

**BROMFORD HOME OWNERSHIP LIMITED**

**Financial Statements**

**for the year ended 31 March 2023**

**Co-operative and Community Benefit Society  
Registration Number 29991R**

**Regulator of Social Housing  
Registration Number L4450**

**Bromford.**

## Bromford Home Ownership Limited

<b>Contents</b>	<b>Page</b>
General information	1
Board and Strategic Report	2
Independent Auditors Report	19
Statement of Comprehensive Income	23
Statement of Financial Position	24
Statement of Changes in Reserves	25
Statement of Cash Flows	26
Notes to the Financial Statements	27

## Bromford Home Ownership Limited

### General Information For the Year Ended 31 March 2023

#### Board members

The board members who served from 1 April 2022 up to the date of approval of these financial statements were as follows:

	<b>Position</b>	<b>Appointment/Resignation Date</b>	<b>Meetings Attended 2022/23</b>
Stephen Dando	Independent Non-Executive Director Chair		12/12
Richard Bird	Independent Non-Executive Director		12/12
Carolyn Downs	Independent Non-Executive Director	Resigned 20 March 2023	11/11
Dame Sandra Horley	Independent Non-Executive Director	Appointed 1 May 2022	09/11
Sarah Simpson	Independent Non-Executive Director	Resigned 30 April 2022	1/1
Jerry Toher	Independent Non-Executive Director		11/12
Robert Nettleton	Chief Executive		12/12
Paul Walsh	Chief Finance Officer		12/12

**Meetings attended** reflects the number of board meetings that were attended by each board member out of the total number of board meetings they were eligible to attend.

Company Secretary
Sarah Beal

#### Advisors:

##### External Auditors:

Beever and Struthers  
The Colmore Building  
20 Colmore Circus  
Queensway,  
Birmingham, B4 6AT

##### Business Assurance Provider:

PricewaterhouseCoopers LLP  
2 Glass Wharf  
Bristol BS2 0FR

##### Bankers:

Barclays Bank plc  
15 Colmore Row  
Birmingham B3 2BH

##### Taxation Advisors:

Deloitte LLP  
Four Brindley Place  
Birmingham  
B1 2HZ

##### Registered office:

Shannon Way  
Ashchurch  
Tewkesbury  
GL20 8ND

## Bromford Home Ownership Limited

### Board and Strategic Report For the Year Ended 31 March 2023

The board of Bromford Home Ownership Limited ('BHO') is pleased to present its Annual Report and financial statements for the year ended 31 March 2023.

#### Who are we and what do we do?

BHO is a subsidiary of Bromford Housing Group Limited ('BHG'). It is a registered provider of social housing and a registered society under the Co-operative and Community Benefit Societies Act 2014. Together, BHG and its subsidiaries are known as 'Bromford'.

Bromford exists to provide affordable homes for people who can't access market housing. We believe in providing safe, secure and warm homes, but we're ultimately a people business. Not only do we care about what happens to people that live in a Bromford home, we want people to thrive.

That's why our purpose is simple and honest. *We invest in homes and relationships so people can thrive.*

Bromford is a housing group – one that owns over 46,000 homes, has individual relationships with over 100,000 customers and has a very strong balance sheet. All this is only possible because of the 1,800 people who work for the organisation.

BHO's principal activities are procuring homes for outright sales.

#### Our board – who are they and what do they do?

BHG is the parent company of BHO. Under Bromford's Governance Framework, BHO delegates matters of governance and financial authority to the BHG board (The board).

The BHG 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 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 ensures there are succession plans for board members and the senior team. Bromford's day-to-day leadership is delegated to the Chief Executive.

Bromford's statement of strategy (published on our website) describes our 'DNA' (Fig. 1). Our DNA is what we stand for and the behaviours, qualities and values that represent what it means to Be Bromford.





Fig 1. Bromford DNA

**Bromford Home Ownership Limited**  
**Board and Strategic Report**  
**For the year ended 31 March 2023**

**Board composition, meetings, decisions and delegations**

The BHG board operates as a unitary board.

From the 1 April 2022, our board comprised seven members – two executive directors (our Chief Executive and Chief Finance Officer) and five non-executive directors (NEDs).

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.

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 per annum. The other significant commitments of the Chair, Steve Dando and NEDs were disclosed to the BHG board before appointment and are summarised in the BHG Annual Report and Accounts.

**Board effectiveness**

All board members are expected to contribute to a culture of clear and open debate. This is to promote informed and prudent decision making and members are expected to keep developing and refreshing their knowledge and skills so they can continue to make positive contributions to board discussions.

Each year the board carries out a formal evaluation of board, committee and individual director performance. At least every three years, as recommended by the code, this evaluation is facilitated by an external advisor to provide an independent perspective. There was an independent review of governance effectiveness in 2020 and the chair carried out an internal review in 2021. There has been an internal review facilitated by the chair and SID in 2022 to 2023 and Campbell Tickell has been commissioned to undertake an independent review in summer 2023.

**Board and Committee Decision-making**

The Bromford Housing Group (BHG) operates a group structure with coterminous boards across the four main entities – the parent – BHG and the main operating subsidiaries Bromford Housing Association (BHA), Bromford Home Ownership (BHO) and Merlin Housing Society (MHS). The membership of all entities is the same except for BHO where two members, Neil Rimmer and Charles Hutton-Potts are not members. This is in line with our Group Conflicts of Interest Policy and protects the charitable interests of BHG, BHA and MHS. All members of the board, executive and non-executive make decisions by working together and achieving a general consensus.

To retain control of key decisions and to provide a clear division of responsibility between the running of the board and the running of the business, the board and the other registered providers in the group, have identified 'reserved matters' that only those boards can approve.

Other matters have been delegated to the committees by the boards. Any matters outside of these delegations fall within the chief executive's responsibility and authority.

The board and each committee receive sufficient, reliable and timely information in advance of meetings and are provided with or are given access to all the necessary resources and expertise to enable them to undertake their duties in an effective manner.

The board is scheduled to meet 10 times a year. In December 2022 and in February 2023 the board held an additional meeting to approve certain transactions that required board level approval. We held our annual strategy setting event in November.

Each board meeting has a planned agenda, which allows enough time to discuss both strategic and operational matters and includes consideration of performance and risk management.



**Bromford Home Ownership Limited**  
**Board and Strategic Report**  
**For the year ended 31 March 2023**

Each board committee meets as many times as necessary to discharge their duties and responsibilities under their terms of reference. For reports from our committees, refer to the BHG Annual Report and Accounts.

The board and committees can seek advice to support them in their decision making.

**Value for Money**

Ensuring Value for Money for our customers and our group is ingrained in our culture and enables us to deliver our strategy and to enable customers to thrive. Our value for money statement is published within our Group Annual Report and Accounts.

**Statement of compliance with the regulatory standards**

Our regulator, the Regulator of Social Housing (RSH), publishes a regulatory framework and regulatory standards. The regulatory standards comprise of the economic standards (namely the governance and financial viability, value for money and rent standards) and the consumer standards (namely the tenant involvement and empowerment, home, tenancy and neighbourhood and community standards).

One of the core economic standards is governance and financial viability. This requires registered providers (RPs) 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. It also requires RPs to manage their resources effectively, to make sure their viability is maintained whilst ensuring that social housing assets are not put at undue risk.

As part of being regulated by the RSH, Bromford has been given a rating for governance, as assessed against the governance and financial viability standard. Following an In-Depth Assessment carried out by the RSH in 2022, Bromford maintains a G1 governance and V1 financial viability rating, the highest ratings on the scale throughout the financial year ended 31 March 2023. Positive feedback by the regulator was focused on customers, board engagement and strategic drive along with landlord compliance and health and safety. The regulator identified two key areas of focus. These were the implantation of an assurance map which will provide the board with a picture of assurance and also the need for accuracy in regulatory returns.

The board is committed to ensuring that we comply with our legal and regulatory responsibilities, including the Modern Slavery Act 2015. Bromford's modern slavery statement is available on the website.

Each year the RSH requires RPs to assess their compliance with the governance and financial viability standard and provide assurance to customers and stakeholders that the RSH specific expectations are being complied with.

We have undertaken an annual review of compliance. The board is assured that Bromford is compliant with the regulatory framework including the governance and financial viability standard and its accompanying code of practice.

**Statement of compliance with our code of governance**

The Bromford Housing Group has voluntarily adopted the UK Corporate Governance Code 2018 (the code). The 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.

To support implementation of the code it has adopted a group wide Governance Framework and Delegations Framework that set out how the Group and each subsidiary registered provider will conduct its business in this respect. The Governance Framework and Delegations Framework include matters reserved for the board and delegations to the group wide committees. This ensures that information from the committees also reaches the board of each subsidiary registered provider where appropriate. In this way the provisions of the UK code are met by Bromford Home Ownership Limited.

