

BROMFORD HOUSING ASSOCIATION LIMITED

Financial Statements

for the year ended 31 March 2024

**Co-operative and Community Benefit Society
Registration Number 7106**

**Regulator of Social Housing
Registration Number 4819**

Bromford.

Bromford Housing Association Limited

Financial Statements

For the year ended 31 March 2024

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Bromford Housing Association Limited

General Information

For the year ended 31 March 2024

Board Members as at 31 March 2024:

The board members who served from 1 April 2023 up to the date of approval of these financial statements were as follows:

	Position	Meetings attended 2023/24
Steve Dando	Independent Non-Executive Director Chair	10/10
Richard Bird	Independent Non-Executive Director	10/10
Dame Sandra Horley	Independent Non-Executive Director	10/10
Charles Hutton-Potts	Independent Non-Executive Director	10/10
Neil Rimmer	Independent Non-Executive Director	10/10
Jerry Toher	Independent Non-Executive Director	9/10
Robert Nettleton	Chief Executive	10/10
Paul Walsh	Chief Finance Officer	10/10

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

Banker:

Barclays Bank plc
15 Colmore Row
Birmingham B3 2BH

Taxation Advisor:

Deloitte LLP
Four Brindley Place,
Birmingham,
B1 2HZ

Registered office:

Shannon Way
Ashchurch
Tewkesbury
GL20 8ND

Bromford Housing Association Limited

Board and Strategic Report For the year ended 31 March 2024

The board of Bromford Housing Association Limited ('BHA') is pleased to present its annual report and financial statements for the year ended 31 March 2024.

Who are we and what do we do?

BHA 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 47,000 homes; has individual relationships with more than 112,000 customers; has a very strong balance sheet. All this is only possible because of the 1,900 people who work for the organisation.

BHA's principal activities are to develop and manage affordable homes for sale, rent or shared ownership and to provide a range of services that help customers to thrive.

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

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

The board is responsible for ensuring that Bromford continues to deliver real value and that the business remains on a long term, sustainable footing. In practice this means discussing, taking decisions on and measuring performance against the aims laid out in the Bromford strategy.

Setting out our purpose and strategy over a four-year period, the Bromford strategy is the focal point for the board's activity and discussion as well as a longer term business plan which is regularly stress tested over a 30-year period. The board considers a variety of scenarios in the macroenvironment to provide challenge to specific business assumptions and flexing the strategy where appropriate. 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 Housing Association Limited

Board and Strategic Report For the year ended 31 March 2024

Board composition, meetings, decisions and delegations

The BHG board operates as a unitary board.

From the 1 April 2023, our board comprised eight members – two executive directors (our chief executive and chief finance officer) and six 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. During 2023/24 there was an independent review of board effectiveness which was carried out by Campbell Tickell. The board and remuneration committee have been working through the actions. No material matters of concern were identified.

Board and Committee decision-making

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 met 10 times in the year. 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.

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.

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Board and Strategic Report For the year ended 31 March 2024

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

The Regulator of Social Housing (RSH), publishes a regulatory framework and regulatory standards which comprise the economic standards and consumer standards. Our self assessments carried out at the end of the 2023/24 financial year were against the standards which were effective during that year. The RSH has introduced new consumer standards from 1 April 2024 which will be reported on in our next annual report.

One of the core economic standards is the governance and financial viability standard. 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 while ensuring that social housing assets are not put at undue risk. As part of being regulated by the RSH, Bromford is 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 2024. Positive feedback by the regulator was focused on customers, board engagement and strategic drive along with landlord compliance and health and safety. We have already implemented measures to respond to the two areas of focus identified by the Regulator at our last IDA in 2022. We have implemented an assurance map that provides the board with a picture of assurance across Bromford and have introduced a new executive governance group to oversee our regulatory returns processes. No further areas were identified in our annual engagement meeting in 2023.

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 undertake 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

We have 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. As we do not have shareholders in a conventional sense, some aspects of the 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 code applies for our financial year 2023 to 2024. Each year the board reviews compliance with the code and during the financial year ended 31 March 2024, we consider that Bromford has complied with all relevant principles and provisions of the code. We consider the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for stakeholders to assess the group's position, performance, business model and strategy.

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

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Board and Strategic Report For the year ended 31 March 2024

create value by enabling us to take informed decisions while 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

A full end to end risk appetite review was undertaken by the board In November 2022 to align with the new Bromford Strategy 2023-2027 to ensure that the risk appetite statements, metrics and tolerances remain fit for purpose and underpin the core elements of our strategy. New sustainability and customer statements have been added and the operational and strategic statements removed as a result of the review. The changes are reflective of the customer centric approach to our services delivery and our ongoing commitment to sustainable business practices. The risk appetite was reviewed again in 2023 to ensure it remained fit for purpose.

Across five key enterprise risk types it sets 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.

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.

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**Board and Strategic Report
For the year ended 31 March 2024**

	Averse	Minimal	Balanced	Open	Embracing
<p>Legal and regulatory</p> <p>Our 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>Customer</p> <p>Our appetite is generally minimal as we will not compromise on the provision of warm, safe and secure homes. We are open on the provision of our services to enable innovative solutions to meet our current and future customer needs.</p>		←→			
<p>Sustainability</p> <p>Our appetite is open, as we will explore inventive options for delivering our strategy to provide new and existing services for customers. We will encourage a culture of innovation for colleagues, in a sustainable way, that both protects and enhances our reputation.</p>				←→	
<p>Financial</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>Development/commercial</p> <p>Our appetite is open as we seek to remain competitive in the marketplace while proactively seeking new opportunities for sustainable growth both in the short and longer term.</p>				←→	

Our principal risks

The board reviews the principal risks, appetite and tolerances annually and the last review was in November 2023. 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 faces 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.

Below we set out the profile of risks for Bromford.

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Board and Strategic Report For the year ended 31 March 2024

Place-based working 1

Relationships that support customer aspiration 2

Our move to scale 3

Closing the home standard gap 4

Move to proactive maintenance 5

Agile working to solve problems 6

Place-based pipeline of talent 7

Known as a leader and influencer 8

Death, injury or harm	Direction of travel: static	Link to strategy: 2,4,5
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"> a well-established health and safety policy and framework sets out no one should be harmed by what we do audit and risk committee and board receive independent assurance from technical experts throughout the year monitoring of our supply chain to ensure safe practice safety Hub, our dedicated health and safety software allows real time recording of incidents and near misses to allow prompt review and analysis external health and safety provider for our construction subsidiary (BDL) 	<ul style="list-style-type: none"> health and safety policy reviewed and approved by board health and safety system re-procurement completed terms of reference for the fire safety group has been updated to be more inclusive of general building safety 	
Safeguarding customers and protecting colleague welfare	Direction of travel: static	Link to strategy: 2
Risk: We fail to promote the safeguarding of customer and colleague welfare including responding to and identifying allegations or suspicions of neglect or abuse in a timely manner.		
Risk mitigations	Changes in year	
<ul style="list-style-type: none"> domestic abuse policy and procedure in place mandatory safeguarding training for front line colleagues safeguarding leads and champions in place across all geographical regions colleagues use personal safety devices 	<ul style="list-style-type: none"> new safeguarding annual report shared with customer forum and risk and compliance forum senior leaders across the organisation received a safeguarding deep dive as part of the internal audit a colleague survey was completed and 92% of respondents felt they would be well supported in raising any safeguarding concerns 	

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Financial pressures for customers		Direction of travel: static	Link to strategy: 2,3
Risk: Uncertainty within the external environment leads to increased financial pressure for customers.			
Risk mitigations		Changes in year	
<ul style="list-style-type: none"> our coaching approach is designed to support our customers income management policies in place to support customers 		<ul style="list-style-type: none"> over 36,000 customer reviews completed which includes topics relating to financial wellbeing Money Matters website page updated to signpost money saving tips across a number of areas we achieved 99.9% decent homes and 89% of our homes are EPC C or above £60,000 HACT (Housing Associations Charitable Trust) fuel fund 23-24 secured for eligible customers income team have secured just under £1m in additional income since its inception in June 2022 	

Cyber security and network controls		Direction of travel: static	Link to strategy: 6
Risk: Failure of infosec controls in our network, applications, infrastructure or devices, results in severe detriment to Bromford or our customers.			
Risk mitigations		Changes in year	
<ul style="list-style-type: none"> dedicated information security team, head of information security and data governance and data protection officer responsible for monitoring information security and cyber threat mandatory annual cyber security training for all colleagues all operational and office teams have business continuity and crisis management plans in place information security management systems aligned to ICO/EIC 27000 standards, with oversight through business forums and audit and risk committee reporting 		<ul style="list-style-type: none"> cyber security organisation wide road show completed vulnerability and physical penetration test completed data stewardship approach approved by executive team regular phishing tests completed, with eLearning refreshers completed where necessary artificial Intelligence user guideline published 	

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Board and Strategic Report For the year ended 31 March 2024

