved our highest ever customer recommendation score of 97%.

We finished the year with an average re-let time of 14.9 days against our 11-day target (14/15 13.8 days); However, our performance remains excellent when compared to other regional providers. Void costs remain low at just 0.75% (14/15 0.82%)

How do we ensure our homes are safe?

All of our gas, oil and solid fuel heating systems were inspected for safety last year, and all had a valid safety certificate at year end. This means that we checked over 20,000 systems during the year.

The servicing of equipment, including lifts, lighting protection, fire alarms, along with a Legionella desktop review of all assets, was 100% compliant at the year end.

To ensure the quality of servicing and repair works for gas and electricity, we carried out 2,895 gas and 1,026 electrical compliance quality check audits.

Customer & Communities Network ('CCN')

Operating independently but with strong links to the Board, the Customer and Communities Network (CCN) plays an important role in scrutinising performance and shaping service delivery. They represent "the voice of our customers" and, amongst other things, their input over the course of the year has helped influence in particular the objectives and approach of our new Localities Plan which redesigns our local service offers and our response to Welfare Reform changes. Other things that the CCN has led the way on is the redesign of our Complaints Policy ensuring any unhappy customer is heard and the insight used to change behaviour and improve the experience and our Affordable Warmth programme, which aims to make sure our homes are energy efficient and cheap to heat. The CCN is instrumental in stress-testing our innovation proposals and make sure that our continuous improvement is in the best interests of our customers.

3. How do we add to the supply of new homes?

Our completions over the last 5 years are set out below:

New Homes Completed	15/16	14/15	13/14	12/13	11/12
Rents					
(Social and affordable)	254	357	384	409	326
Supported	54	10	54	16	34
Shared Ownership	157	143	200	167	117
Outright sale	-	-	37	13	12
Total New Homes Completed	465	510	675	605	489
Total New Homes Started	727	428	608	765	629

92 of the 465 homes completed were built by our in-house construction team, Bromford Developments Limited. Overall, 465 completions is fewer new homes than we aspire to, but the programme was affected by slippage on several major schemes. As an indication of future activity, starts in the year were 727, ahead of our 643 target, and the overall investment in new homes was £50m in the year, up from £44m in 14/15. Longer term, we are aiming to average c. 600 homes per year into management and we are on track to achieve this as a sustainable investment programme.

In terms of our new products:

- We have completed our first two MyPlace schemes and a further scheme is now on site.
- We secured two sites for Retirement Living schemes; one scheme is under construction and we are finalising planning approval for the other.
- We are committed to continuing to develop new homes in volume into the future. We expect to develop with little or no capital grant and will continue to benefit from the experience and commercial expertise of our in-house development and construction teams to help us achieve this.

Our new homes business plan will help us to deliver our strategic objectives by;

- **Increasing the supply of homes** - the plan provides for the delivery of 3,132 new homes into management over the next five years; we are focused on making a real difference by building homes that otherwise may not be built by moving away from a S106 programme to an increasingly land led development approach.
- **Making sure each customer has the right homes** - moving to a land led approach gives us control over what we build and enables us to ensure that the new homes we provide meet our customers' requirements and remain as affordable as possible in the context of the changing welfare environment.
- **Making sure we build the right relationships** - we aim to deliver our new homes in localities which will allow us to better deliver the Deal.

Broadly, there are four land led business streams:

- MyPlace;
- Retirement Living;
- Rented and shared ownership homes;
- Homes for outright sale.

Alongside this:

- We are assuming an on-going but reduced S106 programme of rented and Shared Ownership (SO) homes;
- A regeneration programme based on renewal of specific schemes.

We also expect to have a programme to replace homes lost by way of Voluntary Right to Buy (VRtB).

4. How do we develop our colleagues?

Our colleagues are at the heart of everything we do and one of our key objectives is to deliver a great place to work – to be an employer of choice - because well trained and motivated colleagues deliver the best service. We regularly survey colleagues using the 'Best Companies' framework, and use that feedback in our planning. In the last year we complemented this with a short in-house 'Pulse' survey to measure colleague engagement.

We are now three years on from the launch of our online learning and performance platform 'BeBromford' and the portal now hosts our performance management framework, a number of online learning programmes, a social learning community, a well-stocked and growing resources section and most recently our new On Boarding module 'NewBe' aimed specifically for new colleagues.

We continued with our Essential Leadership Academy so far circa 125 colleagues have completed the programme; a blend of online learning and workshops.

Our desire to grow our own has continued and we completed our third 'Grow Your Own' talent academy last year, with 14 colleagues benefitting from focussed coaching.

Five years ago, we introduced 'Yammer', our internal chatroom for colleagues to post whatever they felt worthy of sharing across the business. Since then, colleagues have shared almost 180,000 posts across a wide range of subjects including advice, learning, customer outcomes, performance statistics and colleague news. It has proven to be an excellent tool for highlighting, through the use of hash-tags how colleagues have 'lived' our DNA strands of BeGood, BeBrave, BeDifferent and BeCommercial.


Harrods

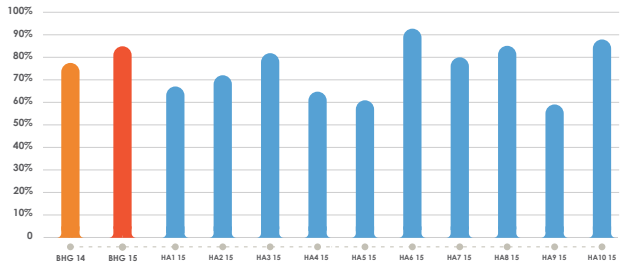
5. Benchmarking – looking back

Within our self assessment document on our website we have included a summary of the Bromford results from the HCA's recently published analysis of costs across the sector – "Delivering better Value for Money: Understanding differences in unit costs". This shows, by subsidiary, how our costs compare to sector averages, and verifies that our costs for 14/15 were amongst the lowest in the sector.

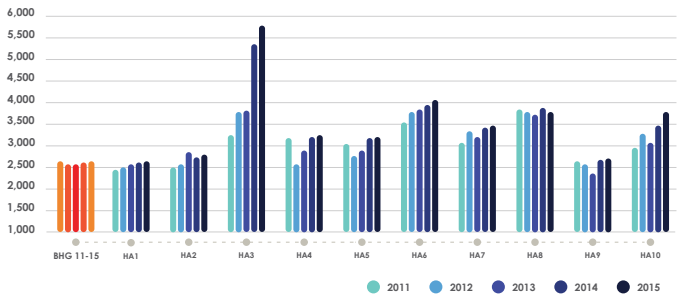
More detailed financial comparisons with similar peer organisations can be found in our VfM Self Assessment. Here, we have set out a broad range of key performance comparison measures which demonstrate our financial strength, focus on customer affordability and success with cost control in both absolute and relative terms:

(Other HA and Bromford data is from 2014/15 statutory accounts prepared under UK GAAP, so that performance can be measured before the impact of FRS 102).

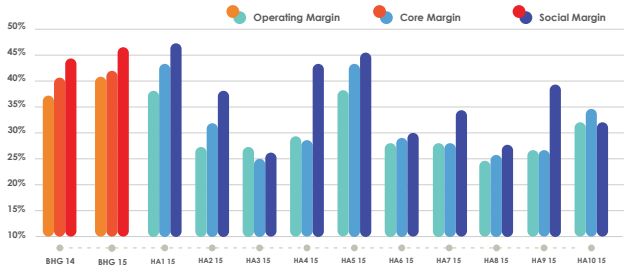
Statutory Accounts 2015 - % Social Housing Turnover



Social Operating Cost / Unit - 5 Year Trend - £

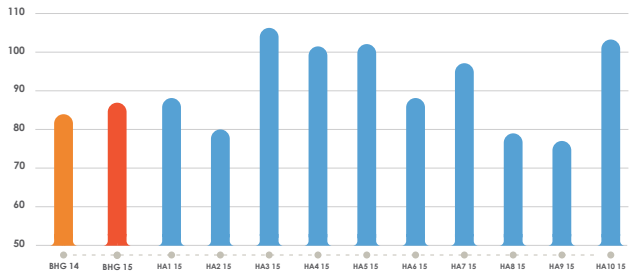


Statutory Accounts - Margins

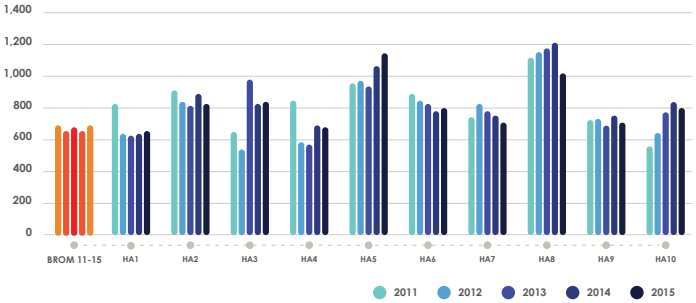


Management Cost / Unit - 5 Year Trend - £

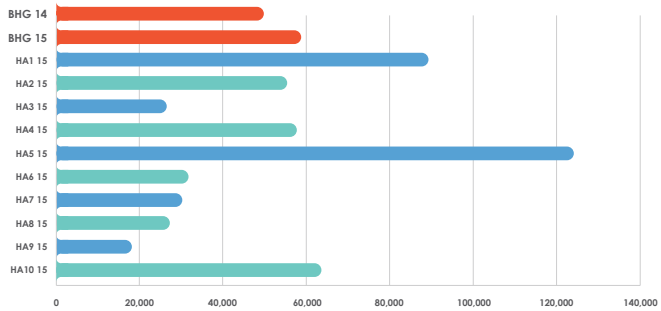
Statutory Accounts - Average Rent / Week - £



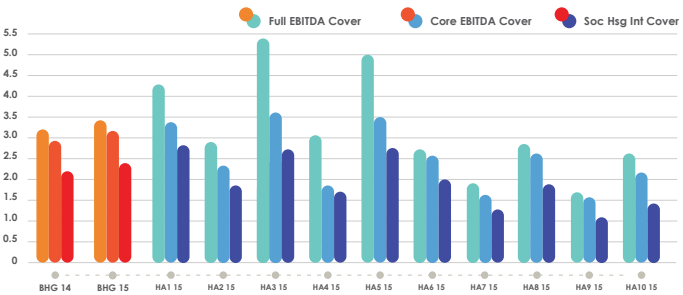
D2D Repairs Cost / Unit - 5 Year Trend - £

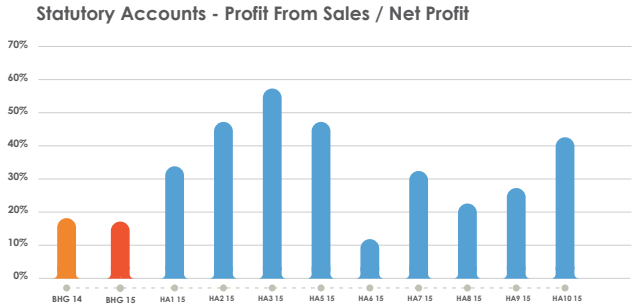


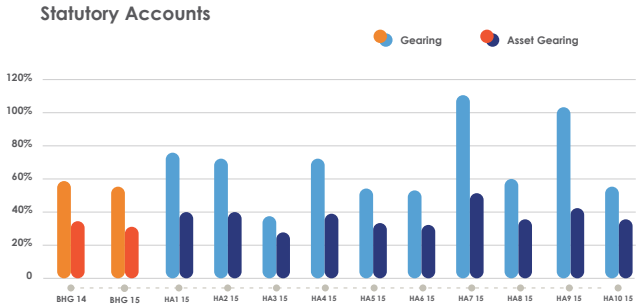
Statutory Accounts 2015 - Core Profit Per Colleague £

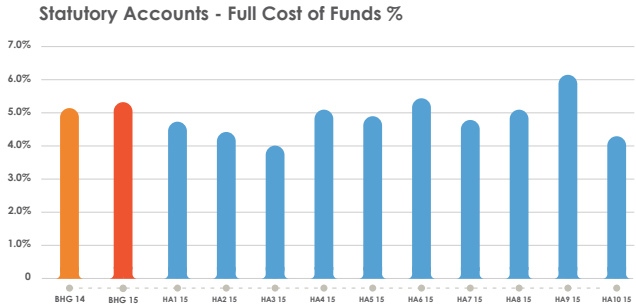


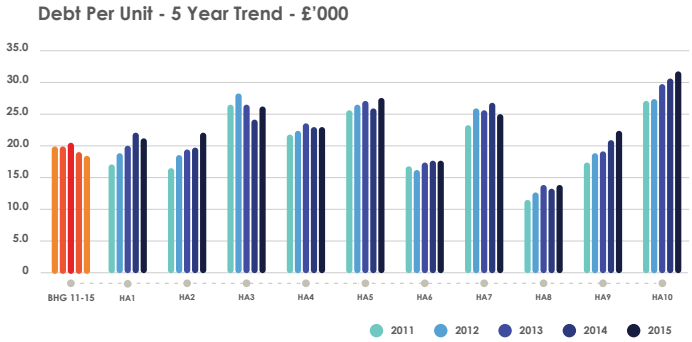
Statutory Accounts 2015 - Interest Cover











6. Resource generation

Our financial planning is cashflow based. Our VfM Framework sets targets for net operating income generation from core activities and from disposals arising from of our asset management plan. After meeting our loan obligations for interest and loan repayments, this leaves our free cashflow which is available for investment choices. Our aim is to maximise the monies available for investment and to be clear about the returns – social and economic – we expect to achieve from our investment.

Resource allocation for investment

Under our VfM Framework, our free cashflow materially funds our investment in three areas: Existing Homes, developing our services to support the Deal relationship with our customers and New Homes. Typically, the amount we invest will exceed our free cashflow and we meet the shortfall from our own cash resources or from new loan finance.

7. Return on Assets

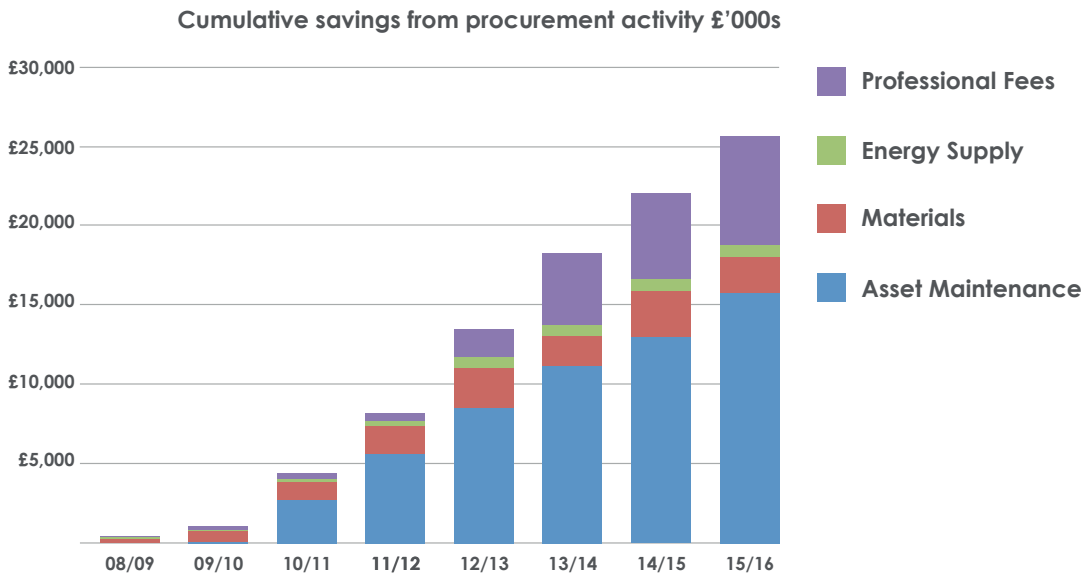
Our main measure of return on investment is our net present value (NPV) model. This calculates the NPV by unit or scheme. Further detail is set out in the full VfM self assessment document.

