



## Bromford Housing Group

# Annual Report and Financial Statements for the year ended 31 March 2021

Financial Conduct Authority Registered Society No **29996R**

Regulator of Social Housing No **L4449**



**Bromford.**

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# A snapshot of our business.



**1,759**  
colleagues



**£266m**  
annual turnover

**902**  
homes completed  
in 2020 to 2021



**44,962**  
homes owned  
and managed

around  
**100,000**  
customers





# Highlights of the year.

This year we have focused relentlessly on the safety and wellbeing of customers and colleagues, transformed systems, processes, and services to meet changing expectations, made real inroads on our approach to sustainability, laid the foundations for the homes of the future, and strengthened our financial position.

## Supporting customers to thrive.

We have worked hard throughout this challenging period to adapt our relationship with customers, particularly the vulnerable or those living alone. A strong emphasis on wellbeing and covid secure working practices allowed us to maintain face-to-face operations wherever possible and deliver a strong repairs and maintenance service as well as halving call answering times. We increasingly found new, digital ways to work with customers including through our website, social media, direct email, text messages, and video calls. As a result, the number of customers who would recommend us to a friend has risen by 3% to 85%.



## Rebooting transformation.

A reenergised business-wide transformation programme has delivered tangible results in areas such as finance, payroll, and procurement as well as allowing us to simplify supply chains for engineers and improve the customer experience for people when buying a home. Transformation now has far greater alignment to our five strategic goals as we look to offer customers a better, more consistent view of their landlord whilst giving colleagues the tools, flexibility, and collaborative workspaces to deliver the brilliant services of the future.



## Building better and smarter.

We delivered 902 new homes during the year and laid the foundations to deliver even more by raising our strategic influence and profile. This included the formation of a new subsidiary company, Bromford Housing Group Investments Limited (BHGIL), to look at larger, mixed tenure opportunities and realise our ambitions around joint venture proposals. We started construction on our inaugural modular housing site in Gloucestershire and efforts to secure a specialist modern methods of construction (MMC) partner got underway. In June 2021, trade magazine Inside Housing named us the largest developer of social rented homes in the country.



## Embracing sustainability.

We confirmed our baseline carbon emissions target and by 2030 all existing homes will have a SAP C energy rating. Our new strategic property planning service will recommend a replacement for gas boilers from 2025, while our first 32 electric vans were delivered to engineers with 15% of our fleet expected to be electric by the end of 2021. Shortly after year end, we were delighted to publish our inaugural Sustainable Finance Framework which will underpin and enhance our future sustainability activity. The pandemic accelerated moves to reduce office footprint with colleagues spending less time commuting as a result.