Development and market sales		Direction of travel: static	Link to strategy: 3
Risk: Internal and external factors lead to a failure to deliver our new homes programme in line with our strategy.			
Risk mitigations		Changes in year	
<ul style="list-style-type: none"> a dedicated forum considers opportunities against strategy to ensure compliance with business policy, tracks programme delivery and monitors the external market for potential impacts land forum in place minimum return rates approved by the board board approval for developments that exceed a predetermined financial commitment 		<ul style="list-style-type: none"> despite a challenging operating environment we have delivered 1,191 affordable homes record land deals in South Gloucester secured regeneration MMC (modern methods of construction) homes in Moreton-in-Marsh completed delivering our most energy efficient homes to date 	
Financial planning and performance		Direction of travel: static	Link to strategy: 2,3,7
Risk: Our financial and resilience planning and/or monitoring fails to mitigate substantial macro-economic or political events.			
Risk mitigations		Changes in year	
<ul style="list-style-type: none"> 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 		<ul style="list-style-type: none"> frequent revision of the 30 year plan to understand the impacts of risks to our long term business model ongoing assessment and monitoring of impact of inflation, interest rate changes and potential for rent caps Moody's reaffirmed our credit rating as A2 Standard & Poor's reaffirmed as A+ 	
People		Direction of travel: static	Link to strategy: All 8
Risk: Failure to lead, retain, recruit and engage colleagues with the right capabilities to deliver our strategy and purpose.			
Risk mitigations		Changes in year	
<ul style="list-style-type: none"> performance management including a talent matrix for our most senior leaders continued investment in leadership capability and the accelerating talent programme for future talent continued investment in apprenticeships and graduates a clearly defined equality, diversity and inclusion (EDI) road map developed by our Be.You group with champion groups embedded in the organisation 		<ul style="list-style-type: none"> further reduction in gender pay gap to 3.8% (median) disability confidence level 2 achieved great places to work (GPTW) certified (72% +3%), Best Workplaces Super Large Organisations, Best Workplaces for Wellbeing and Best Workplaces for Women improved inclusion score from our EDI survey to 80% (+2%) Women in Housing Award Finalist for Female Career Accelerator programme and colleague finalist for Young Builder of the Year Award 	

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Regulatory reporting	Direction of travel: improving	Link to strategy: 8
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"> 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 we use a leadership self-assessment, asking relevant senior leadership colleagues to complete a self-declaration each year 	<ul style="list-style-type: none"> external assessment of tenant satisfaction measures (TSMs) increased assurance across all three lines of assurance for critical regulatory returns new reporting and disclosure forum introduced to ensure robust arrangements are in place to produce and submit accurate and timely reporting of regulatory returns data governance template introduced to increase robustness of data source verification 	

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 and these are shared through the governance channels to highlight new and growing threats. We closely monitor emerging risks that may, with time, become principal 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
Economic uncertainty and funding impact	Economic instability can lead to fluctuations in funding and financial insecurity. Economic downturns could reduce available capital and increase borrowing costs. In addition, uncertainties can impact grant availability and the ability of customers to pay rent.	Economic	Short term
Geopolitical tensions	Ongoing conflict in Ukraine and the Middle East could further increase commodity prices and could result in an economic slowdown.	Economic	Short-medium term
Political landscape	Over the last 12 months market confidence has stabilised. In addition we now have a new Labour government in place following the recent general election in July. We already know that the Secretary of State for Housing, Communities and Local Government is now Angela Rayner and a number of other ministerial roles have changed too. Political dynamics can profoundly influence the sector through shifts in housing policies, funding allocations and legislative priorities.	Political	Short term

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Board and Strategic Report For the year ended 31 March 2024

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 2024 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 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. In April 2023 we commenced our co-source arrangement for internal audit. The internal team is supported by our co-source partner PwC who provide access to specialist expertise to support the delivery of the audit plan. The co-source arrangement adds value through greater access to specific areas of expertise and increased ability to flex resources.

A three year strategic audit plan is created, from which the annual audit plan is developed for approval by the audit and risk committee. The committee reviews and challenges the plan, specifically whether key risk areas are audited with sufficient frequency and depth. Regular reporting enables the committee to monitor delivery of the audit plan. Each audit is reported to the committee on the findings of the audit and any actions that have been agreed by management to address weaknesses identified. No material weaknesses were identified during the year, although a number of reports had significant findings that the management team are following up.

Significant issues considered by the audit and risk committee for the year ended 31 March 2024

Significant issues were discussed with management and the external auditor in February 2024 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 2024.

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 Housing Association Limited

Board and Strategic Report For the year ended 31 March 2024

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

Key audit matter	Committee response
Long term financial planning	The group has borrowings, which include undrawn facilities, predominantly revolving credit facilities. The group also has standalone interest rate swaps for periods up to 2031 to manage mark-to-market exposure. The loan covenant calculations as at 31 March 2024 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 and reviewed the group's long term financial plans, which were revised in light of the current macroeconomic conditions. 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 the outcomes of the audit and the work performed by management.
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 and in line with expectations. 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 £47.9m of improvement works. The external auditor undertook testing to evaluate and test the controls over the capitalisation of expenditure on major repairs and components, checked accruals made for maintenance expenditure incurred up to 31 March but not yet invoiced and reviewed recognition of grants received and grants allocated to completed schemes, including any amounts due back to the government which are to be included in liabilities. The committee was satisfied with the outcomes of the audit which noted no issues of concern and that housing properties are fairly stated and correctly disclosed.
Development and sales	During the year new developments are capitalised by the group. The group delivered 1,201 new homes during 2023/24. 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.
Defined benefit and pension schemes	Bromford participates in the Avon pension fund (LGPS) and the Bromford pension scheme. The external auditor reviewed the pension schemes information provided by the actuaries to the group and considered the disclosure implications, the actuarial valuations and assumptions to ensure consistency with 2022/23 and the accuracy of the journals processed at year-end. The external auditor noted the financial statements show balances and disclosures in line with the actuarial reports. The external auditor compared the asset split for the group's share of the scheme assets against the total asset split of the pension schemes and found no significant variances. The committee was satisfied with the outcomes of the audit and the appropriate assumptions were within a reasonable range.
Recoverability of long-term debtor	As at 31 March 2024, Bromford Housing Group Limited had a long-term debtor balance of £867m due from group companies due to the on-lending of finance received from borrowings. The external auditor tested a number of areas including a review of the forecast results to identify whether there are any indications that BHG subsidiaries will not be able to repay the intercompany loan, a review of the directors' going concern assessment of BHG subsidiaries and a review of the disclosures of the long-term debtor in BHG's accounts and the associated creditor in the BHG's subsidiaries' accounts. The external auditor found that the assumptions used in the business plans were reasonable and in line with actual performance. The committee was satisfied with the outcomes of the audit which noted no issues with performance or going concern for any entities in the group.

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Board and Strategic Report For the year ended 31 March 2024

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"> • reviewed and approved the internal audit charter for adoption • considered internal audit reports presented to the committee and satisfied itself that management had resolved or was in the process of resolving outstanding actions • reviewed and approved the internal audit plan for 2024 to 2025 • reviewed and approved the second line assurance plan • reviewed the second line assurance reports and had oversight of the closure of third line material actions
External audit	<ul style="list-style-type: none"> • reviewed the proposed audit plan for the 2023 to 2024 audit, including the key audit risks, audit report from Beever and Struthers on the financial statements and the areas of particular focus for the 2023 to 2024 audit • assessed the effectiveness of the external auditor and agreed the reappointment of Beever and Struthers as the external auditor • agreed audit fees for the year ended 31 March 2024 • reviewed the financial statements and external financial reporting
Financial and regulatory reporting	<ul style="list-style-type: none"> • 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 • 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 • approved Bromford market trading updates
Internal controls and risk management	<ul style="list-style-type: none"> • reviewed the Risk Appetite Framework and approved the new risk appetite statement • received five chief risk officer reports and quarterly key strategic risk reports • received regular updates in relation to the governance and risk management in the transformation programme • received updates throughout the year on the outcomes of penetration and vulnerability testing • received regular updates in relation to landlord compliance performance • monitored fraud reporting including a review of the adequacy of the whistleblowing processes and procedures, approving revisions to the whistleblowing policy

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Board and Strategic Report For the year ended 31 March 2024

Financial review (5-year summary)

Income and Expenditure £'m	2020	2021	2022	2023	2024
Turnover	182	175	191	209	227
Operating costs and cost of sales	(132)	(127)	(139)	(155)	(164)
Surplus on disposal of assets	11	12	17	8	9
Change in valuation of investment properties			1	-	-
Operating surplus	61	60	70	62	72
Net interest charge and other finance costs	(35)	(32)	(35)	(33)	(35)
Movement in fair value of financial instruments	(3)	6	9	11	1
Financing cost of new group structure				-	-
Gift aid received	6	1	7	-	-
Surplus/ (loss) for the year	29	35	51	40	38

Statement of Financial Position £'m	2020	2021	2022	2023	2024
Housing properties at cost less depreciation	1,714	1,761	1,956	2,106	2,268
Other tangible fixed assets, intangible fixed assets and investments	40	53	71	79	94
Debtors due after more than one year	21	7	16	-	-
Net current assets	27	12	7	45	122
Total assets less current liabilities	1,802	1,833	2,050	2,230	2,484
Loans due after one year	(525)	(508)	(492)	(466)	(451)
Unamortised grant	(412)	(413)	(451)	(463)	(484)
Other long-term liabilities and provisions	(307)	(336)	(459)	(633)	(853)
Total net assets	558	576	648	668	696
Total reserves	558	576	648	668	696

Despite the ongoing challenges in our operating environment we are pleased to report another strong set of financial results. We knew this year was going to be a challenge with cost inflation exceeding the rent cap, we knew we had to remain focussed on driving efficiencies across our business. We are determined to provide homes that our customers are proud to live in whilst continuing to be committed to our financial discipline.