As we do not have shareholders in a conventional sense, some aspects of the UK code do not 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.

The UK code applies for our financial year 2022 to 2023.

Each year the board reviews compliance with the UK code and during the financial year ended 31 March 2023, we consider that Bromford has complied with all relevant principles and provisions of the UK Corporate Governance Code 2018.

**Bromford Home Ownership Limited**  
**Board and Strategic Report**  
**For the year ended 31 March 2023**

**Risk management and internal control**

**Risk Overview**

Bromford has a risk management process in place through which our principal risks and related controls are identified, assessed and managed. Our board has overall responsibility for setting our risk appetite and ensuring there is an effective risk management process in place. Applying the principles of risk management effectively allows Bromford to create value by enabling us to take informed decisions whilst protecting value by reducing the uncertainty of achieving our strategy.

We operate a five-step risk management process. These steps are designed to identify problems before they occur, so that risk management activity may be planned and invoked as needed to mitigate impacts on achieving our strategy.

We think of risk as those things that could prevent us from achieving our strategic goals. Our approach to risk management is designed to enable the business to deliver its strategic goals while managing the inherent uncertainty that can manifest itself as both opportunities and threats to these outcomes. The board defines clear statements and tolerances that set out the type and amount of risk we are prepared to assume as we deliver our strategy. Regular reporting to board highlights any movement in the assessment of key risks.

**How we manage our risks?**

Bromford operates a three lines assurance model, targeted at areas of greatest risk. Using a risk-based approach provides an effective programme of assurance which considers areas that we know are high risk. This approach ensures clear separation between risk and control ownership (first line), oversight, support and challenge (second line) and audit (third line). We regularly reassess our assurance activity as risk is reduced in certain areas and increased where new risks are emerging, resulting in a proportionate assurance application.

Internal audit provide independent, objective assurance to management and the board over the effectiveness of first and second lines and is independent of our executive management. This includes an agreed programme of reviews which highlight any areas where risks are not being managed within our appetite or where we may need to re-calibrate our appetite in the context of internal and external changes.

Additional assurance is provided from external sources, such as external audit, technical specialists and regulatory checks.

**Risk appetite**

Our board has defined the risk appetite statements and metrics which are central to the core elements of our strategy. Across five key enterprise risk types they set out the type and amount of risk we are prepared to accept as we deliver our strategy, plans and run our day-to-day operations. These are integral to our corporate decision making. While the risk appetite statements below align with the year we are reporting on, we have made a number of changes to the risk appetite statements to align with and support our new strategy which launched on 1 April 2023.

No business is free of risk and to deliver our strategy we often need to take risk. We only take risk that is in line with our risk appetite, our purpose, our DNA and our strategy. Risk we accept must be clearly understood and regularly reviewed and managed effectively. We measure, monitor and report our exposures within agreed tolerances, with forward looking risk indicators and triggers in place. In some areas we have risks for which we have little or no appetite however the nature of these risks mean they cannot be eliminated completely.



**Bromford Home Ownership Limited**  
**Board and Strategic Report**  
**For the year ended 31 March 2023**

	Averse	Minimal	Balanced	Open	Embracing
<p><b>Legal and regulatory</b></p> <p>Our risk appetite is minimal, as we will do everything that is reasonably practical to ensure compliance and is averse with respect to landlord asset compliance and health and safety risks, meaning we do everything we can to ensure compliance with landlord obligations.</p>			←→		
<p><b>Operational</b></p> <p>Our appetite is balanced as whilst we will explore new options for providing our services, we remain focused on operating our business to ensure a minimal level of disruption to our customers, brand and reputation.</p>			←→		
<p><b>Financial</b></p> <p>Our appetite is balanced, as we will not accept risks which threaten our financial viability, but we will be open to diverse investment options and innovative arrangements to achieve our strategy, however we will not accept risks which materially threaten our financial viability.</p>			←→		
<p><b>Development/commercial</b></p> <p>Our appetite is open as we seek to remain competitive in the marketplace whilst proactively seeking new opportunities for sustainable growth both in the short and longer term.</p>				←→	
<p><b>Strategic</b></p> <p>As an innovative business our strategic risk appetite is open as we have set ambitious plans and have multiple channels for delivery, but we will not compromise on the provision of warm, safe and secure homes.</p>				←→	

**Our principal risks**

The board review the principal risks, appetite and tolerances annually and the last review was in November 2022. The risks and associated indicators are monitored monthly by the board. Business risks are monitored for emerging threats and operational trends, with escalation through executive forums, Audit and Risk Committee and then to board.

The list of principal risks does not comprise all of the risks Bromford face and they are not presented in order of importance. The nature of the risk means the landscape can alter and we ensure our regular updates to the risks reflect this.

**Bromford Home Ownership Limited**  
**Board and Strategic Report**  
**For the year ended 31 March 2023**

Below we set out the profile of risks for Bromford.

<b>Death, injury or harm</b>		Direction of travel: <b>static</b>	Link to strategy: Future ready
Risk: Our approach to health and safety lacks robust controls and oversight. This results in death, injury or harm caused to colleagues, customers, contractors or the public.			
Risk mitigations		Changes in year	
<ul style="list-style-type: none"> <li>• a well-established health and safety policy and framework sets out no one should be harmed by what we do</li> <li>• audit and Risk Committee and board receive independent assurance from technical experts throughout the year</li> <li>• monitoring of our supply chain to ensure safe practice</li> <li>• safety Hub, our dedicated health and safety software allows real time recording of incidents and near misses to allow prompt review and analysis</li> </ul>		<ul style="list-style-type: none"> <li>• new health and safety strategy reviewed and approved by board</li> <li>• health and safety training requirements by role reviewed and ongoing compliance/training monitored</li> <li>• new e-learning module on condensation, damp and mould launched as mandatory learning for all colleagues</li> <li>• approval to change our independent assurance provider</li> </ul>	

<b>Environment and sustainability</b>		Direction of travel: <b>static</b>	Link to strategy: Future ready
Risk: Responding to our 2030 carbon reduction requirements in our new and existing homes. This may result in material financial implications, regulatory intervention and reputational damage.			
Risk mitigations		Changes in year	
<ul style="list-style-type: none"> <li>• delivering EPC rating C by 2028 ahead of the government 2030 requirement</li> <li>• roadmap to 2050 net zero carbon developed which is monitored through the sustainability group</li> <li>• full costs for delivery embedded in 30 year business plan</li> </ul>		<ul style="list-style-type: none"> <li>• dedicated sustainability resource has increased by two colleagues</li> <li>• sustainability workshop held with Customer and Communities Influence Network (CCIN), representatives to help understand what customer priorities are</li> <li>• secured £3.5m government funding to improve the energy efficiency of our homes</li> <li>• new sustainability framework developed to underpin decision making from April 2023</li> <li>• Moody's ESG credit impact score confirmed as CIS-2 Neutral to Low</li> </ul>	

**Bromford Home Ownership Limited**  
**Board and Strategic Report**  
**For the year ended 31 March 2023**

<b>Financial pressures for customers</b>	Direction of travel: <b>worsening</b>	Link to strategy: Our relationship with customers
Risk: Uncertainty within the external environment leads to increased financial pressure for customers.		
Risk mitigations	Changes in year	
<ul style="list-style-type: none"> <li>• our coaching approach is designed to support our customers</li> <li>• the customer and communities’ model is subject to an annual effectiveness review, reported to board</li> <li>• income management policies in place to support colleagues and customers</li> </ul>	<ul style="list-style-type: none"> <li>• dedicated Cost of Living Group established to support customers</li> <li>• income colleagues have supported customers in securing additional income of over £250k</li> <li>• money Matters campaign launched online for Bromford customers to offer help and advice on managing their money</li> <li>• dedicated customer forum established</li> <li>• new customer framework developed to underpin decision making from April 2023</li> </ul>	

<b>Cyber security and network controls</b>	Direction of travel: <b>Improving</b>	Link to strategy: <b>Future ready</b>
Risk: Lack of robust network controls and security protocols. This results in susceptibility to service attacks, hacking and unauthorised access.		
Risk mitigations	Changes in year	
<ul style="list-style-type: none"> <li>• dedicated Information Security Team and data protection officer responsible for monitoring information security and cyber threat</li> <li>• mandatory annual cyber security training for all colleagues</li> <li>• all operational and office teams have business continuity and crisis management plans in place</li> <li>• information security management systems aligned to ICO/EIC 27000 standards, with oversight through business forums and audit and risk committee reporting</li> </ul>	<ul style="list-style-type: none"> <li>• following a cyber incident this year, a number of security improvements have been deployed to improve security including our technology, our internal operating model and our external partners. Our response was well regarded by external experts</li> <li>• new head of data governance and information security appointed</li> <li>• cyber security assessed as part of the internal audit programme</li> <li>• ongoing vulnerability and penetration testing</li> </ul>	