During the past year we have continued to implement our asset management strategy for disposals, including assets where the NPV is poor.

Type of Disposal	Disposal 15/16 Number of Units	Disposal 14/15 Number of Units	NPV per Unit
Sales of homes that cost more than they make	9	4	Poor
Sales of high maintenance homes	12	11	Poor
Sale of non traditional homes	5	2	Poor
Sale of regency homes in Cheltenham (flats)	-	24	Poor
Sale of homes in non core areas	17	6	Average
Total	43	47	

8. Procurement

We have continued to achieve great procurement results (set out graphically below). We expected to have achieved cumulative savings of £24m by March 16, and have in fact achieved savings in excess of £25m.



Savings relating to 2015/16 include:

- £1.3m - kitchen and bathroom replacement;
- £0.8m - professional services;
- £0.5m - component replacement;
- £0.2m - asbestos works;
- £0.2m - gas installation & servicing;
- £0.1m - cleaning contracts.

In addition to the savings outlined above, our Procurement Team has been involved in projects that secured further savings against a wide ranging set of projects.

Social value generation is important to Bromford and as a result of procurement activity we have:

- accelerated the installation of smart meters in order to help our customers become better informed about their energy usage;
- Secured terms with framework providers and consultants that will lead to the creation of apprenticeships and work placements, based on the level of business channelled through them;
- Secured significant savings – which are passed onto the affected customers - on items contributing to service charges;
- Helped the local economy by procuring goods and services from local small and medium sized enterprises;
- Procured innovative new payment processes that are used by our customers; making it quicker and easier to do business with Bromford.

The 2016/17 procurement programme includes the following projects:

- Utilities;
- Asbestos removal services;
- Water hygiene;
- ICT hardware;
- ICT software;
- Telephony;
- Architect services;
- Fencing;
- A number of contracts with price reviews;
- A number of contracts with extension options.

We consider a mix of several key drivers when making procurement decisions including, price, quality and social value factors. Whilst price is clearly a very important factor, it is one of several. Quality is a critical issue; ensuring that we get the best service for Bromford and for our customers.

9. Social Value Summary

Social value is about maximising the impact of investments to achieve the best possible social, environmental and economic outcomes. It is the additional benefit to the customer, their community and even the UK over and above purely the provision of goods and services.

Measuring the social value created by what we do ensures that we squeeze the maximum value from every pound we invest, enabling us to make informed and evidenced investment decisions by measuring the outcomes that are important to our customers and external stakeholders.

How we measure social value

We use two methodologies based on cost benefit analysis (CBA) and social return on investment (SROI). Both models are concerned with two key questions:

- Has our intervention caused a change in outcome?; and
- What is the value of that change?

Our approach based on SROI follows the NEF methodology and principles of measuring social value in a clear and transparent way. This allows us to:

- Understand how to value, but not over value change;
- Look at where issues may be displaced or moved to another area (displacement);
- Look at how much the change can be attributed to our service (attribution);
- Assess what changes may have occurred even without the service (deadweight);
- Estimate how long the impact may last for.

Service Offer Pilots

During 2015, we piloted a range of new service offers that supported customers to work towards short term and medium term outcomes that we believe are the key milestones along the customer's journey to be the best that they can be.

The pilots included services aimed at helping customers to start their tenancy well, receive great money advice, get help into training and employment, develop positive social networks and build resilience. During the pilot, 283 customers received the new services in Lichfield. The outcomes were very positive and we have used the learning from the pilots to develop services that we can roll out widely across Bromford. For each £1 that we invested in these piloted services, we generated £2.59 in social value (return on investment), excluding the value to Bromford from reduced arrears and fewer repairs visits.

Employment and Skills Programme

Our employment and skills service is available to a wider group of customers than those referred through the Service Offer Pilots. The programme consists of a range of services that support customers to gain the skills and confidence to access appropriate and sustainable employment outcomes. 2015/16 delivered 231 positive outcomes for customers, delivering a social value return on investment of £11.54 for every £1 invested.

Short Term Support Services

Housing-related Support's main purpose is to develop and maintain a person's ability to live independently, either in their own home or in supported accommodation. Over the past 12 months, we have been working on a detailed study of a specific Young Families Service to fully understand the outcomes achieved and the social value created through the service. The services comprise of Supported Housing and a Floating Support service provided to 21 customers at any one time. 13 customers agreed to take part in the detailed study. We explored a range of outcomes, including employment and work related skills, financial wellbeing, confidence, mental health and physical health. For 2015/16, the outcomes delivered a social value return on investment of £13.62 for every £1 invested.

New Homes

All Bromford homes meet the Decent Homes Standard, which require homes to be in a reasonable state of repair, to have reasonably modern facilities and provide a reasonable degree of thermal comfort. However, our aim with new and existing homes is to exceed this standard. To understand the social value created for our new build homes, we have again carried out analysis of our lettings data to ascertain what impact moving to a Bromford home might have had on our customers.

We used CORE data (Continuous Recording of Lettings and Sales in Social Housing in England) to understand the previous accommodation of our new customers and their reason for leaving their previous home. We used a mixture of sources and methodologies to evaluate savings to the NHS from improved health associated with good quality housing and values for potential alternative accommodation that the customer may have accessed if a Bromford home was not available to them.

Across 239 lettings, we estimate a social value of £930,000 in year one alone. This consists of £295,000 in wellbeing value and £635,000 in societal values. This delivered a social value return on investment of £3.89 for every £1 invested.

Boiler Replacement Programme

Bromford understands the impact of fuel poverty on households, especially on vulnerable customers who live in our homes. Our target is to bring all of our homes up to a SAP D rating or better by April 2018 and by doing so, exceed government fuel efficiency targets. We have a programme to replace older, less efficient boilers with new A-rated energy efficient models. During 2015/16 we installed 1,873 new boilers, at an average cost of £1,895 (a total investment of more than £3.5m).

It is impossible to quantify the impact on individual customers in terms of health and wellbeing without a more detailed study. However, the Warm Homes Oldham project (which undertook a variety of approaches to reduce fuel poverty and cold homes) found that 60% of respondents with a physical health problem felt that the initiative had a positive impact on their health and that over 80% reported a positive impact on their general health and wellbeing. If just 10% of customers were to experience improved physical health as a result of our investment, the health and wellbeing social values delivered would exceed the cost of new boilers in just one year.

Aids and Adaptations

Bromford carries out a significant programme of Aids and Adaptations to enable customers to stay in their homes and maintain their tenancies. Various studies show a significant reduction in the risk of falls and an increase in both quality of life and the ability to stay in own homes rather than move into a care setting as a result of the installation of Aids and Adaptations to existing homes.

Our 2015/16 activity in this area delivered a social value of £3.6m; a return on investment of £3.63 for every £1 invested.

Health Partnerships

Over the course of 2015/16, Bromford worked with a number of external health partners to deliver a range of pilot services aimed at increasing the physical health and wellbeing of both Bromford customers and users of other health related services. These services included:

• *Return Home Pilot*

The overall vision of the 'Return Home' pilot was to enable patients to be discharged promptly from hospital, when ready, leading to reduced hospital readmissions and placements into residential care. The two key outcomes that we believed would enable the 'Return Home' pilot to contribute to achieving this overall vision were improving patients' overall health and wellbeing and enabling patients to have greater choice and control over their own lives, care and support. This is a joint pilot between Staffordshire and Stoke on Trent Partnership NHS Trust (SSOTP) and Bromford.

Social value has been generated through improving the individual's financial position, reducing the fear of crime and improving the feeling of being in control. This delivered a social value of £59k; a return on investment of £1.06 for each £1 invested.

• *Renal Failure*

The pilot was designed to improve the quality of life of customers experiencing renal failure. Support included advice and guidance to apply for benefits and grants, help with aids and adaptations in the home and general health and mental health support. The single most common type of support requested related to maximising income, usually in the form of benefit or grant applications.

This delivered a social value of £437k; a return on investment of £8.57 for each £1 invested.

Existing Homes Investment

During 2015/16 we have proactively invested more than £21m on improving the quality of our homes and the communities that our customers live in. This has included:

- **£14.2m** - capital component replacement; including heating, kitchens, bathrooms, windows, doors and roofs.
- **£2.2m** – major improvement works; including drainage, hard landscaping, rewiring & insulation.
- **£1.2m** – estate improvements and service asset replacement; including lift replacement, creating play areas and car parking.
- **£1.2m** – risk management; including asbestos, legionella and fire risk.
- **£1.8m** – cyclical painting;
- **£0.7m** – aids and adaptations.

The customer advocacy for this investment improved significantly to a score of 92% for the year (previous year: 84%) and out of 13,319 completed jobs only 17 customer complaints were received. Considerable focus has been placed on the customer in carrying out these varied investments. Essentially, it is about much more than spending money on homes; it is about investing wisely, involving the customer in the journey, providing them with options and choices about some of the finer details of our investment, such as the choice of tiles, flooring, cupboard designs, handles and worktops.

We have used benchmarking comparisons to assess whether the prices paid to our partner contractors represents Value for Money. We are satisfied that the mix of product quality, service and price does exactly that. All major contracts have been through a rigorous and transparent procurement exercise and effective contract management ensures that Bromford and its customers receive a great service from our partner contractors.

Recognising that some of our customers are vulnerable, we have focussed on how we improve the communication between ourselves, our partner contractors and our customers. Essentially, this recognises that not all customers have the same preferences with regard to how we communicate with them. This has led to more innovative ways of communication that improve the likelihood of jobs being completed without unnecessary hitches and inconvenience to customers.

We are focussing on the social value derived from our investment and using social value analysis to help us prioritise work-streams and assess the impact of the investments we make to our customer's homes.

We have made further improvements to SAP ratings and the current position is set out below:

SAP Ratings	Number of Homes
A	19
B	3256
C	13361
D	6458
E	998
F	148
G	6

Social Value Report 2016

The full social value report / infographic is published on our **website** and includes further detail of each of these services, a breakdown of the wellbeing and societal social value created and sources for proxy values.

Future VfM plans

We have a programme of business improvement projects, the majority focussed on the use of technology to improve both the customer and colleague experience and produce efficiency gains from smarter working. These projects are managed and coordinated through our Project Portfolio Board.

Mergers

The Board has considered the NHF voluntary Code of Practice on mergers and partnerships (the Code) and supports the intention behind the 10 principles of the Code.

The Board believes that some aspects of the detail set out in the Code are too prescriptive to be applied in practice to the very wide variety of ways in which mergers and partnerships between housing associations can be initiated.

The Board also acknowledges the concerns raised by some smaller housing associations that the Code may encourage inappropriate and opportunistic approaches which may place an undue burden on some boards in the required responses.

The Board has considered how mergers and partnerships might in future benefit the business and help us achieve our purpose of inspiring people to be their best. This is in the context that Bromford is a very high performing organisation across all aspects of our business and is already one the most efficient in the sector.

The Board has delegated authority to the Chief Executive to assess any preliminary enquiries made by others against a set of mergers criteria approved by the Board. The CEO will inform the Chair of any approaches made by or to Bromford and recommend whether to take these to the first formal stage in line with the Code. The CEO will inform the whole Board monthly by email of any such approaches made or received and will report on mergers activity at each Board meeting.

Board Compliance Statements

Public benefit Entity

As a public benefit Entity, Bromford Housing Group has applied public benefit entity 'PBE' prefixed paragraphs of FRS 102.

Statement of Compliance with the 2015 Statement of Recommended Practice (SORP)

The Board confirms that the Strategic report contained within this Board report has been prepared in accordance with the principles set out in Para 4.7 of the 2014 SORP for Registered Social Housing Providers.

Board's Responsibilities for the Financial Statements

The Board is responsible for preparing the report and financial statements in accordance with applicable law and regulation.

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and the Group and of its income and expenditure for that period.

In preparing these financial statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association and the Group will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and the Group and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. It has general responsibility for taking reasonable steps to safeguard the assets of the Association and the Group and to prevent and detect fraud and other irregularities.

Information for Auditors

We the members of the Board who held office at the date of approval of these Financial Statements as set out above confirm, so far as we are aware, that there is no relevant audit information of which the Group's auditors are unaware; and we have taken all the steps that we ought to have taken as Board members to make ourselves aware of any relevant audit information and to establish that the auditors are aware of that information.

In preparing the financial statements, the Board Members have reviewed BHG's financial plan for 2016/21 and has a reasonable expectation that BHG has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements set out on pages 56 to 99 have been prepared on a going concern basis.

Appointment of Auditors

Following an open and transparent tender process in 2011, Beever and Struthers, Chartered Accountants were reappointed as Bromford's external auditors for a period of five years to 2016. Retendering of the external audit is currently in process with the process expected to be completed by October 2016.

The Board and Strategic Report was approved on 19 July 2016 and signed on its behalf by:

Jonathan Simpson-Dent

Chair

19 July 2016

About our Board Committees

The Board has three principal committees; the Assurance and Audit Committee (**AAC**), the Treasury Committee and the Nominations and Remuneration Committee (**NomsRem**). Each committee plays an important role in helping the Board to discharge its duties and responsibilities and obtain assurance that certain functions and processes are operating effectively across the group.

The Board delegates authority to each committee in formal Terms of Reference, which set out what each committee can and cannot do. A copy of the Committee Terms of Reference is available on the Bromford website.

Each committee is chaired by an Independent Non-Executive Director (**NED**) and committee members are appointed by the Board. Committees are supported by advisors and external professionals, such as Auditors, Solicitors and Financial/Treasury Advisors, and this makes sure that Committee members have access to the knowledge and information they need to discharge their duties effectively.

Assurance and Audit Committee (AAC)

The purpose of the AAC is to provide the Board with assurance that risk and internal control frameworks are operating effectively. This involves reviewing the risk register and the business assurance and the external audit functions.

Our business assurance provider and external auditors attend each AAC meeting to provide progress updates against the annual plans. Once a year the AAC members meet with both the business assurance provider and external auditor without executive directors being present. This allows the AAC to independently assess the effectiveness of our audit arrangements and obtain an independent view of the strength of our internal controls.

At each meeting, the AAC scrutinises the risk register, focusing on our highest scoring risks, the controls in place to mitigate these risks and 'heavy risks', which are risks that have a high dependency on internal controls to reduce a high inherent risk score to a low residual one. These risks feed into the business assurance plan which is designed to provide the AAC with assurance that adequate internal controls are in place and operating effectively.

On an annual basis, the AAC reviews the effectiveness of the business assurance and external audit functions by scrutinising provider performance and evaluating service delivery. This is done using feedback from colleagues and leaders and the committee's own experience. The independence of the business assurance provider and external auditor is also assessed, to make sure that the operational teams remain independent in nature, character and judgment and that our relationships with them are objective, reasonable and proportionate.