Our principal financial ratios show good performance in both areas. Social housing letting operating margin was 32% (2023: 28%) and overall operating margin before gains on disposal of fixed assets of 28% (2023: 26%).

Liquidity remains a key focus and, at March 2024 we have:

- Cash and cash equivalents of £18.4m (2023: £19.0m)
- £22.7m (2023: £22.7m) in undrawn loan facilities (Revolving Credit Facilities)

Income and expenditure

The surplus before tax of £38.2m (2023: £40.2m) is a solid financial performance for BHA.

Bromford Housing Association Limited

Board and Strategic Report For the year ended 31 March 2024

Rental income

We aim to maximise rental income within a customer affordability framework. The majority (83%) of our income (2023: 79%) is derived from rents and service charges.

Shared Ownership

Shared ownership sales income for the year was £33.8m (2023: £35.1m). We sold 303 shared ownership homes at an average 100% sales value of £269k (2023: 304 homes, 100% value: £259k). The average first tranche share sold was 41.5% (2023: 45.3%).

Costs

Cost control is a core deliverable across the business. Success in controlling costs drives our strong operating margins. Our focus on cost is a central part of our Value for Money framework, evidencing not just the cost of what we do but its effectiveness and the outcomes we achieve for our customers.

Over the last year we have seen an increase of 6.6% in our total operating costs per the Statement of Comprehensive Income from £129m last year to £137m in the current year, this is largely driven by cost of living and inflation increases. Depreciation has increased due to number of new homes delivered and the full impact of phase 2 of the transformation project which went live in the previous financial period. We have also seen higher than expected repair volumes as well as additional costs to address instances of condensation, damp and mould in our homes. Bad debts recorded in the year have increased however a large proportion of the charge relates to the 2022 cyber incident where a number of customers cancelled their direct debits even though Bromford could still accept payments. We still have high levels of confidence of recoverability however this increased cost represents our estimated exposure for customers who may leave before clearing their current arrears balances.

Disposals

Disposals are not a material feature in our financial results and we expect them to vary over time as we proactively manage our homes to deliver a strong return on assets.

Disposal profits in the year were £8.9m (2023: £8.5m). We continued to receive receipts for right to buy and right to acquire sales that generated £0.3m (2023: £1m) of disposal profit. Staircasing activity generated profits of £3.2m (2023: £4.6m). Other property disposals generated profits of £5.4m (2023: £5.0m).

Corporation tax

We continue the policy of gift aiding taxable surpluses from non-charitable group members to charitable group members. BHA received £nil in gift aid payments from other group members (2023: £nil).

Balance sheet

Fixed assets

Details of the movements in fixed assets during the year are set out in notes 11, 14 and 15 to the financial statements.

Sales exposure

Exposure to unsold shared ownership stock is not a material issue for us. At 31 March, we had £1.0m of completed shared ownership properties held as stock (2023: £0.6m) see note 18.

Investment in our homes

In the year we invested £38.2m in major repair and refurbishment programmes (2023: £36.7m) and £173.2m in new homes (2023: £167.6m).

Bromford Housing Association Limited

Board and Strategic Report For the year ended 31 March 2024

Treasury

The following table highlights our position on key measures:

	2024	2023
Borrowing	£1,291m	£1,095m
Undrawn facilities	£22.7m	£22.7m
Cash and cash equivalents	£18.4m	£19.0m
Fixed rate borrowing	98%	97%
Cost of borrowing	4.68%	4.78%
Interest cover covenant*	3.2 times	3.1 times
Asset gearing covenant (67% max)*	41%	40%

*These are based on group results

Cash and liquidity

Rigorous control of cash is a key focus for us. Operating cash flow was again strong at £230m (2023: £273m) and represents 317% (2023: 440%) of operating surplus, an excellent cash conversion performance. Cash balances remain strong at £18.4m with a further £15.2m (2023: £20.0m) held as investments.

Facilities and funding

External loans of £463m (2023: £479m) decreased by £16m during the year and group loans of £829m (2023: £616m) increased by £213m, with all group drawings from BHG. Undrawn facilities are RCFs which provide flexibility and assist in mitigating the cost of carry on excess funds.

Interest rate management and mark to market position

We use fixed rate borrowings to manage our exposure to increases in interest rates and 98% of our borrowings are at fixed rates (2023: 97%) limiting our exposure to rising SONIA over the course of the year. No further interest rate hedging was undertaken during the year.

The average cost of borrowing has reduced marginally from the previous year at 4.68% (2023: 4.78%), with repayments in the year on debt with higher than average interest rates.

The Association has three ISDA arrangements in place at 31 March 2024. These ISDAs were never assigned to specific underlying loans and hedge accounting was never employed by the group. As the volume of variable debt has reduced over time, the ISDA arrangements have become ineffective and are surplus to requirements. The three remaining ISDAs all carry Bermudan options and after careful analysis, the higher costs associated with their exit are still not deemed to be economically viable at the current time.

Security

We have a healthy level of available uncharged security. Our £22.7m of undrawn facilities are all fully secured. We continue to review our security pool for excess security which could be released to support future funding plans.

Covenants

Funder covenants are based on group numbers and are broadly consistent in their composition. We have considerable capacity on both our interest cover and asset gearing covenants and they do not limit our activities.

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.

Bromford Housing Association Limited

Board and Strategic Report For the year ended 31 March 2024

Value for money (VfM)

Details of Bromford's VfM performance are summarised in the Annual Report and Accounts of BHG – which are available on the Bromford website www.bromford.co.uk.

The Regulator for Social Housing metrics for BHA as a stand alone entity are shown below.

Sector metrics

Ref	Metric Name	2019	2021	2022	2023	2024
1	Reinvestment %	6.8%	5.2%	8.6%	8.9%	7.7%
12A	New supply delivered (Social housing units) %	2.1%	2.1%	3.5%	3.3%	2.9%
2B	New supply delivered (Non-social housing units) %	0.0%	0.1%	0.1%	0.0%	0.0%
3	Gearing %	39%	40%	41%	45%	48%
4	EBITDA MRI	153%	157%	145%	159%	181%
5	Headline Social housing cost per unit (£000s)	3.59	3.53	3.55	3.99	4.02
6A	Operating Margin (social housing lettings only) %	29%	31%	31%	28%	32%
6B	Operating Margin (overall) %	28%	28%	28%	26%	28%
7	ROCE	3.4%	3.3%	3.4%	2.8%	2.9%

The metrics show another strong performance with operating margins at 32% for social housing lettings (2023: 28%) and 28% overall (2023: 26%). EBITDA MRI has also increased to 181% (2023: 159%).

Social value

Details of Bromford's social value delivery are summarised in the Annual Report and Financial Accounts of BHG – which are available on the Bromford website www.bromford.co.uk.

Bromford Housing Association Limited

Board and Strategic Report For the year ended 31 March 2024

Board compliance statements

Public benefit entity

As a public benefit entity, Bromford Group 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.

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 directors 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, are fair, balanced and understandable and provide the information necessary for the board to assess the Association's position and performance, business model and strategy.

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; and we have taken all the steps that we ought to have taken as board members to make ourselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Bromford Housing Association Limited

Board and Strategic Report For the year ended 31 March 2024

Going Concern

The board, after reviewing the Association's budget for 2024 to 2025 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.

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 resources.

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 2024. 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 £500m 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. While 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 BHA will be able to continue in operation and meet its liabilities as they fall due over the three year period used for this assessment.

Appointment of Auditors

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.

The report of the board was approved on 17 July 2024 and signed on its behalf by:



Steve Dando - Chair

Bromford Housing Association Limited

Independent Auditor's Report to the Members of Bromford Housing Association Limited

Opinion

We have audited the financial statements of Bromford Housing Association Limited (the Association) for the year ended 31 March 2024 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Movement 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 2024 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 Housing Association Limited by the Board for the period ending 31 March 2021. The period of total uninterrupted engagement for the Association is for four financial years ending 31 March 2024. 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 £4,544,520, 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 £227,226, 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 medium value

The Association recorded turnover from properties developed for first tranche shared ownership sale of £33.8m (2023: £35.1m). Other property sales (such as staircasing, RTB and asset disposals) generated a surplus of £8.9m (2023: £8.5m). At 31 March 2024, the Association held within current assets unsold properties with cost value of £1.0m (2023: £0.6m). Work in progress in relation to properties being developed for sale but still under construction at 31 March 2024 totalled £22.2m (2023: £13.6m).

Refer to pages 32 to 40 (accounting policies) and page 51 (financial disclosures).

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.

Bromford Housing Association Limited

- **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 2024.

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.

Valuation of defined benefit pension obligations

The risk – significant risk high value

The Association participates in a defined benefit pension scheme, the Bromford Pension Scheme. The actuaries of the scheme valued the pension liabilities for Section 28 of FRS 102 purposes. The net pension liability at 31 March 2024 was £9,569k (2023: £4,303k).