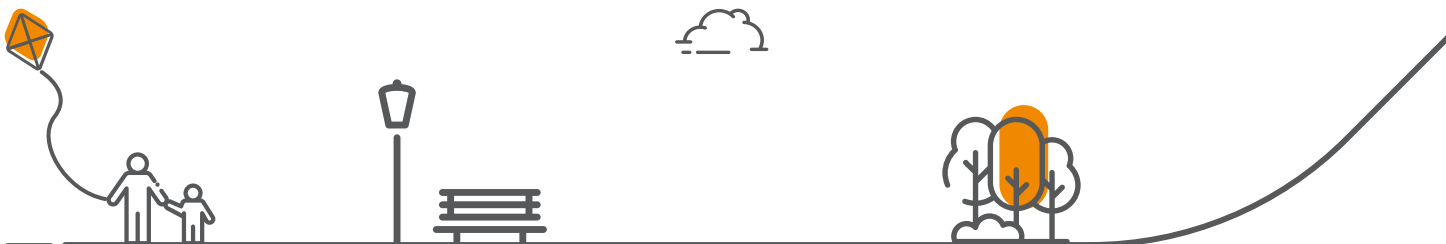
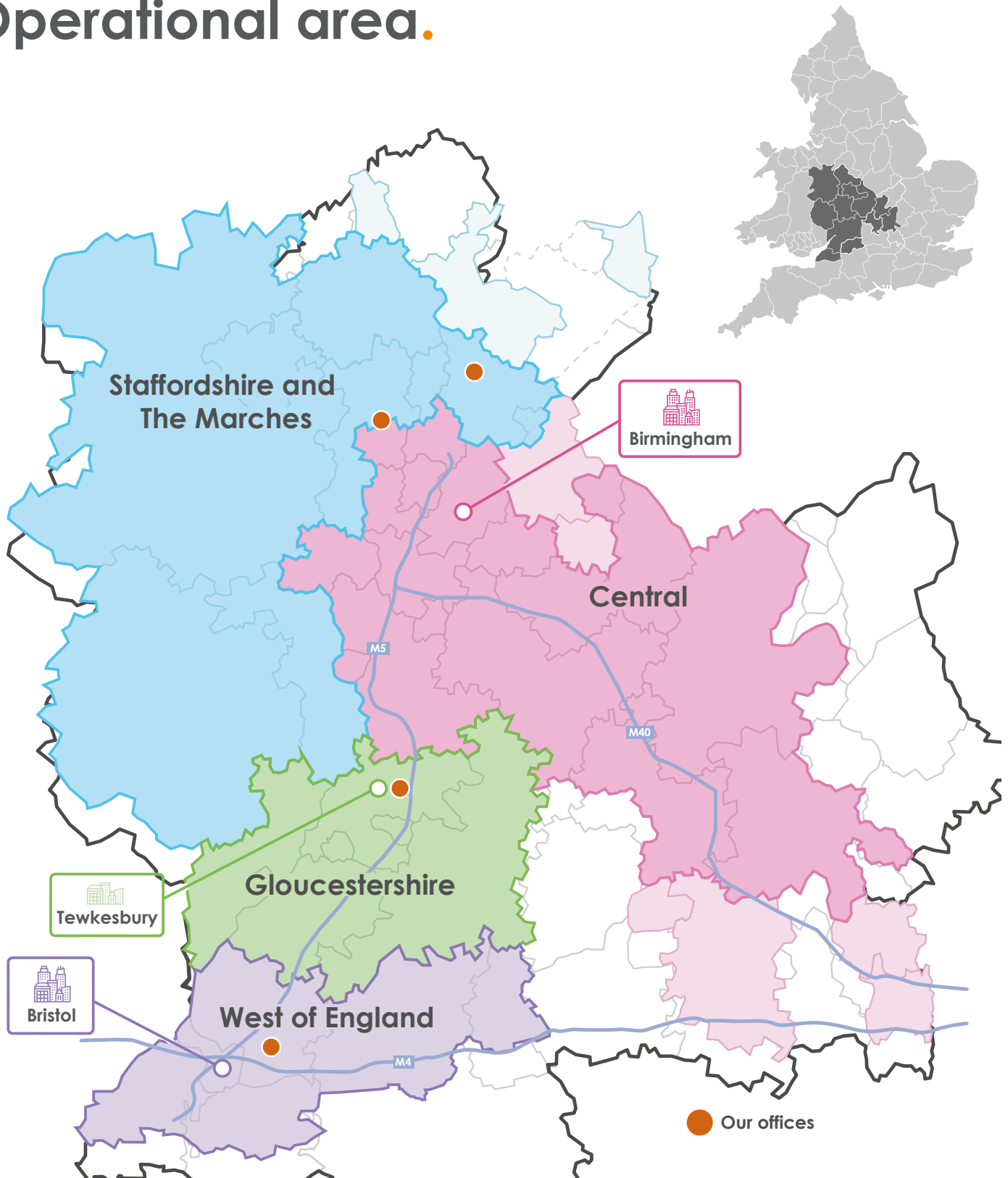
## Platform for growth.

Despite the challenging economic climate, we consolidated our financial strength by ending the year with twice the level of required liquidity with over half a billion pounds in cash and undrawn facilities. We increased our net surplus for the year after tax by £13.7m to £62m and through our latest Sustainability Linked Loan (SLL), were the first in the sector to link our financial performance directly to Environmental, Social and Governance (ESG) targets around the gender pay gap, which currently stands at 5.6%. All of this gives us the platform to meet the challenges that lie ahead and deliver even more for existing and future customers.





# Operational area.





# Report from the **chief** **executive.**

## Staying resolute to our purpose

This year has seen Bromford make significant progress on strengthening our new, more resilient organisation, while demonstrating throughout the Covid-19 pandemic our unwavering commitment to enabling our existing and future customers to thrive.