Our external audit contract is put out to tender every three to five years in line with sector best practice. Our current external auditor, Beever and Struthers, was re-appointed in September 2011 following a full tender process. The AAC will be putting the external audit contract out to tender again in 2016 and overseeing this process will be an important part of the committee's work during 2016/17.

The AAC met three times during the financial year. As well as its usual business in compliance with its Terms of Reference, the work of the AAC has also included:

- **Piloting the business assurance service as a new approach to internal audit.** This involved evaluating the business assurance model, to make sure that the terms of reference for compliance testing, significant risk reviews and data integrity would provide appropriate levels of assurance, and overseeing an assurance mapping exercise, to look at the risks present across the organisation and map these against internal and external factors.
- **Planning for the year end audit**, including understanding the new accounting requirements under FRS 102, evaluating how they would impact our accounting policies and approving amendments required.
- **Agreeing the approach to a complete review of risk management**, to refresh and update the governance and processes around the risk management framework.

Treasury Committee

The purpose of the Treasury Committee is to support the Board by formulating and reviewing treasury and funding plans and managing and mitigating risk. Their activity includes managing existing funding lines, derivative exposure, securities and excess cash and arranging new funding in line with business plan forecasts.

The Committee is supported by external treasury advisors, who help to scrutinise treasury strategy and update the Committee on sector issues. The Committee also commissions additional expertise as necessary.

During the year the Committee met four times, including combined sessions with the AAC and the Board. As well as the work done in compliance with its Terms of Reference, the work of the Committee has also included:

- **New Funding.** Following the budget in July 2015, the committee reviewed the impact on our business plan and made recommendations to the Board about further funding. Bromford subsequently participated in the Affordable Housing Finance PLC bond issue in March 2016. The committee scrutinised the proposals, the terms of the deal and the security requirements and recommended participation to the Board.
- **Derivatives risk management.** Over the course of 2015/16 the Committee reviewed the existing derivatives portfolio with a view to considering potential activity relating to cancellable swaps. The Committee conducted combined sessions with the AAC due to the overlap on issues relating to FRS 102.
- **Activity related to the existing loan portfolio.**
  - Following the amalgamation of two group entities, Bromford Housing Association Limited and Fosseway Housing Association Limited in April 2015, the Committee has continued its work to harmonise the loan portfolio and related covenants and exposures.
  - Reviews of specific funder issues were undertaken and, where they offered Value for Money and sufficient risk mitigation, the Committee agreed further action.
  - The impact of FRS 102 was monitored and the Committee recommended further action to be undertaken with funders.
  - Security work has also been a particular focus for the Committee this year. It worked through its project on Asset and Liability Registers and assessed the future requirements of the Government's Voluntary Right to Buy scheme.
- **Review of Treasury Policy.** The committee undertook its biannual review and approved amendments. Changes were made to the Investment and Liquidity Framework, to refine our forecasting accuracy, and to the Interest Rate Management Framework.

The Treasury Committee is also pleased to report the retention of our industry-leading Moody's Aa3 Credit Rating, first obtained in 2014. A review conducted by Moody's in autumn 2015 praised our strong margins and low debt levels among other factors and this is significant acknowledgment of our financial strength and focus on active treasury management. Our rating continues to give us a real 'seal of approval' when it comes to borrowing, investment and interest rates as well as raising our profile with potential investors.

Nominations and Recruitment Committee (NomsRem)

The purpose of NomsRem is to deal with any matters relating to the appointment, removal or remuneration of Non-Executive and Executive Directors.

This includes dealing with any matters relating to the structure, size or composition of the Board, succession planning or the leadership of the group. NomsRem also makes sure that there is an appropriate remuneration policy in place which allows for reasonable and proportionate levels of pay for both NEDs and Executive Directors.

Remuneration for NEDs is benchmarked regularly against other sector organisations and the pay of Executive Directors is structured to attract, motivate and retain talented individuals whilst focusing them to achieve specific performance targets. More information about NED and Executive Director pay can be found on page 74 and on the 'Open and Transparent' section of the Bromford website.

All NEDs are members of NomsRem and the Chief Executive is also a member when nomination matters are considered. 2015/16 has been the first full financial year that there has been a combined committee for dealing with both nominations and remuneration matters and the benefits of this have been a simpler governance structure, reduced bureaucracy and increased transparency.

NomsRem's main focus over the financial year has been to continue the work set out in the Board Renewal Plan. This was first developed as part of a full governance review in 2011 and aimed to progressively refresh the membership of our boards and committees over the short to medium term. During the financial year the following work has been done by the Committee in line with the plan:

- **Overseeing the implementation of our Board Renewal Plan.**

  In order to satisfy the recommended terms of office for NEDs set out in our Governance Code, and to make sure that the skills and independence of our Board are periodically refreshed, two NEDs retired during 2015/16. The Committee, on behalf of Bromford, thank Vice Chair John Barker and NED Fiona Underwood for their hard work and commitment during their terms of office and we wish them well in the future.

  Following a detailed skills analysis in December 2015, the Committee, supported by the external professional search firm Odgers, ran a robust recruitment process for a NED to chair the AAC. Odgers have no other connection or association with Bromford.

- During the year the Committee recruited and appointed three new independent NEDs:
  - **Stephen Dando in November 2015.** Steve is a chartered accountant who has held a number of senior finance roles at plc organisations and brings considerable expertise of finance, IT, legal, risk management, regulatory compliance and property sales to the Board. Steve took over as Chair of the Assurance and Audit Committee on 1 April 2016.
  - **Sally Higham in April 2016.** Sally is a social entrepreneur and CEO of a digital platform for non-profit start-ups. She has significant experience of working with and supporting community groups, youth services, charities and social enterprises.
  - **Balvinder Heran in April 2016.** Balvinder is an ICT professional and local authority Director. She is highly experienced in developing customer-focused ICT solutions, with a focus on shaping online services around the needs of users.

- In appointing any NED, the Board has regard to a candidate's attitude, capability, skills and experience. Equality and diversity are also important considerations when considering board composition and the Board has adopted a number of practical measures to make sure that this is achieved as far as practical during our recruitment process. The 'Statement of Preferred Composition' in our Governance Framework sets out the Board's commitment to achieving a diverse, inclusive Board containing NEDs with a mix of age, gender, business/sector experience and ethnic origin.

- **Overseeing succession planning for Executive Directors**
  - After 16 successful years as Bromford's Group Finance Director, Andrew Battrum announced his intention to retire in July 2016. The Committee, supported by Odgers, ran a recruitment process to find a successor and appointed Lee Gibson to succeed Andrew Battrum as Group Finance Director. Lee joined Bromford as Group Finance Director on 16th May 2016 and will, following Andrew Battrum's resignation in July, also be appointed to Bromford's Board.
- **Consideration of a proposed contract for the provision of consultancy services for one of our existing NEDs, Fiona Underwood, upon her retirement from the Board in March 2016**

  The Board wishes to continue to benefit from Fiona's unparalleled knowledge of the sector and agreed to enter into a contract with her company on a consultancy basis to achieve this. The Committee and the Board are satisfied that this is a justified exception to our policy.

The Committee evaluates the performance of any NED who has served an initial three year term before making a recommendation to the Board to renew their membership for a second three year term. Reappointment is not automatic. It is important that our NEDs continue to satisfy both performance and independence criteria in order to remain objective when constructively challenging proposals put forward by Executives and Leaders.

The committee is satisfied that during 2015/16 the Chairman's other commitments did not interfere with the day to day performance of their duties for Bromford.

Report of the Independent Auditors to the Shareholders of Bromford Housing Group To the Members of Bromford Housing Group

We have audited the Group and Association's financial statements of Bromford Housing Group Limited for the year ended 31 March 2016 set out on pages 56 to 99. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the Group and Association's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Group and Association'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 Group and Association and the Group and Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Board and the Auditor

As explained more fully in the Statement of Board's Responsibilities for the Financial Statements set out on pages 47 and 48, the Board is responsible for the preparation of the financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group and Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Board and Strategic Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the Group and Association's affairs as at 31 March 2016 and of its income and expenditure for the year then ended; and
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 require us to report to you if, in our opinion:

- A satisfactory system of control over transactions has not been maintained; or
- The Group and Association has not kept proper accounting records;
- The financial statements are not in agreement with the books of account; or
- We have not received all the information and explanations we require for our audit.

Beever and Struthers

BEEVER AND STRUTHERS
Chartered Accountants and Statutory Auditor
St George's House
215-219 Chester Road
Manchester
M15 4JE

19 July 2016


North Ridge
Tom Hartland
Bromford

Statement of Comprehensive Income - Group and Association
For the Year Ended 31 March 2016

	Notes	Group					
		2016			Restated 2015		
		£'000	£'000	£'000	£'000	£'000	£'000
		UK GAAP	FRS 102 Adjustments	FRS 102	UK GAAP	FRS 102 Adjustments	As restated under FRS 102
Turnover	2	**165,253**	**4,916**	**170,169**	160,261	4,648	164,909
Cost of sales	2	**(11,023)**	**-**	**(11,023)**	(7,791)	-	(7,791)
Operating costs	2	**(84,221)**	**(6,085)**	**(90,306)**	(88,211)	(3,178)	(91,389)
Operating surplus	2	**70,009**	**(1,169)**	**68,840**	64,259	1,470	65,729
Gain/(loss) on disposal of property, plant and equipment (fixed assets)	33	**6,933**	**57**	**6,990**	5,739	(619)	5,120
Interest receivable	6	**531**	**-**	**531**	492	-	492
Interest and financing costs	7	**(26,341)**	**(696)**	**(27,037)**	(26,668)	(832)	(27,500)
Movement in fair value of financial instruments	7	**-**	**(347)**	**(347)**	-	(10,894)	(10,894)
Movement in fair value of investments	19	**-**	**(184)**	**(184)**	-	148	148
Increase/(decrease) in valuation of investment properties	13	**-**	**121**	**121**	-	1,401	1,401
Surplus/(Deficit) before tax	5	**51,132**	**(2,218)**	**48,914**	43,822	(9,326)	34,496
Taxation	10	**(248)**	**-**	**(248)**	(17)	-	(17)
Surplus/(Deficit) for the year after tax		**50,883**	**(2,218)**	**48,666**	43,805	(9,326)	34,479
Unrealised surplus on revaluation of investments		**-**	**-**	**-**	148	(148)	-
Actuarial gain/ (loss) relating to pension scheme		**4,334**	**-**	**4,334**	(3,431)	475	(2,956)
Total comprehensive income for the year		**55,218**	**(2,218)**	**53,000**	40,522	(8,999)	31,523

		Association	
		2016	2015
		£'000	£'000
Turnover	2	**13,240**	12,344
Operating costs	2	**(12,425)**	(12,229)
Operating surplus	2	**815**	115
Interest and financing costs	7	**(68)**	(61)
Surplus/(Deficit) before tax	5	**747**	54
Taxation	10	**(237)**	6
Surplus/(Deficit) for the year after tax		**511**	60
Total comprehensive income for the year		**511**	60

The Group and association's results relate wholly to continuing activities and the notes on pages 60 to 99 form an integral part of these accounts

The financial statements on pages 56 to 99 were approved and authorised for issue for the Board on 19 July 2016 and were signed on its behalf by:

Jonathan Simpson-Dent
Chair

Philippa Jones
Chief Executive

John Wade
Company Secretary

Statement of Financial Position - Group and Association as at 31 March 2016

	Notes	Group 2016 £'000	Group Restated 2015 £'000	Association 2016 £'000	Association Restated 2015 £'000
Fixed Assets					
Tangible fixed assets - housing properties	11	**1,589,486**	1,554,591	**-**	-
Investment properties	13	**8,000**	7,491	**-**	-
Tangible fixed assets - other	14	**15,075**	15,268	**-**	6,806
Investments - other	15	**220**	220	**-**	-
Investment in subsidiaries	15	**-**	-	**136**	136
Homebuy loans receivable	16	**1,555**	1,125	**-**	-
		1,614,336	1,578,695	**136**	6,942
Current Assets					
Stocks	17	**10,090**	3,811	**-**	-
Trade and other debtors : receivable within one year	18	**7,013**	8,325	**2,385**	1,658
Investments	19	**9,643**	8,413	**-**	-
Cash and cash equivalents		**64,488**	30,891	**116**	91
		91,234	51,440	**2,501**	1,749
Creditors: Amounts falling due within one year	21	**(45,142)**	(41,268)	**(3,422)**	(2,884)
Net current assets/(liabilities)		**46,092**	10,172	**(921)**	(1,135)
Total assets less current liabilities		**1,660,428**	1,588,867	**(785)**	5,807
Creditors: Amounts falling due after more than one year	22	**(1,065,291)**	(1,042,054)	**-**	(7,103)
Provisions for liabilities					
Pension liability	25	**(10,667)**	(15,343)	**-**	-
Total net assets		**584,470**	531,470	(785)	(1,296)
Reserves					
Called up share capital		**-**	-	**-**	-
Income and expenditure account		**498,549**	443,822	**(785)**	(1,296)
Revaluation reserve		**85,921**	87,648	**-**	-
Total reserves		**584,470**	531,470	**(785)**	1,296

The financial statements on pages 56 to 99 were approved and authorised for issue by the Board on 19 July 2016 and were signed on its behalf by:

Jonathan Simpson-Dent
Chair

Philippa Jones
Chief Executive

John Wade
Company Secretary

The notes on pages 60 to 99 form an integral part of these accounts.