The financial statements disclose the assumptions used by the Association in completing the valuation of the pension deficit and the movements. The effect of these matters is that we determined that post-retirement benefits obligation has a high degree of estimation uncertainty.

Refer to pages 32 to 40 (accounting policies) and pages 63 to 67 (financial disclosures).

Our response

Our procedures included the following:

- **Assessing the credentials of the scheme actuaries:** We reviewed the credentials of the scheme actuaries to assess that they are one of the small number of experienced, skilled advisors appointed to undertake the pension scheme valuations, as we place reliance on their valuation.
- **Confirmation of value:** We challenged, with the support of our own actuarial expert, the key assumptions and actuarial methodology applied, including the discount rate, inflation rate and mortality/life expectancy.
- **Test of detail:** We agreed the relevant accounting entries and disclosures in the financial statements to the reports prepared by the scheme actuaries.

Our response

We confirmed that the assumptions used in the calculation of the balances in the financial statements are within reasonable parameters and are in line with the recommendations of the scheme actuaries. We are satisfied that whilst there is some uncertainty in relation to the pension scheme valuation due to the current economic conditions, this does not impact on the true and fairness of the financial statements.

Treasury management and going concern

The risk – significant risk high value

The Association posted a full year surplus of £38.2m before actuarial movements on pension schemes (2023: £40.2m) (refer to pages 32 to 40 (accounting policies) and page 28 (financial disclosures)).

At 31 March 2024 the Association had borrowings of £462.6m (2023: £478.9m) (refer to pages 32 to 40 (accounting policies) and page 53 (financial disclosures)).

The risk is that the Association might have insufficient liquidity to finance its significant development programme, or might breach a funding covenant set out within the agreements in place with a range of funders.

Our response

Our procedures included the following:

Bromford Housing Association Limited

- **Assessment of recoverability:** Reviewed the Association's 2024/25 budget and longer-term financial forecasts, and the underlying assumptions, to assess the Association's ability to service and repay the debt. We also reviewed the stress testing performed by the Association on its long-term financial plan.
- **Confirmation of value:** Agreed loan balances to the accounting records and to external confirmation from the funders.
- **Test of detail:** Tested the detailed calculations for loan covenant compliance prepared by management, both for the year ended 31 March 2024 and projected future performance.

Our results

Our audit work concluded that all loan covenants were comfortably met at 31 March 2024. We confirmed that as at 31 March 2024 the Association held cash reserves of £18.4m (2023: £19.0m), and had undrawn loan facilities of £22.7m (2023: £22.7m). The Association also has access to on lending from Bromford Housing Group Limited, which as at 31 March 2024 held cash reserves of £94.2m (2023: £125.7m), and had undrawn loan facilities of £449.7m (2023: £337.7m). This available funding is sufficient to meet committed capital expenditure at 31 March 2024.

Forecast performance at 31 March 2025 shows a similar position, with gearing and interest cover forecast to be 42% and 290% respectively, against covenant limits of 67% and 110% respectively.

We concluded that across a range of stress testing scenarios carried out on its longer-term financial forecasts, including those linked to the current economic conditions, the Group and Association remains comfortably within its funding covenants.

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 Board and 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.

Bromford Housing Association Limited

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.

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 22;
- 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 22;
- 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 22;
- Directors' statement on fair, balanced and understandable set out on page 21;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 8 to 12;
- Section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 6; and;
- Section describing the work of the audit committee set out on pages 14 to 16.

Responsibilities of the Board

As explained more fully in the Statement of Board's Responsibilities set out on page 21, 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. 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

Bromford Housing Association Limited

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.
- 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's members as a body, 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's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association's members or the Association for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers

Beever and Struthers
Chartered Accountants
Statutory Auditor

Date: 23 July 2024

The Colmore Building
20 Colmore Circus Queensway
Birmingham
B4 6AT

Bromford Housing Association Limited

Statement of Comprehensive Income For the year ended 31 March 2024

	Notes	2024 £'000	2023 £'000
Turnover	2	227,226	208,517
Cost of sales	2	(26,596)	(26,294)
Operating costs	2	(137,040)	(128,563)
Gain on disposal of property assets	34	8,867	8,486
Increase in valuation of investment properties	13	28	5
Operating surplus	5	72,485	62,151
Interest receivable	6	1,407	552
Interest and financing costs	7	(36,304)	(33,380)
Movement in fair value of financial instruments	33	656	11,016
Movement in fair value of investments	20	(22)	(173)
Gift aid		-	-
Surplus before tax		38,222	40,166
Taxation	10	-	-
Surplus for the year after tax		38,222	40,166
Actuarial loss relating to pension scheme	36	(6,159)	(15,828)
Total comprehensive income for the year		32,063	24,338

The Association's results relate wholly to continuing activities.

The notes on pages 31 to 66 form an integral part of these financial statements.

The financial statements on pages 27 to 66 were approved and authorised for issue by the board on 17 July 2024 and were signed on its behalf by:



Steve Dando - Chair



Robert Nettleton - Chief Executive



Sarah Beal - Company Secretary

Bromford Housing Association Limited
Statement of Financial Position
As at 31 March 2024

	Notes	2024 £'000	2023 £'000
Fixed assets			
Tangible fixed assets - housing properties	11	2,267,500	2,106,386
Investment properties	13	1,978	1,950
Tangible fixed assets - other	14	11,562	10,837
Intangible Fixed Assets	15	76,071	61,322
Investments - other	16	4,220	4,220
Homebuy loans receivable	17	382	413
		<u>2,361,713</u>	<u>2,185,128</u>
Current assets			
Stocks	18	24,622	17,192
Trade and other debtors : receivable within one year	19	136,564	68,255
Investments	20	15,195	20,013
Cash and cash equivalents	21	18,429	18,952
		<u>194,810</u>	<u>124,412</u>
Creditors: amounts falling due within one year	22	<u>(73,041)</u>	<u>(79,327)</u>
		<u>121,769</u>	<u>45,085</u>
Net current assets		<u>121,769</u>	<u>45,085</u>
Total assets less current liabilities		<u>2,483,482</u>	<u>2,230,213</u>
Creditors - amounts falling due after more than one year			
Loans	23	(450,663)	(465,537)
Interest rate swaps	23	(1,581)	(2,040)
Deferred Capital Grant	23,24	(483,931)	(462,823)
Other creditors	23	(838,992)	(626,647)
		<u>(1,775,167)</u>	<u>(1,557,047)</u>
Provisions for liabilities			
Pension liability	36	(9,569)	(4,303)
Other provisions	26	(2,708)	(1,214)
Total net assets		<u>696,038</u>	<u>667,649</u>
Reserves			
Called up share capital	27	-	-
Income and expenditure reserve		621,082	591,469
Revaluation reserve		74,956	76,180
Total reserves		<u>696,038</u>	<u>667,649</u>

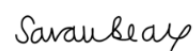
The notes on pages 31 to 66 form an integral part of these financial statements. The financial statements on pages 27 to 66 were approved and authorised for issue by the board on 17 July 2024 and were signed on its behalf by:



Steve Dando
Chair



Robert Nettleton
Chief Executive



Sarah Beal
Company Secretary

Bromford Housing Association Limited

**Statement of Movement in Reserves
For the year ended 31 March 2024**

	Revaluation reserve £'000	Income and expenditure reserve £'000	Total £'000
Balance at 1 April 2022	77,461	565,850	643,311
Surplus from Statement of Comprehensive Income	-	40,166	40,166
Other comprehensive income:			
Actuarial losses relating to pension schemes	-	(15,828)	(15,828)
Total comprehensive income for the year	-	24,338	24,338
Reserve transfers:			
Transfer in respect of depreciation	(1,281)	1,281	-
Balance at 31 March 2023	76,180	591,469	667,649
Surplus from Statement of Comprehensive Income	-	38,222	38,222
Other comprehensive income:			
Actuarial losses relating to pension schemes	-	(6,159)	(6,159)
Total comprehensive income for the year	-	32,063	32,063
Reserve transfers:			
Transfer in respect of depreciation	(1,224)	1,224	-
Transfer to deferred capital grant	-	(3,674)	(3,674)
Balance at 31 March 2024	74,956	621,082	696,038

The notes on pages 31 to 66 form an integral part of these financial statements.

Bromford Housing Association Limited

Statement of Cash flows
For the year ended 31 March 2024

	2024		2023	
	£'000	£'000	£'000	£'000
Net cash generated from operating activities (note 29)		229,525		273,247
Cashflow from investing activities				
Purchase of tangible fixed assets - new housing properties	(162,001)		(169,052)	
Purchase of tangible fixed assets - other	(3,333)		(3,727)	
Purchase of tangible fixed assets - existing housing properties	(26,681)		(26,706)	
Purchase of intangible fixed assets	(21,672)		(21,644)	
Grants received	29,504		10,798	
Interest received	1,123		420	
Net cashflow from investing activities		(183,060)		(209,911)
Cashflow from financing activities				
Interest paid	(38,603)		(30,668)	
Repayment of borrowings	(13,385)		(26,325)	
Settlement credits/(charges) on interest rate swaps	-		(1,149)	
Transfer from current asset investment	5,000		4,179	
Net cashflow from financing activities		(46,988)		(53,963)
Net change in cash and cash equivalents		(523)		9,373
Cash and cash equivalents at the beginning of the year		18,952		9,579
Cash and cash equivalents at the end of the year		18,429		18,952

The notes on pages 31 to 66 form an integral part of these financial statements.