<b>Third parties and supply chains</b>	Direction of travel: <b>static</b>	Link to strategy: <b>Future ready</b>
Risk: Failure of third parties and supply chains. This results in adverse cost impact, quality or delays to Bromford.		
Risk mitigations	Changes in year	
<ul style="list-style-type: none"> <li>• strategic suppliers have been identified and we are working with them to ensure they have fit for purpose business continuity plans</li> <li>• business stability of suppliers is tracked through a variety of methods</li> <li>• contingency supplier capability assessed for single supply and strategic goods or services</li> </ul>	<ul style="list-style-type: none"> <li>• regular contract review and performance meetings, including Key Performance Indicators (KPIs) review and proactive supplier and market assessments</li> <li>• close monitoring of inflation and working closely with suppliers to manage cost</li> <li>• principles of new procurement strategy approved in March 2023 for implementation in 2023-24</li> </ul>	

**Bromford Home Ownership Limited**  
**Board and Strategic Report**  
**For the year ended 31 March 2023**

<b>Development and market sales</b>		Direction of travel: <b>static</b>	Link to strategy: Growing the business
Risk: We fail to deliver our new homes and market sales aspirations. Rising costs, market downturn, competition in the market and/or a lack of opportunity could impact our ability to deliver against plan.			
<b>Risk mitigations</b>		<b>Changes in year</b>	
<ul style="list-style-type: none"> <li>• a dedicated forum considers opportunities against strategy to ensure compliance with business policy, tracks programme delivery and monitors the external market for potential impacts</li> <li>• land forum established</li> <li>• minimum return rates approved by the board</li> <li>• board approval for developments that exceed a predetermined financial commitment</li> </ul>		<ul style="list-style-type: none"> <li>• despite turbulent economic conditions throughout the year, we have delivered 1,265 new homes</li> <li>• working with suppliers to negotiate and hold prices for key materials needed to construct new homes</li> <li>• first factory built MMC homes delivered at Moreton-in-Marsh in the Cotswolds</li> <li>• growth plan developed for in-house construction team to ensure higher proportion of homes we build are built by us for our customers</li> </ul>	
<b>Financial planning and performance</b>		Direction of travel: <b>static</b>	Link to strategy: Future ready
Risk: Our financial and resilience planning and/or monitoring fails to mitigate substantial macro-economic or political events.			
<b>Risk mitigations</b>		<b>Changes in year</b>	
<ul style="list-style-type: none"> <li>• robust financial planning, stress testing scenarios and resilience plans are in place, incorporating plausible macro-economic and political impacts, with close tracking at forum, committee and board level against the financial framework and golden rules</li> </ul>		<ul style="list-style-type: none"> <li>• frequent revision of the 30 year plan to understand the impacts of risks to our long term business model</li> <li>• ongoing assessment and monitoring of impact of inflation, interest rate changes and potential for rent caps</li> <li>• Moody's confirmed our credit rating as A2</li> <li>• Standard &amp; Poor's confirmed as A+</li> </ul>	



**Bromford Home Ownership Limited**  
**Board and Strategic Report**  
**For the year ended 31 March 2023**

<b>People</b>	Direction of travel: static	Link to strategy: Enabling colleagues to thrive
Risk: A lack of skilled colleagues who are thriving in their role will impact our ability to achieve our objectives. This may be due to a failure to recruit, retain and/or motivate engaged colleagues.		
<b>Risk mitigations</b>	<b>Changes in year</b>	
<ul style="list-style-type: none"> <li>• the embedding of our performance management process and both core and leadership competencies to support the ability of colleagues to achieve our objectives</li> <li>• continuation of our Leadership 50 development</li> <li>• improving leadership capability for recruitment with the use of unconscious bias training, e-learning for recruitment and workshops to improve the quality of candidates appointed</li> <li>• regular leadership cafes available for all colleagues in leadership roles. People team colleagues attend to provide advice and upskilling</li> <li>• continued investment in the accelerating talent programme (three cohorts delivered) and career development programme (two cohorts delivered)</li> <li>• a clearly defined Equality, Diversity and Inclusion (EDI) road map developed by our Be.You group with champion groups embedded in the organisation</li> </ul>	<ul style="list-style-type: none"> <li>• became a member of the 5% Club, a national group of employers committed to having 5% of their employees in earn and learn positions. We now have over 100 graduates and apprentices at Bromford</li> <li>• expanded the leadership development programme to all colleagues in leadership positions (L250)</li> <li>• payment of a 4% pay award and 4% bonus in the year, in addition to agreeing a 5% pay award and £1,000 recognition award to be paid in 2023 to 2024 to support with increasing cost of living and pressure in the recruitment market</li> <li>• further development of career pathways to assist in the retention of colleagues and to improve the performance of colleagues in role while also providing a route for career development</li> <li>• reduction in gender pay gap, participation in the female career accelerator programme and nominated for Women in housing award</li> <li>• Great Places to Work scores increased to 69%</li> </ul>	

**Bromford Home Ownership Limited**  
**Board and Strategic Report**  
**For the year ended 31 March 2023**

<b>Regulatory reporting</b>		Direction of travel: <b>static</b>	Link to strategy: Future ready
Risk: We provide delayed, unreliable or incorrect information to the regulator via regulatory returns leading to reputational damage or regulatory intervention			
Risk mitigations		Changes in year	
<ul style="list-style-type: none"> <li>skilled colleagues to collate, review and challenge regulatory returns. We have an effective level of checks and balances of the data submitted to the regulator</li> <li>we use a Leadership Self-Assessment, asking relevant senior leadership colleagues to complete a self-declaration each year</li> </ul>		<ul style="list-style-type: none"> <li>Tenant Satisfaction Measure (TSM) shadow reporting underway</li> <li>increased assurance across second line of assurance for critical regulatory returns</li> <li>internal audit overview of regulatory submissions (rent review and SDR)</li> </ul>	

**Emerging risks**

Emerging risks are upcoming events which present uncertainty but are difficult to assess at the current stage. We use techniques such as horizon scanning to identify and report these risks and emerging risk management ensures we are adequately prepared for the potential opportunities and threats they pose. Business units consider changing, new or emerging risks through regular review and discussion, we produce insight reports which are shared through the governance channels to highlight new and growing threats. We closely monitor emerging risks that may, with time, become Enterprise Risk Management (ERM) risks. We consider the following to be risks that have the potential to increase in significance and affect the performance of Bromford.

Title	Detail	Area	Time Horizon
Macroeconomic uncertainty	The impact of the Ukrainian invasion is ongoing, inflation levels have continued to remain higher than anticipated and interest rates have been rising over the last year. Macroeconomic conditions remain volatile and uncertain, impacting customers and our supply chain. More recently there have been signs of stress in the global banking sector with issues in the US and Swiss markets increasing the risk of contagion into the UK banking sector. In addition, this volatility could slow house building generally as developers become more cautious with their forward programme. It may become difficult to finance our strategic ambitions on affordable terms.	Economic	Short-medium term
Energy prices	Wholesale energy prices have fallen from their summer 2022 peak but there is a substantial lag before these feed through to energy consumers. With government support now ending, customers will be impacted by higher energy costs and businesses incurring higher production costs will continue to pass on this cost.	Operational / customer	Short-medium term
Political landscape	Market confidence has fluctuated following three prime ministers and four chancellors in 2022. While markets have started to settle, a general election in 2024 could see changes to leadership and further changes in policy/legislation that impact the housing sector.	Political	Medium - long term

**Bromford Home Ownership Limited  
Board and Strategic Report  
For the year ended 31 March 2023**

One of the board's key responsibilities is to make sure that Bromford has a system of internal controls in place that robustly manages the operational and strategic risks that threaten our business model, future performance, solvency and liquidity.

**Internal control**

The Audit and Risk Committee (the committee) 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.

The board has reviewed the effectiveness of the system of internal control, including risk management, for the year to 31 March 2023 and up to the date of signing these financial statements. It has not identified any weaknesses sufficient to cause material misstatement or loss which require disclosure in the financial statements.

An internal control system can provide reasonable but not absolute assurance against material misstatement or loss, as it is designed to manage rather than eliminate the risk of failure to achieve business objectives.

**Internal audit**

Internal audit is an independent assurance function, provided by PricewaterhouseCoopers (PwC), which is available to the board, Audit and Risk Committee and all levels of management. The role of internal audit is to provide assurance that Bromford's risk management and internal control systems are well designed and operate effectively and that any corrective action is taken in a timely manner. This year the audit and risk committee approved the proposal to move to a co-source arrangement. This change saw Bromford appoint a new role, head of internal audit in February 2023 and the co-source arrangement will commence in April 2023, with PwC continuing with their provision of internal audit services through the Cross Council Assurance Service (CCAS) Framework. Co-source arrangement structures add value through greater access to specific areas of expertise and increased ability to flex resources.

