BROMFORD HOUSING ASSOCIATION LIMITED

Financial Statements

for the year ended 31 March 2022

Co-operative and Community Benefit Society
Registration Number 7106

Regulator of Social Housing
Registration Number 4819

Bromford Housing Association Limited

Financial Statements
For the year ended 31 March 2022

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Bromford Housing Association Limited

General Information
For the year ended 31 March 2022

Board Members at 31 March 2022:

The Board members who served from 1 April 2021 up to the date of approval of these financial statements were as follows:

	Position	Appointment/Retirement Date	Meetings Attended 2021/22
Stephen Dando	Independent Non-Executive Director Chair	Appointed 24 November 2015 Appointed chair 1 April 2020	11/11
Richard Bird	Independent Non-Executive Director	Appointed 2 July 2018	11/11
Carolyn Downs	Independent Non-Executive Director	Appointed 1 December 2021	4/4
Dame Sandra Horley	Independent Non-Executive Director	Appointed 1 May 2022	0/0
Vivienne Horton	Vice Chair and Senior Independent Director	Appointed 2 July 2018 Retired 27 November 2021	5/6
Charles Hutton-Potts	Independent Non-Executive Director	Appointed 1 April 2021	11/11
Richard Penska	Independent Non-Executive Director	Appointed 2 July 2018 Resigned 27 November 2021	5/6
Neil Rimmer	Independent Non-Executive Director	Appointed 2 July 2018	11/11
Sarah Simpson	Independent Non-Executive Director	Appointed 1 April 2020	10/11
Jerry Toher	Independent Non-Executive Director	Appointed 1 April 2020	10/11
Robert Nettleton	Chief Executive	Appointed 31 December 2018	11/11
Paul Walsh	Chief Finance Officer	Appointed 1 August 2021	5/7

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	Appointment/Retirement Date
Sarah Beal	Appointed 1 August 2018

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

Board and Strategic Report
For the year ended 31 March 2022

The Board of Bromford Housing Association Limited ('BHA') is pleased to present its annual report and financial statements for the year ended 31 March 2022.

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 almost 46,000 homes, has individual relationships with more than 100,000 customers and has a very strong balance sheet. All this is only possible because of the 1,800 people who work for the organisation.

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

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

Be.Honest

- we build trusting relationships based on openness, respect and integrity
- we learn from mistakes and are open when things go wrong
- we do what we say we will
- we're open to being challenged and challenging others

Be.Brilliant

- we collaborate with others, working smarter not just harder
- we see the best in people and believe we can all achieve more
- we're curious about learning new things

Be.Bold

- we do the right thing for our customers and colleagues
- we look for new possibilities and challenge assumptions
- we work with confidence but remain humble
- we empower others to make decisions

Be.You

- we dare to be different – using life experience and personality
- we embrace people's differences to build a better community
- we think big, celebrate success and are positive about what we can do
- we are energised, happy and productive

Fig 1. Bromford DNA

Board composition, meetings, decisions and delegations

The Board operates as a unitary Board.
From the 1 April 2021, our Board comprised nine members – two Executive Directors (our Chief Executive and Chief Finance Officer) and seven Non Executive Directors (NED)s.
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 UK Corporate Governance Code (UK Code), this evaluation is facilitated by Altair, an external advisor to provide an independent perspective. There was an independent review of governance effectiveness in 2020 and the chair carried out an internal review in 2021. The findings were very positive:

- the Board is seen as effective and governs appropriately with individuals understanding their roles and responsibilities
- the governance structure and framework provide assurance to the Board and third-party assurance is sought where this is seen as necessary
- the updated skills matrix shows that there are no major skills gaps on the Board, the recent recruitment was targeted to fill the gaps left when the chair of Customer and Communities Influence Network (CCIN) retired.

Our senior independent director carried out a review of the chair's performance.

Board and Committee Decision-making

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

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

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

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

The Board is scheduled to meet 10 times a year. The annual strategy setting event was held 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.

Value for Money

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

Statement of compliance with the regulatory standards

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

One of the core economic standards is governance and financial viability. This requires Registered Providers (RPs) to have effective governance arrangements in place that deliver their aims, objectives and intended outcomes for tenants and potential tenants in an effective, transparent and accountable manner. It also requires RPs to manage their resources effectively, to make sure their viability is maintained whilst ensuring that social housing assets are not put at undue risk.

As part of being regulated by the RSH, Bromford has been given a rating for governance, as assessed against the governance and financial viability standard. Following an In-Depth Assessment carried out by the RSH in 2019, Bromford maintains a G1 governance and V1 financial viability rating, the highest ratings on the scale throughout the financial year ended 31 March 2022.

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

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

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

Statement of compliance with our code of governance

The Bromford Housing Group has adopted the UK Corporate Governance Code 2018 (the UK code). The UK code reflects our commercial outlook, focus on achieving the highest possible standards of accountability and transparency and our desire to position ourselves alongside other high-achieving organisations, regardless of sector.

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

As we do not have shareholders in a conventional sense, some aspects of the UK code do not apply to us. However, we strongly support the objectives that this section aims to achieve and this is reflected in the open and transparent way we deal with our partners and stakeholders.

The UK Code applies for our financial year 2021 to 2022.

Each year the Board reviews compliance with the UK code and during the financial year ended 31 March 2022, we consider that Bromford has complied with all relevant principles and provisions of the UK Corporate Governance Code 2018.

Risk management and internal control

Risk Overview

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

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

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

How we manage our risks

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

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

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

Risk appetite

Our Board has defined the risk appetite statements and metrics which are central to the core elements of our strategy. Across five key enterprise risk types they set out the type and amount of risk we are prepared to accept as we deliver our strategy, plans and run our day-to-day operations. These are integral to our corporate decision making.

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.

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

Our principal risks

The Board review the principal risks, appetite and tolerances annually and the last review was in November 2021. The risks and associated indicators are monitored monthly by the Board. Business risks are monitored for emerging threats and operational trends, with escalation through executive forums, Audit and Risk Committee and then to Board.

The list of principal risks does not comprise all of the risks Bromford face and they are not presented in order of importance. The nature of the risk means the landscape can alter and we ensure our regular updates to the risks reflect this. Below we set out the profile of risks for Bromford. After making considerable progress with developing, implementing, testing and embedding our business continuity plans we have been successful in removing business continuity as a principal risk, though we continue to monitor it at an operational level.

Below we set out the profile of risks for Bromford.

Death, injury or harm	Direction of travel: improving	Link to strategy: Future ready
Risk: Our approach to health and safety lacks robust controls and oversight. This results in death, injury or harm caused to colleagues, customers, contractors or the public.		
Risk mitigations	Changes in year	
- A well-established health and safety (H&S) 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 our supply chain to ensure safe practice.	- ISO45001 accreditation received for all geographical areas within Bromford. - Continued covid secure measures to keep colleagues and customers safe. - Refreshed our approach to monitoring, training, documentation and assurance. - 100% legal compliance achieved for landlord compliance.	

Environment and sustainability	Direction of travel: New	Link to strategy: Future ready
Risk: Responding to our 2028 carbon reduction requirements. This may result in material financial implications, regulatory intervention and reputational damage.		
Risk mitigations	Changes in year	
- Delivering EPC rating C by 2028 ahead of the government 2035 requirement. - Roadmap to 2050 net zero carbon developed which is monitored through the sustainability group.	- Overall net zero carbon strategy developed and endorsed by the Board. - Full costs for delivery now embedded in 30 year business plan.	

Financial pressures for customers	Direction of travel: worsening	Link to strategy: Our relationship with customers
Risk: Uncertainty with the external environment leads to increased financial pressure for customers.		
Risk mitigations	Changes in year	
- Our coaching approach is designed to support our customers. - The customer and communities' model is subject to an annual effectiveness review, reported to Board. - Income management policies in place to support colleagues and customers.	- We continue to evaluate the benefits and hardship funds made available from the government and how this can support customers. - 'Money Matters' launched online for Bromford customers to offer help and advice on managing your money.	

Cyber security and network controls	Direction of travel: improving	Link to strategy: Future ready
Risk: Lack of robust network controls and security protocols. This results in susceptibility to service attacks, hacking and unauthorised access.		
Mitigation Strategies	Changes in year	
- Dedicated Information Security Team and Data Protection Officer responsible for monitoring information security and cyber threat. - Information security management systems aligned to ICO/EIC 27000 standards, with oversight through business forums and Audit and Risk Committee reporting.	- Working closely with third-party IT service partners to manage risk and improve technical standards. - Cyber security assessed as part of the Internal Audit programme. - Ongoing vulnerability and penetration testing.	

Third parties and supply chains	Direction of travel: static	Link to strategy: Future ready
Risk: Failure of third parties and supply chains. This results in adverse cost impact, quality or delays to Bromford.		
Mitigation Strategies	Changes in year	
- Strategic suppliers have been identified and we are working with them to ensure they have fit for purpose business continuity plans. - Business stability of suppliers is tracked through a variety of methods. - Contingency supplier capability assessed for single supply/ strategic goods or services.	- Regular contract review and performance meetings, including Key Performance Indicators ('KPIs') review and proactive supplier and market assessments. - Internal Audit on Procurement completed. - Close monitoring of inflation and working closely with suppliers to manage cost.	