Bromford Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

Legal Status

Bromford Housing Association Limited (BHA) is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 (Registered Society number 7106R) and is registered with the Regulator of Social Housing (RSH) as a Private Registered Provider of Social Housing (registration number L4819). The registered office is Shannon Way, Ashchurch, Tewksbury, 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 BHA. 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 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 2024 to 2025 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 37. 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.
- **Capitalisation of software** - the Association capitalises software and attributable project costs in intangible assets when it has been identified that these costs can be reliably measured and will provide future economic benefit to the group. These assets are regularly reviewed for impairment with any reduction in value charged to in the Statement of Comprehensive Income. Further details are provided in note 15.
- **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.

Bromford Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

- **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.

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.
- **Intangible fixed assets.** Intangible fixed assets are amortised 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.
- **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.
- **Pension and other post-employment benefits.** The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, the actuary considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific sector. Future salary and pension increases are based on expected future inflation rates for the respective sector. Further details are given in note 36.
- **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.

Bromford Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

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

The depreciated replacement cost is based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential to the 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.

A detailed review has been performed in relation to housing stock and WIP and no adjustment to carrying values was required.

The carrying value of intangible assets have been assessed this year with no triggers for impairment identified.

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

Turnover and revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and excludes VAT (where applicable).

The Association generates the following material income streams:

Rental income receivable

Rental income is shown net of void losses. 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 charge income

Service charge income and costs are recognised on an accrual basis. The Association operates both fixed and variable service charges on a scheme by scheme basis in full consultation with customers. Where variable service charges are used the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge.

Until these are returned or recovered, they are held as creditors or debtors in the Statement of Financial Position.

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

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.

Bromford Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

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.

Other income

Other income is included at the invoiced value of goods and services provided.

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.

Loan finance issuance costs

Arrangement fees, agency fees and related legal fees payable when entering new loans are capitalised then charged to the Statement of Comprehensive Income over the life of the loan via the effective interest method.

Taxation

The Association is registered as a charity with HM Revenue & Customs. By virtue of S.478 Corporation Tax Act 2010, the Association is exempt from corporation tax. The Association pays corporation tax at the rate applicable on any surplus it generates from non-charitable activities.

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 based on tax rates and laws that have been enacted or substantively enacted by the reporting date where the Association operates and generate taxable income.

Value Added Tax

The Association charges VAT on some of its income and can 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.

Bromford Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

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.

UELs 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 have 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.

Bromford Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

Low cost home ownership properties

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

Capitalisation of interest and administration costs

Interest on loans financing development is capitalised up to the date of the completion of the scheme and only when development activity is in progress. 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 31st March 2024, interest has been capitalised at an average rate of 3.72% (2023: 3.55%) that reflects the weighted average effective interest rate on the Association'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 its intended use.

Capitalisation of intangible fixed assets

Project costs are capitalised once a milestone goes live within the programme. Resourcing costs are capitalised on the percentage of time worked directly on the programme which would add value to the asset.

Intangible fixed assets

Intangible assets are stated at cost, less accumulated amortisation. Amortisation is charged on a straight-line basis over the expected economic useful life of the asset as follows:

	Years
• Architect fees	3
• Computer software	2-7
• Business transformation costs	10

Operating leases

Payments are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

Investment property

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

Valuation of investments

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

Bromford Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

Current asset investments

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

Stock and properties held for sale

Stocks of materials are stated at the lower of cost and net realisable value. 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.

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.

Recycling of capital grant

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

Defined benefit pension

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

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

During the year the Association participated in the defined benefit Bromford Standalone scheme administered by The Pensions Trust. The amounts charged to operating surplus are the costs arising from the employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to surplus for the year and included within finance costs. Remeasurement of the net assets/defined liability are recognised in other comprehensive income. Defined benefit schemes are funded in separate trustee administered funds.

Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained triennially and are updated at each reporting date.

Bromford Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

Defined contribution pension

The Association also provides a defined contribution stakeholder pension scheme for employees. The employer contribution to the scheme is charged to the Statement of Comprehensive Income as it becomes payable. The assets of the scheme are kept separately from those of the Association.

Revaluation reserve

The revaluation reserve represents the difference on transition to FRS102 between the fair value of social housing properties and other assets and the historical cost carrying value, where deemed cost transitional relief was taken. The difference between actual depreciation charge and the historical cost depreciation is transferred from the revaluation reserve to the revenue reserve annually.

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 Cash flows.

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 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 method;
- Financial liabilities such as bonds and loans are held at amortised cost using the effective interest method;
- Loans to or from subsidiaries including those that are due on demand are held at amortised cost using the effective interest 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;

Bromford Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

- 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.

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 Housing Association Limited

**Notes to the Financial Statements
For the year ended 31 March 2024**

2024

2. Turnover and operating surplus		Turnover £'000	Cost of sales £'000	Operating costs £'000	Surplus on disposal £'000	Revaluation of investment property £'000	Operating surplus/ (deficit) £'000
	Note						
Social housing lettings							
Housing accommodation	3	157,275	-	(111,690)	-	-	45,585
Supported housing accommodation	3	12,953	-	(7,498)	-	-	5,455
Shared ownership accommodation	3	17,966	-	(9,035)	-	-	8,931
		188,194	-	(128,223)	-	-	59,971
Other social housing activities							
First tranche shared ownership sales		33,755	(26,565)	-	-	-	7,190
Supported people contract income		681	-	(642)	-	-	39
Agency services		1,763	-	(1,142)	-	-	621
Sales and development		-	-	(4,071)	-	-	(4,071)
Other		89	-	(924)	-	-	(835)
Gain on disposal of property, plant and equipment		-	-	-	8,867	-	8,867
Non-social housing activities							
Market rents		1,650	-	(1,220)	-	-	430
Sewerage services		-	-	(128)	-	-	(128)
Commercial rents		1,005	-	(690)	-	-	315
Properties developed for outright sale		-	-	-	-	-	-
Property development/equity loan sales		89	(31)	-	-	-	58
Increase in valuation of investment properties		-	-	-	-	28	28
		227,226	(26,596)	(137,040)	8,867	28	72,485

Bromford Housing Association Limited

**Notes to the Financial Statements
For the year ended 31 March 2024**

2023

2. Turnover and operating surplus	Note	Turnover £'000	Cost of sales £'000	Operating costs £'000	Surplus on disposal £'000	Revaluation of investment property £'000	Operating surplus/ (deficit) £'000
Social housing lettings							
Housing accommodation	3	140,766	-	(100,770)	-	-	39,996
Supported housing accommodation	3	12,789	-	(11,031)	-	-	1,758
Shared ownership accommodation	3	14,950	-	(8,894)	-	-	6,056
		168,505	-	(120,695)	-	-	47,810
Other social housing activities							
First tranche shared ownership sales		35,103	(26,276)	-	-	-	8,827
Supported people contract income		760	-	(1,180)	-	-	(420)
Agency services		2,037	-	(860)	-	-	1,177
Sales and development		-	-	(3,533)	-	-	(3,533)
Other		350	-	(1,768)	-	-	(1,418)
Gain on disposal of property, plant and equipment		-	-	-	8,486	-	8,486
Non-social housing activities							
Market rents		763	-	(571)	-	-	192
Sewerage services		14	-	(64)	-	-	(50)
Commercial rents		795	-	108	-	-	903
Properties developed for outright sale		-	-	-	-	-	-
Property development/equity loan sales		190	(18)	-	-	-	172
Increase in valuation of investment properties		-	-	-	-	5	5
		208,517	(26,294)	(128,563)	8,486	5	62,151

Bromford Housing Association Limited

**Notes to the Financial Statements
For the year ended 31 March 2024**

3. Income and Expenditure from Social Housing Lettings	2024			2023	
	Housing accommodation £'000	Supported housing for older people and My Place £'000	Shared Ownership £'000	Total £'000	Total £'000
Income					
Rent receivable net of identifiable service charge	149,697	7,846	15,466	173,009	154,572
Service charge income	3,458	4,079	1,674	9,211	8,928
Charges for support services	279	277	552	1,108	450
Amortised government grants	3,501	751	274	4,526	4,555
Other revenue grants	340	-	-	340	-
Turnover from social housing lettings	157,275	12,953	17,966	188,194	168,505
Expenditure					
Management	21,370	1,975	2,760	26,105	33,725
Service charge costs	12,894	1,398	774	15,066	14,079
Routine maintenance	27,634	1,144	729	29,507	26,751
Planned maintenance	13,086	426	547	14,059	7,135
Major repairs expenditure	9,386	283	2,234	11,903	11,519
Bad debts	2,140	110	189	2,439	(107)
Depreciation of housing properties	25,180	2,162	1,802	29,144	27,593
Operating expenditure on social housing lettings	111,690	7,498	9,035	128,223	120,695
Operating surplus on social housing lettings	45,585	5,455	8,931	59,971	47,810
Voids	(1,893)	(484)	(15)	(2,392)	(2,266)