Each year internal audit develops an annual risk-based audit plan for approval by the Audit and Risk Committee which is supported by regular reporting that enables the committee to monitor delivery of the audit plan. The plan is created using a combination of PwC's housing sector experience, internal assessment of the risks to Bromford, the Regulator of Social Housing (RSH) sector risk profile report and feedback from the leadership team. The scope of work takes account of the function's own assessment of risks, the input of first and second-line management and the Audit and Risk Committee itself. The plan for 2023 to 2024 has developed further to include internally delivered internal audit and the creation of the forward plan is now owned by Bromford's head of internal audit.

**Significant issues considered by the Audit and Risk Committee for the year ended 31 March 2023**

Significant issues were discussed with management and the external auditor in January 2023 when the Audit and Risk Committee reviewed the Audit Plan and strategy for the year and at the conclusion of the audit, when the financial statements were reviewed in July 2023.

The committee also considered all relevant reports and findings presented by the external auditor and also the adequacy of management's response. In addition, the committee reviewed the external auditor's independence, objectivity and effectiveness of the audit.



**Bromford Home Ownership Limited**  
**Board and Strategic Report**  
**For the year ended 31 March 2023**

The audit plan and strategy for the year identified the key audit matters which are considered below.

Key audit matter	Committee response
Loan Covenants and Treasury Management	The Group has borrowings, which includes undrawn facilities, predominantly revolving credit facilities. The Group has standalone interest rate swaps for periods up to 2032 to manage mark-to-market exposure. These have been categorised as non-basic and are measured at fair value. The loan covenant calculations as at 31 March 2023 show that the loan covenant position is compliant with funder requirements across the Group. Following audit testing across a number of areas the external auditor found no issues of concern in this area. In line with Auditing Standards, the external auditor reviewed judgements and estimates until the point of signing the financial statements. Management gave assurances that the group will remain a going concern and is able to avoid breaching its loan covenants even in a serious stressed scenario. The committee was satisfied with outcomes and management response.
Key Judgements and Estimates	The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the year-end and the amounts reported for revenues and expenses during the year. The external auditor undertook testing to assess whether the key judgements and estimates have been made appropriately in line with the industry and are disclosed satisfactorily in the financial statements. The committee was satisfied with the outcomes of the audit which noted the results of the work proved satisfactory.
Housing Properties	During the year the Group capitalised £42.8m of improvement works. Bromford has reviewed their capitalisation approach and reduced the de minimis threshold for component capitalisation from £5,000 to £1,500. The impact of this was £0.7m of component items additionally capitalised in 2022/23. The external auditor sampled capitalised items between £1,500 and £5,000 to ensure they meet the requirements to be capitalised and have been capitalised appropriately. The committee was satisfied with the outcomes of the audit which noted no issues of concern.
Development and Sales	During the year new developments are capitalised by the group. The Group delivered 1,265 new units during 2022/23. The external auditor tested a number of areas including the key controls over the approval and recording of development expenditure and disposals, including development appraisal assumptions and assessed the accounting policies for capitalising development overheads and interest on loans. The committee was satisfied with the outcomes of the audit which noted no issues of concern.

**Bromford Home Ownership Limited**  
**Board and Strategic Report**  
**For the year ended 31 March 2023**

In addition to fulfilling its key responsibilities the committee reviewed the following topics:

Area of focus	Committee action
Internal audit	<ul style="list-style-type: none"> <li>• reviewed and approved the proposal to move to a co-source arrangement for internal audit, effective April 2023</li> <li>• considered internal audit reports presented to the committee and satisfied itself that management had resolved or was in the process of resolving outstanding actions</li> <li>• reviewed and approved the internal audit plan for 2023 to 2024</li> </ul>
External audit	<ul style="list-style-type: none"> <li>• reviewed the proposed audit plan for the 2022 to 2023 audit, including the key audit risks, audit report from Beever and Struthers on the financial statements and the areas of particular focus for the 2022 to 2023 audit</li> <li>• assessed the effectiveness of the external auditor</li> <li>• agreed audit fees for the year ended 31 March 2023</li> </ul>
Financial and regulatory reporting	<ul style="list-style-type: none"> <li>• reviewed and discussed the financial statements, considered the accounting judgements and policies applied and assessed the findings of the statutory audit in respect of the integrity of the financial reporting of full and half year results</li> <li>• reviewed the 2022 to 2023 annual report and accounts and provided a recommendation to the board that as a whole they complied with the 2018 Code to be fair, balanced and understandable</li> <li>• received and approved Bromford market trading updates</li> </ul>
Internal controls and risk management	<ul style="list-style-type: none"> <li>• reviewed the Risk Appetite Framework</li> <li>• received regular updates in relation to the governance and risk management in the transformation programme</li> <li>• post cyber incident recovery oversight and monitoring</li> <li>• received updates throughout the year on the outcomes of penetration and vulnerability testing</li> <li>• received regular updates in relation to landlord compliance performance</li> <li>• reviewed and approved the second line assurance plan for 2023 to 2024</li> <li>• reviewed the second line assurance reports and had oversight of the closure of material actions</li> </ul>

**Financial results**

During the previous year BHO completed a partial transfer of engagement, where the majority of the assets and liabilities of the Association were transferred to Bromford Housing Association Limited.

Turnover in the year decreased to £4.2m (2022: £20.6m) with operating surplus decreasing to £0.5m (2022: £40.9m). The surplus on the sale of housing assets was £0.03m (2022: £35.8m), The surplus before tax was £0.1m (2022: £40.7m).

**Bromford Home Ownership Limited**  
**Board and Strategic Report**  
**For the year ended 31 March 2023**

**Corporation tax**

Bromford has a tax strategy which includes non-charitable subsidiaries making gift aid payments to charitable subsidiaries. BHO made a gift aid payment in the financial year of £29.1m (2022: £6.1m) relating to the previous year's financial results. The tax charge for the year is £nil (2022: £nil). The gift aid payment in respect of this financial year will be recognised when paid in the 2023 to 2024 financial year.

**Fixed assets**

Details of movements in fixed assets during the year are set out in notes 11 and 13 to the financial statements. The charge for the year for the depreciation of housing properties is £0.05m (2022: £0.2m).

**Stock and work in progress**

Stock and work in progress of £0.04m (2022: £1.9m) includes completed outright sale properties £nil (2022: £1.5m), completed shared ownership properties of £nil (2022: £0.2m) and work in progress for outright sales and shared ownership schemes of £0.04m (2022: £0.2m).

**Operating performance**

Operational performance against targets is monitored at Group level and a summary is included within the Annual Report and Accounts of BHG, which are available on the Bromford website [www.bromford.co.uk](http://www.bromford.co.uk). This also includes our Value for Money (VfM) report including sector metrics at a Group level.

**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 made.
- We have accounted for depreciation of assets on a straight line basis. The depreciation basis is reviewed regularly for the each class of asset and no changes were required.

Further details of key estimations can be found within our accounting policies on pages 27 to 34.

**Public benefit entity**

As a public benefit entity, BHO has applied public benefit entity 'PBE' prefixed paragraphs of FRS102.

**Statement of Compliance with the 2018 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 2018 SORP for Registered Social Housing Providers.



**Bromford Home Ownership Limited**  
**Board and Strategic Report**  
**For the year ended 31 March 2023**

**Statement of board's responsibilities in respect of the Annual Report and the financial statements**

The board is responsible for preparing the Annual Report and the Association financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Societies Act 2014 requires the board to prepare financial statements for each financial year. Under those regulations the board have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs of the Association and of the income and expenditure of the Association 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 UK Accounting Standards and the Statement of Recommended Practice 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 will continue in business.

The board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

The board have decided to prepare voluntarily a Corporate Governance Statement as if the company were required to comply with the Listing Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority in relation to those matters.

Under applicable law and regulations, the board are also responsible for preparing a Strategic Report and a board Report that complies with that law and those regulations.

The board are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We consider the Annual Report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for the board to assess the Association's position and performance, business model and strategy.

**Going concern**

The board, after reviewing the Association's budget for 2023 to 2024 and the Group's medium term financial position as detailed in the 30-year business plan is of the opinion that, taking account of severe but plausible downsides, the Association has adequate resources to continue in business for the foreseeable future. The board therefore continues to adopt the going concern basis in preparing the annual financial statements.