Development and market sales	Direction of travel: static	Link to strategy: Growing the business
Risk: We fail to deliver our new homes and market sales aspirations. Rising costs, market downturn, competition in the market and/or a lack of opportunity could impact our ability to deliver against plan.		
Mitigation Strategies	Changes in year	
- A dedicated forum considers opportunities against strategy to ensure compliance with business policy, tracks programme delivery and monitors the external market for potential impacts.	- Despite ongoing covid restrictions throughout the year, we delivered 1,224 new homes. - Working with suppliers to negotiate and hold prices for key materials needed to construct new homes. - We have set up a dedicated Land Forum, to discuss and approve land led opportunities.	

<table>
<tr><td colspan="2">Financial planning and performance</td><td>Direction of travel:
static</td><td>Link to strategy:
Future ready</td></tr>
<tr><td colspan="4">Risk: Our financial and resilience planning and/or monitoring fails to mitigate substantial macro-economic or political events.</td></tr>
<tr><td>Mitigation Strategies</td><td colspan="3">Changes in year</td></tr>
<tr><td>- 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.</td><td colspan="3">- 30-year business plan updated to reflect sustainability strategy.
- Ongoing assessment and monitoring of impact of inflation and interest rate changes.
- Moody’s confirmed our credit rating as A2 stable.
- Standard & Poor’s confirmed as A+, outlook upgraded to ‘stable’.
- Moody’s ESG credit impact score confirmed as CIS-2 Neutral to Low.</td></tr>
</table>

<table>
<tr><td colspan="2">People</td><td>Direction of travel:
static</td><td>Link to strategy:
Enabling colleagues to thrive</td></tr>
<tr><td colspan="4">Risk: A lack of skilled colleagues who are thriving in their role will impact our ability to achieve our objectives. This may be due to a failure to recruit, retain and/or motivate engaged colleagues.</td></tr>
<tr><td>Mitigation Strategies</td><td colspan="3">Changes in year</td></tr>
<tr><td>- The embedding of our performance management process and both core and leadership competencies to support the ability of colleagues to achieve our objectives.
- Continuation of our leadership 50 development programme including 360 feedback to raise the level of leadership capability.
- Improving leadership capability for recruitment with the use of unconscious bias training, e-learning for recruitment and workshops to improve the quality of candidates appointed.</td><td colspan="3">- The launch of our graduate programme to provide a pipeline of future talent to support succession planning.
- Implementation of a 4% pay award to support with increasing cost of living and pressure in the recruitment market.
- The development of career pathways to assist in the retention of colleagues and to improve the performance of colleagues in role while also providing a route for career development.</td></tr>
</table>

Emerging risks

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

Title	Detail	Area	Time Horizon
Macroeconomic uncertainty	Continued macroeconomic uncertainty post-pandemic and adjustment to Brexit. The full impact of the Ukrainian invasion is unknown, however inflation is set to continue to rise and interest rates are also likely to continue to steadily increase.	Economic	Short-medium term
Energy prices	Further price increases are anticipated in October 2022, with the cost impact currently estimated at a further 25% increase. These energy price increases will impact our customers, our colleagues and our supply chain.	Operational	Short-medium term
Net zero carbon	The carbon zero agenda has been set and Bromford has detailed the approach to delivery. The environmental agenda is subject to change and we may need to adapt our strategy to meet new targets.	Environmental	Long term

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 2022 and up to the date of signing these financial statements. It has not identified any weaknesses sufficient to cause material misstatement or loss which require disclosure in the financial statements.

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

Internal audit

Internal audit is an independent assurance function, provided by PricewaterhouseCoopers (PwC), which is available to the Board, Audit and Risk Committee and all levels of management. The role of internal audit is to provide assurance that Bromford's risk management and internal control systems are well designed and operate effectively and that any corrective action is taken in a timely manner. Each year internal audit develops an annual risk-based audit plan for approval by the Audit and Risk Committee which is supported by regular reporting that enables the committee to monitor delivery of the audit plan. The plan is created using a combination of PwC's housing sector experience, internal assessment of the risks to Bromford, the RSH sector risk profile report and feedback from the leadership team. The scope of work takes account of the function's own assessment of risks, the input of first and second-line management and the Audit and Risk Committee itself.

The committee has overseen the conclusion of internal audit plan. The committee works closely with the internal auditor, who reports directly to the chair of the Audit and Risk Committee. Throughout the year, the committee carefully monitored the progress of the internal audit function. The committee approves the work of internal audit annually and specifically approving any changes to the audit plan through regular quarterly updates. The scope of work takes account of the function's own assessment of risks, the input of first and second line management and the Audit and Risk Committee itself.

Significant issues considered by the Audit and Risk Committee for the year ended 31 March 2022

Significant issues were discussed with management and the external auditor in January 2022 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 2022.

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.

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

Key audit matter	Committee response
Key judgements and estimates	The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the year-end and the amounts reported for revenues and expenses during the year. The external auditor undertook testing to assess whether the key judgements and estimates have been made appropriately in line with the industry and are disclosed satisfactorily in the financial statements. The committee was satisfied with the outcomes of the audit which noted the results of the work proved satisfactory.
Loan covenants and treasury management	The group has borrowing, which includes undrawn facilities (predominantly revolving credit facilities), with standalone interest rate swaps for periods up to 2032 to manage mark-to-market exposure. These have been categorised as non- basic and are measured at fair value. The loan covenant calculations as at 31 March 2022 show that the loan covenant position is compliant with funder requirements across the group. Following audit testing across a number of areas the external auditor found no issues of concern in this area. In line with Auditing Standards, the external auditor reviewed judgements and estimates until the point of signing the financial statements. Management gave assurances that the group will remain a going concern and is able to avoid breaching its loan covenants even in a serious stressed scenario. The committee was satisfied with outcomes and management response.
Housing properties	Improvement works are capitalised and the external auditor tested and evaluated a range of areas including the controls over the capitalisation of expenditure on major repairs and components to ensure the requirements of the Statement of Recommended Practice 2018 (SORP) have been met, as well as additional testing on accruals for maintenance expenditure, depreciation charges for the year and sample transactions to the recycled grant fund. The committee was satisfied with the outcomes of the audit which noted no issues of concern.
Property sales	The group generated proceeds from the sale of existing housing properties of £58.8m in the year to 31 March 2022, in addition to £37.0m of first tranche low cost home ownership sales and £13.6m of outright sales. Overall surplus across these categories was £33.5m. The external auditor undertook testing to assess areas including the systems and controls over development of shared ownership first tranche and staircasing sales, outright sales, RTB and RTA sales and other sales and reviewed the carrying value of the group's work-in-progress at the year-end to ensure it is stated at its selling price less costs to complete and sell. The committee was satisfied with the outcomes of the audit which noted no issues of concern.
Transformation programme	Intangible fixed assets relating to our transformation programme are capitalised. These are capitalised as Bromford expects them to result in future economic benefits. New payroll and HR systems have been implemented and maintenance has been consolidated onto one system. Rents, billing, income management, the customer portal, fixed assets and the property hierarchy will be transferred to Microsoft Dynamics 365 after 31 March 2022. The external auditor reviewed the assessment of impairment for intangible assets, included testing of additions for the year ended 31 March 2022 and reviewed the workings for the expected future benefits arising as a result of the additions to ensure these are reasonable

	and in line with FRS 102. The committee was satisfied with the outcomes of the audit which noted no issues of concern.
Pensions	Bromford participates in two LGPS pensions schemes and the Bromford defined pension scheme. At 31 March 2022 the valuations of the schemes rely on a number of actuarial assumptions, which are approved by Bromford. Management gave assurances to the committee that the actuaries used appropriate assumptions and are derived on a consistent basis, year on year. 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 that the appropriate assumptions were within a reasonable range.
New homes development	During the year new developments are capitalised by the group. COVID-19 has impacted on development progress in the current year and in terms of access to existing properties to complete works. The group delivered 1,224 new units during 2021/22. 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.

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

Area of focus	**Committee action**
Internal audit	Considered internal audit reports presented to the committee and satisfied itself that management resolved or was in the process of resolving any outstanding issues or actions. Satisfied itself that management has adequate controls over the process for resolving issues and actions arising. Reviewed and approved the internal audit plan and approach for 2022 to 2023.
External auditor	Reviewed the proposed audit plan for the 2021 to 2022 audit, including the key audit risks, audit report from Beever and Struthers on the financial statements and the areas of particular focus for the 2021 to 2022 audit. Assessed the effectiveness of the external auditor and made a recommendation to the Board for the reappointment of Beever and Struthers as the external auditor.
Transformation governance	With an ongoing transformation programme underway, the committee continues to receive regular updates in relation to the governance and risk management in the programme.
Financial crime	Approved the revised anti-money laundering (AML) policy. Approved the AML officer appointment. Monitored fraud reporting and incidents of whistleblowing, including a review of the adequacy of the whistleblowing processes and procedures, prior to reporting to the Board on this activity.
Landlord compliance	The committee continues to receive regular updates in relation to landlord compliance performance. Oversight of the completion of the landlord compliance controls framework, including data reconciliations.
Information security and resilience	Received updates throughout the year on the outcomes of penetration and vulnerability testing, the committee noted that good progress had been made.
Risk management and internal reviews	Endorsed the risk management policy prior to recommending Board approval. The committee noted ongoing improvements to the internal controls and risk management systems. Reviewed the risk appetite statement. Reviewed the second line assurance reports and had oversight of the closure of material actions. Approved the second line assurance plan for 2022/23.
Internal review plan	Reviewed and approved the schedule of internal review activity undertaken by the risk and health and safety business assurance function.
Trading updates	Received and approved Bromford market trading updates.