Bromford Housing Association Limited

**Notes to the Financial Statements
For the year ended 31 March 2024**

4. Accommodation - owned, managed and in development

	At 1 April 2023 No.	Additions No.	Disposals No.	Other No.	At 31 March 2024 No.
Social housing					
General Needs housing - social rent	21,235	351	(72)	12	21,526
General Needs housing - affordable/intermediate rent	3,651	308	(1)	(4)	3,954
Supported housing	1,598	-	(16)	(24)	1,558
Care homes	128	-	-	-	128
Low-cost home ownership	3,694	281	(47)	(16)	3,912
Leasehold	1,184	-	-	6	1,190
Total social housing units	31,490	940	(136)	(26)	32,268
Non social housing					
Staff accommodation	2	-	-	-	2
Market rent	142	-	-	-	142
Commercial	31	-	-	-	31
Offices and resource	93	-	(3)	(2)	88
Retained freehold	829	-	-	15	844
Total non social housing units	1,097	-	(3)	13	1,107
Owned and managed	31,212	939	(131)	(50)	31,970
Owned and managed by others	409	-	-	32	441
Managed for others	966	1	(8)	5	964
	32,587	940	(139)	(13)	33,375
Total under development	1,209	876	-	(940)	1,145
Garages/parking spaces	2,310	-	(109)	-	2,201

Bromford Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

5. Surplus on ordinary activities

The surplus on ordinary activities is stated after charging	2024	2023
	£'000	£'000
Operating lease rentals		
- office land and buildings	42	36
- other operating lease rentals	1,145	855
Auditors' remuneration		
- audit of financial statements	64	55
- service charge certification	34	32
- other	10	9
	<u> </u>	<u> </u>

6. Interest receivable and income from investments	2024	2023
	£'000	£'000
Interest receivable from cash, deposits and intragroup loans	<u>1,407</u>	<u>552</u>

7. Interest payable and similar charges	2024	2023
	£'000	£'000

Interest on loans, overdrafts and other financing

Repayable wholly within five years	917	667
Repayable wholly or partly in more than five years	<u>17,684</u>	<u>19,876</u>
	18,601	20,543
On loans from Bromford Housing Group Limited	22,924	14,646
Other finance charges	235	304
Amortised net finance costs	<u>(1,971)</u>	<u>1,655</u>
	39,789	37,148
Interest payable capitalised on housing properties under construction 3.72% (2023: 3.55%)	<u>(3,666)</u>	<u>(3,461)</u>
	36,123	33,687
Interest on pension scheme liabilities	3,777	3,290
Expected return on employer assets	<u>(3,596)</u>	<u>(3,597)</u>
	36,304	33,380

Bromford Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

8. Colleague costs	2024	2023
	£'000	£'000
Wages and salaries	47,261	47,853
Social security costs	4,809	4,950
Other pension costs	2,391	3,004
	<u>54,461</u>	<u>55,807</u>

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

	2024	2023
	No.	No.
Asset management	579	623
Central services	217	175
Development, construction and sales	75	94
Housing management and support	415	547
	<u>1,286</u>	<u>1,439</u>

A full-time equivalent employee is classed as working a 37.5 hour week.

The details above relate to colleagues directly attributable to Bromford Housing Association. The apportionment of colleague costs has been updated to reflect their activity. Colleagues in the group are employed on a joint and several basis by Bromford Housing Group Limited and its members. Details of the number of FTE's whose total remuneration exceeds £60k are disclosed in the BHG Annual Report and Accounts.

9. Directors' emoluments

The total emoluments of the directors are paid through BHG and are disclosed in the BHG Annual Report and Accounts.

Directors' emoluments are part of the overheads recharged to the Association, however cannot be separately identified.

Bromford Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

10. Taxation on surplus on ordinary activities	2024	2023
	£'000	£'000
Current tax		
UK corporation tax charge/(credit) on ordinary activities	<u>-</u>	<u>-</u>
Tax on surplus on ordinary activities	<u>-</u>	<u>-</u>
Total tax reconciliation		
Surplus on ordinary activities	<u>38,222</u>	<u>40,166</u>
Surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2023: 19%)	9,556	7,632
Effects of Surplus relating to charitable entities	(9,556)	(7,632)
	<u>-</u>	<u>-</u>

Bromford Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

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
Cost					
As at 1 April 2023	1,834,905	248,112	265,327	64,261	2,412,605
Additions	-	127,510	-	45,702	173,212
Replacement of components	26,192	-	36	-	26,228
Transferred on completion	179,907	(179,907)	43,836	(43,836)	-
Disposals	(3,437)	-	(5,248)	-	(8,685)
Components disposed	(2,875)	-	(5)	-	(2,880)
As at 31 March 2024	2,034,692	195,715	303,946	66,127	2,600,480
Depreciation					
As at 1 April 2023	301,403	-	4,816	-	306,219
Charge for the year	28,005	-	1,788	-	29,793
Disposals	(2,868)	-	(164)	-	(3,032)
As at 31 March 2024	326,540	-	6,440	-	332,980
Net book value					
As at 31 March 2024	1,708,152	195,715	297,506	66,127	2,267,500
As at 31 March 2023	1,533,502	248,112	260,511	64,261	2,106,386
				2024	2023
				£'000	£'000
Housing property net book value in respect of long leaseholds				79,063	80,499
Housing property net book value in respect of freeholds				2,188,437	2,025,887
				2,267,500	2,106,386
Component depreciation within the depreciation charge				16,222	17,170
Development administration costs capitalised during the year				3,323	3,586
Aggregate amount of interest and finance cost included within the cost of housing properties				35,503	31,825

Properties held for security

Bromford Housing Association - Registered Social Housing Provider - has property pledged as security value (existing use value – social housing and market value – subject to tenancy) of £629m (2023: £753m). The number of units on which security was pledged amounted to 10,615 (2023: 10,545).

12. Expenditure on work to existing properties

	2024	2023
	£'000	£'000
Replacement of components	26,228	25,220
Amounts charged to income and expenditure account	11,903	11,519
	38,131	36,739

Bromford Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

13. Investment properties held for letting	2024	2023
	£'000	£'000
At 1 April	1,950	8,323
Gain from adjustment in value		
Commercial investment properties	10	3
Market rent investment properties	18	2
Disposals		
Commercial investment properties	-	(155)
Market rent investment properties	-	(6,223)
At 31 March	<u>1,978</u>	<u>1,950</u>

Investment properties (commercial and market rent) were valued at 31 March 2024 by professional qualified external valuers.

The valuation of investment properties was undertaken by Jones Lang Lasalle Limited in accordance with the Royal Institute of Chartered Surveyors Valuation Standards. In valuing the properties, the following significant assumptions were applied:

Discount rate	7.25%
Rental growth	<u>2.1%</u>

Bromford Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

14. Tangible fixed assets - other

	Freehold offices £'000	Fixtures, fittings & equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 2023	7,275	824	6,910	4,632	19,641
Additions	-	231	1,008	1,844	3,083
Reclassification	(61)	-	61	-	-
Disposals	-	-	-	(51)	(51)
At 31 March 2024	7,214	1,055	7,979	6,425	22,673
Depreciation					
At 1 April 2023	3,244	416	4,170	974	8,804
Charge for the year	171	102	1,469	578	2,320
Disposals	-	-	-	(13)	(13)
At 31 March 2024	3,415	518	5,639	1,539	11,111
Net book value					
At 31 March 2024	3,799	537	2,340	4,886	11,562
At 31 March 2023	4,031	408	2,740	3,658	10,837

15. Intangible fixed assets

	Software £'000
Cost	
At 1 April 2023	72,336
Additions	20,657
At 31 March 2024	92,993
Amortisation	
At 1 April 2023	11,014
Charge for the year	5,908
At 31 March 2024	16,922
Net book value	
At 31 March 2024	76,071
At 31 March 2023	61,322

Amortisation of intangible assets is included in operating costs in the Statement of Comprehensive Income. Included within software are amounts capitalised for our software transformation project of £72.1m (2023: £58.3m), this asset includes various projects, some of which are complete and others that are in progress. Assets in progress of £34.0m (2023: £14.8m) have not yet been amortised as these assets are still being developed, once complete they will be amortised over the useful economic life of 10 years. The remaining amortisation period of the completed assets is between 7 – 10 years.