Changes in Reserves - Group and Association as at 31 March 2016

		Group				
	Note	Income and expenditure reserve	Revaluation reserve	Revaluation Investment reserve	Designated Reserve	Total
		£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2014 as previously stated		395,348	-	614	591	396,553
Changes on transition to FRS 102	36	15,216	89,383	(614)	(591)	103,394
Balance at 1 April 2014		410,564	89,383	-	-	499,947
Surplus/(deficit) from Statement of Comprehensive Income		31,523	-	-	-	31,523
Transfer in respect of depreciation		1,457	(1,457)	-	-	-
Transfer in respect of deemed costs disposals		278	(278)	-	-	-
Balance at 31 March Restated 2015		443,822	87,648	-	-	531,470
Surplus/(deficit) from Statement of Comprehensive Income		53,000	-	-	-	53,000
Transfer in respect of depreciation		1,326	(1,326)	-	-	-
Transfer in respect of disposals		401	(401)	-	-	-
Balance at 31 March 2016		498,549	85,921	-	-	584,470

	Association		
	Income and expenditure reserve	Revaluation reserve	Total
	£'000	£'000	£'000
Balance at 1 April 2014	(1,356)	-	(1,356)
Surplus/(deficit) from Statement of Comprehensive Income	60	-	60
Balance at 31 March Restated 2015	(1,296)	-	(1,296)
Surplus/(deficit) from Statement of Comprehensive Income	511	-	511
Balance at 31 March 2016	(785)	-	(785)

The notes on pages 60 to 99 form an integral part of these accounts

Cash Flow - Group for the year ended 31 March 2016

	Notes	2016		Restated 2015	
		£'000	£'000	£'000	£'000
Net cash generated from operating activities			**82,430**		77,859
Cash flow from investing activities					
Purchase of tangible fixed assets - housing properties		**(64,604)**		(57,111)	
Purchase of tangible fixed assets - other		**(1,306)**		(1,196)	
Proceeds from sale of tangible fixed assets - housing properties		**16,127**		15,542	
Proceeds from sale of tangible fixed assets - other		**12**		3	
Direct costs of disposal of tangible fixed assets		**(1,316)**		(1,153)	
Grants received		**216**		3,443	
Interest received		**1,381**		26	
Net cash outflow from investing activities			**(49,490)**		(40,446)
Cash flow from financing activities					
Interest paid		**(26,773)**		(27,547)	
New secured loans		**43,000**		-	
Revolving loan facility drawn		**13,000**		-	
Repayment of borrowings		**(14,448)**		(20,290)	
Revolving loan facility repaid		**(13,000)**		-	
Debt issue costs incurred		**(1,217)**		(156)	
Bond Issue premium receipt		**1,489**		-	
Bond Issue payment to liquidity reserve fund		**(1,244)**		-	
Payments to debt service reserve		**(150)**		-	
Net Cash flow from financing activities			**657**		(47,993)
Net change in cash and cash equivalents			**33,597**		(10,580)
Cash and cash equivalents at beginning of the year			**30,891**		41,471
Cash and cash equivalents at end of the year			**64,488**		**30,891**

Cash flow from operating activities	**2016** £'000	2015 £'000
Surplus/(deficit) for the year	**48,666**	34,479
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	**22,699**	22,235
Amortisation of Government grant	**(4,916)**	(4,648)
Decrease/(increase) in stock	**(6,279)**	(1,788)
Decrease/(increase) in trade and other debtors	**436**	(75)
Increase/(decrease) in trade and other creditors	**4,344**	(1,223)
Taxation	**248**	17
Pension costs less contributions payable	**(2,263)**	(2,241)
Carrying amount of tangible fixed asset disposals	**9,148**	10,425
Adjustments for investing or financing activities:		
Proceeds from sale of tangible fixed assets - housing properties	**(16,127)**	(15,542)
Proceeds from sale of tangible fixed assets - other	**(12)**	(3)
Movement on Shared Equity Loans	**(430)**	(129)
Movement in value on swaps	**347**	10,894
Movement in value of investments	**184**	(148)
Movment in value of investment property	**(121)**	(1,401)
Interest payable	**27,037**	27,499
Interest receivable	**(531)**	(492)
Net cash generated from operating activities	**82,430**	77,859

The notes on pages 60 to 99 form an integral part of these accounts

Notes to the Financial Statements

1. Principal accounting policies

Legal Status

Bromford Housing Group Limited is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 (Registered Society number 29996R) and is registered with the Homes and Communities Agency as a Private Registered Provider of Social Housing (registration number L4449). The registered office is Exchange Court, Brabourne Avenue, Wolverhampton, WV10 6AU.

The group comprises the following entities:

Name	Incorporation	Registered/ Non-registered
Bromford Housing Group Limited (29996R)	Co-operative and Community Benefit Societies Act 2014	Registered
Bromford Housing Association Limited* (7106)	Co-operative and Community Benefit Societies Act 2014	Registered
Bromford Home Ownership Limited* (29991R)	Co-operative and Community Benefit Societies Act 2014	Registered
Bromford Assured Homes Ltd (BAH) (Reg No. 02677730)	Companies Act 2006	Non-registered
Bromford Developments Limited (BDL) (Reg. No. 06507824)	Companies Act 2006	Non-registered
Street Services Limited (SSL) (Reg. No. 03711394)	Companies Act 2006	Non-registered
Project Note Limited (Reg. No. 03716147)	Companies Act 2006	Non-registered
Riverside Mews Management Company Limited (Reg. No. 02953846)	Companies Act 2006	Non-registered
Strand Services (Whitchurch) Limited (Reg. No. 02645753)	Companies Act 2006	Non-registered
Bromford Carinthia Homes Limited (Reg. No. 02625632)	Companies Act 2006	Non-registered
Queen Street Management Company (Lichfield) Limited (Reg. No. 017643790)	Companies Act 2006	Non-registered

The Group's financial statements have been prepared in compliance with FRS 102 (as it applies for the first time to the financial statements of the Group for the year ended 31 March 2016) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2014. The Group transitioned from previous UK GAAP to FRS 102 as at 1 April 2014. An explanation of how the transition to FRS 102 has affected the reported financial position and performance, as well as the exemptions taken on transition, is given in note 36.

The Group is required under the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 to prepare consolidated Group accounts.

The financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. The accounts are prepared on the historical cost basis of accounting as modified by the revaluation of investment properties and financial instruments and are presented in sterling £.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

Basis of consolidation

The consolidated financial statements incorporate the results of Bromford Housing Group Limited and all of its subsidiary undertakings as at 31 March 2016 using the acquisition method of accounting as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition, being the date the Group obtains control.

Going concern

The Group's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. Government's announcements in July 2015 impacting on the future income of the Group have led to a reassessment of the Group's business plan as well as an assessment of imminent or likely future breach in borrowing covenants. The reassessment did not give rise to any significant concerns and the Board consider it appropriate to continue to prepare the financial statements on a going concern basis.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

- **Development expenditure.** The Group capitalises development expenditure in accordance with the accounting policy described on page 64. Initial capitalisation of costs is based on management's judgement that development scheme is likely to proceed. Costs capitalised in this way are regularly reviewed and any costs identified as abortive are charged in the Statement of Comprehensive Income.
- **Categorisation of housing properties.** The Group has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Group has considered if the asset is held for social benefit or to earn commercial rentals. The Group has determined that market rented property and commercial properties are investment properties.
- **Impairment.** The Group has identified a cash generating unit for impairment assessment purposes during development and construction at a programme level, with subsequent impairment assessment once in management at a property scheme level.

Other key sources of estimation and assumptions:

- **Tangible fixed assets.** Other than investment properties, tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- **Revaluation of investment properties.** The Group carries its investment property at fair value, with changes in fair value being recognised in the Statement of Comprehensive Income. The Group engaged independent valuation specialists to determine fair value at the transition date, 31 March 2015 and 31 March 2016. The valuer used a valuation technique based on a discounted cash flow model. The determined fair value of the investment property is most sensitive to the estimated yield as well as the long term vacancy rate. The key assumptions used to determine the fair value of investment property are further explained in note 13.

- **Categorisation of debt.** The Group's loans have been treated as 'basic' in accordance with paragraphs 11.8 and 11.9 of FRS 102. The Group has fixed rate loans which have a two-way break clause (i.e. in addition to compensation being payable by a borrower to a lender if a loan is prepaid where the prevailing fixed rate is lower than the existing loan's fixed rate, compensation could be payable by the lender to the borrower in the event that a loan is prepaid and the prevailing fixed rate is higher than the existing loan's fixed rate). On 2 June 2016, The Financial Reporting Council (FRC) issued a statement in respect of such loans and gave no prescriptive direction as to whether they should be classified as 'basic' or 'non basic. The Group believes the recognition of each loan liability at cost provides a more transparent and understandable position of the Group's financial position and that each loan still satisfies the requirements of paragraphs 11.8 and 11.9 of FRS 102, therefore, the Group has retained its 'basic' treatment of its fixed rate loans following the FRC announcement.

- **Pension and other post-employment benefits.** The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, the actuary considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific sector. Future salary increases and pension increases are based on expected future inflation rates for the respective sector. Further details are given in note 37.

- **Impairment of non-financial assets.** Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash generating unit is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified.

During the year the government announced a change in rent policy which resulted in a material impact on the net income expected to be collected in the future for housing properties and the Group have assessed that this represents a trigger for impairment review.

Following a trigger for impairment, the Group perform impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from sales transactions in an arm's length transaction on similar cash generating units (properties) or observable market prices less incremental costs for disposing of the properties. The value in use calculation is based on either a depreciated replacement cost or a discounted cash flow model. The depreciated replacement cost is based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential to the Group as

the existing property. The cash flows are derived from the business plan for the next 30 years and do not include restructuring activities that the Group is not yet committed to nor significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

Following the assessment of impairment no impairment losses were identified in the reporting period.

Turnover and revenue recognition

Turnover represents rental income receivable, amortised capital grant, revenue grants from local authorities and the Homes and Communities Agency, income from the sale of shared ownership and other properties developed for outright sale and other income recognised in relation to the period when the goods or services have been supplied.

Rental income (net of voids) is recognised when the property is available for let. Income from property sales is recognised on legal completion. Supporting People Income is recognised under the contractual arrangements.

Sales of properties developed for outright sale are included in Turnover and Cost of Sales.

Support income and costs including Supporting People income and costs

Supporting People (SP) contract income received from Administering Authorities is accounted for as income in Turnover as per note 2. The related support costs are matched against this income in the same note. Support charges included in the rent are included in the Statement of Comprehensive Income from social housing lettings note 3 and matched against the relevant costs.

Service charges

Service charge income and costs are recognised on an accruals basis. The Group operates both fixed and variable service charges on a scheme by scheme basis in full consultation with residents. Where variable service charges are used the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered they are held as creditors or debtors in the Statement of Financial Position.

Where periodic expenditure is required a provision may be built up over the years, in consultation with the residents; until these costs are incurred this liability is held in the Statement of Financial Position within long term creditors.

Loan interest costs

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and amount of maturity of the related loan.

Loan finance issuance costs

These are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the gross proceeds at issue after deducting any amortised issuance costs.

Where loans are redeemed during the year, any redemption penalty and any connected loan finance issuance costs are recognised in the Statement of Comprehensive Income account in the year in which the redemption took place.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that where a tax change arises as a result of an item recognised as other comprehensive income or recognised directly in equity, that tax charge is also recognised in other comprehensive income or directly in equity as appropriate.

Both the current and deferred income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Group and its subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates and joint ventures and the Group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Value Added Tax

The Group charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. All amounts disclosed in the accounts are inclusive of VAT to the extent that it is suffered by the Group/ Association and not recoverable.

Tangible fixed assets and depreciation

Housing properties

Tangible fixed assets are stated at cost, less accumulated depreciation. Donated land/assets or assets acquired at below market value from a government source, i.e. local authority, are included as a liability in the Statement of Financial Position at the fair value less consideration paid.

Housing properties under construction are stated at cost and are not depreciated. These are reclassified as housing properties on practical completion of construction.

Freehold land is not depreciated.

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

The Group depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

UELs for identified components are as follows:

	Years
Boilers	**15**
Heating systems	**30**
Kitchens	**20**
Bathrooms	**30**
Roofs	**65**
Windows and doors	**25**
Structure - houses	**130**
Structure - flats	**75**
Structure - rooms and bedsits	**40**

The Group depreciates housing properties held on long leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

Depreciation is charged on other tangible fixed assets on a straight-line basis over the expected economic useful lives which are as follows:

	Years
Motor vehicles	**3**
Fixtures, fittings, plant and equipment	**5**
Computer software	**3**
Computer hardware	**3**
Office buildings	**50**

Low cost home ownership properties

The costs of low cost home ownership properties are split between current and fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset and the sale proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset and subsequent sales treated as sales of fixed assets.

Capitalisation of interest and administration costs

Interest on loans financing development is capitalised up to the date of the completion of the scheme and only when development activity is in progress.

Administration costs relating to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into their intended use.

Property managed by agents

Where the Group carries the majority of the financial risk on property managed by agents, the total income and costs arising from the property are included in the Statement of Comprehensive Income.

Where the agency carries the majority of the financial risk, only the income and costs solely attributable to the Group are included in the Statement of Comprehensive Income.

In both cases, the assets and associated liabilities are included in the Group's Statement of Financial Position.

Leasing and hire purchase

Where assets are financed by hire purchase contracts and leasing agreements that give rights approximating to ownership (finance leases), they are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as obligations to the lessor in creditors. They are depreciated over the shorter of the lease term and their economic useful lives.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit and loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

Other leases are treated as operating leases and payments are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives received on leases to enter into operating lease agreements are released to Statement of Comprehensive Income over the term of the lease.

Investment property

Investment property includes commercial and other properties held by the Group for reasons other than social benefit. Investment property is measured at cost on initial recognition, which includes purchase cost and any directly attributable expenditure, and subsequently at fair value at the reporting date. Fair value is determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

HomeBuy

The Group operates this scheme by lending a percentage of the cost to home purchasers, secured on the property. The loans are interest free and repayable only on the sale of the property. On a sale, the fixed percentage of the proceeds is repaid. The loans are financed by an equal amount of Social Housing Grant (SHG).

On redemption:

- the SHG is recycled;
- the SHG is written off, if a loss occurs, otherwise it is transferred to the Recycled Grant Fund
- the Group keeps any surplus.

Homebuy loans are treated as concessionary loans and are initially recognised at the amount payable by the purchaser and reviewed annually for impairment. The associated Homebuy grant from the HCA is recognised as deferred income until the loan is redeemed.

Equity loans Purchased from house builders

These are recorded at the lower of cost and net realisable value. An impairment review takes place at the end of each year to ensure that the amount repayable by the debtor at today's prices is greater than cost.

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Current asset investments

Current asset investments include cash and cash equivalents invested for periods of more than 30 days which can not be accessed within 24 hours. They are recognised initially at cost and subsequently at fair value at the reporting date. Any change in valuation between reporting dates is recognised in the statement of comprehensive income.

Stock and properties held for sale

Stock of materials are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

Properties developed for outright sale are included in current assets as they are intended to be sold, at the lower of cost or estimated selling price less costs to complete and sell.

At each reporting date, stock and properties held for sale are assessed for impairment. If there is evidence of impairment, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in Statement of Comprehensive Income.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income statement in other operating expenses.

Non-government grants

Grants received from non-government sources are recognised under the performance model. If there are no specific performance requirements the grants are recognised when received or receivable. If there are specific performance requirements, the grant is recognised as a liability until the performance requirements are met, when the grant is recognised as Turnover.

Social Housing and other government grants

Where developments have been financed wholly or partly by social housing grant (SHG) and other grants, the amount of the grant received has been included in the Statement of Financial Position as deferred income. This income is recognised in

Turnover (using the accruals model) over the estimated useful life of the assets excluding land) which it funds. SHG received for items of cost written off in the Statement of Comprehensive Income Account is included as part of Turnover.

When SHG in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

SHG must be recycled by the Group if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by the Homes and Communities Agency. However, SHG may have to be repaid if certain conditions are not met. In that event, the amount repayable is shown in the Statement of Financial Position as a subordinated unsecured repayable debt.

Recycling of Capital Grant

Social Housing Grant which has been recycled is transferred to the Recycled Grant Fund and appears as a creditor until it is either used to fund the acquisition of new properties or is repaid.

Disposal Proceeds Fund (DPF)

Receipts from the sale of SHG funded properties less the net book value of the property and the costs of disposal are credited to the DPF, this creditor is carried forward until it is used to fund the acquisition of new social housing

Holiday pay accrual

Unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods is recognised as a liability in the Statement of Financial Position. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

Retirement benefits

The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services.

The disclosures in the accounts follow the requirements of Section 28 of FRS 102 in relation to multi-employer funded schemes in which the Group has a participating interest.

Contributions payable under an agreement with SHPS to fund past deficits are recognised as a liability in the Group's financial statements calculated by the repayments known, discounted to the net present value at the year ended using a market rate discount factor of 3.02% at 31 March 2014, 1.92% at 31 March 2015 and 2.06% at 31 March 2016. The unwinding of the discount is recognised as a finance cost in the Statements of Comprehensive Income in the period incurred.