**Bromford Home Ownership Limited**  
**Board and Strategic Report**  
**For the year ended 31 March 2023**

**Viability statement**

As required by the provisions of the UK Corporate Governance Code, the board has undertaken an assessment of the future prospects of the Association as a participant of the group assessment, taking into account its current position and principal risks. The assessment includes changes arising from the challenges to the sector such as high levels of inflation and interest rates, potential for further government imposed rent caps and the availability of resource.

This assessment was made using the following core business processes:

Thirty year business plan (the 'plan') – the board reviews each iteration of the plan during the year as part of its strategic planning process, the most recent business plan was approved in May 2023. This process includes detailed stress testing of the plan which involves flexing a number of assumptions underlying the forecast both individually and together under particular scenarios.

Risk management – as set out in the risk section of the strategic report, Bromford has a structured approach to the management of risk and the principal risks identified are reviewed regularly by the board.

Liquidity – based on the output of the plan and regular reforecasting of cashflows the board reviews the liquidity position of the group ensuring funding is secured in accordance with Bromford's treasury policy. Current available cash and unutilised loan facilities are over £400m which gives significant headroom for committed spend and other forecast cash flows that arise.

In undertaking this assessment, a period of three years has been selected. For the initial year of this three year period there is a greater level of certainty because detailed annual budgets are prepared and regularly reforecast. Monthly cashflow forecasts are reviewed by the board covering a rolling 36 month period and are used to ensure sufficient facilities are in place. The largest single area of spend remains the development programme and the bulk of the committed programme completes within this timeframe. Whilst development spend and required facilities are planned over a longer term than three years, the period chosen ensures that Bromford is viable beyond its usual development commitment timeframe.

On the basis of this and other matters considered and reviewed by the board during the year, the board has reasonable expectations that BHO will be able to continue in operation and meet its liabilities as they fall due over the three year period used for this assessment.

**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 Association's auditors are unaware. 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.

**Appointment of Auditor**

Beever and Struthers have indicated their willingness to continue in office and, following a review of effectiveness by the Group's Audit and Risk Committee, will be proposed for re-appointment in accordance with the Companies Act 2006 s.485.

This report was approved for issue by the board on 25 July 2023 and signed on its behalf by



Steve Dando  
Chair



## Bromford Home Ownership Limited

### Independent Auditor's Report to Bromford Home Ownership Limited

#### Opinion

We have audited the financial statements of Bromford Home Ownership Limited (the Association) for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves and the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2023 and of the Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We were first appointed as auditor of Bromford Home Ownership Limited by the board for the period ending 31 March 2021. The period of total uninterrupted engagement for the Association is for three financial years ending 31 March 2023. We have fulfilled our ethical responsibilities under, and we remain independent of the Association in accordance with, UK ethical requirements including the FRC Ethical Standard. No non-audit services prohibited by that standard were provided.

#### Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £83,340, determined with reference to a benchmark of Turnover (of which it represents 2%). We consider turnover to be the most appropriate benchmark and more appropriate than a profit-based benchmark as the Association is a not-for-profit organisation and the focus is on turnover rather than any surpluses, which are reinvested in the Association.

We agreed to report to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £4,167, in addition to other identified misstatements that warranted reporting on qualitative grounds.

#### Key Audit Matters

##### Recoverability of stock and work in progress

##### The risk – significant risk low value

The Association recorded turnover from properties developed for first tranche shared ownership sale of £0.8m (2022: £3.8m). Other property sales (such as staircasing and the disposals to BHA) generated a surplus of £34k (2022: £35.8m). At 31 March 2023, the Association held no unsold properties within current assets (2022: £1.7m). Work in progress in relation to properties being developed for sale but still under construction at 31 March 2023 totalled £39k (2022: £163k).

Refer to pages 27 to 34 (accounting policies) and page 42 (financial disclosures).

## Bromford Home Ownership Limited

### Our response

Our procedures included the following tests of detail:

- **Test of detail:** Agreeing the calculation of the surplus on sale for a sample of sales in the period.
- **Assessment of recoverability:** For a sample of development schemes, we reviewed the carrying value of the Association's stock and work-in-progress at the year-end including the financial appraisals of each scheme. This included testing on a sample basis the expected profitability of the current schemes and reviewing post-year end sales of properties held in stock at 31 March 2023.

### Our results

We found no evidence that the year-end balance of stock and work in progress is overstated at the year end. Our review of schemes under development did not identify any indication of work in progress that required provision or impairment write down.

We found no errors in the calculation of surplus on sale of properties.

### **Conclusions relating to going concern**

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

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

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

### **Other information**

The other information comprises the information included in the Strategic Report, other than the financial statements and our Auditor's report thereon. The board is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- the Association has not maintained a satisfactory system of control over transactions; or
- the Association has not kept adequate accounting records; or
- the Association's financial statements are not in agreement with books of account; or
- we have not received all the information and explanations we require for our audit.

### **Corporate governance disclosures**

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the entity's voluntary compliance with the provisions of the UK Corporate Governance Code.

## Bromford Home Ownership Limited

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 17;
- Directors' explanation as to their assessment of the Association's prospects, the period this assessment covers and why the period is appropriate set out on page 17;
- Director's statement on whether it has a reasonable expectation that the Association will be able to continue in operation and meets its liabilities set out on page 17;
- Directors' statement on fair, balanced and understandable set out on page 17;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 7 to 12;
- Section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 13; and;
- Section describing the work of the audit committee set out on pages 13 to 15.

### Responsibilities of the Board

As explained more fully in the Statement of board's Responsibilities set out on page 17, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

- We obtained an understanding of laws and regulations that affect the Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the board and reviewed correspondence and board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the board have in place, where necessary, to ensure compliance.



## Bromford Home Ownership Limited

- We gained an understanding of the controls that the board have in place to prevent and detect fraud. We enquired of the board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing, recognising the nature of the Association's activities and the regulated nature of the Association's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

### Use of our report

This report is made solely to the Association, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association 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 Association for our audit work, for this report, or for the opinions we have formed.



**Beever and Struthers**  
Chartered Accountants  
Statutory Auditor

**The Colmore Building**  
20 Colmore Circus Queensway  
Birmingham  
B4 6AT

Date: 31 July 2023

**Bromford Home Ownership Limited**

**Statement of Comprehensive Income  
For the year ended 31 March 2023**

		2023	2022
		£'000	£'000
<b>Turnover</b>	<b>2</b>	<b>4,167</b>	20,616
Cost of sales	2	(2,603)	(14,475)
Operating costs	2	(1,128)	(977)
Gain on disposal of property assets	27	34	35,764
<b>Operating surplus</b>	<b>5</b>	<b>470</b>	40,928
Interest receivable	6	85	5
Interest and financing costs	7	(435)	(230)
<b>Surplus before tax</b>		<b>120</b>	40,703
Taxation	10	-	-
<b>Surplus for the year after tax</b>		<b>120</b>	40,703
<b>Total comprehensive income for the year</b>		<b>120</b>	40,703

The notes on pages 27 to 47 form an integral part of these financial statements.

The Association's results relate wholly to continuing activities.

There were no recognised gains and losses other than those included in the Statement of Comprehensive Income.

**Bromford Home Ownership Limited**

**Statement of Financial Position  
As at 31 March 2023**

	Notes	2023 £'000	2022 £'000
<b>Fixed Assets</b>			
Housing properties	11	23,815	24,903
Investment properties	13	-	-
Homebuy loans receivable	14	-	-
		<u>23,815</u>	<u>24,903</u>
<b>Current Assets</b>			
Stocks	15	39	1,887
Trade and other debtors	16	10,897	11,394
Cash and cash equivalents	17	3,149	20,489
		<u>14,085</u>	<u>33,770</u>
<b>Creditors: amounts falling due within one year</b>	18	<u>(2,360)</u>	<u>(2,439)</u>
<b>Net current assets</b>		<b>11,725</b>	<b>31,331</b>
<b>Total assets less current liabilities</b>		<u><b>35,540</b></u>	<u><b>56,234</b></u>
<b>Creditors - Amounts falling due after more than one year</b>	19	<b>(22,496)</b>	<b>(14,161)</b>
<b>Total net assets</b>		<u><b>13,044</b></u>	<u><b>42,073</b></u>
<b>Reserves</b>			
Called up share capital	22	-	-
Income and expenditure reserve		13,044	42,073
<b>Total reserves</b>		<u><b>13,044</b></u>	<u><b>42,073</b></u>

The notes on pages 27 to 47 form an integral part of these financial statements.