Financial review (5-year summary)

Income and Expenditure £'m	**2018**	**2019**	**2020**	**2021**	**2022**
Turnover	169	192	182	175	191
Operating costs and cost of sales	(114)	(137)	(132)	(127)	(139)
Surplus on disposal of assets	9	4	11	12	17
Change in valuation of investment properties	-	-	-	-	1
Operating surplus	**64**	**59**	**61**	**60**	**70**
Net interest charge and other finance costs	(25)	(34)	(35)	(32)	(35)
Movement in fair value of financial instruments	5	-	(3)	6	9
Financing cost of new group structure	-	(30)	-	-	-
Gift aid received from group entities	6	1	6	1	7
Surplus/ (loss) for the year	**50**	**(4)**	**29**	**35**	**51**

Statement of Financial Position £'m	**2018**	**2019**	**2020**	**2021**	**2022**
Housing properties at cost less depreciation	1,536	1,619	1,714	1,761	1,956
Other tangible fixed assets, intangible fixed assets and investments	26	34	40	53	71
Debtors due after more than one year	19	23	8	7	16
Net current assets	31	27	27	12	7
Total assets less current liabilities	**1,612**	**1,703**	**1,789**	**1,833**	**2,050**
Loans due after one year	(590)	(721)	(549)	(508)	(492)
Unamortised grant	(416)	(413)	(412)	(413)	(451)
Other long-term liabilities and provisions	(82)	(51)	(270)	(335)	(459)
Total net assets	**524**	**518**	**558**	**577**	**648**
Total reserves	**524**	**518**	**558**	**577**	**648**

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

We continue to focus on two main areas; cost control within a value for money framework and strong cash generation from core activities, allowing us to invest in our existing and new homes and in our services to customers. Our principal financial ratios show good performance in both areas. Social housing letting operating margin was 31% (2021: 31%) and overall operating margin of 36% (2021: 35%). The overall operating margin on underlying business activities excluding fixed asset sales was 28% (2021: 28%).

Liquidity remains a key focus and, at March 2022 we have:

- Cash and cash equivalents of £9.6m (2021: £16.5m)
- £22.7m (2021: £22.7m) in undrawn loan facilities (Revolving Credit Facilities)

Income and expenditure

The surplus before tax of £50.7m (2021: £35.2m) is a solid financial performance for BHA.
The vast majority (80%) of our income (2021: 89%) is derived from rents and service charges and we are not dependent upon income from asset disposals.

Shared Ownership
Shared ownership sales income for the year was £30.0m (2021: £19.4m). We sold 283 shared ownership homes at an average 100% sales value of £243k (2021: 188 homes, 100% value: £240k). The average first tranche share sold was 44% (2021: 43%).

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 3.6% in our total operating costs per the Statement of Comprehensive Income from £112m last year to £116m in the current year. The underlying cost base is impacted by salary and general inflation.

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 £17.0m (2021: £12.2m). The increase was largely due to disposals in line with our Bromford strategy, where we continue to withdraw from non core geographies, increasing sales and profits as set out in note 34.

Corporation tax
We continue the policy of gift aiding taxable surpluses from non-charitable group Members to charitable group Members. BHA received £6.7m in gift aid payments from other group members (2021: £0.7m).

Balance sheet
Fixed assets
Details of the movements in fixed assets during the year are set out in notes 11 to 17 to the financial statements. During the year housing properties and investment properties with a value of £65.4m and £0.6m respectively were transferred to BHA from Bromford Home Ownership Limited as part of the partial transfer of engagement.

Sales exposure
Exposure to unsold Shared Ownership stock is not a material issue for us. At 31 March, we had £1.6m of completed shared ownership properties held as stock (2021: £0.4m), see note 18.

Investment in our homes
In the year we invested £29.9m in major repair and refurbishment programmes (2021: £26.3m) and £170.5m in new homes (2021: £87.5m).

Effects of material estimates and judgments within these financial statements
- On an annual basis we review for potential impairment of non-financial assets; following the review no impairment was required.
- We have accounted for depreciation of assets on a straight-line basis; the depreciation basis is reviewed regularly for each class of asset. During the year we have revised the useful economic life of motor vehicles and software as follows; motor vehicles have been adjusted to six years with a 20% residual value rather than a mix of three to six years and between 0-20% residual value as used previously. Business transformation amortisation has also been updated to be charged over ten years rather than seven years as previously used.
- The majority of our debt financial instruments are classified as basic; we do however have some standalone interest rate swaps which have been categorised as non-basic and these have been measured at fair value within these financial statements.

Further details of key estimations can be found within our accounting policies on pages 31 to 33.

Treasury

The following table highlights our position on key measures:

	2022	2021
Borrowing	£939m	£821m
Undrawn facilities	£22.7m	£22.7m
Cash and cash equivalents	£9.6m	£16.5m
Fixed rate borrowing	95%	96%
Cost of borrowing	5.36%	5.36%
Interest cover covenant*	3.1 times	2.9 times
Asset gearing covenant (67% max)*	37%	38%

*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 £213m (2021: £139m) and represents 305% (2021: 230%) of operating surplus, an excellent cash conversion performance. Cash balances remain strong at £9.6m, with a further £24.3m (2021: £21.9m) held as investments.

Facilities and funding

External loans of £505m (2021: £523m) decreased by £18m during the year and group loans of £434m (2021: £298m) increased by £136m, with all group drawings from BHG. There were external loan repayments of £15m during the year. The remaining movement is due to the change to effective interest rate which decreased loans by £3m. Undrawn facilities are revolving credit facilities (RCFs) which provide flexibility and assist in mitigating the cost of carrying 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 95% of our borrowings are at fixed rates (2021: 96%) taking advantage of the recent low cost of long term debt. No new interest rate hedging was undertaken during the year.

The average cost of borrowing remains in line with the previous year at 5.36% (2021: 5.36%), with the repayments in the year being on fixed and variable debt with broadly the same overall average interest rate.
We have a portfolio of cancellable interest rate swaps for periods up to 2031. The swaps are with banks with whom we already have a borrowing relationship. We manage our mark to market (MtM) position carefully, using the MtM thresholds built into our International Swaps and Derivatives Association agreements and we are able to use property as security.

The full MtM value of the cancellable swaps at year-end was £14.1m which was lower than last year's level of £22.9m. The movement in fair value of these financial instruments of £8.8m has been credited to the Statement of Comprehensive Income. The movements in the MtM value were due to increases in the yield curve and long term rates. At year end the MtM call amount over our contracted threshold levels decreased to £Nil (2021: £2.9m).

Security

We have a healthy level of available uncharged security. Our £22.7m of undrawn facilities are all fully secured. In addition, we have £22m pre-charged security ring-fenced to cover any further movements in our MtM exposure over and above our substantial contractual thresholds.

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.

Value for money (VfM)

Details of Bromford's VfM performance are summarised in the Annual Report and Accounts of BHG.

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

Sector metrics

Ref	Metric Name	2018	2019	2020	2021	2022
1	Reinvestment %	6.2%	6.2%	6.8%	5.2%	8.6%
2A	New supply delivered (Social housing units) %	3.0%	3.2%	2.1%	2.1%	3.5%
2B	New supply delivered (Non-social housing units) %	0.0%	0.0%	0.0%	0.1%	0.1%
3	Gearing %	33%	36%	39%	40%	41%
4	EBITDA MRI	197%	151%	153%	157%	145%
5	Headline Social housing cost per unit (£000s)	3.02	3.27	3.59	3.53	3.55
6A	Operating Margin (social housing lettings only) %	41%	34%	29%	31%	31%
6B	Operating Margin (overall) %	32%	29%	28%	28%	28%
7	ROCE	4.0%	3.5%	3.4%	3.3%	3.4%

The metrics for 2022 show another strong performance with operating margins at 31% for social housing lettings (2021: 31%) and 28% overall (2021: 28%).

Reinvestment and new supply delivered increased as more development work occurred compared to the previous year which was impacted by COVID.

Social value

Details of Bromford's social value delivery are summarised in the Annual Report and Financial Accounts of BHG.

Welfare reform

We continue to closely monitor the effect of welfare reform on our arrears performance. We aim to maximise rental income within a customer affordability framework. Performance on bad debts and arrears has been maintained at similar levels as in previous years, despite the further rollout of welfare reform and in particular universal credit in some of our operating areas.

Supporting people contracts
Continued pressure on Local Authority funding has led to further reductions in services and funding and we continue to review our position on a contract by contract basis. Over the next year we expect our Supporting People activity to continue to reduce.