Revaluation Reserve

The revaluation reserve represents the difference on transition between the fair value of social housing properties and other assets and the historical cost carrying value, where deemed cost transitional relief was taken.

Financial Instruments

Financial assets and financial liabilities are measured at transaction price adjusted, where the finanacial asset or liability is not required to be held at fair value, for any directly attributable costs of acquisition.

At the end of each reporting period, financial instruments are measured as follows, without any deduction for transaction costs the entity may incur on sale or other disposal:

Debt instruments that meet the conditions in paragraph 11.8(b) of FRS 102 are measured at amortised cost using the effective interest method, except where the arrangement constitutes a financing transaction. In this case the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt.

Commitments to receive or make a loan to another entity which meet the conditions in para 11.8(c) of FRS 102 are measured at cost less impairment.

Investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are measured at:

- Fair value with changes in fair value recognised in profit or loss if the shares are publicly traded or their value can otherwise be measured reliably.
- At cost less impairment for all other such investments.

Financial instruments held by the Group are classified as follows:

- Financial assets such as cash, current asset investments and receivables are classified as loans and receivables and held at amortised cost using the effective interest method;
- Financial liabilities such as bonds and loans are held at amortised cost using the effective interest method;
- Loans to or from subsidiaries including those that are due on demand are held at amortised cost using the effective interest method;
- Commitments to receive or make a loan to another entity which meet the conditions above are held at cost less impairment;
- An investment in another entity's equity instruments other than non-convertible preference shares and non-puttable ordinary and preference shares are held at fair value
- Derivatives such as interest rate swaps are classified as financial assets or financial liabilities at fair value

Financial assets and financial liabilities at fair value are classified using the following fair value hierarchy:

a) The best evidence of fair value is a quoted price in an active market.

b) When quoted prices are unavailable, the price of a recent transaction for an identical asset, adjusted to reflect any circumstances specific to the sale, such as a distress sale, if appropriate.

c) Where there is no active market or recent transactions then a valuation technique is used to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

Hedging

Interest rate swaps relate to fixing variable rate interest and are therefore designated as cash flow hedges. A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable transaction, which could affect profit or loss. They are measured at fair value at each reporting date.

Gains and losses on cash flow hedges which are highly effective are recognised in other comprehensive income. Any ineffective portion of a gain or loss on cash flow hedges is recognised in the Statement of Comprehensive Income.

In order to apply hedge accounting, an economic relationship must exist between the hedged item and the hedging instrument. The Group must formally designate and document the hedging relationship at inception so that the risk being hedged, the hedged item and the hedging instrument are clearly identified, and the risk management objective and for undertaking the hedge. It is also required to determine and document the causes of hedge ineffectiveness.

In a cash flow hedge, if the hedged future cash flows are no longer expected to occur, the amount that has been accumulated in the cash flow hedge reserve is reclassified from the cash flow hedge reserve to profit or loss immediately.

If the hedged future cash flows are still expected to occur, the cumulative gain or loss in the cash flow reserve is accounted for as follows:

i. If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Group will remove that amount from the cash flow hedge reserve and include it directly in the initial cost or other carrying amount of the asset or liability;

ii. For cash flow hedges other than those covered by (i), that amount will be reclassified from the cash flow hedge reserve to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss (for example, in the periods that interest income or interest expense is recognised or when a forecast sale occurs); and

iii. If the amount is a loss, and all or part of that loss is not expected to be recovered, the amount of the loss not expected to be recovered will be reclassified to the Statement of Comprehensive Income immediately.

Impairment of Financial Assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income immediately.

The following financial instruments are assessed individually for impairment:

a) All equity instruments regardless of significance; and

b) Other financial assets that are individually significant.

Other financial instruments are assessed for impairment either individually or grouped on the basis of similar credit risk characteristics.

An impairment loss is measured as follows on the following instruments measured at cost or amortised cost:

a) For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

b) For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. The reversal cannot result in a carrying amount (net of any allowance account) which exceeds what the carrying amount would have been had the impairment not previously been recognised. The amount of the reversal is recognised in Statement of Comprehensive Income immediately.

2. Turnover and operating surplus / (deficit) - Group

	Notes	2016 Turnover	Cost of Sales	Operating Costs	Operating Surplus / (Deficit)
		£'000	£'000	£'000	£'000
Social Housing Lettings					
Housing accommodation	3	121,842	-	(57,701)	64,141
Supported housing accommodation	3	13,698	-	(12,264)	1,434
Shared ownership accommodation	3	8,568	-	(4,786)	3,782
		144,108	-	(74,751)	69,357
Other Social Housing Activities					
First tranche shared ownership sales		15,185	(10,964)	(797)	3,424
Supporting people contract income		7,310	-	(6,657)	653
Social Value Investment		-	-	(1,101)	(1,101)
Agency services		1,916	-	(1,891)	25
Development and land services		-	-	-	-
Sales and development		-	-	(734)	(734)
Deferred benefit pension charge - remeasurement - impact of any changes in assumptions		-	-	(3,783)	(3,783)
Other		438	-	(76)	362
Activities other than social housing					
Market rents		565	-	(82)	483
Sewerage services		17	-	(114)	(97)
Commercial rents		508	-	(43)	464
Properties and facilities management		-	-	(277)	(277)
Property development/equity loan sales		123	(59)	-	64
		170,169	(11,023)	(90,306)	68,840

	Notes	Restated 2015 Turnover	Cost of Sales	Operating Costs	Operating Surplus / (Deficit)
		£'000	£'000	£'000	£'000
Social Housing Lettings					
Housing accommodation	3	116,491	-	(59,620)	56,871
Supported housing accommodation	3	14,127	-	(11,056)	3,071
Shared ownership accommodation	3	8,392	-	(4,917)	3,475
		139,010	-	(75,593)	63,417
Other Social Housing Activities					
First tranche shared ownership sales		10,956	(7,782)	(855)	2,319
Supporting people contract income		10,814	-	(9,689)	1,125
Social Value Investment		-	-	(751)	(751)
Agency services		2,802	-	(2,649)	153
Development and land services		97	-	(97)	-
Sales and development		-	-	(583)	(583)
Deferred benefit pension charge - remeasurement - impact of any changes in assumptions		-	-	(545)	(545)
Other		193	-	(91)	102
Activities other than social housing					
Market rents		479	-	(50)	429
Sewerage services		20	-	(114)	(94)
Commercial rents		519	-	(129)	390
Properties and facilities management		-	-	(243)	(243)
Property development/equity loan sales		19	(9)	-	10
		164,909	(7,791)	(91,389)	65,729

No breakdown of turnover and operating costs is provided for the Association. These all relate to administrative recharges and Central Service costs.

3. Income and Expenditure from Social Housing Lettings - Group

	2016				Restated 2015
	General Needs Housing £'000	Supported and Housing for Older People £'000	Leasehold and Shared Ownership £'000	Total £'000	Total £'000
Income					
Rent receivable net of identifiable service charge	**115,034**	**8,106**	**7,114**	**130,254**	125,544
Service charge income	**3,188**	**4,521**	**1,235**	**8,944**	8,662
Charges for support services	**24**	**132**	**1**	**157**	318
Amortised government grants	**3,596**	**939**	**218**	**4,753**	4,486
Turnover from social housing lettings	**121,842**	**13,698**	**8,568**	**144,108**	139,010
Operating Expenditure					
Management	**(15,001)**	**(2,268)**	**(1,763)**	**(19,032)**	(20,048)
Service charge costs	**(4,244)**	**(4,515)**	**(912)**	**(9,671)**	(9,514)
Care and support costs	**(36)**	**(142)**	**(1)**	**(179)**	(297)
Routine maintenance	**(13,452)**	**(1,875)**	**(198)**	**(15,525)**	(16,728)
Planned maintenance	**(1,559)**	**(580)**	**(106)**	**(2,245)**	(2,349)
Major repairs expenditure	**(4,763)**	**(1,089)**	**(344)**	**(6,196)**	(6,088)
Bad debts	**(540)**	**(129)**	**(30)**	**(699)**	(715)
Depreciation of housing properties	**(18,106)**	**(1,666)**	**(1,432)**	**(21,204)**	(19,854)
Operating expenditure on social housing lettings	**(57,701)**	**(12,264)**	**(4,786)**	**(74,751)**	(75,593)
Operating surplus on social housing lettings	**64,141**	**1,434**	**3,782**	**69,357**	63,417
Void losses	**(496)**	**(626)**	**(2)**	**(1,124)**	(1,185)

The Association does not have any housing stock for letting.

4. Accomodation owned, managed and in development

	Group	
		Restated
	2016	2015
	Number	Number
Under management at end of year:		
General needs housing social rent	**21,116**	21,078
General needs housing affordable rent	**1,470**	1,309
Supported housing	**2,049**	2,009
Low-cost home ownership	**2,756**	2,719
Leasehold	**984**	944
	28,375	28,059
Under development at end of year:		
General needs housing social rent	**159**	239
General needs housing affordable rent	**462**	555
Supported housing	**59**	74
Low-cost home ownership	**430**	563
Total Social Housing Units	**29,485**	29,490
Non Social Housing		
Under management at end of year:		
Staff accommodation	**9**	9
Market rent	**82**	79
Commercial units	**37**	38
Offices and Resource Units	**109**	112
Retained freeholds	**498**	456
Total Non Social Housing Units	**735**	694
Total units	**30,220**	30,184
Owned and managed	**27,882**	27,565
Owned and managed by others	**559**	552
Managed for others	**669**	636
Under Development	**1,110**	1,431
Total units	**30,220**	30,184
Garages / parking spaces	**2,694**	2,687

The Association does not hold any housing stock.

5. Surplus on ordinary activities

The surplus on ordinary activities is stated after crediting/(charging):

	Group		Association	
		Restated		
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
Operating lease rentals -				
office land & buildings	**(716)**	(599)	**(42)**	(42)
vehicles	**(1,354)**	(1,229)	**(87)**	(118)
Surplus on sale of fixed assets	**6,990**	5,120	**-**	-
Depreciation of housing properties	**(21,342)**	(19,961)	**-**	-
Depreciation of tangible owned fixed assets	**(1,363)**	(2,273)	**(154)**	(336)
Auditor's remuneration, excluding VAT				
Audit of the group financial statements	**(7)**	(8)	**(7)**	(8)
Audit of subsidiaries	**(48)**	(48)	**-**	-
Fees payable to the company's auditor and its associates for other services to the group:				
Service Charge certification	**(32)**	(30)	**-**	-
Taxation advisory	**(11)**	(7)	**(1)**	(1)
Other services	**(16)**	(13)		

6. Interest receivable and income from investments

	Group		Association	
	2016	Restated 2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
Interest receivable from cash and money market deposits	**531**	492	**-**	-

7. Interest payable and similar charges

Interest on loans, overdraft and other financing:

	Group		Association	
	2016	Restated 2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
On loans repayable within five years	**2,716**	1,036	**42**	1
Repayable wholly or partly in more than five years	**23,934**	26,277	**-**	57
	26,650	27,313	**42**	58
Deferred benefit pension charge	**218**	357	**-**	-
Other finance charges	**435**	229	**2**	-
Finance costs / amortised premium	**200**	111	**24**	3
	27,503	28,010	**68**	61
Interest payable capitalised on housing properties under construction (5.2%) (2015: 5.2%)	**(944)**	(1,038)	**-**	-
	26,559	26,972	**68**	61
Interest on pension scheme liabilities	**1,545**	1,756	**-**	-
Expected return on employer assets	**(1,067)**	(1,228)	**-**	-
	27,037	27,500	**68**	61
Other financing costs through other comprehensive income				
Movement in value on interest rate swap - derivative instruments	**347**	10,894	**-**	-

8. Colleague costs

	Group	
	2016	Restated 2015
	£'000	£'000
Wages and salaries	**28,515**	29,371
Social security costs	**2,331**	2,363
Other pension costs	**5,379**	2,060
	36,225	33,794

Average number of full time equivalent employees (including Executive Directors) employed during the year:

	2016	Restated 2015
	No.	No.
Asset management	**332**	291
Central services	**175**	175
Housing management	**236**	227
Innovation and new business	**4**	4
New homes and sales	**56**	54
Supported housing and support	**245**	314
Total	**1,048**	1,065

8. Colleague costs (continued)

Number of full time equivalent employees (including Executive Directors) whose remuneration exceeded £60,000 in the period:

	2016	Restated 2015
	No.	No.
£60,001 - £70,000	**21**	17
£70,001 - £80,000	**11**	10
£80,001 - £90,000	**2**	3
£90,001 - £100,000	**6**	7
£100,001 - £110,000	**4**	4
£110,001 - £120,000	**1**	1
£140,001 - £150,000	**1**	1
£150,001 - £160,000	**-**	1
£160,001 - £170,000	**1**	-
£170,001 - £180,000	**1**	-
£180,001 - £190,000	**1**	-
£200,001 - £210,000	**-**	1
£220,001 - £230,000	**-**	1

9. Directors' and senior executive remuneration

Directors (key management personnel) are defined as the members of the Board, the Chief Executive and any other person who is a member of the Senior Management Team or its equivalent.

The highest paid Executive Director was the Chief Executive, Philippa Jones, who is an ordinary member of the Social Housing Pension Scheme. The pension scheme is a final salary scheme funded by annual contributions by the employer and employee. No enhanced or special terms apply. There are no additional pension arrangements.

Pension Contribution paid by the Group while Chief Executive

	2016	2015
	£	£
Philippa Jones (appointed 1 January 2015)	**24,500**	5,092
Mick Kent (retired 1 January 2015)*	**-**	21,714
	24,500	26,806

The total emoluments of the Directors of Bromford Housing Group comprise:-

	2016				2015			
	Salaries	**Taxable Benefits**	**Pension**	**Total**	Salaries	Taxable Benefits	Pension	Total
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
Chief Executive								
Philippa Jones	**175**	**5**	**25**	**205**	145	5	20	170
Mick Kent (retired 1 January 2015)*	**-**	**-**	**-**	**-**	155	9	22	186
Other Executive Directors:								
Andrew Battrum	**150**	**12**	**21**	**183**	143	12	19	175
Nick Cummins	**134**	**11**	**19**	**164**	132	11	18	162
Total Executive Directors	**459**	**28**	**65**	**552**	575	37	81	693
Non-Executive Board Directors	**70**	**-**	**-**	**70**	74	-	-	74
Total Non-Executive Directors	**70**	**-**	**-**	**70**	74	-	-	74
Total	**529**	**28**	**65**	**622**	649	37	81	767

* These figures relate to the nine months of the year where Mick Kent was employed as an Executive Director of the Group.

A number of the Bromford Housing Group directors are also board members of other group companies.

Taxable benefits arise from:-
i) The provision of company cars, the benefit being assessed from the cost of the car provided.
ii) Private medical insurance.