**My home is my family, a friendly place to live and to make times better.**

**Sallyanne Nedic**  
Wolverhampton

During what was a hugely challenging year for everyone, I'm very pleased to be able to report that our customer advocacy rating increased year on year by over 3% to 85%, whilst at the same time our financial performance improved, with our net surplus for the year after tax increasing by £13.7m to £62m and our social housing operating margin by 3% to 35%. Our primary focus throughout the year was keeping people safe and we consistently ensured our homes complied with all legislation, but we also continued to deliver growth and completed 902 new homes. On top of this, we reached agreement to the sale of our homes in the final three local authority areas to other not for profit housing associations which are not in our future operating areas; enabling us to do more in the communities where we own the greatest number of homes.

#### **Agile approach**

Very early on in the pandemic we provided engineers, neighbourhood coaches, and other frontline colleagues with the covid secure guidance and working practices to deliver as many services as possible in a safe and secure way. We initially focused on critical safety and servicing works and temporarily paused our new homes programme for two months until restrictions were eased. By mid-May 2020, a full service had resumed, and we continued to deliver for the remainder of the calendar year. During January to April we largely reverted back to an emergency and compliance only service. As a result, we ended the financial year with no homes with overdue compliance checks, a small backlog on day to day repairs, and a 20% deferral on our component programme.

Our network of 227 neighbourhood coaches, many of them adjusting quickly to remote working, continued to play a key role in reassuring and strengthening relationships with customers, initially focusing on the vulnerable or those in at risk groups before broadening our approach. The impact on customers has been multifaceted and for older customers living in extra care or sheltered accommodation, colleagues have had to react swiftly and sensitively to the changing government restrictions and offer as much support as possible whilst maintaining our focus on safety. We saw a marginal reduction on rent arrears which remained below 2% at year end. Most pleasingly, though, overall customer advocacy increased by over 3%. All colleagues but particularly our engineers, neighbourhood coaches, and income team worked tirelessly to enable customers to thrive.



## Delivering growth

We completed 902 new homes, including 206 built by Bromford Developments Limited (BDL), our in-house contractor. Our target for the year was 1,300 new homes and this was impacted by both the COVID related shut down and careful re-opening of our direct sites and partner sites. The deferral of our planned programme has been rescheduled largely to the 2021 to 2022 financial year whilst we expect to deliver just shy of 1,300 new homes of all tenures in the same period.

Supporting the publication of the government's social housing white paper in November, we commissioned a further independent assessment of our homes that re-confirmed that we have no significant remedial work to carry out from a cladding perspective. We also asked independent consultants to review our homes from both a 2030 EPC C and 2050 carbon neutral perspective. The results have led to us increasing our capital investment by £18m over the next eight years to achieve the 2030 target. We will be continuing our review of achieving the 2050 target in the new financial year.

Towards the end of this financial year, we were preparing our bid for the next phase of Homes England grant funding as one of their strategic partners; reaffirming our ambitions to play a leading role in the construction of new homes across our area of operation. As part of mounting efforts to address sustainability issues, we were pleased to begin our first modular housing scheme in Gloucestershire and have recently begun the procurement process to find a modern methods of construction (MMC) partner so we can make further progress in this important area.

## A greener future

Shortly after year end, we were delighted to publish our inaugural Sustainable Finance Framework which will underpin and enhance our future sustainability activity. Accredited by S&P Global Ratings, it captures a range of existing and future projects beyond the delivery of affordable housing: from reducing homelessness, to making our vehicle fleet greener, to benefitting from increasing diversity across our geography. The framework will give rise to the future publication of annual investor impact reports, setting out our performance on ESG projects against a set of pre-defined criteria. This, along with the setting up of a new sustainability forum, demonstrates our commitment to addressing environmental matters moving forward. Last year, we delivered the sector's first green loan issuance, and earlier this year we established the first housing loan to generate interest savings as we successfully reduce our gender pay gap.

## Additional liquidity

Over the 12 months we secured £275m of new funding at record low rates, including £200m of bonds and private placements with long dated deferrals which will be drawn over the next 12 months. The result being that we ended the year with over twice the level of required liquidity, with significant headroom continuing. The announcement of our second sustainability linked loan and the first in the sector tied directly to a governance metric around reducing the gender pay gap was further evidence of our growing focus around sustainability. The year also saw us retain our A2 and A+ credit ratings with Moody's and S&P Global and the Regulator of Social Housing reconfirmed our G1 V1 classification.