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 2019. 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 associationand 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 accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for the Board to assess the Association's position and performance, business model and strategy.

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.

Going Concern
The board, after reviewing the Association's budget for 2022 to 2023 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 taking into account its current position and principal risks. The assessment includes changes arising from the challenges to the sector as the covid pandemic and associated restrictions come to an end together with the invasion if Ukraine including rapidly increasing energy prices, supply chain shortages and rising material costs.

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 2022. 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. Whilst development spend and required facilities are planned over a longer term than three years, the period chosen ensures that Bromford is viable beyond its usual development commitment timeframe.

On the basis of this and other matters considered and reviewed by the Board during the year, the Board has reasonable expectations that 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 will be proposed for re-appointment in accordance with the Companies Act 2006 s.485.

The report of the Board was approved on 26 July 2022 and signed on its behalf by:

Steve Dando - Chair

Independent Auditor's Report to Bromford Housing Association Limited

Opinion

We have audited the financial statements of Bromford Housing Association Limited (the association) for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, 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 2022 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 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 two financial years ending 31 March 2022. 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 £3,825,540, 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 £191,277, 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 £30.0m (2021: £19.4m). Other property sales (such as staircasing, RTB and asset disposals) generated a surplus of £17.0m (2021: £12.2m). At 31 March 2022, the association held within current assets unsold properties with cost value of £1.6m (2021: £0.4m). Work in progress in relation to properties being developed for sale but still under construction at 31 March 2022 totalled £15.1m (2021: £11.6m).

Refer to page 38 (accounting policies) and page 52 (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**.**

- **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 2022.

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 two defined benefit pension schemes. The actuaries of the schemes valued the pension liabilities for Section 28 of FRS 102 purposes, the net pension asset on each of these schemes at 31 March 2022 are reported as follows:

- The Staffordshire County Council Pension Scheme (£4,894k).
- The Bromford Pension Scheme (£11,153k).

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 39 (accounting policies) and pages 65-71 (financial disclosures).

Our response
Our procedures included the following:

- **Assessing the credentials of the schemes' 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 schemes' 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 £50.7m before actuarial movements on pension schemes (refer to pages 31 (accounting policies) and page 27 (financial disclosures)).
At 31 March 2022 the association had borrowings of £505.2m (refer to page 40 (accounting policies) and page 54 (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:

- **Assessment of recoverability:** Reviewed the Association's 2022/23 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 2022 and projected future performance.

Our results
Our audit work concluded that all loan covenants were comfortably met at 31 March 2022. We confirmed that the association held cash reserves of £9.6m at 31 March 2022, and had undrawn loan facilities of £22.7m. The association also has access to onlending from Bromford Housing Group Limited, which held cash reserves of £302.9m at 31 March 2022, and had undrawn loan facilities of £337.7m. This available funding is sufficient to meet committed capital expenditure at 31 March 2022.

Forecast performance at 31 March 2023 shows a similar position, with group gearing and interest cover forecast to be 39% and 305% 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 Strategic Report, other than the financial statements and our Auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

Corporate governance disclosures

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

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 20;
- 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 20;
- 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 20;
- Directors' statement on fair, balanced and understandable set out on page 19;
- 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 12; and;
- Section describing the work of the audit and risk committee set out on pages 12 to 14.

Responsibilities of the Board
As explained more fully in the Statement of Board's Responsibilities set out on page 19, 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 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 2019, tax legislation, health and safety legislation, and employment legislation.

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

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

Use of our report

This report is made solely to the Association, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers
Chartered Accountants
Statutory Auditor

The Colmore Building
20 Colmore Circus Queensway
Birmingham
B4 6AT

Date:

Bromford Housing Association Limited
Statement of Comprehensive Income
For the year ended 31 March 2022

	Notes	2022 Total £'000	2021 Total £'000
Turnover	2	**191,277**	175,182
Cost of sales	2	**(23,785)**	(15,309)
Operating costs	2	**(115,536)**	(111,650)
Gain on disposal of property assets	34	**17,038**	12,198
Increase in valuation of investment properties	13	**719**	180
Operating surplus	5	**69,713**	60,601
Interest receivable	6	**198**	259
Interest and financing costs	7	**(34,632)**	(31,792)
Movement in fair value of financial instruments	33	**8,736**	5,540
Movement in fair value of investments	20	**(87)**	(74)
Gift Aid		**6,735**	681
Surplus before tax		**50,663**	35,215
Taxation	10	**-**	-
Surplus for the year after tax		**50,663**	35,215
Actuarial gain/(loss) relating to pension scheme	36	**20,892**	(16,552)
Total comprehensive income for the year		**71,555**	18,663

The Association's results relate wholly to continuing activities.
The notes on pages 31 to 71 form an integral part of these financial statements.

The financial statements on pages 27 to 71 were approved and authorised for issue by the Board on 26 July 2022 and were signed on its behalf by:

Steve Dando - Chair

Robert Nettleton - Chief Executive

Sarah Beal - Company Secretary

Registration number 4109

Bromford Housing Association Limited
Statement of Financial Position
At 31 March 2022

	Notes	2022 £'000	2021 £'000
Fixed Assets			
Tangible fixed assets - housing properties	11	1,956,272	1,761,346
Investment properties	13	8,323	6,728
Tangible fixed assets - other	14	14,791	12,407
Intangible Fixed Assets	15	43,268	29,334
Investments - other	16	4,220	4,220
Homebuy loans receivable	17	431	280
		2,027,305	1,814,315
Assets: amounts receivable in more than one year			
Debtors	19	10	7,216
Pension asset	36	16,047	-
		16,057	7,216
Current Assets			
Stocks	18	19,941	21,589
Trade and other debtors : receivable within one year	19	46,185	29,076
Investments	20	24,306	21,940
Cash and cash equivalents	21	9,579	16,492
		100,011	89,097
Creditors: amounts falling due within one year	22	(93,154)	(77,363)
Net current assets		6,857	11,734
Total assets less current liabilities		2,050,219	1,833,265
Creditors - amounts falling due after more than one year			
Loans	23	(492,074)	(508,413)
Interest rate swaps	23	(12,009)	(20,182)
Deferred Capital Grant	23,24	(451,061)	(413,192)
Other Creditors	23	(444,112)	(308,096)
		(1,399,256)	(1,249,883)
Provisions for liabilities			
Pension liability	36	-	(4,921)
Other provisions	26	(2,758)	(1,929)
Total net assets		648,205	576,532
Reserves			
Called up share capital	27	-	-
Income and Expenditure Reserve		570,744	497,724
Revaluation Reserve		77,461	78,808
Total reserves		648,205	576,532

The notes on pages 31 to 71 form an integral part of these financial statements. The financial statements on pages 27 to 71 were approved and authorised for issue by the Board on 26 July 2022 and were signed on its behalf by:

Steve Dando	**Robert Nettleton**	**Sarah Beal**
Chair	**Chief Executive**	**Company Secretary**

Bromford Housing Association Limited

Statement of Movement in Reserves
For the year ended 31 March 2022

	Revaluation Reserve	Total Income and Expenditure Reserve	Total
	£'000	£'000	£'000
Balance at 1 April 2020	80,212	477,657	557,869
Surplus from Statement of Comprehensive Income	-	35,215	35,215
Other comprehensive income:			
Actuarial losses relating to pension schemes	-	(16,552)	(16,552)
Total comprehensive income for the year	-	18,663	18,663
Reserve transfers:			
Transfer in respect of depreciation	(1,404)	1,404	-
Balance at 31 March 2021	78,808	497,724	576,532
Surplus from Statement of Comprehensive Income	**-**	**50,663**	**50,663**
Other comprehensive income:			
Actuarial gains relating to pension schemes		**20,892**	**20,892**
Total comprehensive income for the year	**-**	**71,555**	**71,555**
Revaluation in year	**118**	**-**	**118**
Reserve transfers:			
Transfer in respect of depreciation	**(1,465)**	**1,465**	**-**
Balance at 31 March 2022	**77,461**	**570,744**	**648,205**

The notes on pages 31 to 71 form an integral part of these financial statements.

Bromford Housing Association Limited

Statement of Cash flows
For the year ended 31 March 2022

Net cash generated from operating activities (note 29)		**205,991**		139,163
Cashflow from investing activities				
Purchase of tangible fixed assets - new housing properties	**(168,383)**		(82,761)	
Purchase of tangible fixed assets - other	**(4,491)**		(2,932)	
Purchase of tangible fixed assets - existing housing properties	**(18,283)**		(18,435)	
Purchase of intangible fixed assets	**(15,448)**		(14,327)	
Purchase of tangible asset investments	**(10)**		-	
Grants received	**43,457**		2,901	
Interest received	**144**		259	
Net cashflow from investing activities		**(163,014)**		(115,295)
Cashflow from financing activities				
Interest paid	**(36,225)**		(36,950)	
New secured loans	**-**		-	
Repayment of borrowings	**(17,952)**		(10,587)	
Transfer (to)/from current asset investment	**(2,448)**		3,740	
Gift aid received	**6,735**		681	
Net cashflow from financing activities		**(49,890)**		(43,116)
Net change in cash and cash equivalents		**(6,913)**		(19,248)
Cash and cash equivalents at the beginning of the year		**16,492**		35,740
Cash and cash equivalents at the end of the year		**9,579**		16,492

The notes on pages 31 to 71 form an integral part of these financial statements.