9. Directors' and senior executive remuneration (continued)

	2016	2015
	£	£
The aggregate amount of any consideration payable to or receivable by third parties for making available the services of a Director	-	-
The aggrerate amount of any consideration payable to Directors for loss of office	-	-
The aggregate amount of any compensation paid to or receivable by current Directors or former Directors during the period of account	-	-

10. Taxation on surplus / (deficit) on ordinary activities

a) Analysis of the charge in the period

The tax charge on the surplus / (deficit) on ordinary activities for the year was as follows:

	Group		Association	
		Restated		Restated
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Current tax:				
UK Corporation Tax charge / (credit) for the year	108	26	97	3
Under / (over) provision in previous years	-	(30)	-	(30)
Total current tax	108	(4)	97	(27)
Deferred tax:				
Origination and reversal of timing differences	140	21	140	21
Tax on surplus / (deficit) on ordinary activities	248	17	237	(6)
Total tax reconciliation				
Surplus / (deficit) on ordinary activities before tax	48,914	34,479	747	55
Surplus / (deficit) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015:21%)	9,783	7,241	149	11
Effects of:				
Items not allowable for tax purposes (primarily depreciation of housing stock)	65	130	-	37
Capital allowances in excess of depreciation	(57)	(48)	(52)	(45)
Increase / (decrease) in losses	33	(41)	-	-
Effect of reduced tax rates	-	(1)	-	-
Adjustment in respect of prior years	-	(30)	-	(30)
Surplus relating to charitable entities	(9,663)	(7,037)	-	-
Group relief received	-	-	-	-
Disposal of properties	(79)	(117)	-	-
Revaluation of properties	26	(101)	-	-
	108	(4)	97	(27)

11. Tangible fixed assets - housing properties

	Housing Properties held for letting	Housing Properties under Construction	Completed Shared Ownership Housing Properties	Shared Ownership Properties under Construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2015 (Restated)	**1,590,995**	**27,900**	**131,625**	**9,203**	**1,759,723**
Additions	**1,037**	**36,231**	**(102)**	**12,624**	**49,790**
Replacement of components	**14,159**	**-**	**21**	**-**	**14,180**
Transferred on completion	**30,389**	**(30,389)**	**7,423**	**(7,423)**	**-**
Disposals	**(2,052)**	**-**	**(5,158)**	**-**	**(7,210)**
Components disposed	**(6,991)**	**-**	**-**	**-**	**(6,991)**
Transfers to/from investment property	**-**	**-**	**(156)**	**-**	**(156)**
At 31 March 2016	**1,627,537**	**33,742**	**133,653**	**14,404**	**1,809,336**
Less:- Depreciation and Impairment					
At 1 April 2015 (Restated)	**199,277**	**-**	**5,855**	**-**	**205,132**
Charge for the year	**20,445**	**-**	**897**	**-**	**21,342**
Disposals	**(6,333)**	**-**	**(283)**	**-**	**(6,616)**
Transfers to/from investment property	**-**	**-**	**(8)**	**-**	**(8)**
At 31 March 2016	**213,389**	**-**	**6,461**	**-**	**219,850**
Net Book Value 31st March 2016	**1,414,148**	**33,742**	**127,192**	**14,404**	**1,589,486**
Net Book Value 1 April 2015 (Restated)	1,391,718	27,900	125,770	9,203	1,554,591

	2016	Restated 2015
	£'000	£'000
Housing property net book value in respect of long leaseholds	**94,531**	95,557
Housing property net book value in respect of freeholds	**1,494,955**	1,459,034
	1,589,486	1,554,591
Total depreciation charge	**21,342**	19,961
Component depreciation within the total depreciation charge	**11,985**	11,322
Development administration costs capitalised during the year	**2,551**	2,241
Estimated open market value of housing properties, calculated on a consistent basis to previous years	**2,990,035**	2,859,154
Aggregate amount of interest and finance costs included in the cost of housing properties	**16,402**	15,458

On 8 july 2015, the Summer Budget included the announcement that the Government will reduce rents in social housing in England by 1% a year for four years from April 2016. The Government indicated this will result in a 12% reduction in average rents by 2020/21, compared too current forecasts. As such, this triggered an indicator of impairment and a full review was performed.

Properties held for security
Bromford Housing Group - Registered social housing provider had property pledged as security with a value of £1,095m (19,396 units) at 31 March 2016 (2015: £1,087m (22,648 units)).

The Association does not hold any housing stock.

12. Expenditure on work to existing properties

	2016	Restated 2015
	£'000	£'000
Replacement of components	14,159	13,236
Amounts charged to Statement of Comprehensive Income	6,196	6,088
	20,355	19,324

13. Investment properties held for letting

	Group	
	2016	Restated 2015
	£'000	£'000
As at 1st April	7,491	5,601
Additions	242	489
Disposals	(2)	-
Transfer to/from tangible fixed assets	148	-
Gain/(Loss) from adjustment in value	121	1,401
As at 31st March	8,000	7,491

Investment properties were valued at 31 March 2016 by Jones Lang Lasalle Ltd. professional qualified external valuers.

The valuation of properties was undertaken in accordance with the Royal Institute of Chartered Surveyors Valuation Standards.

In valuing the properties the following significant assumptions were used:

Discount rate	**8%**
Annual inflation rate	**1.5% to 6.5%**
Level of long term rent increase	**1% - 2%**

The association does not hold any investment property

14. Tangible fixed assets - other

Group	Freehold Offices	Fixtures Fittings & Equipment	Computer Equipment & Software	Leasehold Offices	Motor Vehicles	Total
Cost	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2015 (Restated)	**12,775**	**1,441**	**7,637**	**4,202**	**157**	**26,212**
Additions	**-**	**92**	**1,321**	**-**	**-**	**1,413**
Disposals	**-**	**-**	**-**	**-**	**(49)**	**(49)**
Assets expensed to statement of comprehensive income	**-**	**-**	**(277)**	**-**	**-**	**(277)**
At 31 March 2016	**12,775**	**1,533**	**8,681**	**4,202**	**108**	**27,299**
Depreciation and Impairment						
At 1 April 2015 (Restated)	**2,296**	**1,355**	**6,198**	**975**	**120**	**10,944**
Charge for the year	**284**	**90**	**894**	**80**	**15**	**1,363**
Disposals	**-**	**-**	**(31)**	**-**	**(42)**	**(73)**
Assets expensed to statement of comprehensive income	**29**	**-**	**(39)**	**-**	**-**	**(10)**
At 31 March 2016	**2,609**	**1,445**	**7,022**	**1,055**	**93**	**12,224**
Net Book Value at 31 March 2016	**10,166**	**88**	**1,659**	**3,147**	**15**	**15,075**
Net Book Value at 1 April 2015 (Restated)	10,479	86	1,439	3,227	37	15,268

Association	Freehold Offices	Fixtures Fittings & Equipment	Computer Equipment & Software	Total
Cost	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2015	**7,782**	**677**	**-**	**8,459**
Additions	**-**	**-**	**-**	**-**
Transfer to group company	**(7,782)**	**(677)**	**-**	**(8,459)**
At 31 March 2016	**-**	**-**	**-**	**-**
Depreciation and Impairment				
At 1 April 2015	**1,002**	**651**	**-**	**1,653**
Charge for the year	**142**	**11**	**-**	**153**
Transfer to group company	**(1,144)**	**(662)**	**-**	**(1,806)**
At 31 March 2016	**-**	**-**	**-**	**-**
Net Book Value at 31 March 2016	**-**	**-**	**-**	**-**
Net Book Value at 1 April 2015	6,780	26	-	6,806

15. Investment - Other

	Group		Association	
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
Cost of Holding*	**-**	-	**136**	136
Igloo Insurance PCC Limited (Cell BRO4)	**220**	220	**-**	-
	220	220	136	136

	Country of Incorporation	Principal Activity	Class of Shares held	Percentage of Shares
Igloo Insurance PCC Limited (Cell BRO4)	Guernsey	Insurance	Ordinary	100%

*The Association's investment represents the costs of acquisition of Fosseway Housing Association Limited (now amalgamated as part of Bromford Housing Association).

16. Homebuy loans

	Group	
		Restated
	2016	2015
	£'000	£'000
At at 1st April	**1,125**	996
Loans issued in the year	**636**	171
Loans redeemed in the year	**(79)**	(8)
Provisions against loans	**(127)**	(34)
As at 31st March	**1,555**	1,125

The Association does not hold any Homebuy loans.

17. Stocks and work in progress

	Group	
	2016	2015
	£'000	£'000
Consumable stock	**424**	208
Properties developed for outright sale	**120**	313
Properties developed for retirement living	**3,307**	-
Land costs	**1,047**	249
Cost of first tranche element of shared ownership properties	**5,192**	3,041
	10,090	3,811
Shared ownership properties:		
Completed	**369**	510
Under construction	**4,823**	2,531
	5,192	3,041
Properties developed for outright sale		
Completed	**-**	-
Under construction	**120**	313
	120	313
Properties developed for retirement living		
Completed	**-**	-
Under construction for outright sale	**2,039**	-
Under construction for shared ownership	**1,268**	-
	3,307	-

18. Trade and other Debtors

	Group		Association	
		Restated		
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
Amounts falling due within one year:-				
Rent arrears	**5,842**	5,010	**-**	-
Less: provision for bad debts	**(2,243)**	(1,853)	**-**	-
	3,599	3,157	**-**	-
Trade debtors	**434**	1,167	**-**	-
Other debtors	**651**	1,797	**15**	15
Prepayments and accrued income	**2,329**	2,060	**533**	420
Deferred taxation	**-**	140	**-**	140
Corporation tax	**-**	4	**-**	-
Amounts due from group companies	**-**	-	**1,837**	1,083
	7,013	8,325	**2,385**	1,658

19. Current Asset Investments

	Group	
		Restated
	2016	2015
	£'000	£'000
Opening fair value at 1 April	**8,413**	7,999
Addition to Investment	**1,244**	250
Interest	**170**	16
Gains/(losses) on remeasurement to fair value	**(184)**	148
Fair Value at 31st March	**9,643**	8,413

Money market deposits includes monies held by lenders in support of bond finance. These monies are placed in accounts charged to the lenders.

	Group	
		Restated
	2016	2015
The analysis of these monies is:	**£'000**	£'000
Dexia Bond	**2,904**	2,734
Haven Bond	**5,015**	5,199
Haven Cash Account	**480**	480
AHF Bond	**1,244**	-
	9,643	8,413

The Association does not have any Current Asset Investments.

20. Cash and Cash equivalents

	Group		Association	
		Restated		Restated
	2016	2015	**2016**	2015
The analysis of these monies is:	**£'000**	£'000	**£'000**	£'000
Cash at bank	**18,849**	28,591	**116**	92
Cash equivalents	**45,639**	2,300	**-**	-
	64,488	30,891	**116**	92

In the above are balances totalling £2.4m (2015: £2.2m) which are held in trust for shared ownership leaseholders.

21. Creditors: Amounts falling due within one year

	Group		Association	
		Restated		Restated
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
Prepaid rental income	**3,300**	3,059	**-**	-
Loans	**13,355**	7,632	**-**	207
Trade creditors	**2,707**	2,538	**203**	69
Other taxation & social security	**668**	700	**727**	658
Corporation tax	**82**	-	**-**	-
Due to group companies	**-**	-	**1,492**	893
Balances with supported housing partners	**855**	3,122	**-**	-
SHPS pension agreement plan	**1,853**	1,443	**-**	-
SHG in advance	**-**	46	**-**	-
Funds held on trust	**333**	322	**-**	-
Deferred capital grant	**4,909**	4,811	**-**	-
Recycled capital grant fund	**1,761**	1,346	**-**	-
Interest rate swaps	**3,260**	3,262	**-**	-
Stock issue premium	**133**	133	**-**	-
Accruals and deferred income	**11,753**	12,110	**1,000**	1,057
Other creditors	**173**	744	**-**	-
	45,142	41,268	**3,422**	2,884

22. Creditors: Amounts falling due after more than one year

	Group		Association	
		Restated		
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
Loans	**569,692**	547,724	-	1,840
Stock issue premium	**4,151**	2,794	-	-
Interest rate swaps	**26,945**	26,596	-	-
Amounts due to group companies	-	-	-	5,263
Other long term creditors	**105**	105	-	-
Leaseholder sinking funds	**2,512**	2,307	-	-
Balances with supported housing partners	**2,132**	-	-	-
SHPS pension agreement plan	**12,784**	10,636	-	-
Deferred capital grant	**442,407**	446,317	-	-
Recycled capital grant fund	**4,563**	5,554	-	-
Disposals proceeds fund	-	21	-	-
	1,065,291	1,042,054	-	7,103
Loans repayable by instalments				
Repayable within one year	**10,855**	7,632	-	207
Repayable between one and two years	**10,459**	13,851	-	207
Repayable between two and five years	**40,453**	43,386	-	621
After five years	**363,079**	419,545	-	1,036
Less : loan finance costs	**(3,919)**	(3,058)	-	(24)
	420,927	481,356	-	2,047
Amounts repayable otherwise than by instalments				
Repayable within one year	**2,500**	-	-	-
Repayable between one and two years	-	2,500	-	-
Repayable between two and five years	**53,620**	8,500	-	-
Repayable after five years	**106,000**	63,000	-	-
	583,047	555,356	-	2,047

Housing loans from banks, building societies, local authorities and Registered Social Landlord Public Issue stock are secured by specific charges on housing properties and are repayable at varying interest rates.

Loans due after more than one year include the Dexia, Haven and Affordable Housing Finance (AHF) bonds. As set out in Note 19, the Dexia bond is supported by cash held in a charged bank account. The Haven bond is supported by a debt deposited with the bond trustees and the AHF bond is supported by a liquidity reserve fund deposited with the trustee, both of which are invested on behalf by the trustee.

	Group		Association	
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
Loans as stated above	**583,047**	555,356	-	2,047
Less : Dexia charged cash deposit (note 19)	**(2,904)**	(2,734)	-	-
Less : Haven debt service reserve (note 19)	**(5,015)**	(5,199)	-	-
Less : AHF Liquidity Reserve	**(1,244)**	-	-	-
Loans net of related cash deposits	**573,884**	547,423	-	2,047

Interest charged to the Income and Expenditure Account on the Dexia bond is net of interest earned on the Dexia charged cash deposit.

22. Creditors: Amounts falling due after more than one year (continued)

The Group has entered into interest rate swaps with the following institutions:

	Period Years	End Date	Rate %	Swap Amount £'000
Barclays	25	20 July 2031	4.31	**12,500**
Lloyds TSB	15	13 September 2022	4.66	**20,000**
Lloyds TSB	19	26 October 2026	4.45	**6,000**
Lloyds TSB	22	20 March 2029	4.50	**15,000**
Lloyds TSB	25	21 July 2031	4.31	**12,500**
Lloyds TSB	25	27 October 2031	4.17	**10,000**
Lloyds TSB	25	17 January 2032	4.04	**10,000**
				86,000

Interest rate swap creditor profile:

	2016	Restated 2015
	£'000	£'000
Due within one year	**3,260**	3,262
Due between one and two years	**3,177**	3,008
Due between two and five years	**8,723**	7,430
Due after five years	**15,045**	16,158
Total	**30,205**	29,858

The interest rate risk profile of loan liabilities is as follows:

	2016	2015
	£'000	£'000
Floating rate - average 1.05% (2015: 0.91%)	**119,927**	116,124
Fixed rate - average 5.36% (2015: 5.59%)	**467,039**	442,289
	586,966	558,413

Undrawn committed borrowing facilities at 31 March were as follows:

	2016	2015
	£'000	£'000
Expiring within one year	**67,900**	10,000
Expiring between one and two years	**40,000**	65,900
Expiring between two and five years	**13,745**	40,000
Total	**121,645**	115,900

All of the £121,645,000 undrawn committed borrowing facilities are currently secured.