## Shift to digital

During the year, our business-wide transformation programme was rebooted, and we successfully delivered several major milestones, including a new HR and payroll system, a new external sales portal, moving engineers from three legacy systems to the same way of working, and going live with one new materials supplier for the whole group. The coming year will see a new customer portal launch as we support our customers to move to digital, meeting an increasing expectation to manage their account and tenancy with us online.

## Working collaboratively

The Bromford Strategy 2019-2023 established a clear goal to review all our workspaces. We had completed most of this prior to 2020 to 2021 but we were able to accelerate many of our new flexible and collaborative ways of working, including investing in new devices for field workers and the first tranche of electric vans for engineers. We also pressed ahead with the refurbishment of two of our main office sites whilst reducing our overall office and non office floor space by nearly 60,000 sq ft.

I'd like to finish this year's statement by expressing my enormous gratitude to Bromford colleagues, our contractors, and our key stakeholders for their resilience, flexibility, teamwork, and their unwavering focus on not only keeping people safe but enabling customers to thrive.

**Robert Nettleton,**  
Chief executive

20 July 2021





# The Bromford Strategy 2019-2023.

The Bromford Strategy 2019-2023 is our plan to deliver the things that matter most to our customers and stakeholders over the next five years. Our focus is on achieving goals across five strategic areas of focus, supported by our financial framework, risk appetite, and the DNA which are the central values guiding everything we do. These elements are strengthened by one common purpose, the 'why we get up each morning'. It is this clarity which helps guide day to day decision making, respond to challenging market conditions, and empowers our colleagues to continue making a real difference to the lives of existing and future customers.



## Our purpose.

We invest in homes and relationships so people can thrive.

We provide 45,000 affordable homes for people who can't access market housing and we believe everybody should have somewhere to live that is safe, secure, and warm.

But ultimately, we're a business which is passionate about people, and we know that a home is just the start. With the right relationship and someone who believes in their potential, the possibilities are endless. It's what motivates us to continually improve and do more.

## Our corporate strategy.

The Bromford Strategy 2019-2023 is the key document making sure our overall purpose is made a reality and outlines the specific steps we will take to deliver on these targets. It sets out five areas of strategic importance and the outcomes and goals helping us continually monitor, adapt, and better our progress.

## Our five areas of strategic focus:

- Our relationship with customers
- Homes that enable customers to thrive
- Growing the business to enable even more customers to thrive
- Keeping Bromford future ready
- Enabling colleagues to thrive to create the best team we can

## Our performance.

Now that we are at the midway point since the launch of our corporate strategy, we are pleased to demonstrate the work we are doing and where we are delivering against these objectives as well as highlighting any areas where we need to redouble our efforts.

## Our relationship with customers.

With our move to four localities and the rollout of neighbourhood coaches, we have been able to preempt the spirit of the government's white paper to put customer and stakeholder relationships at the heart of our approach. This has been particularly pertinent throughout the pandemic and has seen our customer advocacy scores increase as coaches and other frontline colleagues kept a visible presence in our communities despite reverting to working digitally at least in part.

From listening to customers we know there is still work to do, particularly around our repairs and maintenance service and fixing issues quickly when they happen. Our new homelessness reduction lead is in post and will bring a fresh emphasis to tackling the root causes and responding to crisis need.

**71.9%**

of customers think we listen and act on their views

Target: 78%

**85.1%**

of customers would recommend us to a friend

Target: 85%

**1.9%**

is our level of rent arrears

Target: 3%

**On track**

- homelessness reduction lead in post and Housing First is live





## Homes that enable customers to thrive.

We want our customers to thrive in a Bromford home and feel safe, secure, and warm which is why we invested £35m in our existing homes over the course of the year despite the disruption caused by Covid-19.

Our engineers worked tirelessly to keep the show on the road. We initially reverted to an emergency repairs service at the height of lockdown and our robust covid secure measures meant that we quickly restored normal services with safety and wellbeing always at the forefront of our minds. We know that when repairs go wrong, it really matters to customers. And we know that with a small backlog, we are not meeting all of our customers expectations. Completing the catch up of repairs, including in those homes where mould and damp became an issue during the second half of 2020-21, will be of primary focus for us during the first six months of 2021 to 2022.

Customers continued to rate our lettings service, although we know that our turnaround times need to be better. We worked constantly to improve the energy efficiency of our existing properties with 99% having a SAP D energy rating or above, which is delivering real savings to customers. Through transformation we created a new strategic property planning team to produce a 15 year property plan. This will ensure we have the right homes in the right places and that we maximise our return on investment for new and existing homes.