Bromford Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2022

Legal Status
Bromford Housing Association Limited is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 (Registered Society number 7106R) and is registered with the Homes and Communities Agency 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 2019. 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 2022/23 and the group's medium term financial position as detailed in the 30-year business plan including changes arising from the Covid-19 pandemic, 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 35. 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 rents. The association has determined that market rented properties and commercial properties are investment properties.

- **Impairment -** The association has identified a cash generating unit for impairment assessment purposes during development and construction at a programme level, with subsequent impairment assessment once under 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** - these 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.

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

- **Categorisation of debt.** The 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 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.

- **Interest rate SWAPs**
  Uncertainties in the valuation of interest rate SWAPs include future interest rates and counterparty credit risk. The association uses a debt and derivative advisory company, regulated by the Financial Conduct Authority, to support the valuation of its derivatives, which are valued by the relevant lender.

- **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.

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

  The depreciated replacement cost is based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential to the association as the existing property. The cash flows are derived from the business plan for the next 30 years and do not include any restructuring activities that the association is not yet committed to nor any significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

  A detailed review has been performed in relation to housing stock and work in progress 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.

- **Leases**
  A review of all leases has been carried out to classify leases as either operating or finance. These decisions depend upon an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

- **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. The impact of changes in welfare reform including universal credit and benefit caps have been estimated based on data provided from pilot studies and the Association's experience based on a small population.

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

Shared ownership first tranche sales

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

Service 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 balance may be built up over the years, in consultation with the residents; until these costs are incurred this liability is held in the Statement of Financial Position within long term creditors.

Supporting people

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

Properties developed for outright sales

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

Grants

Grants received from non-government sources are recognised under the performance model. If there are no specific performance requirements the grants are recognised when received or receivable. If there are specific performance requirements, the grant is recognised in turnover when the performance requirements are met.
Where developments have been financed wholly or partly by social housing grant (SHG) and other grants, the income is recognised in turnover (using the accruals model) over the estimated useful life of the assets excluding land) which it funds.

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 rate 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 and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that where a tax charge 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.

Both the current and deferred 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.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and

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

Value Added Tax

The 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 the Current Assets or Current Liabilities.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation

Housing properties

Cost includes the cost of acquiring land and buildings, directly attributable development costs, interest at the average cost of borrowing for the development period and expenditure incurred in respect of improvements which comprise the modernisation and extension of existing properties. Donated land/assets or assets acquired at below market value from a government source, i.e. local authority, are included as a liability in the Statement of Financial Position at the fair value less consideration paid.

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

Freehold land is not depreciated.

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

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

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

*revised from 3-6 years as reported previously

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.

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 2022, interest has been capitalised at an average rate of 3.74% (2021: 3.93%) 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 % 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*

*revised from 7 years as reported previously

Property managed by agents

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

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

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

Leasing and hire purchase

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

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

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

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

Investment property

Investment property includes commercial and other properties held by the 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.

HomeBuy

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

In the event a property is sold, the association recovers the equivalent loaned percentage value of the property at the time of sale.

- The grant is recyclable up to the value of the original grant;
- If there has been a fall in value of the property, the shortfall in proceeds can be offset against the grant;
- The association can keep any surplus.

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

Equity loans purchased from house builders

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

Valuation of investments

Investments in subsidiaries are measured at cost less 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.

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 statement 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 the 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 Grant Fund and appears as a creditor until it is either used to fund the acquisition of new properties or is repaid.

Holiday pay accrual

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

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.

The association participates in the defined benefit Staffordshire County Council pension scheme which is closed to new employees and 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.

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 Cashflows.

Financial instruments

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

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

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

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

Financial instruments held by the association are classified as follows:

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

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

- The best evidence of fair value is a quoted price in an active market;
- When quoted prices are unavailable, the price of a recent transaction for an identical asset, adjusted to reflect any circumstances specific to the sale, such as a distress sale, if appropriate;
- Where there is no active market or recent transactions then a valuation technique is used to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

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.

2022

2. Turnover and operating surplus	Note	Turnover	Cost of sales	Operating costs	Surplus on disposal	Revaluation of investment property	Operating surplus/ (deficit)
		£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings							
Housing accommodation	3	132,536	-	(87,085)	-	-	45,451
Supported housing accommodation	3	12,199	-	(12,109)	-	-	90
Shared ownership accommodation	3	11,250	-	(7,797)	-	-	3,453
		155,985	-	(106,991)	-	-	48,994
Other social housing activities							
First tranche shared ownership sales		29,963	(23,680)	-	-	-	6,283
Supported people contract income		1,085	-	(2,005)	-	-	(920)
Agency services		1,826	-	(1,776)	-	-	50
Sales and development		-	-	(2,854)	-	-	(2,854)
Other		272	-	(146)	-	-	126
Gain on disposal of property, plant and equipment		-	-	-	17,038	-	17,038
Non-social housing activities							-
Market rents		1,289	-	(1,200)	-	-	89
Sewerage services		14	-	(25)	-	-	(11)
Commercial rents		659	-	(539)	-	-	120
Properties developed for outright sale		-	-	-	-	-	-
Property development/equity loan sales		184	(105)	-	-	-	79
Increase in valuation of investment properties		-	-	-	-	719	719
		191,277	(23,785)	(115,536)	17,038	719	69,713

2021

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	128,732	-	(83,841)	-	-	44,891
Supported housing accommodation	3	11,782	-	(10,789)	-	-	993
Shared ownership accommodation	3	9,046	-	(7,917)	-	-	1,129
		149,560	-	(102,547)	-	-	47,013
Other social housing activities							
First tranche shared ownership sales		19,352	(15,286)	-	-	-	4,066
Supported people contract income		1,619	-	(2,829)	-	-	(1,210)
Agency services		1,948	-	(1,804)	-	-	144
Sales and development		44	-	(2,623)	-	-	(2,579)
Other		717	-	(212)	-	-	505
Gain on disposal of property, plant and equipment		-	-	-	12,198	-	12,198
Non-social housing activities							-
Market rents		1,183	-	(993)	-	-	190
Sewerage services		14	-	(61)	-	-	(47)
Commercial rents		588	-	(581)	-	-	7
Properties developed for outright sale		-	88	-	-	-	88
Property development/equity loan sales		157	(111)	-	-	-	46
Increase in valuation of investment properties		-	-	-	-	180	180
		175,182	(15,309)	(111,650)	12,198	180	60,601

3. Income and Expenditure from Social Housing Lettings

	2022				2021
	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	**125,012**	**7,197**	**8,708**	**140,917**	135,168
Service charge income	**3,969**	**3,872**	**2,058**	**9,899**	9,438
Charges for support services	**226**	**186**	**271**	**683**	412
Amortised government grants	**3,329**	**944**	**213**	**4,486**	4,542
Turnover from social housing lettings	**132,536**	**12,199**	**11,250**	**155,985**	149,560
Expenditure					
Management	**23,933**	**3,658**	**3,614**	**31,205**	32,079
Service charge costs	**7,011**	**3,216**	**679**	**10,906**	10,413
Routine maintenance	**18,226**	**1,364**	**318**	**19,908**	20,249
Planned maintenance	**8,568**	**796**	**562**	**9,926**	5,846
Major repairs expenditure	**8,236**	**563**	**(24)**	**8,775**	7,894
Bad debts	**332**	**44**	**102**	**478**	482
Depreciation of housing properties	**20,779**	**2,468**	**2,546**	**25,793**	25,584
Operating expenditure on social housing lettings	**87,085**	**12,109**	**7,797**	**106,991**	102,547
Operating surplus on social housing lettings	**45,451**	**90**	**3,453**	**48,994**	47,013
Voids	**(1,381)**	**(616)**	**(5)**	**(2,002)**	(1,857)

4. Accommodation - owned, managed and in development	**2022 Number**	2021 Number
Under management at the end of the year		
General needs housing - social rent	**20,843**	20,817
General needs housing - intermediate rent	**5**	5
General needs housing - affordable rent	**3,313**	2,988
Supported housing	**1,765**	1,793
Low-cost home ownership	**3,484**	2,322
Leasehold	**1,168**	868
Units to be remodelled	**186**	183
	30,764	28,976
Under development at the end of the year		
General needs housing - social rent	**388**	273
General needs housing - affordable rent	**410**	356
Supported housing	**-**	-
Low-cost home ownership	**345**	334
Total social housing units	**31,907**	29,939
Non-social housing		
Staff accommodation	**2**	5
Market rent	**173**	166
Commercial	**34**	34
Offices and resource	**96**	104
Retained freehold	**776**	669
Total non-social housing units	**1,081**	978
Total units	**32,988**	30,917
Owned and managed	**30,243**	28,508
Owned and managed by others	**502**	447
Managed for others	**914**	816
Under development	**1,143**	963
Units to be remodelled	**186**	183
Total Units	**32,988**	30,917
Garages/parking spaces	**1,772**	1,825
Garages not lettable (under review)	**622**	701
Total garages	**2,394**	2,526