23.Deferred Capital Grant

	2016	Restated 2015
	£'000	£'000
At at 1st April	**451,128**	454,866
Grant received in the year	**218**	3,443
Grants recycled from the recycled capital grant fund and disposal proceeds fund	**2,580**	317
Grants recycled to the recycled capital grant fund	**(1,955)**	(2,626)
Released to income in the year	**-**	(73)
Amortised in the year	**(4,916)**	(4,648)
Amortised grant on disposal	**215**	144
Deferred SHG	**-**	272
Other	**46**	(567)
At at 31st March	**447,316**	451,128

	£'000	£'000
Amount due to be released < 1 year	**4,909**	4,811
Amount due to be released > 1 year	**442,407**	446,317
	447,316	451,128

The Association does not hold any deferred capital grant.

24. RCGF and DPF Creditors - Group

	2016	2015
	£'000	£'000
a) Recycled Capital Grant Fund		
As at 1st April	**6,955**	4,672
Inputs to reserve:		
Grants recycled	**1,955**	2,525
Interest accrued	**27**	26
Utilised:		
New build	**(2,558)**	(267)
As at 31st March	**6,324**	6,955
Amount three years or older where repayment may be required	**-**	6

Withdrawals from the recycled capital grant fund were used for the development of new schemes for letting and retirement living.

b) Disposal Proceeds Fund		
As at 1st April	**21**	40
Inputs to reserve:		
Net Right to Acquire receipts	**-**	-
Use/allocation of funds:		
New build	**(21)**	(19)
As at 31st March	**-**	21
Amount three years or older where repayment may be required	**-**	21

Withdrawals from the disposals proceeds fund were used for the development on new schemes for retirement living.

The Association does not hold any recycled capital grant or disposal proceeds funds.

25. Provision for liability and charges

	LGPS Pension
	£'000
Group and Association	
At at 1 April 2015	**15,343**
Charged to Income and Expense	
- Additions	**1,223**
-Remeasurement	**(4,334)**
Contributions Paid	**(1,565)**
As at 31 march 2016	**10,667**

26. Called Up Share Capital

	2016	2015
	£	£
Alloted, issued and fully paid		
As at 1st April	**7**	10
Cancelled during the year	**(3)**	(3)
Alloted during the year	**2**	-
As at 31st March	**6**	7

Each Non-Executive Director holds one share in the Association. The shares do not have a right to any dividend or distribution in a winding up, and are not redeemable. Each share has full voting rights.

27. Reconciliation of net cashflow to movement in net funds

	Group	
		Restated
	2016	2015
	£'000	£'000
Increase/(Decrease) in cash and cash equivalents per cashflow	**33,597**	(10,316)
Cash Increase/(Decrease) in investments	**1,414**	-
Revaluation of investments	**(184)**	148
Amortisation of loan costs	**(200)**	(111)
Increase in creditor for loan payments	**1,061**	911
Cash inflow from increase in debt and lease financing	**(30,041)**	19,337
Change in net debt resulting from cashflows	**5,647**	9,969
Actuarial surplus/(deficit) on pension provision	**4,676**	(2,626)
Amortisation of premium	**132**	132
Movement in net debt in the year	**10,455**	7,475
Net funds at 1 April 2015	**(534,322)**	(541,797)
Net funds at 31 March 2016	**(523,867)**	(534,322)

28. Analysis of changes in net funds - Group

	At 1 April 2015 £'000	Cashflows £'000	Amortisation of premium/ loan costs £'000	Revaluation of Investment £'000	Movement In Creditors Due < 1 Year £'000	At 31 March 2016 £'000
Cash at bank and in hand	**30,891**	**33,597**	**-**	**-**	**-**	**64,488**
Short term investments	**8,413**	**1,414**	**-**	**(184)**	**-**	**9,643**
	39,304	**35,011**	**-**	**(184)**	**-**	**74,131**
Housing loans < 1 year	**(7,632)**	**7,632**	**-**	**-**	**(13,355)**	**(13,355)**
Housing loans > 1 year	**(547,724)**	**(36,184)**	**(200)**	**-**	**14,416**	**(569,692)**
Change in debt resulting from cashflows	**(516,052)**	**6,459**	**(200)**	**(184)**	**1,061**	**(508,916)**
Pension liability movement	**(15,343)**	**-**	**-**	**-**	**4,676**	**(10,667)**
Stock issue premium	**(2,927)**	**(1,489)**	**132**	**-**	**-**	**(4,284)**
	(534,322)	**4,970**	**(68)**	**(184)**	**5,737**	**(523,867)**

29. Capital commitments

	Group	
		Restated
	2016	2015
	£'000	£'000
Capital expenditure contracted for but not provided in the financial statements	**81,116**	78,623
Capital expenditure authorised but not yet contracted for in the financial statements	**46,447**	46,035

These commitments are to be financed by the receipt of Social Housing Grant and a mixture of loan finance reserves and proceeds from the sales of housing properties, as follows:

Social housing grant	**2,055**	2,064
Proceeds from the sale of properties	**20,870**	26,993
Loans and reserves	**104,638**	95,601
	127,563	124,658

30. Other financial commitments - Group

The minimum lease payments due under operating leases are as follows:

	Land and Buildings		Vehicles & Office Equipment		Total Leases	
				Restated		Restated
	2016	2015	**2016**	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Operating leases which expire:-						
Within 1 year	**131**	61	**506**	114	**637**	175
Within 2 to 5 years	**616**	272	**499**	886	**1,115**	1,157
After 5 years	**5**	411	**-**	-	**5**	411
	752	744	**1,005**	1,000	**1,757**	1,743

The Association has no commitments under non cancellable operating leases.

31. Grant and financial assistance

	Group	
		Restated
	2016	2015
	£'000	£'000
The total accumulated government grant and financial assistance received or receivable at 31 March:		
Held as deferred capital grant	**447,316**	451,128
Recognised as income in statement of Comprehensive Income	**82,494**	77,793
	529,810	528,921

32. Financial Instruments

The Group's and association's financial instruments may be analysed as follows:

	Group		Association	
		Restated		Restated
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
Financial assets				
Financial assets measured at amortised cost				
- Rent debtors	**3,599**	3,157	**-**	-
- Other receivables	**1,003**	2,968	**1,852**	1,098
- Investments	**220**	220	**136**	136
- Investments in short term deposits	**9,643**	8,413	**-**	-
- Cash and cash equivalents	**64,488**	30,891	**116**	92
Financial assets that are debt instruments measured at amortised cost				
Homebuy loans	**1,468**	1,116	**-**	-
Total financial assets	**80,422**	46,765	**2,104**	1,326
Financial liabilities				
Financial liabilities measured at amortised cost				
- Trade creditors	**2,707**	2,538	**203**	70
- Other creditors	**21,907**	20,549	**2,219**	1,551
- Balances with Supported Housing partners	**855**	3,122	**-**	-
- Funds held on trust	**2,845**	2,629	**-**	-
- Loans payable (due within 1 year)	**13,355**	7,632	**-**	207
- Loans payable (due after 1 year)	**569,692**	547,724	**-**	1,840
Financial liabilities measured at fair value through statement of comprehensive income				
- Derivative financial instruments	**30,205**	29,858	**-**	-
Total financial liabilities	**641,566**	614,052	**2,422**	3,668

33. Sale of properties and other fixed assets

Group

	Proceeds of Sales £'000	Less: Cost of Sales £'000	Surplus £'000	Capital grant recycled (note 24) £'000
Further tranches of shared ownership	**8,119**	**(5,144)**	**2,975**	**1,345**
Right to Buy	**1,447**	**(1,405)**	**42**	**23**
Other property disposals	**6,561**	**(2,592)**	**3,969**	**587**
Other fixed asset disposals	**12**	**(8)**	**4**	**-**
Total 2016	**16,139**	**(9,149)**	**6,990**	**1,955**
Total 2015 (Restated)	15,545	(10,425)	5,120	2,525

Association

	Proceeds of Sales £'000	Less: Cost of Sales £'000	Surplus £'000
Other fixed asset disposals	**6,638**	**(6,634)**	**4**
Total 2016	**6,638**	**(6,634)**	**4**
Total 2015	-	-	-

34. Related Parties

Bromford Housing Group Limited is the Parent entity in the Group and ultimate controlling party.

The Group has taken advantage of the exemption available under Section 33 FRS 102 not to disclose transactions with wholly owned and regulated subsidiary undertakings (social landlords)

Transactions with non regulated members of the group

Group

2016

Non-regulated entities:	**£'000 Mangement Charges**	**£'000 Administrative Recharges**	**£'000 Construction Services**	**£'000 Rental Income**	**£'000 Property Purchase**
Bromford Developments Limited	**-**	**829**	**8,956**	**-**	**-**
Bromford Assured Homes Limited	**-**	**102**	**-**	**-**	**-**
Street Services Limited	**-**	**-**	**-**	**178**	**130**
Strand Services Limited	**4**	**-**	**-**	**-**	**-**
Riverside Mews Ltd	**1**	**-**	**-**	**-**	**-**
	5	**931**	**8,956**	**178**	**130**

Restated 2015

Non-regulated entities:	£'000 Mangement Charges	£'000 Administrative Recharges	£'000 Construction Services	£'000 Rental Income	£'000 Property Purchase
Bromford Developments Limited	-	864	7,502	-	-
Bromford Assured Homes Limited	-	95	-	-	-
Street Services Limited	-	-	-	174	127
Strand Services Limited	4	-	-	-	-
Riverside Mews Ltd	1	-	-	-	-
	5	959	7,502	174	127

Association

Non-regulated entities:	**2016 £'000 Administrative Recharges**	**2016 £'000 Inter-group balances**	Restated 2015 £'000 Administrative Recharges	Restated 2015 £'000 Inter-group balances
Bromford Developments Limited	**829**	**993**	864	358
Street Services Limited	**-**	**756**	-	643
	829	**1,749**	864	1,001

Administrative Recharges to Bromford Assured Homes are charged on a property number basis.
Administrative Recharges to Bromford Developments are directly rechargeable colleague costs.

35. Group members

Bromford Housing Group Limited is the parent of the Group.

All the Group bodies are incorporated in England and Wales.

The bodies which are HCA Registered Providers and Registered Societies incorporated under the Co-operative and Community Benefit Societies Act 2014 are:
Bromford Housing Group (HCA Reg. L4449) (FCA Reg. 29996R)
Bromford Housing Association Limited* (HCA Reg. 4819) (FCA Reg. 7106)
Bromford Home Ownership Limited*(HCA Reg. L4450) (FCA Reg. 29991R)
(Note Bromford Housing Group Limited exerts dominant influence over these subsidiaries by controlling the composition of their Boards)*

The wholly owned subsidiaries which are all non-regulated and incorporated under the Companies Act 1985 are:

Subsidiary	Ownership	Intergroup arrangement	Type of transaction
Bromford Assured Homes Plc (BAH) (Reg. No. 02677730)	100% Bromford Housing Association Limited (BHA)	BHA provides administrative services to BAH	Administrative recharges
Bromford Developments Limited (BDL) (Reg. No. 06507824)	100% owned by Bromford Housing Group Limited (BHG)	BDL Provides construction services to Bromford Home Ownership Limited (BHO) for outright sales and BHA for affordable schemes. There was no external trading in the year.	Administrative recharges and construction services
Street Services Limited (SSL) (Reg. No. 03711394)	100% owned by BHA	Property management company for BHA	Rental income
Project Note Limited (Reg. No. 03716147)	100% owned by BHA	Dormant company	n/a
Riverside Mews Management Company Limited (Reg. No. 02953846)	66.7% owned by BHA	Management company for leasehold schemes in BHA ownership	Service charges and administrative recharges
Strand Services (Whitchurch) Limited (Reg. No. 02645753)	75% owned by BHA	Management company for leasehold schemes in BHA ownership	Service charges and administrative recharges
Bromford Carinthia Homes Limited (Reg. No. 02625632)	100% owned by BHA	Dormant company	n/a
Queen Street Management Company (Lichfield) Limited (Reg. No. 01764379)	100% owned by BHA	Dormant company	n/a

36. First time adoption of FRS 102

On adoption of FRS 102 the Group and Association have restated the comparatives, the impact on reserves is as follows:

Group	Note	Reserves as at transition date 1 April 2014 £'000	Surplus/(deficit) Year ended 31 March 2015 £'000	Reserves as at 31 March 2015 £'000
As previously stated under former UK GAAP				
Income & Expenditure Reserve		395,348	40,965	436,313
Revaluation Reserve		614	148	762
Designated Reserves		591	(591)	-
		396,553	40,522	437,075
As restated under former UK GAAP				
Transitional adjustments				
Fair value adjustment for investment properties	a	(775)	1,401	626
Revaluation to deemed cost of housing properties	b	89,383	-	89,383
Increase in depreciation of housing properties	c	(26,978)	(4,014)	(30,992)
Increase in amortisation of grants relating to housing properties	d	45,565	4,648	50,213
Inclusion of SHPS pension deficit payment liability	d	(12,560)	479	(12,081)
Change to measurement of net finance cost on defined benefit pension schemes	f	-	-	-
Fair value adjustment for financial instruments	g	(18,964)	(10,894)	(29,858)
Revaluation to fair value of fixed asset investments	h	-	-	-
Disposals costs adjustments	i	-	(619)	(619)
Increase in amortisation of grants relating to deemed costs	j	27,723	-	27,723
As stated in accordance with FRS 102		499,947	31,523	531,470

a. FRS 102 requires that changes in the fair value of investment properties are recognised in profit or loss for the period. The effect is that the value of the market rented properties has been recognised at transition £5,601k and the movement in the year to 31 March 2015 £1,401k.

b. On transition to FRS 102 the Board has elected to measure some housing properties in the association at fair value deemed cost at the date of transition. The effect is to increase reserves and the carrying amount of fixed assets in the association (BHA) and group. The change has no effect on the surplus for the year ended 31 March 2016.

c. FRS 102 requires that capital grant previously deducted from the cost of fixed assets, is treated as creditors where the fixed assets are carried at cost. The effect compared to current UK GAAP is an increase to the carrying cost of housing properties resulting in an increase in the depreciation at transition of £26,978k and a decrease in the surplus for the year ended 31 March 2015 of £4,041k.