**87.5%**  
of customers would recommend our repairs service  
Target: 85%

**93.5%** rate our lettings standard  
Target: 92%

**558**  
homes increased to SAP C rating or above  
Target: 375 homes

**83.8%**  
of homes at SAP C energy rating  
Target: 83%

**14,005**  
planned improvements completed in the year  
Target: 14,578

**88.9%** of repairs fixed in one visit  
Target: 87%



## Growing the business to enable more customers to thrive.

The need for good quality, affordable, energy efficient homes is as great as ever and despite having to close construction sites during the first wave of the pandemic, we still delivered 902 homes during the year. This was, in part, thanks to the strength of relationships we have with our developer partners and our supply chain. On sites where we build the homes through our construction team, we implemented robust covid secure measures which have kept our colleagues and subcontractors safe. Sales performance remained strong, and we exceeded our revised targets for the year also helping us to significantly reduce stock levels.

We invested in our land team and were successful in buying more land than we have in any previous year. This has given us a solid forward pipeline and will enable us to continue to increase the number of new homes we will build in subsequent financial years. We've been able to strengthen key partnerships and develop new ones such as securing a position on the housing delivery board at the West of England Combined Authority (WECA) which will see us support the delivery of larger-scale development opportunities. We remain one of 23 Homes England strategic partners which supports the delivery of our affordable homes grant funded programme and we have bid for the opportunity to extend this. During the year, we approved our first modular housing site in Gloucestershire and are now procuring a new modern methods of construction (MMC) partner to help us expand this programme as we explore more environmentally friendly methods of construction.

**860**  
affordable homes delivered throughout the year  
Target: 964

**42%**  
sales completions within one month  
Target: 50%

**Progressing**  
first MMC scheme approved and tender for partners underway  
Target: 3 schemes on site

## Keeping Bromford future ready.

The pace of change and the growing role of online communication over the last 12 months reaffirmed our belief that our business-wide transformation programme will enable the kind of services customers increasingly expect. After pausing and reinvigorating our approach, we launched the sales area of our Finding a Home portal and are gearing up for some major improvements to the customer experience in the coming months, including a new customer portal allowing customers to flexibly manage their tenancy at the click of a button.

Our goal moving forward is to create brilliant, agile workspaces as well as reducing our carbon footprint continued at pace, with two of our main offices undergoing major refurbishment which enabled us to streamline our office space moving forward. Engineers piloted and chose new devices, while a new Bromford coffee card gave frontline colleagues greater choice and flexibility when out in our communities. We also simplified our supply chains by closing service delivery centres and created a new partnership with Travis Perkins, whilst taking delivery of our first 32 electric vans with more on order as we really look at transforming Bromford for the future and playing our part in tackling climate change.

**50%** of transformation targets on track

Target: 73%

**£3.5m**

cashable savings through transformation

Target: £3.4m

Improving all colleague workspaces from a smaller footprint

**60,000 sq/m reduced**

Target: >40,000sq/ft

## Enabling colleagues to thrive.

Our teams have adapted brilliantly to the changing environment throughout the pandemic, ensuring that our purpose and DNA are at the heart of decision-making. Colleagues continued to deliver essential services to customers, and from the outset we placed a real focus on colleague wellbeing. We were pleased to see an increase of 3% up to 68% of colleagues saying that they feel Bromford is a great place to work.

We have continued reorganising parts of the business to create high performing teams which are better aligned to the delivery of the strategy. We have seen an increase to 72% from 71% in our trust outcome, as measured in our engagement survey, but we aspire to show greater trust in senior leaders. In response we've established a new Leadership 50 cohort to improve collaborative working, empowerment, and confidence in our leadership capability right across the business.

**68%** of colleagues agreed that Bromford is a 'Great Place to Work'

Target: 70%

Voluntary turnover of **7.19%**

Target: 15%

**8.3** average number of days off sick

Target: 6.5





# Bringing the **DNA** to life.

The Bromford DNA (DNA) runs to the core of our business and represents who we are, what we do, and the way that we do it. It is perhaps no surprise, therefore, that we have really seen these values shine, as colleagues in all roles adapted to life during a pandemic.