5. Surplus on ordinary activities

The surplus on ordinary activities is stated after charging	**2022**	2021
	£'000	£'000
Operating lease rentals		
- office land and buildings	**293**	357
- other operating lease rentals	**1,391**	1,593
Auditor's remuneration		
- audit of financial statements	**50**	50
- service charge certification	**32**	32
- other	**5**	8

6. Interest receivable and income from investments

	2022	2021
	£'000	£'000
Interest receivable from cash, deposits and intragroup loans	**198**	259

7. Interest payable and similar charges

	2022	2021
	£'000	£'000
Interest on loans, overdrafts and other financing		
Repayable wholly within five years	**513**	264
Repayable wholly or partly in more than five years	**21,960**	22,546
	22,473	22,810
On loans from Bromford Housing Group Limited	**11,011**	8,945
Other finance charges	**253**	278
Amortised net finance costs	**3,918**	2,784
	37,655	34,817
Interest payable capitalised on housing properties under construction 3.74% (2021: 3.96%)	**(3,129)**	(2,759)
	34,526	32,058
Interest on pension scheme liabilities	**3,435**	2,916
Expected return on employer assets	**(3,329)**	(3,182)
	34,632	31,792

8. Colleague costs	**2022**	2021
	£'000	£'000
Wages and salaries	**41,989**	38,374
Social security costs	**4,192**	3,282
Other pension costs	**2,602**	2,349
	48,783	44,005

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

	2022	2021
	No.	No.
Asset management	**553**	521
Central services	**159**	91
Development, construction and sales	**90**	62
Housing management and support	**535**	508
	1,337	951

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. 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 Group Annual Report and Accounts.

9. Directors' emoluments

The total emoluments of the directors are paid through BHG and are disclosed in the Group Annual Report and Accounts. Directors' emoluments are part of the overheads recharged to the Association, however they cannot be separately identified.

10. Taxation on surplus on ordinary activities	**2022**	2021
	£'000	£'000
Current tax		
UK corporation tax charge/(credit) on ordinary activities	**-**	-
Tax on surplus on ordinary activities	**-**	-
Total tax reconciliation		
Surplus on ordinary activities	**50,663**	35,215
Surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	**9,626**	6,691
Effects of		
Surplus relating to charitable entities	**(9,626)**	(6,691)
	-	-

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					
At 1 April 2021	1,690,538	122,959	178,745	34,856	2,027,098
Additions	-	128,835	-	41,702	170,537
Replacement of components	23,069	-	-	-	23,069
Transferred on completion	59,326	(59,326)	16,844	(16,844)	-
Disposals	(5,841)	-	(10,580)	-	(16,421)
Components disposed	(4,518)	-	(17)	-	(4,535)
Transfers to another association	(19,744)	-	-	-	(19,744)
Transfers from a group company	2,083	4,598	57,793	922	65,396
Transfers to a group company	-	(3,228)	-	(2,150)	(5,378)
Revaluation	118	-	-	-	118
Transfer to investment properties	(420)	-	-	-	(420)
At 31 March 2022	**1,744,611**	**193,838**	**242,785**	**58,486**	**2,239,720**
Depreciation					
At 1 April 2021	262,693	-	3,059	-	265,752
Charge for the year	24,221	-	1,303	-	25,524
Disposals	(3,910)	-	(390)	-	(4,300)
Transfers to another association	(3,528)	-	-	-	(3,528)
At 31 March 2022	**279,476**	**-**	**3,972**	**-**	**283,448**
Net book value					
At 31 March 2022	**1,465,135**	**193,838**	**238,813**	**58,486**	**1,956,272**
At 31 March 2021	1,427,845	122,959	175,686	34,856	1,761,346

	2022 £'000	2021 £'000
Housing property net book value in respect of long leaseholds	**80,521**	78,285
Housing property net book value in respect of freeholds	**1,875,751**	1,683,061
	1,956,272	1,761,346
Component depreciation within the depreciation charge	**15,359**	15,582
Development administration costs capitalised during the year	**2,463**	4,017
Aggregate amount of interest and finance cost included within the cost of housing properties	**28,764**	25,586

Properties held for security
Bromford Housing Association - Registered Social Housing Provider - has property pledged as security using existing use value – social housing (EUV – SH) and market value subject to tenacy (MV - STT) of £845m (2021: £794m). The number of units on which security was pledged amounted to 14,160 (2021: 13,648).

During the year Bromford Home Ownership, a fellow group subsidiary transferred the majority of its housing properties at fair value to the association as part of a partial transfer of engagement, the total transferred was £65.4m.

12. Expenditure on work to existing properties	**2022**	2021
	£'000	£'000
Replacement of components	**23,069**	18,435
Amounts charged to the Statement of Comprehensive Income	**6,822**	7,894
	29,891	26,329

13. Investment properties held for letting	**2022**	2021
	£'000	£'000
At 1 April	**6,728**	6,277
Transfer from tangible fixed assets - housing properties	**420**	273
Transfer from group company	**596**	-
Additions	**10**	-
Gain on transfer of properties	**-**	41
Gain/(loss) from adjustment in value		
Commercial investment properties	**40**	(140)
Market rent investment properties	**679**	279
Disposals		
Market rent investment properties	**(150)**	(2)
At 31 March	**8,323**	6,728

Investment properties (commercial and market rent) were valued at 31 March 2022, at market value using a discounted cashflow approach, 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%-8.5%**
Level of long term rent increase	**1%**

During the year all investment properties owned by Bromford Home Ownership Limited were transferred to the association as part of a partial transfer of engagement.

14. Tangible fixed assets - other

	Freehold offices £'000	Fixtures, fittings & equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 2021	13,238	1,303	10,155	1,994	26,690
Additions	390	291	1,577	1,879	4,137
Disposals	(111)	(1,001)	(7,208)	(235)	(8,555)
At 31 March 2022	**13,517**	**593**	**4,524**	**3,638**	**22,272**
Depreciation and impairment					
At 1 April 2021	3,837	1,270	8,913	263	14,283
Charge for the year	303	76	998	376	1,753
Disposals	(111)	(1,001)	(7,208)	(235)	(8,555)
At 31 March 2022	**4,029**	**345**	**2,703**	**404**	**7,481**
Net book value					
At 31 March 2022	**9,488**	**248**	**1,821**	**3,234**	**14,791**
At 31 March 2021	9,401	33	1,242	1,731	12,407

15. Intangible fixed assets

	Software £'000	Architects' fees £'000	Total £'000
Cost			
At 1 April 2021	35,132	148	35,280
Additions	16,108	-	16,108
Disposals	(795)	(148)	(943)
At 31 March 2022	**50,445**	**-**	**50,445**
Amortisation			
At 1 April 2021	5,798	148	5,946
Charge for the year	2,171	-	2,171
Disposals	(792)	(148)	(940)
At 31 March 2022	**7,177**	**-**	**7,177**
Net book value			
At 31 March 2022	**43,268**	**-**	**43,268**
At 31 March 2021	29,334	-	29,334

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 £40.1m (2021: £27.3m), this asset includes various projects, some of which are complete and others that are in progress. Assets in progress of £26.0m (2021: £16.8m) 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.

16. Investments - other	**2022**	2021
	£'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	**2022**	2021
	£'000	£'000
At 1 April	**280**	390
Transfer from group company	**256**	-
Loans redeemed in the year	**(105)**	(110)
At 31 March	**431**	280

During the year Bromford Home Ownership transferred all of its HomeBuy loans to the association as part of a partial transfer of engagement.

18. Stocks and work in progress	**2022**	2021
	£'000	£'000
Consumable stock	**639**	490
Land	**2,531**	9,169
Cost of first tranche element of shared ownership properties	**16,771**	11,930
	19,941	21,589
Completed	**1,646**	354
Under construction	**15,125**	11,576
	16,771	11,930

19. Trade and other debtors	**2022**	2021
	£'000	£'000
Amounts falling due within one year		
Rent arrears	**5,494**	5,188
Less: provision for bad debts	**(2,316)**	(2,027)
	3,178	3,161
Trade debtors	**391**	93
Amounts due from group companies	**37,157**	23,005
Other debtors	**2,460**	1,238
Prepayments and accrued income	**2,999**	1,579
	46,185	29,076
Amounts falling due after more than one year		
Amounts due from group companies	**-**	7,206
Other debtors	**10**	10
	10	7,216

20. Current asset investments	**2022**	2021
	£'000	£'000
Opening fair value at 1 April	**21,940**	25,697
Additions to investments	**2,448**	88
Withdrawals from investments	**-**	(3,828)
Interest	**5**	57
Losses on re-measurement to fair value	**(87)**	(74)
Fair value at 31 March	**24,306**	21,940

21. Cash and cash equivalents	**2022**	2021
	£'000	£'000
Cash at bank	**9,579**	16,490
Cash equivalents	**-**	2
	9,579	16,492

Included in the above are balances totalling £3.9m (2021: £3.6m) which are held in trust for shared ownership leaseholders.