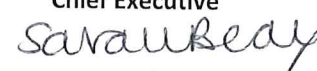
The financial statements on pages 23 to 47 were approved and authorised for issue by the board on 25 July 2023 and were signed on its behalf by:



**Steve Dando**  
Chair



**Robert Nettleton**  
Chief Executive



**Sarah Beal**  
Company Secretary

## Bromford Home Ownership Limited

### Statement of Changes in Reserves For the year ended 31 March 2023

	Income and expenditure reserve £'000	Total £'000
<b>Balance at 1 April 2021</b>	7,479	7,479
Surplus from Statement of Comprehensive Income	40,703	40,703
Gift aid payment	(6,109)	(6,109)
<b>Balance at 31 March 2022</b>	<hr/> 42,073	<hr/> 42,073
Surplus from Statement of Comprehensive Income	120	<b>120</b>
Gift aid payment	(29,149)	<b>(29,149)</b>
<b>Balance at 31 March 2023</b>	<hr/> <b>13,044</b> <hr/>	<hr/> <b>13,044</b> <hr/>

The notes on pages 27 to 47 form an integral part of these financial statements.

**Bromford Home Ownership Limited**

**Statement of Cashflows**

**For the year ended 31 March 2023**

	Note	2023		2022	
		£'000	£'000	£'000	£'000
<b>Net cash generated from operating activities</b>	<b>24</b>		<b>13,348</b>		<b>21,553</b>
<b>Cashflow from investing activities</b>					
Purchase of tangible fixed assets - new housing properties		(1,085)		(3,024)	
Purchase of tangible fixed assets - existing housing properties		(26)		(9)	
Grants received		-		1,215	
Interest received		54		5	
<b>Net cashflow from investing activities</b>			<b>(1,057)</b>		<b>(1,813)</b>
<b>Cashflow from financing activities</b>					
Gift aid		(29,149)		(6,109)	
Interest paid		(482)		(127)	
<b>Net cashflow from financing activities</b>			<b>(29,631)</b>		<b>(6,236)</b>
<b>Net change in cash and cash equivalents</b>			<b>(17,340)</b>		<b>13,504</b>
Cash and cash equivalents at the beginning of the year			<b>20,489</b>		<b>6,985</b>
<b>Cash and cash equivalents at the end of the year</b>			<b>3,149</b>		<b>20,489</b>

The notes on pages 27 to 47 form an integral part of these financial statements.



## Bromford Home Ownership Limited

### Notes to the Financial Statements For the year ended 31 March 2023

#### Legal Status

Bromford Home Ownership Limited (BHO) is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 (Registered Society number 29991R) and is registered with the Regulator of Social Housing as a Private Registered Provider of Social Housing (registration number L4450). The registered office is Shannon Way, Ashchurch, Tewkesbury GL20 8ND.

#### 1. Principal accounting policies

The accounting policies across Bromford Group have been aligned for financial reporting and any references to the Group also apply to BHO. The Group's financial statements have been prepared in accordance with applicable United Kingdom Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2018.

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 2022. 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 GBP sterling.

The Association's financial statements have been prepared in compliance with FRS102. The Association meets the definition of a public benefit entity (PBE).

#### Going concern

The board, after reviewing the company budgets for 2023 to 2024 and the Group's medium term financial position as detailed in the 30-year business plan, is of the opinion that, taking account of severe but plausible downsides, the Group and company have adequate resources to continue in business for the foreseeable future. The board therefore continues to adopt the going concern basis in preparing the annual financial statements.

#### 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 Association capitalises development expenditure in accordance with the accounting policy described on page 30. Initial capitalisation of costs is based on management's judgement that the 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 Association has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Association has considered if the asset is held for social benefit or to earn commercial rentals. The Association has determined that market rented properties and commercial properties are investment properties.
- **Impairment** - The Association 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.

Notes to the Financial Statements  
For the year ended 31 March 2023

**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.
- **Categorisation of debt** - The Association's loans have been treated as 'basic' in accordance with paragraphs 11.8 and 11.9 of FRS 102. The Association has fixed rate loans which have a two-way break clause which means, 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 Association believes the recognition of each loan liability at cost provides a more transparent and understandable position of the Association's financial position and that each loan still satisfies the requirements of paragraphs 11.8 and 11.9 of FRS 102, therefore, the Association has retained its 'basic' treatment of its fixed rate loans following the FRC announcement.
- **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.

Following a trigger for impairment, the Association performs 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 Association as the existing property. The cash flows are derived from the business plan for the next 30 years and do not include any restructuring activities that the Association is not yet committed to nor any 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 the indicators of impairment, no adjustment to impairment was required during the year.

- **Rent arrears and bad debt provisions** - The amount of arrears that will not be collected is estimated on past experience of collection of different types of debt.

**Turnover and revenue recognition**

Turnover represents rental income receivable, amortised capital grant, revenue grants from local authorities and Homes England, 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.



## **Bromford Home Ownership Limited**

### **Notes to the Financial Statements For the year ended 31 March 2023**

#### **Rental income receivable**

Rental income receivable is shown net of void losses and rent received in advance is deferred and included in creditors. Rental income is recognised from the point when properties under development reach practical completion and are formally let. For schemes managed by agents, income is shown as rent receivable and management fees payable to agents are included in operating costs.

#### **Shared ownership first tranche sales**

Income from first tranche sales is recognised at the point of legal completion of the sale. The surplus or deficit arising on a first tranche sale is shown after deducting the cost of the properties and related sale expenses.

#### **Service charges**

Service charge income and costs are recognised on an accruals basis. The Association 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 balance 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.

#### **Properties developed for outright sales**

Sales of properties developed for outright sale are included in turnover and cost of sales on legal completion. The surplus or deficit arising on an outright sale is shown after deducting the cost of the properties and related sale expenses.

#### **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 in turnover when the performance requirements are met.

Where developments have been financed wholly or partly by social housing grant (SHG) and other grants, the income is recognised in turnover (using the accruals model) over the estimated useful life of the assets excluding land which it funds.

## **Bromford Home Ownership Limited**

### **Notes to the Financial Statements For the year ended 31 March 2023**

#### **Loan interest costs**

Loan interest costs are calculated using the effective interest rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument and is determined based on the carrying amount of the financial liability at initial recognition.

#### **Taxation**

The tax expense for the period comprises current 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. In such cases, the tax charge is also recognised in other comprehensive income or directly in equity as appropriate.

The current 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 Association operates and generates taxable income.

#### **Value Added Tax**

The Association 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 Association and is not recoverable. The balance receivable or payable at the year-end is within current assets or current liabilities.

#### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost, less accumulated depreciation.

#### **Housing properties**

Cost includes the cost of acquiring land and buildings, directly attributable development costs, interest at the average cost of borrowing for the development period and expenditure incurred in respect of improvements which comprise the modernisation and extension of existing properties. 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.

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

## Bromford Home Ownership Limited

### Notes to the Financial Statements For the year ended 31 March 2023

UEs for identified components are as follows:

	Years
• Boilers	15
• Heating systems	30
• Kitchens	20
• Bathrooms	30
• Roofs	50 to 65
• Windows and doors	25 to 30
• Structure – houses	100 to 130
• Structure – flats	75 to 100
• Structure – rooms and bedsits	40

The Association 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	6 (20% residual value)
• Fixtures, fittings, plant and equipment	5
• Computer hardware	3
• Office buildings	50

#### **Works to existing properties**

Works to existing properties has been capitalised when:

A component which has been treated separately for depreciation purposes and depreciated over its useful economic life is replaced or restored; or

Subsequent expenditure provides an enhancement of economic benefits in excess of the previously assessed standard of performance. Such enhancement can occur if the improvements result in an increase in rental income, a reduction in future maintenance costs or a significant extension of the life of the property.

Works to existing properties which do not meet the above criteria have been charged to the Statement of Comprehensive Income as incurred.

#### **Non-component works to existing properties**

Expenditure incurred which relates to an improvement, which is defined as an increase in the net rental stream or the life of a property, has been capitalised. Expenditure incurred on other major repairs, cyclical and day-to-day repairs to housing properties is charged to the statement of comprehensive income in the period in which it is incurred.

#### **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.



## **Bromford Home Ownership Limited**

### **Notes to the Financial Statements For the year ended 31 March 2023**

#### **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. The interest capitalised is either on borrowings specifically taken to finance a scheme or on net borrowings to the extent that they are deemed to be financing a scheme. This treatment applies irrespective of the original purpose for which the loan was raised. For the period ending 31 March 2023, interest has been capitalised at an average rate of 3.55% (2022: 3.74%) that reflects the weighted average effective interest rate on the Group's borrowings required to finance housing property developments.

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.

#### **Stock and properties held for sale**

Work in progress and finished goods include labour and attributable overheads. Cost of materials is based on the cost of purchase on an average costing basis. Net realisable value is the estimated selling price less costs to complete and sell.

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.

#### **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 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 is included as part of turnover.

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

SHG must be recycled by the Association if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by Homes England. 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.