We built on our employer brand to deliver a more consistent colleague experience and launched a set of core competencies, tied into our values, to strengthen culture among colleagues. This meant we could attract new talent to work for us and, alongside a reorganisation of parts of the business, better achieve the goals in the Bromford Strategy by creating high performing teams. We launched a leadership development programme, mindset training, 360 degree leader reviews, and established a new Leadership 50 group, all of which is developing our leaders of the future and increasing the resilience of colleagues.

Wellbeing was an increasing priority. Projects like the provision of mental health first aiders, financial awareness workshops, our colleague assistance

programme and regular, transparent, updates from leadership helped to cement our culture around the DNA. Other projects such as thank you cards, festive doorstep boxes, wellbeing days, fundraising for Trussell Trust foodbanks, and online yoga complimented wider business engagement such as our annual colleague awards programme which entered its second year.

We established a new colleague Equality, Diversity, and Inclusion group to strengthen our commitment to ensuring we truly represent our diverse communities. This provided a safe space to explore aspects which are working well and areas where we need to improve. Colleague and customer listening workshops attracted great interest and we are

now working with an external partner to capitalise on this important work through a full business audit.

Funding deals were also influenced by the DNA as we announced the first sustainability linked loan in the housing sector which is tied directly to a governance metric around reducing the gender pay gap. Despite the clear challenges of Covid-19, our relationship with customers improved as colleagues worked tirelessly to deliver brilliant services. We know more improvement is needed, especially to our repairs and maintenance service, and living the DNA will drive forward this important work.



## 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

# Group financial performance.

This year the business has proved resilient to the challenges of the Covid-19 pandemic and the national response to it. Our focus throughout the year has rightly been on the safety of our colleagues and customers and we have shown great agility in our response to an unprecedented operating environment.



Against this backdrop we present a solid set of results that has seen the group post revenues of £266m (2020: £271m) with an overall operating surplus margin of 37% (2020: 36%) and social housing operating surplus margin of 35% (2020: 32%). Net surplus after tax has increased from £48m to £62m.

We took the final step on our consolidation of our core geographies through the disposal of our homes in Oxfordshire, Chiltern and South Buckinghamshire. Meanwhile, we continued to invest in new homes

delivering 902 across the year despite our construction sites being shut for a period of time during the first national lockdown.

Our financial track record is underpinned by the retention of our A2 and A+ credit ratings through Moody's and S&P Global Ratings as well as our ability to raise funding predominately through the capital markets.

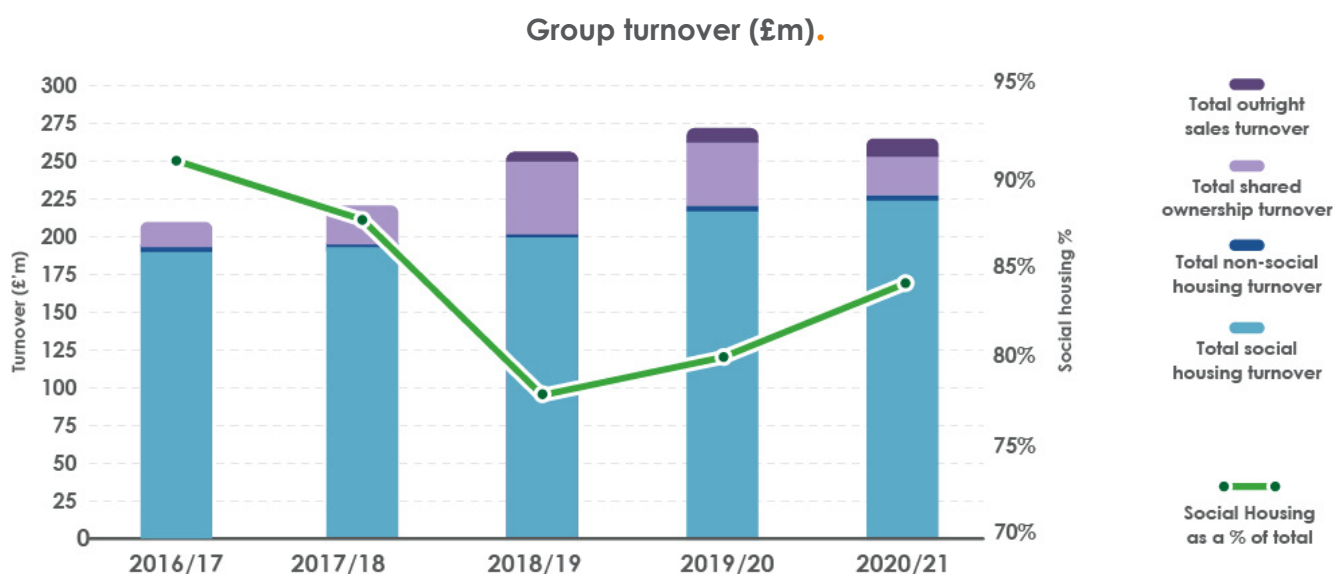
Our total debt facility is over £1.6bn of which £338m remains undrawn in addition to cash balances of over