22. Creditors: amounts falling due within one year	**2022**	2021
	£'000	£'000
Prepaid rental income	**6,025**	5,324
Loans	**13,173**	14,786
Local Authority RTB share of proceeds	**1,333**	396
Interest rate swaps	**2,131**	2,693
Trade creditors	**8,579**	8,492
Amounts due to group companies	**10,676**	12,601
Social security and other taxes	**1,461**	1,384
Balances with supported housing partners	**914**	1,058
Funds held on trust	**226**	232
Deferred capital grant	**5,006**	4,606
Recycled capital grant fund	**5,586**	1,378
Other creditors	**3,081**	2,314
Payments received on account from subsidiary for property	**1,968**	1,968
Accruals and deferred income	**32,995**	20,131
	93,154	77,363

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

	2022	2021
	£'000	£'000
Loans	**492,074**	508,413
Loans due to group companies	**433,620**	297,620
Interest rate swaps	**12,009**	20,182
Leaseholder sinking funds	**4,156**	3,714
Balances with supported housing partners	**1,782**	2,132
Deferred capital grant	**451,061**	413,192
Recycled capital grant fund	**4,449**	4,525
Other creditors	**105**	105
	1,399,256	1,249,883

Loan repayment profile		
Repayable within one year	**13,173**	14,786
Repayable between one and two	**15,628**	13,177
Repayable between two and five years	**45,200**	44,648
Repayable after five years	**431,635**	451,002
Less: Loan finance costs	**(389)**	(414)
	505,247	523,199

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

	Period Years	**End date**	**Rate %**	**Amount £'000**
Barclays	25	20 July 2031	4.31	**12,500**
Lloyds TSB	15	13 September 2022	4.66	**20,000**
Lloyds TSB	19	26 October 2026	4.45	**6,000**
Lloyds TSB	22	20 March 2029	4.50	**15,000**
Lloyds TSB	25	21 July 2031	4.43	**12,500**
Lloyds TSB	25	27 October 2031	4.27	**10,000**
Lloyds TSB	25	12 January 2032	4.18	**10,000**
				86,000

Interest rate swap creditor profile	**2022**	2021
	£'000	£'000
Due within one year	**2,130**	2,693
Due between one and two	**1,257**	2,769
Due between two and five years	**4,531**	6,430
Due after five years	**6,221**	10,983
	14,139	22,875

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

The interest risk profile of loan liabilities are as follows	**2022**	2021
	£'000	£'000
Floating rate - average 0.85% (2021: 0.41%)	**26,871**	23,018
Fixed rate - average 4.78% (2021: 4.79%)	**478,765**	500,595
	505,636	523,613

Undrawn committed borrowing facilities (all secured) at 31 March were	**2022**	2021
	£'000	**£'000**
Expiring within one year	**-**	-
Expiring between one and two	**-**	-
Expiring between two and five years	**-**	-
Expiring after five years	**22,749**	22,749
	22,749	22,749

24. Deferred capital grant

	2022	2021
	£'000	£'000
At 1 April	**417,798**	416,633
Grants received in year	**33,951**	14,808
Transferred to third party	**(4,101)**	(11,907)
Transferred from another group company	**13,607**	-
Grants recycled from the Recycled Capital Grant Fund and disposal proceeds fund	**800**	2,508
Grants recycled to the recycled capital grant fund	**(2,483)**	(1,408)
Amortised in year	**(4,604)**	(4,662)
Amortised grant on disposal	**1,099**	1,826
At 31 March	**456,067**	417,798
Amount due to be released within one year	**5,006**	4,606
Amount due to be released in more than one year	**451,061**	413,192
	456,067	417,798

During the year certain grants (£13.6m) were transferred from Bromford Home Ownership as part of a partial transfer of engagement.

25. Recycled capital grant fund	**2022**	2021
	£'000	£'000
At 1 April	**5,903**	6,996
Inputs to reserve		
Grants recycled	**2,483**	1,408
Transfer from group company	**2,432**	-
Interest accrued	**17**	7
Utilised		
New build	**(800)**	(2,508)
	10,035	5,903
Amounts due within one year	**5,586**	1,378
Amounts due after more than one year	**4,449**	4,525
	10,035	5,903
Amount three years or older where repayment may be required	**1,706**	-

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

26. Provision for liabilities and charges	
	£'000
At 1 April 2021	1,929
Additions	2,417
Utilised	(1,588)
At 31 March 2022	**2,758**

27. Share Capital and Reserves	**2022**	2021
	£	£
Issued and fully paid (nominal value £1)		
At 1 April	**8**	7
Allotted	**2**	2
Cancelled	**(2)**	(1)
	8	8

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.

28. Analysis of changes in net debt	**At 1 April 2021**	**Cashflows**	**Non Cashflow movements**	**Movement in creditors due within one year**	**At 31 March 2022**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Cash at bank and cash equivalents	16,492	(6,913)	-	-	**9,579**
Short term investments	21,940	2,453	(87)	-	**24,306**
	38,432	(4,460)	(87)	-	**33,885**
Other loans					
Loans due within one year	(14,786)	17,952	-	(16,339)	**(13,173)**
Loans due after more than one year	(508,413)	-	-	16,339	**(492,074)**
Change in net debt resulting from cashflows	(484,767)	**13,492**	**(87)**	-	**(471,362)**

29. Cash flow from operating activities	**2022**	2021
	£'000	£'000
Surplus for the year	**50,663**	35,215
Adjustments for non-cash items		
Depreciation of tangible fixed assets	**27,277**	26,770
Amortisation of intangible fixed assets	**2,171**	2,198
Amortisation of government grant	**(4,604)**	(4,662)
Decrease/(increase) in stock	**1,648**	(8,057)
(Increase)/decrease in trade and other debtors	**(2,908)**	1,583
Increase in trade and other creditors	**9,845**	3,272
Increase in intergroup balances	**68,691**	21,891
Increase in provisions	**829**	1,562
Pension costs less contributions payable	**(182)**	(148)
Carrying amount of tangible fixed asset disposals	**33,971**	34,221
Carrying amount of intangible fixed asset disposals	**3**	-
Carrying amount of investment disposals	**150**	2
Adjustments for investing or financing activities		
Movement on shared equity loans	**105**	110
Movement in value of swaps	**(8,735)**	(5,540)
Movement in value of investment property	**(632)**	(106)
Interest payable	**34,632**	31,792
Interest receivable	**(198)**	(259)
Gift aid	**(6,735)**	(681)
Net cash generated from operating activities	**212,726**	139,163

30. Capital commitments

	2022	2021
	£'000	£'000
Capital expenditure contracted for but not provided for in the financial statements	**329,973**	296,908
Capital expenditure authorised by not yet contracted for	**64,814**	21,014

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	**26,486**	14,873
Proceeds from the sale of properties	**61,547**	60,153
Loans and reserves	**306,754**	242,896
	394,787	317,922

31. Other financial commitments

The minimum lease payments due under operating leases are as follows

	Land and buildings		Vehicles and office equipment		Total leases	
	2022	2021	**2022**	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Operating leases which expire						
Within one year	**-**	-	**25**	276	**25**	276
Within two to five years	**43**	217	**1,258**	2,061	**1,301**	2,278
After more than five years	**-**	-	**-**	-	**-**	-
	43	217	**1,283**	2,337	**1,326**	2,554

32. Grant and financial assistance

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

	2022	2021
	£'000	£'000
Held as deferred capital grant	**456,067**	417,798
Recognised as income in Statement of Comprehensive Income	**102,613**	99,108
	558,680	516,906

33. Financial instruments

The company's financial instruments may be analysed as follows

	2022	2021
	£'000	£'000
Financial liabilities measured at fair value through the Statement of Comprehensive Income		
Derivative financial instruments	**14,139**	22,875
Total financial liabilities	**14,139**	22,875

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 4.18% and 4.66%.

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

	Proceeds of sales £'000	**Cost of sales £'000**	**Surplus £'000**	**Capital grant recycled £'000**
Further tranches of shared ownership	11,827	(7,486)	4,341	329
Right to buy	1,780	(1,909)	(129)	59
Right to acquire	1,698	(1,223)	475	426
Other property disposals	32,614	(20,249)	12,365	1,670
Other fixed asset disposals	-	(14)	(14)	-
Total 2022	**47,919**	**(30,881)**	**17,038**	**2,484**
Total 2021	35,985	(23,787)	12,198	1,408

35. Related party transactions

Transactions with non-regulated members of the group

	2022					
	Bromford Developments Limited (BDL) £'000	Bromford Assured Homes Limited (BAH) £'000	Street Services Limited (SSL) £'000	Strand Services Limited (STR) £'000	Riverside Mews Limited (RIV) £'000	Igloo Insurance PCC Limited (Cell BR04) (IGL) £'000
Income						
Gift Aid	-	433	194	-	-	-
Management recharges	-	-	-	4	2	-
Administration recharges	-	48	-	-	-	-
	-	**481**	**194**	**4**	**2**	**-**
Expenditure						
Construction services	24,662	-	-	-	-	-
Rental charges	-	-	204	-	-	-
	24,662	**-**	**204**	**-**	**-**	**-**

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 BAH on a unit number basis; administration fees are recharged to BDL/BAH on a full time equivalent colleague (FTE)/unit number basis.
All other income and expenditure is charged on an actuals basis.