Explanation of changes to previously reported surplus and reserves

d. FRS 102 requires that government capital grant previously deducted from the carrying cost of housing properties is treated as a deferred capital grant creditor and released to the statement of comprehensive income over the useful life of the associated assets. The effect compared to current UK GAAP is an increase in income recognised on transition of £45,565k, and £4,648k increase in surplus for the year ended 31 March 2015.

e. FRS 102 requires that a liability is recognised for the contributions that arise from an agreement to fund a deficit in a multi-employer pension scheme. The effect is that a liability for the SHPS payment plan has been recognised at the present value of the contributions payable using the discount rate specified in note 37. This has resulted in a decrease in reserves of £12,560K at transition and a increase in the surplus in the year ended 31 March 2015 of £479k.

f. FRS 102 requires the recognition in profit or loss of a net interest cost (or income) on defined benefit pension schemes. This is calculated by multiplying the net pension liability (or asset) by the market yields on high quality corporate bonds. The effect of this, when compared to previous UK GAAP, has been to reduce reported profits for the year ended 31 March 2015 because previous UK GAAP led to the recognition of finance income calculated by reference to the expected returns on the pension plan's specific assets be they equities, properties or bonds. The change has had no effect on reported equity as the measurement of the net defined pension scheme liability (or asset) has not changed. Instead, the decrease in reported profit is mirrored by an increase in actuarial gains which are presented within other comprehensive income.

g. Section 12 requires derivative instruments to be measured at fair value with any gains or losses going through the surplus and deficit. For the 1 April 2014 opening Statement of Financial Position , the fair value adjustment increased long term creditors by £18,964k and subsequently reducing reserves by £18,964k. For 31 March 2015 long term creditors were further increased by £10,894K with a charge to the Statement of Comprehensive income of £10,894K.

h. FRS 102 requires that changes in the fair value of financial instruments are recognised in profit or loss for the period. Under previous UK GAAP these changes were recognised outside of profit or loss and presented separately in a revaluation investment reserve. This change has increased reported surplus for the year ended 31 March 2015, £148k, but has not affected the measurement of cash investments on the balance sheet.

i. On transition to FRS 102 the Board has elected to measure some properties at deemed cost. This has resulted in an increase in the disposal costs of properties in the year to 31 March 2015 of £619k.

j. Social Housing Grant can no longer be offset against housing property with fixed assets as under section 24 of FRS 102, where properties are held at deemed cost, the related social housing grant will be recognised under the performance model. At transition £27,723K was taken to reserves.

Exemptions taken on transition to FRS 102:

(1) The election to measure property at fair value deemed cost at the transition date.
Bromford Housing Association Limited and Fosseway Housing Association Limited were amalganted on 1st April 2015.

The new company is known as Bromford Housing Association Limited. Some assets previously under Fosseway Housing were valued at fair value, the election was taken to value some of these assets at deemed cost.

There has been no impact of FRS 102 transitional adjustments for the association.

37. Pension obligations

The Group participates in three schemes, the Social Housing Pension Scheme (SHPS), the Staffordshire County Council pension scheme and the Gloucestershire County Council pension scheme. All the schemes are multi-employer defined benefit schemes. Bromford Housing Group also participates in the Social Housing Pension Scheme's defined contribution scheme to meet its obligations for auto-enrolment which applied from October 2013.

Social Housing Pension Scheme (SHPS)

The Group participates in the SHPS scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for Bromford Housing Group to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore Bromford Housing Group is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. The total estimated employer debt as at 30 September 2014 is £72m.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2014. This actuarial valuation was certified on 23 November 2015 and showed assets of £3,123m, liabilities of £4,446m and a deficit of £1,323m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

Deficit contributions	
Tier 1 From 1 April 2016 to 30September 2020:	£40.6m per annum (payable monthly and increasing by 4.7% each year on 1st April)
Tier 2 From 1 April 2016 to 30 September 2023:	£28.6m per annum (payable monthly and increasing by 4.7% each year on 1st April)
Tier 3 From 1 April 2016 to 30 September 2026:	£32.7m per annum (payable monthly and increasing by 3.0% each year on 1st April)
Tier 4 From 1 April 2016 to 30 September 2026:	£31.7m per annum (payable monthly and increasing by 3.0% each year on 1st April)

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2011; this valuation was certified on 17 December 2012 and showed assets of £2,062m, liabilities of £3,097m and a deficit of £1,035m. To eliminate this funding shortfall, payments consisted of the Tier 1, 2 & 3 deficit contributions.

Where the scheme is in deficit and the Group has agreed to a deficit funding arrangement, a liability for this obligation has been recognised. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

37. Pension obligations (continued)

Preset Values of Provision	31 March 2016 £'000	31 March 2015 £'000	31 March 2014 £'000
Preset value of provision	14,560	11,947	12,422

Reconciliation of opening and closing provisions	Period Ending 31 March 2016 £'000	Period Ending 31 March 2015 £'000
Provision at start of period	11,947	12,422
Unwinding of the discount factor (interest expense)	216	353
Deficit contribution paid	(1,427)	(1,368)
Remeasurements - impact of any change in assumptions	(85)	540
Remeasurements - amendments to the contribution schedule	3,909	-
Provision at end of period	14,560	11,947

Statement of Comprehensive Impact	Period Ending 31 March 2016 £'000	Period Ending 31 March 2015 £'000
Interest expense	216	353
Remeasurements - impact of any change in assumptions	(85)	540
Remeasurements - amendments to the contribution schedule	3,909	-

Assumptions

	31 March 2016 % per annum	31 March 2015 % per annum	31 March 2014 % per annum
Rate of discount	2.06	1.92	3.02

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The following schedule details the deficit contributions agreed between the company and the scheme at each year end period:

DEFICIT CONTRIBUTIONS SCHEDULE

Year ending	31 March 2016 (£000s)	31 March 2015 (£000s)	31 March 2014 (£000s)
Year 1	1,845	1,427	1,368
Year 2	1,920	1,488	1,427
Year 3	1,998	1,552	1,488
Year 4	2,080	1,619	1,552
Year 5	1,755	1,689	1,619
Year 6	1,405	1,353	1,689
Year 7	1,458	991	1,353
Year 8	1,181	1,031	991
Year 9	883	742	1,031
Year 10	910	431	742
Year 11	468	444	431
Year 12	-	229	444
Year 13	-	-	229
Year 14	-	-	-

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises.

It is these contributions that have been used to derive the company's balance sheet liability.

37. Pension obligations (continued)

Growth Plan – BHG

The Group participates in the Growth plan scheme, a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme. The total estimated employer debt as at 30 September 2014 is £197k.

A full actuarial valuation for the scheme was carried out at 30 September 2011. This valuation showed assets of £780m, liabilities of £928m and a deficit of £148m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions	
From 1 April 2013 to 31 March 2023:	£13.9m per annum (payable monthly and increasing by 3% each year on 1st April)

A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £793m, liabilities of £970m and a deficit of £177m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions	
From 1 April 2016 to 30 September 2025:	£12,945,440 per annum (payable monthly and increasing by 3% each year on 1st April)
From 1 April 2016 to 31 September 2028:	£54,560 per annum (payable monthly and increasing by 3% each year on 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

37. Pension obligations (continued)

Present values of provision

	31 March 2016 (£s)	31 March 2015 (£s)	31 March 2014 (£s)
Present values of provision	**77,170**	**131,666**	**137,993**

Reconciliation of opening and closing provisions	**Period Ending 31 March 2016 (£s)**	**Period Ending 31 March 2015 (£s)**
Provision at start of period	**131,666**	**137,993**
Unwinding of the discount factor (interest expense)	**2,153**	**3,656**
Deficit contribution paid	**(15,883)**	**(15,420)**
Remeasurements - impact of any change in assumptions	**(1,206)**	**5,437**
Remeasurements - amendments to the contribution schedule	**(39,560)**	**-**
Provision at end of period	**77,170**	**131,666**

Reconciliation of opening and closing provisions	**Period Ending 31 March 2016 (£s)**	**Period Ending 31 March 2015 (£s)**
Interest expense	**2,153**	**3,656**
Remeasurements - impact of any change in assumptions	**(1,206)**	**5,437**
Remeasurements - amendments to the contribution schedule	**(39,560)**	**-**
Contributions paid in respect of future service*	*****	*****
Costs recognised in income and expenditure account	*****	*****

*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes.

Assumptions

	31 March 2016 % per annum	31 March 2015 % per annum	31 March 2014 % per annum
Rate of discount	**2.07**	**1.74**	**2.82**

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

37. Pension obligations (continued)

The following schedule details the deficit contributions agreed between the company and the scheme at each year end period:

Deficit contributions schedule

Year ending	31 March 2016 (£s)	31 March 2015 (£s)	31 March 2014 (£s)
Year 1	**7,884**	**15,883**	**15,420**
Year 2	**8,121**	**16,359**	**15,883**
Year 3	**8,364**	**16,850**	**16,359**
Year 4	**8,615**	**17,356**	**16,850**
Year 5	**8,874**	**17,876**	**17,356**
Year 6	**9,140**	**18,413**	**17,876**
Year 7	**9,414**	**18,965**	**18,413**
Year 8	**9,696**	**19,534**	**18,965**
Year 9	**9,987**	-	**19,534**
Year 10	**5,143**	-	-
Year 11	-	-	-

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises.

It is these contributions that have been used to derive the company's balance sheet liability.

Staffordshire County Council and Gloucestershire County Council pension schemes

Both schemes are defined-benefit schemes, with the assets held in separate funds administered by Staffordshire County Council and Gloucestershire County Council.

Contributions for year ended 31 March 2016:	Staffordshire County Council £'000	Gloucestershire County Council £'000
Employee	**108**	**42**
Employer	**351**	**125**
Employer Deficit	**301**	**778**
Total	**760**	**945**
Agreed contribution rates for future years:	**%**	**%**
Employee (% dependent on salary)	**5.5% - 9.9%**	**5.8% - 8.5%**
Total	**22%**	**18.8%**

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 March 2016 by a qualified independent actuary.

	Staffordshire County Council		Gloucestershire County Council	
	As 31 March 2016	As 31 March 2015	**As 31 March 2016**	As 31 March 2015
Rate of increase for pensions in payment / inflation	**2.2%**	2.4%	**2.2%**	2.4%
Rate of increase in salaries	**4.2%**	4.3%	**3.7%**	3.8%
Discount rate for scheme liabilities	**3.5%**	3.2%	**3.5%**	3.2%

37. Pension obligations (continued)

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2010 model. The model assumes that the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Staffordshire County Council		Gloucestershire County Council	
	Males	Females	Males	Females
Current Pensioners (years)	22.1	24.3	22.5	24.6
Future Pensioners (years)	24.3	26.6	24.6	27.0

A summary of the movement in pension assets and liabilities for the Bromford Housing Association Limited's defined benefit pension funds is shown below;

	Staffordshire County Council	Gloucestershire County Council	Total
	As 31 March 2016	As 31 March 2016	As 31 March 2016
	£'000	£'000	£'000
Fair value of funds assets	16,147	17,704	33,851
Present value of defined benefit obligation	(23,201)	(21,317)	(44,518)
Pension deficit	(7,054)	(3,613)	(10,667)

	Staffordshire County Council	Gloucestershire County Council	Total
	As 31 March 2015	As 31 March 2015	As 31 March 2015
	£'000	£'000	£'000
Fair value of funds assets	15,634	17,401	33,035
Present value of defined benefit obligation	(24,993)	(23,385)	(48,378)
Pension deficit	(9,359)	(5,984)	(15,343)

37. Pension obligations (continued)

Asset and Liability Reconciliation	Staffordshire County Council	Gloucestershire County Council	Total
	As 31 March 2016	As 31 March 2016	As 31 March 2016
	£'000	£'000	£'000
Reconciliation of assets			
Assets at start of period	15,634	17,401	33,035
Return on plan assets	506	561	1,067
Remeasurements	(343)	(540)	(883)
Employer contributions	662	903	1,565
Employee contributions	108	43	151
Benefits paid	(420)	(664)	(1,084)
Assets at end of period	16,147	17,704	33,851
Reconciliation of liabilities			
Liabilities at start of period	(24,993)	(23,385)	(48,378)
Service cost	(532)	(213)	(745)
Interest cost	(803)	(742)	(1,545)
Employee contributions	(108)	(43)	(151)
Remeasurements	2,815	2,402	5,217
Benefits paid	420	664	1,084
Past Service cost	-	-	-
Curtailments and settlements	-	-	-
	(23,201)	(21,317)	(44,518)
	(7,054)	(3,613)	(10,667)

37. Pension obligations (continued)

Asset and Liability Reconciliation	Staffordshire County Council	Gloucestershire County Council	Total
	As 31 March 2015	As 31 March 2015	As 31 March 2015
	£'000	£'000	£'000
Reconciliation of assets			
Assets at start of period	13,321	15,029	28,350
Return on plan assets	579	649	1,228
Remeasurements	1,439	1,571	3,010
Employer contributions	601	921	1,522
Employee contributions	117	50	167
Benefits paid	(423)	(819)	(1,242)
Assets at end of period	**15,634**	**17,401**	**33,035**
Reconciliation of liabilities			
Liabilities at start of period	(20,511)	(20,556)	(41,067)
Service cost	(464)	(200)	(664)
Interest cost	(885)	(871)	(1,756)
Employee contributions	(117)	(50)	(167)
Remeasurements	(3,439)	(2,527)	(5,966)
Benefits paid	423	819	1,242
Past Service cost	-	-	-
Curtailments and settlements	-	-	-
	(24,993)	(23,385)	(48,378)
	(9,359)	**(5,984)**	**(15,343)**

Actual return on plan scheme assets (2016)	**1.0%**	**0.1%**
Actual return on plan scheme assets (2015)	(1.5%)	(2.8%)

37. Pension obligations (continued)

The fair value of the assets at 31 March 2016:	Staffordshire County Council	Gloucestershire County Council	Total
	£'000	£'000	£'000
Equities	**12,110**	**12,393**	**24,503**
Bonds	**1,776**	**3,718**	**5,494**
Property	**1,454**	**1,416**	**2,870**
Cash	**807**	**177**	**984**
	16,147	**17,704**	**33,851**
The fair value of the assets as 31 March 2015:			
Equities	11,881	12,877	24,759
Bonds	1,720	2,958	4,678
Property	1,251	1,218	2,469
Cash	782	348	1,130
	15,634	**17,401**	**33,035**

Analysis of the amount charged to operating costs in the Statement of Comprehensive Income

	Staffordshire County Council	Gloucestershire County Council	Total
	As 31 March 2016	As 31 March 2016	As 31 March 2016
	£'000	£'000	£'000
Employer service cost (net of employee contributions)	**(532)**	**(213)**	**(745)**
Past service cost	-	-	-
Total operating charge	**(532)**	**(213)**	**(745)**
Analysis of pension finance income / (costs)			
Expected return on pension scheme assets	506	561	1,067
Interest on pension liabilities	(803)	(742)	(1,545)
Amounts charged/credited to financing costs	**(297)**	**(181)**	**(478)**

Amount of gains and losses recognised in the Statement of Comprehensive Income

	Staffordshire County Council	Gloucestershire County Council	Total
	£'000	£'000	£'000
Actuarial gains /(losses) on pension scheme assets	(343)	(540)	(883)
Actuarial gains/(losses) on scheme liabilities	2,815	2,402	5,217
Actuarial gains/(loss) recognised	**2,472**	**1,862**	**4,334**

37. Pension obligations (continued)

Movement in surplus/(deficit) during year	Staffordshire County Council	Gloucestershire County Council	Total
	As 31 March 2016	As 31 March 2016	As 31 March 2016
	£'000	£'000	£'000
Surplus/(deficit) in scheme at 1 April	(9,359)	(5,984)	(15,343)
Movement in year:			
Employer service cost (net of employee contributions)	(532)	(213)	(745)
Employer contributions	662	903	1,565
Past service cost	-	-	-
Net interest/return on assets	(297)	(181)	(478)
Remeasurements	2,472	1,862	4,334
(Deficit)/Surplus in scheme at 31 March	(7,054)	(3,613)	(10,667)