Bromford Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

16. Investments - other	2024	2023
	£'000	£'000
Bromford Assured Homes Limited	4,000	4,000
Igloo Insurance PCC Limited (Cell BR04)	220	220
	4,220	4,220
17. HomeBuy loans	2024	2023
	£'000	£'000
As at 1 April	413	431
Loans redeemed in the year	(31)	(18)
As at 31 March	382	413
18. Stocks and work in progress	2024	2023
	£'000	£'000
Consumable stock	1,048	851
Land	330	2,170
Cost of first tranche element of shared ownership properties	23,244	14,171
	24,622	17,192
Completed	1,048	572
Under construction	22,196	13,599
	23,244	14,171
19. Trade and other debtors	2024	2023
	£'000	£'000
Amounts falling due within one year		
Rent arrears	12,481	10,387
Less: provision for bad debts	(4,385)	(2,797)
	8,096	7,590
Trade debtors	984	28
Amounts due from group companies	118,290	54,262
Other debtors	4,681	3,200
Prepayments and accrued income	4,513	3,175
	136,564	68,255

Bromford Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

20. Current asset investments	2024	2023
	£'000	£'000
Opening fair value at 1 April	20,013	24,306
Additions to investments	-	814
Withdrawals from investments	(5,000)	(4,993)
Interest	204	59
Losses on re-measurement to fair value	(22)	(173)
Fair value at 31 March	15,195	20,013

21. Cash and cash equivalents	2024	2023
	£'000	£'000
Cash at bank	18,429	18,952
	18,429	18,952

Included in the above are balances totalling £4.0m (2023: £3.9m) which are held in trust for shared ownership leaseholders.

22. Creditors: amounts falling due within one year	2024	2023
	£'000	£'000
Prepaid rental income	7,288	7,241
Loans	11,958	13,385
Local Authority RTB share of proceeds	545	350
Trade creditors	6,396	6,168
Amounts due to group companies	351	10,305
Social security and other taxes	1,943	1,563
Balances with supported housing partners	773	867
Funds held on trust	217	254
Deferred capital grant	6,111	5,863
Recycled Capital Grant Fund	3,151	1,935
Other creditors	3,200	2,926
Accruals and deferred income	31,108	28,470
	73,041	79,327

Bromford Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

23. Creditors: amounts falling due after more than one year

	2024	2023
	£'000	£'000
Loans	450,663	465,537
Loans due to group companies	828,620	616,120
Interest rate swaps	1,581	2,040
Leaseholder sinking funds	4,677	4,274
Balances with supported housing partners	1,032	1,032
Deferred capital grant	483,931	462,823
Recycled Capital Grant Fund	4,663	5,116
Other creditors	-	105
	<u>1,775,167</u>	<u>1,557,047</u>

Loan repayment profile

Repayable within one year	11,958	13,385
Repayable between one and two	12,109	11,958
Repayable between two and five years	39,043	38,590
Repayable after five years	399,794	415,292
Less: Loan finance costs	(283)	(303)
	<u>462,621</u>	<u>478,922</u>

The Association has entered into interest rate swaps with the following institutions

	Period	End	Rate	Amount
	Years	date	%	£'000
Barclays	25	20 July 2031	4.31	12,500
Lloyds TSB	19	26 October 2026	4.45	6,000
Lloyds TSB	22	20 March 2029	4.50	15,000
				<u>33,500</u>

	2024	2023
	£'000	£'000
Interest rate swap creditor profile		
Due within one year (included in other debtors)	(262)	(65)
Due between one and two	159	84
Due between two and five years	1,059	1,087
Due after five years	363	869
	<u>1,319</u>	<u>1,975</u>

Bromford Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

23. Creditors: amounts falling due after more than one year - (continued)

The interest risk profile of loan liabilities are as follows	2024	2023
	£'000	£'000
Floating rate - average 5.74% (2023: 4.28%)	9,759	19,475
Fixed rate - average 4.73% (2023: 4.75%)	453,145	459,750
	462,904	479,225
	<hr/>	<hr/>
Undrawn committed borrowing facilities (all secured) at 31 March were	2024	2023
	£'000	£'000
Expiring within one year	-	-
Expiring between one and two	-	-
Expiring between two and five years	22,749	22,749
Expiring after five years	-	-
	22,749	22,749
	<hr/>	<hr/>
24. Deferred capital grant	2024	2023
	£'000	£'000
At 1 April	468,686	456,067
Grants received in year	33,178	10,798
Transferred to third party	(3,486)	(5,359)
Transferred from another group company	(4,176)	6,708
Grants recycled from the Recycled Capital Grant Fund and disposal proceeds fund	1,492	5,727
Grants recycled to the Recycled Capital Grant Fund	(1,539)	(2,400)
Amortised in year	(4,695)	(4,696)
Disposals	582	1,841
As at 31 March	490,042	468,686
	<hr/>	<hr/>
Amount due to be released within one year	6,111	5,863
Amount due to be released in more than one year	483,931	462,823
	490,042	468,686
	<hr/>	<hr/>

Bromford Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

25. Recycled Capital Grant Fund	2024	2023
	£'000	£'000
At 1 April	7,051	10,035
Inputs to reserve		
Grants recycled	1,539	2,400
Transfer from group company	330	134
Interest accrued	386	209
Utilised		
New build	(1,492)	(5,727)
	7,814	7,051
Amounts due within one year	3,151	1,935
Amounts due after more than one year	4,663	5,116
	7,814	7,051
Amount three years or older where repayment may be required	443	-

Withdrawals from the Recycled Capital Grant Fund were used for the purchase and development of new schemes.

26. Provision for liabilities and charges

	£'000
As at 1 April 2023	1,214
Additions	1,984
Utilised	(490)
As at 31 March 2024	2,708

27. Share Capital	2024	2023
	£	£
Issued and fully paid (nominal value £1)		
At 1 April	7	8
Allotted	-	1
Cancelled	-	(2)
	7	7

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.

Revaluation reserve - represents the difference on transition to FRS102 between the fair value of social housing properties and other assets and the historical cost carrying value, where deemed cost transitional relief was taken.

Income and expenditure reserve - represents the net surplus which are not restricted.

Bromford Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

28. Analysis of changes in net debt	As at 1 April 2023 £'000	Cashflows £'000	Non Cashflow movements £'000	Movement in creditors due within one year £'000	As at 31 March 2024 £'000
Cash at bank and cash equivalents	18,952	(523)	-	-	18,429
Short term investments	<u>20,013</u>	<u>(4,796)</u>	<u>(22)</u>	<u>-</u>	<u>15,195</u>
	38,965	(5,319)	(22)	-	33,624
Other loans					
Housing loans due within one year	(13,385)	13,385	-	(11,958)	(11,958)
Housing loans due after more than one year	<u>(465,537)</u>	<u>-</u>	<u>2,916</u>	<u>11,958</u>	<u>(450,663)</u>
Change in debt resulting from cashflows	<u>(439,957)</u>	<u>8,066</u>	<u>2,894</u>	<u>-</u>	<u>(428,997)</u>
29. Cash flow from operating activities				2024	2023
				£'000	£'000
Surplus for the year				38,222	40,166
Adjustments for non-cash items					
Depreciation of tangible fixed assets				32,113	30,301
Amortisation of intangible fixed assets				5,908	3,837
Amortisation of government grant				(4,695)	(4,696)
(Increase)/decrease in stock				(7,430)	2,749
Increase in trade and other debtors				(4,201)	(4,817)
Decrease trade and other creditors				(5,417)	(7,806)
Movement in intergroup balances				134,672	167,678
Increase/(decrease) in provisions				1,494	(1,544)
Pension costs less contributions payable				(1,074)	(65)
Carrying amount of tangible fixed asset disposals				5,667	19,068
Carrying amount of investment disposals				-	6,378
Adjustments for investing or financing activities					
Movement on shared equity loans				31	18
Movement in value of swaps				(634)	(11,016)
Movement in value of investment property				(28)	168
Interest payable				36,304	33,380
Interest receivable				(1,407)	(552)
Net cash generated from operating activities				<u>229,525</u>	<u>273,247</u>

Bromford Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

30. Capital commitments	2024	2023
	£'000	£'000

Capital expenditure contracted for but not provided for in the financial statements	<u>235,085</u>	<u>319,435</u>
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Capital expenditure authorised but not yet contracted for	<u>28,510</u>	<u>74,477</u>
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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	29,666	43,241
Proceeds from the sale of properties	40,081	63,420
Loans and reserves	<u>193,848</u>	<u>287,251</u>
	263,595	393,912

31. Other financial commitments

The minimum lease payments due under operating leases are as follows

	Land and buildings		Vehicles and office equipment		Total leases	
	2024	2023	2024	2023	2024	2023
	£'000	£'000	£'000	£'000	£'000	£'000
Operating leases which expire:						
Within one year	47	37	866	822	913	859
Within two to five years	-	-	972	210	972	210
After more than five years	-	8	-	490	-	498
	<u>47</u>	<u>45</u>	<u>1,838</u>	<u>1,522</u>	<u>1,885</u>	<u>1,567</u>

32. Grant and financial assistance

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

	2024	2023
	£'000	£'000
Held as deferred capital grant	490,042	468,686
Recognised as income in Statement of Comprehensive Income	<u>109,581</u>	<u>105,468</u>
	599,623	574,154

Bromford Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

33. Financial instruments

The company's financial instruments may be analysed as follows

	2024	2023
	£'000	£'000
Financial liabilities measured at fair value through the Statement of Comprehensive Income		
Derivative financial instruments	1,319	1,975
Total financial liabilities	1,319	1,975

Swap valuations are conducted using standard mark to market (MtM) methodology, where the MtM is the present value of all the future cashflows under the swap contract. They are measured at fair value at each reporting date, any increase or decrease is recognised in the statement of comprehensive income. The valuations used discount rates between 4.31% and 4.50%.