## Bromford Home Ownership Limited

### Notes to the Financial Statements For the year ended 31 March 2023

#### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Association's cash management are included as a component of cash and cash equivalents for the purpose only of the Statement of Cashflows.

#### Financial instruments

Financial assets and financial liabilities are initially measured at the transaction price adjusted, where the financial 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 rate 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.

Financial instruments held by the Association are classified as follows:

- Cash is held at cost;
- Financial assets such as current asset investments and receivables are classified as loans and receivables and held at amortised cost using the effective interest rate method;
- Financial liabilities such as bonds and loans are held at amortised cost using the effective interest rate method;
- Loans to or from subsidiaries including those that are due on demand are held at amortised cost using the effective interest rate 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:

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

## Bromford Home Ownership Limited

### Notes to the Financial Statements For the year ended 31 March 2023

#### 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:

- All equity instruments regardless of significance; and
- 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 instruments measured at cost or amortised cost:

- 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.
- 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.

#### Carrying amounts

The carrying amounts of the Association's non-financial assets, other than investment property and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.



Bromford Home Ownership Limited

Notes to the Financial Statements  
For the year ended 31 March 2023

	2023				
	Turnover £'000	Cost of sales £'000	Operating costs £'000	Surplus on disposal £'000	Operating surplus/ (deficit) £'000
<b>2. Turnover and operating surplus</b>					
<b>Social housing lettings</b>					
Housing accommodation	499	-	(92)	-	407
Supported housing accommodation	560	-	(39)	-	521
Shared ownership accommodation	263	-	(964)	-	(701)
	<u>1,322</u>	<u>-</u>	<u>(1,095)</u>	<u>-</u>	<u>227</u>
<b>Other social housing activities</b>					
First tranche sales	817	(698)	-	-	119
Sales and development	-	-	(33)	-	(33)
Gain on disposal of property, plant and equipment	-	-	-	34	34
<b>Non-social housing activities</b>					
Properties developed for outright sale	2,028	(1,905)	-	-	123
	<u>4,167</u>	<u>(2,603)</u>	<u>(1,128)</u>	<u>34</u>	<u>470</u>

**Bromford Home Ownership Limited**

**Notes to the Financial Statements  
For the year ended 31 March 2023**

	2022					
	Turnover £'000	Cost of sales £'000	Operating costs £'000	Surplus on disposal £'000	Operating surplus/ (deficit) £'000	
<b>2. Turnover and operating surplus</b>						
<b>Social housing lettings</b>						
Housing accommodation	304	-	(111)	-	193	
Supported housing accommodation	437	-	(201)	-	236	
Shared ownership accommodation	2,365	-	(820)	-	1,545	
	<u>3,106</u>	<u>-</u>	<u>(1,132)</u>	<u>-</u>	<u>1,974</u>	
<b>Other social housing activities</b>						
First tranche sales	3,776	(3,886)	178	-	68	
Support contracts	-	-	(17)	-	(17)	
Other	2	-	(1)	-	1	
Gain on disposal of property, plant and equipment	-	-	-	35,764	35,764	
<b>Non-social housing activities</b>						
Market rents	24	-	(5)	-	19	
Properties developed for outright sale	13,644	(10,555)	-	-	3,089	
Property development/equity loan sales	64	(34)	-	-	30	
	<u>20,616</u>	<u>(14,475)</u>	<u>(977)</u>	<u>35,764</u>	<u>40,928</u>	

**Bromford Home Ownership Limited**

**Notes to the Financial Statements  
For the year ended 31 March 2023**

	2023		2022
	Housing Accommodation £'000	Supported housing for older people and My Place £'000	Shared Ownership £'000
			Total £'000
<b>3. Income and Expenditure from social housing lettings</b>			
<b>Income</b>			
Rent receivable net of identifiable service charge	433	131	238
Service charge income	65	417	24
Charges for support services	1	12	-
Amortised government grants	-	-	1
	499	560	263
<b>Turnover from social housing lettings</b>			<b>3,106</b>
<b>Expenditure</b>			
Management	25	9	960
Service charge costs	12	5	1
Routine maintenance	4	-	-
Planned maintenance	-	-	-
Major repairs expenditure	11	-	-
Bad debts	18	(7)	11
Depreciation of housing properties	22	32	3
	92	39	964
<b>Operating expenditure on social housing lettings</b>			<b>1,095</b>
<b>Operating surplus on social housing lettings</b>	<b>407</b>	<b>521</b>	<b>227</b>
<b>Voids</b>	<b>(9)</b>	<b>(3)</b>	<b>(14)</b>



Bromford Home Ownership Limited

Notes to the Financial Statements  
For the year ended 31 March 2023

4. Accommodation - owned, managed and in development

	At 1 April 2022 Number	Additions Number	Disposals Number	Other Number	At 31 March 2023 Number
Owned and managed					
General needs housing - social rent	57	24	-	-	81
General needs housing - affordable rent	11	-	-	-	11
Supported housing	16	-	-	-	16
Low-cost home ownership	59	-	(4)	-	55
Leasehold	54	-	-	9	63
<b>Total social housing units</b>	<b>197</b>	<b>24</b>	<b>(4)</b>	<b>9</b>	<b>226</b>
Non-social housing					
Retained freehold	78	-	(7)	2	73
<b>Total non social housing units</b>	<b>78</b>	<b>-</b>	<b>(7)</b>	<b>2</b>	<b>73</b>
<b>Total units</b>	<b>275</b>	<b>24</b>	<b>(11)</b>	<b>11</b>	<b>299</b>
Owned and managed	201	24	(11)	9	223
Managed for others	74	-	-	2	76
<b>Total units</b>	<b>275</b>	<b>24</b>	<b>(11)</b>	<b>11</b>	<b>299</b>
<b>Total under development</b>	<b>24</b>	<b>-</b>	<b>-</b>	<b>(24)</b>	<b>-</b>
<b>Garages/parking spaces</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50</b>

5. Surplus on ordinary activities

The surplus on ordinary activities is stated after charging

	2023 £'000	2022 £'000
Auditor's remuneration		
- Audit of financial statements	9	8

## Bromford Home Ownership Limited

### Notes to the Financial Statements For the year ended 31 March 2023

<b>6. Interest receivable and income from investments</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Interest receivable from cash, deposits and intragroup loans	<u>85</u>	<u>5</u>
<b>7. Interest payable and similar charges</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Interest on loans, overdrafts and other financing</b>		
On loans repayable wholly within five years	<u>-</u>	<u>249</u>
	-	249
On loans from Bromford Housing Group Limited	<b>482</b>	58
Other finance charges	-	18
Amortised net finance costs	<u>-</u>	<u>10</u>
	<b>482</b>	335
Interest payable capitalised on housing properties under construction 3.55% (2022: 3.74%)	<u>(47)</u>	<u>(105)</u>
	<b>435</b>	<b>230</b>

### 8. Colleague costs

Colleagues in the Group are employed on a joint and several basis by the Group and its members, details of the colleague numbers and costs are disclosed in the Bromford Group accounts.

### 9. Directors' emoluments

Emoluments of Directors are paid through Bromford Housing Group Limited and are disclosed in the Group accounts. Directors' emoluments are part of the overheads recharged to the Association, however cannot be separately identified.

**Bromford Home Ownership Limited**

**Notes to the Financial Statements  
For the year ended 31 March 2023**

<b>10. Taxation on surplus on ordinary activities</b>	<b>2023</b>	2022
	<b>£'000</b>	£'000
<b>Current tax</b>		
UK corporation tax credit on ordinary activities	-	-
Over provision in previous years	-	-
Total current tax	<u>-</u>	<u>-</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>-</u>	<u>-</u>
<b>Tax on surplus on ordinary activities</b>	<u>-</u>	<u>-</u>
<b>Total tax reconciliation</b>		
<b>Surplus on ordinary activities before taxation</b>	<u><b>120</b></u>	<u>40,703</u>
Surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022: 19%)	<b>23</b>	7,734
Effects of		
Items not allowable for tax purposes	<b>11</b>	36
Timing differences	-	-
Gift aid	<b>(34)</b>	(4,748)
Income not taxable for tax purposes	-	(3,022)
	<u>-</u>	<u>-</u>

## Bromford Home Ownership Limited

### Notes to the Financial Statements For the year ended 31 March 2023

#### 11. Tangible fixed assets - housing properties

	Housing properties held for letting £'000	Housing properties under construction £'000	Completed shared ownership housing properties £'000	Shared ownership properties under construction £'000	Total £'000
<b>Cost</b>					
At 1 April 2022	4,770	13,767	879	5,590	25,006
Additions	-	745	-	(9)	736
Replacement of components	26	-	-	-	26
Transferred on completion	12,626	(12,626)	5,835	(5,835)	-
Transfer to group company	-	(1,886)	-	254	(1,632)
Disposals	-	-	(163)	-	(163)
<b>At 31 March 2023</b>	<b>17,422</b>	<b>-</b>	<b>6,551</b>	<b>-</b>	<b>23,973</b>
<b>Depreciation</b>					
At 1 April 2022	71	-	32	-	103
Charge for the year	54	-	3	-	57
Disposals	-	-	(2)	-	(2)
<b>At 31 March 2023</b>	<b>125</b>	<b>-</b>	<b>33</b>	<b>-</b>	<b>158</b>
<b>Net book value</b>					
<b>At 31 March 2023</b>	<b>17,297</b>	<b>-</b>	<b>6,518</b>	<b>-</b>	<b>23,815</b>
At 31 March 2022	4,699	13,767	847	5,590	24,903

#### 12. Expenditure on work to existing properties

	2023 £'000	2022 £'000
Replacement of components	26	9
Amounts charged to statement of comprehensive income	11	2
	<b>37</b>	<b>11</b>

#### 13. Investment properties held for letting

	2023 £'000	2022 £'000
As at 1 April	-	596
Transfer to group company	-	(596)
As at 31 March	<b>-</b>	<b>-</b>

During the previous year the investment properties were transferred to Bromford Housing Association as part of the partial transfer of engagement.