During the year the association has incurred charges of £145k in respect of services provided from a company which has a common director. At the year end the balance due to the supplier was £5k.

35. Related party transactions (continued)

2021

	Bromford Developments Limited (BDL) £'000	Bromford Assured Homes Limited (BAH) £'000	Street Services Limited (SSL) £'000	Strand Services Limited (STR) £'000	Riverside Mews Limited (RIV) £'000	Igloo Insurance PCC Limited (Cell BR04) (IGL) £'000
Income						
Gift aid	-	499	182	-	-	-
Administration recharges	-	-	-	4	2	-
Management recharges	-	57	-	-	-	-
	-	**556**	**182**	**4**	**2**	**-**
Expenditure						
Construction services	13,187	-	-	-	-	-
Rental charges	-	-	202	-	-	-
Insurance fees	-	-	-	-	-	59
	13,187	**-**	**202**	**-**	**-**	**59**

Bromford Housing Group Limited and its subsidiaries has indemnified its Board Members, Executive Team, directors and employees for insurance cover no longer provided within its current directors' and officers' liability insurance for the year ending 31 March 2023. The maximum exposure across the group for this indemnity is £10 million and expires on 31 March 2023. This is described in more detail in note 37.

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:

	2022	2021
	£'000	£'000
Bromford Developments Limited	**9,571**	7,249
Bromford Assured Homes Limited	**257**	448
Street Services Limited	**(65)**	(56)
Strand Services Limited	**-**	1
Riverside Mews Limited	**-**	1
	9,763	7,643

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

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
Street Services Limited (100% owned)	3711394	11-Feb-1999	Property management company for BHA	Rental income
Riverside Mews Management Company Limited (75% owned)	2953846	29-Jul-1994	Management company for leasehold schemes in BHA ownership	Management income
Strand Services Limtied(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

35. Related party transactions (continued)

Under section 33 of FRS102 defined benefit pension schemes are considered to be related parties. Bromford is a member of the Bromford and Staffordshire defined benefit schemes. Details of transactions with the schemes are disclosed in note 36.

36. Pension obligations

During the year, the association participated in two defined benefit (DB) schemes, the Staffordshire County Council Pension Scheme (LGPS) and the Bromford DB Scheme (BDBS). Except for BDBS, the schemes are multi-employer DB schemes.

The company also participates in the Bromford defined contribution (DC) scheme to meet its obligations for auto-enrolment.

Further details of pension obligations are given under each scheme below.

Summary of Pension Schemes balances

	At 31 March 2022	At 31 March 2021
	£'000	£'000
Pension asset		
Bromford DB Scheme	11,153	-
Staffordshire (LGPS)	4,894	-
	16,047	-
Provisions for Pensions		
Staffordshire (LGPS)	-	(878)
Bromford DB Scheme	-	(4,043)
	-	**(4,921)**

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 2018 for the Bromford DB Scheme and 30 September 2017 for the Merlin SHPS element. These have been updated to 31 March 2022 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 that came into force following the completion of the first actuarial valuation, with an effective date of 30 September 2018.

Contributions for the year ended 31 March 2022

	£'000
Employee	67
Employer	2,538
Total	**2,605**
Agreed contribution rates for future years:	
Employee	
1/80th DB section	14.5%
1/120th DB section	4.7%
Employer	10%

Principal actuarial assumptions

The following information is based upon the actuarial valuation of the scheme at 30 September 2018 updated to 31 March 2022 by a qualified independent actuary.

Mortality assumptions adopted **Life expectancy at age 65 (Years)**	**At 31 March 2022**	**At 31 March 2021**
Male retiring in 2021 (2019)	21.5	21.6
Female retiring in 2021 (2019)	22.5	23.6
Male retiring in 2039 (2038)	23.5	22.6
Female retiring in 2039 (2038)	24.7	24.8
Other Assumptions **% per annum**		
Discount Rate	2.75%	2.20%
Inflation (RPI)	3.50%	3.15%
Inflation (CPI)	3.10%	2.75%
Salary Growth	3.10%	2.75%
Allowance for revaluation of deferred pensions of RPI (max. 5% p.a.)	3.50%	3.15%
Allowance for pension in payment increases of CPI (max. 5% p.a.)	3.00%	2.70%
Allowance for pension in payment increases of CPI (max. 2.5% p.a.)	2.05%	1.95%
Allowance for pension in payment increases of CPI (max. 3% p.a.)	2.35%	2.20%

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

	At 31 March 2022 £'000	**At 31 March 2021 £'000**
Fair value of fund assets	130,994	123,346
Present value of defined benefit obligation	(119,841)	(127,389)
Pension surplus / (deficit)	**11,153**	**(4,043)**

The fair value of the assets:

	At 31 March 2022 £'000	**At 31 March 2021 £'000**
Growth assets	64,501	56,339
Corporate bonds	8,870	16,908
Liability Driven Investment (LDI) assets	55,712	47,116
Cash	1,911	2,983
Total assets	**130,994**	**123,346**

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 2022:

	£'000
Assets at start of period	123,346
Interest income on assets	2,709
Expenses	(138)
Return on assets excluding interest income	5,356
Employer contributions paid	2,538
Employee contributions	67
Benefits paid	(2,884)
Assets at end of period	**130,994**
Actual return on plan assets 1 April 2021 to 31 March 2022	8,065

Reconciliation of liabilities at 31 March 2022:

	£'000
Liabilities at start of period	127,389
Service cost	2,226
Interest cost	2,796
Employee contributions	67
Remeasurements	(9,753)
Benefits paid	(2,884)
Liabilities at end of period	**119,841**

Analysis of the amount charged to operating costs in the Statement of Comprehensive Income at 31 March 2022:

	£'000
Employer service cost (net of employee contributions)	2,226
Expenses	138
Total operating charge	**2,364**
Analysis of pension finance income / (costs)	
Expected return on pension scheme assets	(2,709)
Interest on pension liabilities	2,796
Amounts debited to financing costs	**87**

Analysis of gains and losses recognised in the Statement of Other Comprehensive Income at 31 March 2022:

	£'000
Actuarial gain on pension scheme assets	5,356
Actuarial gain on pension scheme liabilities	1,656
Gain from changes in assumptions	8,097
Actuarial gains recognised	**15,109**

Movement in surplus/(deficit) during the year:

	£'000
Deficit in scheme at 1 April 2021	(4,043)
Employer service cost	(2,226)
Expenses	(138)
Employer contributions paid	2,538
Net interest/return on assets	(87)
Remeasurements included in other comprehensive income	15,109
Surplus in scheme at 31 March 2022	**11,153**

Staffordshire County Council (SCC)

SCC is a DB scheme, with the assets held in separate funds administered by Staffordshire County Council (SCC) and is closed to future accruals.

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2022.

	At 31 March 2022	**At 31 March 2021**
Rate of increase for pensions in payment / inflation	3.10%	2.95%
Rate of increase in salaries	3.10%	2.95%
Discount rate for scheme liabilities	2.75%	2.20%

The average future life expectancies at age 65 are summarised below:

	Males	**Females**
Current Pensioners (years)	21.5	23.5
Future Pensioners (years)*	22.5	24.7

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

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

	31 March 2022 **£'000**	**31 March 2021** **£'000**
Fair value of fund assets	31,282	28,545
Present value of defined benefit obligation	(26,388)	(29,423)
Pension deficit	**4,894**	**(878)**

Reconciliation of Assets and Liabilities

Reconciliation of assets at 31 March 2022:

	£'000
Assets at start of period	28,545
Return on plan assets	620
Remeasurements	2,806
Employer contributions paid	8
Benefits paid	(697)
Assets at end of period	**31,282**
Actual return on scheme assets 1 April 2021 to 31 March 2022	12.1%

Reconciliation of liabilities at 31 March 2022:

	£'000
Liabilities at start of period	29,423
Interest cost	639
Remeasurements	(2,977)
Benefits paid	(697)
Liabilities at end of period	**26,388**

Analysis of the amount charged to operating costs in the Statement of Comprehensive Income at 31 March 2022:

	£'000
Expected return on pension scheme assets	620
Interest on pension liabilities	(639)
Amounts charged to financing costs	**(19)**

Analysis of gains and losses recognised in the Statement of Other Comprehensive Income at 31 March 2022:

	£'000
Actuarial gains on pension scheme assets	2,806
Experience losses on pension scheme liabilities	(48)
Gains from changes in assumptions	3,025
Actuarial gains recognised	**5,783**

The fair value of the assets:

	31 March 2022 **£'000**	**31 March 2021** **£'000**
Equities	22,210	20,552
Bonds	5,318	5,424
Property	2,503	2,284
Cash	1,251	285
Total fair value of the assets	**31,282**	**28,545**

Movement in surplus/(deficit) during the year:

	£'000
Deficit in scheme at 1 April 2021	(878)
Employer contributions paid	8
Net interest	(19)
Remeasurements	5,783
Scheme asset at 31 March 2022	**4,894**

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 2023.

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; Shannon Way, Ashchurch, Tewkesbury, GL20 8ND.