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

	Proceeds of sales	Cost of sales	Surplus	Capital grant recycled
	£'000	£'000	£'000	£'000
Further tranches of shared ownership	8,647	(5,457)	3,190	739
Right to buy	906	(941)	(35)	28
Right to acquire	670	(348)	322	133
Other property disposals	9,123	(3,743)	5,380	639
Other fixed asset disposals	45	(35)	10	-
Total 2024	19,391	(10,524)	8,867	1,539
Total 2023	35,516	(27,030)	8,486	2,400

Bromford Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

35. Related party transactions

Transactions with non-regulated members of the group

	2024				
	Bromford Developments Limited BDL £'000	Bromford Assured Homes Limited BAH £'000	Strand Services Limited STR £'000	Riverside Mews Limited RIV £'000	Igloo Insurance PCC Limited (Cell BR04) IGL £'000
Income					
Management recharges	-	-	4	2	-
	-	-	4	2	-
Expenditure					
Construction services	60,775	-	-	-	-
Insurance credit	-	-	-	-	(27)
	60,775	-	-	-	(27)

The administration recharges are calculated on a number of bases dependent upon the type of expenditure being recharged. Salary costs are recharged to BDL on a contract basis; insurance costs are recharged to BDL/BAH on a unit number basis.

All other income and expenditure is charged on an actuals basis.

During the year the Association has incurred charges of £94k (2023: £114k) in respect of services provided from a company which has a common director. At the year end the balance due to the supplier was £nil (2023: £nil).

Bromford Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

35. Related party transactions (continued)

Transactions with non-regulated members of the group

	2023				
	Bromford Developments Limited BDL £'000	Bromford Assured Homes Limited BAH £'000	Strand Services Limited STR £'000	Riverside Mews Limited RIV £'000	Igloo Insurance PCC Limited (Cell BR04) IGL £'000
Income					
Management recharges	-	-	4	2	-
Administration recharges	-	53	-	-	-
	<u>-</u>	<u>53</u>	<u>4</u>	<u>2</u>	<u>-</u>
Expenditure					
Construction services	38,003	-	-	-	-
Rental charges	-	-	-	-	-
Insurance credit	-	-	-	-	(16)
	<u>38,003</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16)</u>

Bromford Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

35. Related party transactions (continued)

At the year-end, included in the group intercompany trading and loan balances were the following net balances due from/(to) non regulated entities

	2024	2023
	£'000	£'000
Bromford Developments Limited	15,871	12,543
Bromford Assured Homes Limited	(292)	(240)
Strand Services Limited	3	1
Riverside Mews Limited	2	1
	<u>15,584</u>	<u>12,305</u>

The subsidiaries of Bromford Housing Association Limited, which are all non-regulated and incorporated under the Companies Act 1985

Trading companies	Company registration number	Date of incorporation	Intragroup arrangement	Type of transaction
Bromford Developments Limited (100% owned)	06507824	18-Feb-2008	Develops and constructs homes for BHA	Construction services
Bromford Assured Homes Limited (100% owned)	2677730	09-Jan-1992	BHA provides administrative services to BAH	Administrative recharges
Riverside Mews Management Company Limited (75% owned)	2953846	29-Jul-1994	Management company for leasehold schemes in BHA ownership	Management income
Strand Services Limited (75% owned)	2645753	16-Sep-1991	Management company for leasehold schemes in BHA ownership	Management income
Igloo Insurance PCC Limited (Cell BR04)	53462	19-May-2011	Insurance company	Insurance services

During the year Street Services Limited ceased trading and was dissolved.

Bromford Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2024

35. Related party transactions (continued)

Under section 33 of FRS102 defined benefit pension schemes are considered to be related parties. During the year the Association has been a member of the Bromford defined benefit scheme. Details of transactions with the scheme is disclosed in note 36.

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 2024. The maximum exposure across the group for this indemnity is £10 million and expires on 31 March 2025. This is described in more detail in note 37.

Bromford Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

36. Pension obligations

During the year, the Association participated in one defined benefit (DB) scheme, the Bromford DB Scheme (BDBS).

The company also participates in the Bromford defined contribution (DC) scheme. Further details of pension obligations are given below.

Summary of Pension Schemes balances

	At 31 March 2024	At 31 March 2023
	£'000	£'000
Creditors due less than one year		
The Pension Trust DC scheme	(399)	-
Provisions for Pensions		
Bromford DB Scheme	(9,569)	(4,303)

Bromford DB Scheme (BDBS)

This is a separate trustee administered DB scheme set up on 31 March 2018 following the transfer of obligations from the Bromford section of the Social Housing Pension Scheme (SHPS) and subsequent transfer of obligations from the Merlin Housing Society section of SHPS on 30 September 2019.

The scheme holds the pension assets to meet long term pension liabilities. Scheme liabilities have been based on data provided for the actuarial valuation as at 30 September 2021. These have been updated to 31 March 2024 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

The company has agreed a Schedule of Contributions with the Trustee, with an effective date of 30 September 2021.

Contributions for the year ended 31 March 2024 and 31 March 2023

	At 31 March 2024	At 31 March 2023
	£'000	£'000
Employee	50	64
Employer	2,589	2,492
Total	2,639	2,556
Agreed contribution rates for future years:		
Employee		
1/80 th DB section	14.5%	14.5%
1/120 th DB section	4.7%	4.7%
Employer	10%	10%

Bromford Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

Principal actuarial assumptions

The following information is based upon the actuarial valuation of the scheme at 30 September 2021 updated to 31 March 2024 by a qualified independent actuary.

Mortality assumptions adopted	At 31 March	At 31 March
Life expectancy at age 65 (Years)	2024	2023
Male retiring in 2024(2023)	21.4	21.5
Female retiring in 2024 (2023)	23.8	23.9
Male retiring in 2044 (2043)	22.3	22.5
Female retiring in 2044 (2043)	24.9	25.0
Other Assumptions		
% per annum		
Discount Rate	4.90%	4.80%
Inflation (RPI)	3.10%	3.15%
Inflation (CPI)	2.80%	2.80%
Salary Growth	2.80%	2.80%
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	3.10%	3.15%
Allowance for pension in payment increases of CPI or 5% p.a. if less	2.74%	2.74%
Allowance for pension in payment increases of CPI or 2.5% p.a. if less	1.97%	1.97%
Allowance for pension in payment increases of CPI or 3% p.a. if less	2.22%	2.22%

A summary of the movement in pension assets and liabilities for the BDBS is shown below:

	At 31 March 2024	At 31 March 2023
	£'000	£'000
Fair value of fund assets	70,952	74,800
Present value of defined benefit obligation	(80,521)	(79,103)
Pension deficit	(9,569)	(4,303)

Bromford Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

The fair value of the assets:

	At 31 March 2024 £'000	At 31 March 2023 £'000
Equity	2,656	2,608
Corporate Bonds	1,756	4,710
Property	2,941	4,443
Cash	7,712	3,958
Other	5,558	9,410
LDI Assets	38,822	42,217
Liquid Alternatives	6,624	9,361
Private Credit	6,083	10,093
Loan	(1,200)	(12,000)
Total Assets	70,952	74,800

None of the fair values shown above include any direct investments in the company's own financial instruments or any property occupied by, or other assets used by, the Association.

Reconciliation of Assets and Liabilities

Reconciliation of assets at 31 March 2024:

	£'000
Assets at start of period	74,800
Interest income on assets	3,596
Expenses	(278)
Return on assets excluding interest income	(7,691)
Employer contributions paid	2,589
Employee contributions	50
Benefits paid	(2,114)
Assets at end of period	70,952
Actual return on plan assets 1 April 2023 to 31 March 2024	(4,095)

Bromford Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

Reconciliation of liabilities at 31 March 2024:

	£'000
Liabilities at start of period	79,103
Service cost	1,237
Interest cost	3,777
Employee contributions	50
Remeasurements	(1,532)
Benefits paid	(2,114)
Liabilities at end of period	80,521

Analysis of the amount charged to operating costs in the Statement of Comprehensive Income at 31 March 2024:

	£'000
Employer service cost (net of employee contributions)	1,237
Expenses	278
Total operating charge	1,515
Analysis of pension finance costs	
Expected return on pension scheme assets	(3,596)
Interest on pension liabilities	3,777
Amounts debited to financing costs	181

Analysis of gains and losses recognised in the Statement of Other Comprehensive Income at 31 March 2024:

	£'000
Actuarial loss on pension scheme assets	(7,691)
Actuarial loss on pension scheme liabilities	(554)
Gain from changes in assumptions	2,086
Actuarial losses recognised	(6,159)

Bromford Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

Movement in (deficit)/surplus during the year:

	£'000
Surplus in scheme at 1 April 2023	(4,303)
Employer service cost	(1,237)
Expenses	(278)
Employer contributions paid	2,589
Net interest income	(181)
Remeasurements included in other comprehensive income	(6,159)
Deficit in scheme at 31 March 2024	(9,569)

TPT member benefit review

There is an ongoing legal review of scheme benefit changes that is being undertaken by TPT (the trustee of the BDBS). The review specifically relates to historic changes to the scheme rules and is not expected to be concluded until mid 2025 at the earliest.

37. 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 2025.

38. 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 Housing Association Limited are included in the results of Bromford Housing Group Limited.

Copies of group financial statements for Bromford Housing Group are available from the website, www.bromford.co.uk.