£169m; giving the business the platform to continue to invest in line with our strategy.

Our priority remains to build affordable rented homes although, as part of a balanced programme, we are delivering schemes of mixed tenure, including shared ownership and outright sale, to generate a vibrant environment for customers, to provide profit to reinvest in social housing and to meet market demand.

## Turnover including sales.

Group turnover decreased slightly to £266m (2020: £271m). Social housing lettings remain the core of Bromford's business and contributed 82% of turnover during the year (2020: 78%).

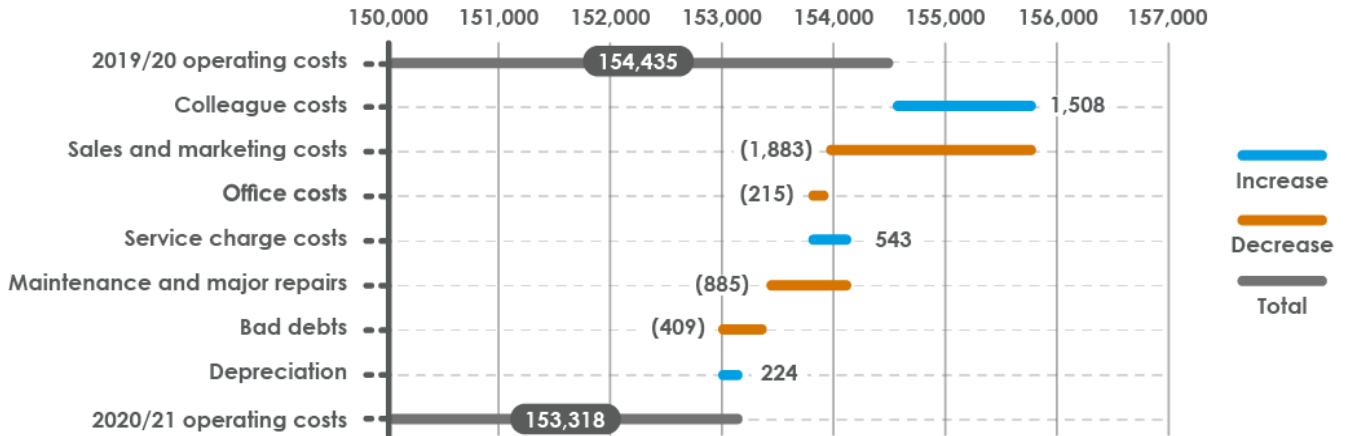


Sales revenues performed well when given the challenges particularly in the first three months of the pandemic. Shared ownership sales income for the year was £27m (2020: £42m). We sold 259 shared ownership homes, at an equivalent 100% average sales value of £240k (2020: 401 homes, 100% value of £251k). The average first tranche share sold increased to 43% (2020: 41%).

The £12m revenue associated with outright sales (2020: £8m) continues Bromford's modest outright sales programme to complement our social housing offering.