## Bromford Home Ownership Limited

### Notes to the Financial Statements For the year ended 31 March 2023

<b>14. HomeBuy loans</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
As at 1 April	-	291
Transfer to group company	-	(256)
Loans redeemed in the year	-	(35)
As at 31 March	<u>-</u>	<u>-</u>

During the previous year the HomeBuy loans were transferred to Bromford Housing Association as part of the partial transfer of engagement.

<b>15. Stocks and work in progress</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Properties in development for outright sale	<b>39</b>	1,522
Cost of first tranche element of shared ownership properties	-	365
	<u><b>39</b></u>	<u>1,887</u>
Shared ownership properties		
Completed	-	202
Under construction	-	163
	<u>-</u>	<u>365</u>
Properties developed for outright sale		
Completed	-	1,522
Under construction	<b>39</b>	-
	<u><b>39</b></u>	<u>1,522</u>

## Bromford Home Ownership Limited

### Notes to the Financial Statements For the year ended 31 March 2023

<b>16. Trade and other debtors</b>	<b>2023</b>	2022
	<b>£'000</b>	£'000
<b>Amounts falling due within one year</b>		
Rent arrears	99	18
Less: provision for bad debts	(18)	(7)
	<u>81</u>	<u>11</u>
Amounts due from group companies	10,773	11,318
Other debtors	10	64
Prepayments and accrued income	33	1
	<u>10,897</u>	<u>11,394</u>
<b>17. Cash and cash equivalents</b>	<b>2023</b>	2022
	<b>£'000</b>	£'000
Cash at bank	<u>3,149</u>	<u>20,489</u>
<b>18. Creditors: amounts falling due within one year</b>	<b>2023</b>	2022
	<b>£'000</b>	£'000
Prepaid rental income	33	28
Trade creditors	2	7
Amounts due to group companies	2,309	1,927
Other taxes	-	14
Accruals and deferred income	16	463
	<u>2,360</u>	<u>2,439</u>
<b>19. Creditors: amounts falling due after more than one year</b>	<b>2023</b>	2022
	<b>£'000</b>	£'000
Amounts due to group companies	15,035	-
Deferred capital grant	7,452	14,161
Other	9	-
	<u>22,496</u>	<u>14,161</u>

**Bromford Home Ownership Limited**

**Notes to the Financial Statements  
For the year ended 31 March 2023**

<b>20. Deferred capital grant</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
At 1 April	<b>14,161</b>	26,562
Grants received in year	-	1,637
Transferred to group company	<b>(6,708)</b>	(13,607)
Transferred to third party	-	(422)
Amortised in year	<b>(1)</b>	(66)
Amortised grant on disposal	-	57
<b>At 31 March</b>	<b><u>7,452</u></b>	<u>14,161</u>
Amount due to be released within one year	-	-
Amount due to be released in more than one year	<b><u>7,452</u></b>	<u>14,161</u>
	<b><u>7,452</u></b>	<u>14,161</u>

<b>21. Recycled capital grant fund</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
At 1 April	-	2,310
Utilised	-	-
Transfer to group company	-	(2,310)
	<b><u>-</u></b>	<u>-</u>

## Bromford Home Ownership Limited

### Notes to the Financial Statements For the year ended 31 March 2023

<b>22. Share Capital</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Issued and fully paid (nominal value £1)		
At 1 April	<b>7</b>	<b>7</b>
Issued	<b>1</b>	<b>2</b>
Cancelled	<b>(3)</b>	<b>(2)</b>
At 31 March	<b>5</b>	<b>7</b>

The share capital of the Association consists of shares with a nominal value of £1 each, which carry no rights to dividends or other income. The shares are non-withdrawable and non-transferable. When a shareholder ceases to be a shareholder, the share is cancelled and the amount paid up becomes the property of the Association.

<b>23. Analysis of changes in net debt</b>	<b>At 1 April 2022</b>	<b>Cashflows</b>	<b>At 31</b>
	<b>£'000</b>	<b>£'000</b>	<b>March 2023</b>
			<b>£'000</b>
Cash at bank and cash equivalents and change in debt resulting from cashflows	<b>20,489</b>	<b>(17,340)</b>	<b>3,149</b>



**Bromford Home Ownership Limited**

**Notes to the Financial Statements  
For the year ended 31 March 2023**

<b>24. Cash flow from operating activities</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Surplus for the year	120	40,703
<b>Adjustments for non-cash items</b>		
Depreciation of tangible fixed assets - housing properties	57	164
Amortisation of government grant	(1)	(66)
Decrease in stock	1,848	11,897
(Increase)/decrease in trade and other debtors	(17)	115
Decrease in trade and other creditors	(56)	(835)
Increase/(decrease) in intergroup balances	10,886	(31,499)
Carrying amount of tangible fixed assets disposals	161	814
<b>Adjustments for investing or financing activities</b>		
Movement on shared equity loans	-	35
Interest payable	435	230
Interest receivable	(85)	(5)
<b>Net cash generated from operating activities</b>	<b>13,348</b>	<b>21,553</b>

<b>25. Capital commitments</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Capital expenditure contracted for but not provided for in the financial statements	-	15,647
Capital expenditure authorised by not yet contracted for	-	-

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	-	5,350
Proceeds from the sale of properties	-	2,863
Loans and reserves	-	7,434
	-	15,647

**26. Grant and financial assistance**

The total accumulated government grant and financial assistance received or receivable at 31 March was as follows:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Held as deferred capital grant	7,452	14,161
Recognised as income in Statement of Comprehensive Income	2,423	2,422
	<b>9,875</b>	<b>16,583</b>

## Bromford Home Ownership Limited

### Notes to the Financial Statements For the year ended 31 March 2023

#### 27. Sale of properties not developed for outright sale and other fixed assets

	Proceeds of sales £'000	Cost of sales £'000	Surplus £'000
Further tranches of shared ownership	152	(118)	34
<b>Total 2023</b>	<b>152</b>	<b>(118)</b>	<b>34</b>
Total 2022	67,229	(31,465)	35,764

#### 28. Related party transactions

During the year Bromford Home Ownership Limited had no transactions with any non-regulated group members.

Bromford Home Ownership Limited has the following debtor intercompany balances with non-regulated group members

	2023 £'000	2022 £'000
Bromford Developments Limited	523	523

Bromford Housing Group Limited and its subsidiaries has indemnified its board members, executive team, directors and employees for insurance cover no longer provided within its current directors' and officers' liability insurance for the year ending 31 March 2023 which was included in its previous policy. The maximum exposure across the group for this indemnity is £10million and expires on 31 March 2024. This is described in more detail in note 29.

#### 29. Contingent liability

A deed has been entered into by the board members of Bromford Housing Group Limited to indemnify its board members, executive team, directors and employees across Bromford Housing Group Limited and its subsidiaries for insurance cover no longer provided within its current directors' and officers' liability insurance policy. Any claim made would be against the relevant entity with ultimate responsibility for reimbursement being through Bromford Housing Group Limited where required. The maximum exposure across the Group for this indemnity is £10 million and it expires on 31 March 2024.

#### 30. Parent entity

The company's ultimate parent organisation is Bromford Housing Group Limited registered in England and Wales under the Co-operative & Community Benefit Societies Act 2014 (Registered Society Number 29996R).

The results of Bromford Home Ownership Limited are included in the results of Bromford Housing Group Limited. Copies of Group financial statements for Bromford Housing Group are available from our website; [www.bromford.co.uk](http://www.bromford.co.uk).