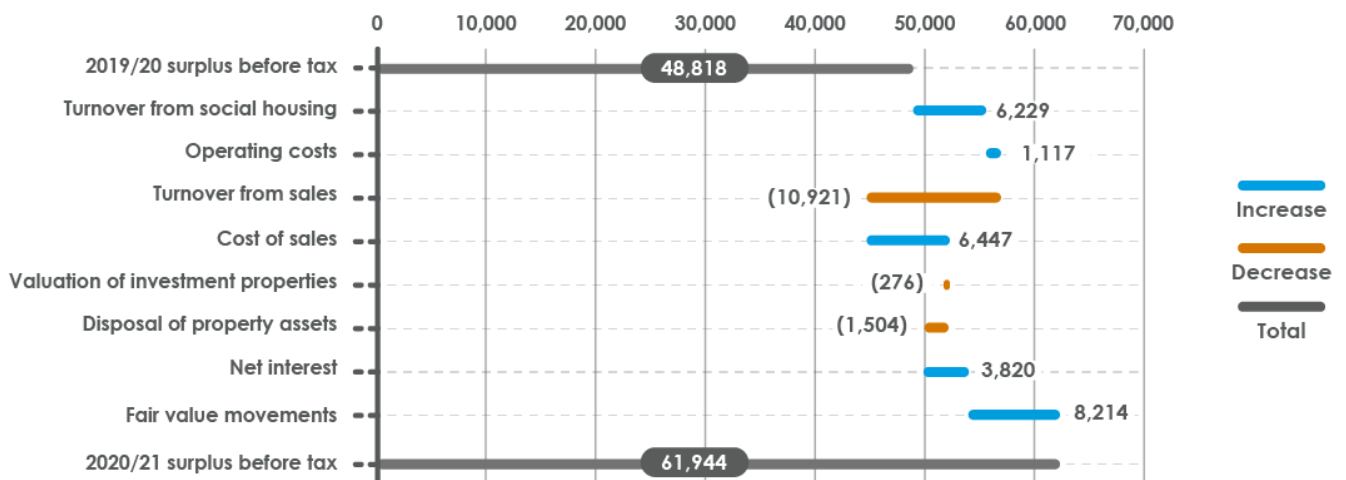
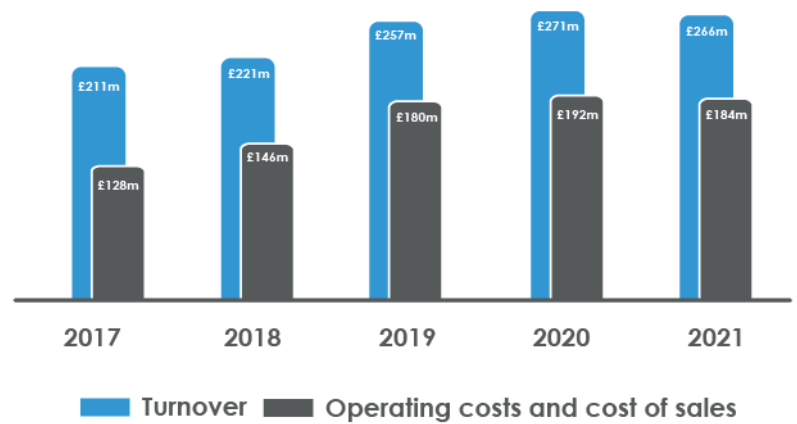
## Costs.

Operating costs have reduced by 1% to £153m (2020: £154m). The reduction is as a result of various movements across our cost base, the key movement is a re-allocation of £1.9m of sales and marketing costs from operating costs into cost of sales which are better reported in that category. Without this re-allocation, operating costs would have been £155m. A £1m increase year on year demonstrating a good control of the cost base. The underlying cost base is impacted by colleague pay rises, general inflation and the impact of Covid-19.



## Operating margins and surplus.

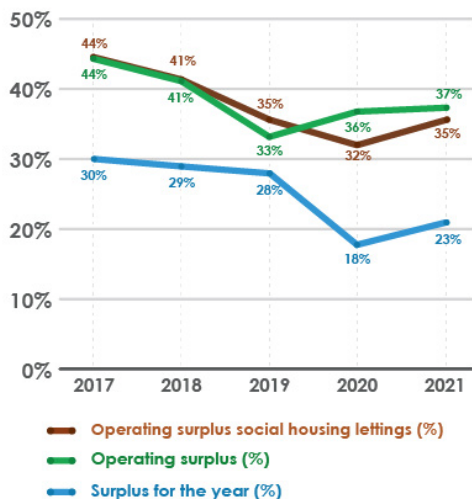
The surplus before taxation of £62m is another strong financial performance for Bromford (2020: £49m). Operating surpluses, including sale of fixed assets, were £99m (2020: £97m) with an operating margin including asset sales of 37% (2020: 36%).





The operating margin on social housing lettings was 35% (2020: 32%). The increase relates to the first year of rent increase following the governments five year rent reduction policy, while we continue to improve the costs base while maintaining our investment in our transformation programme.

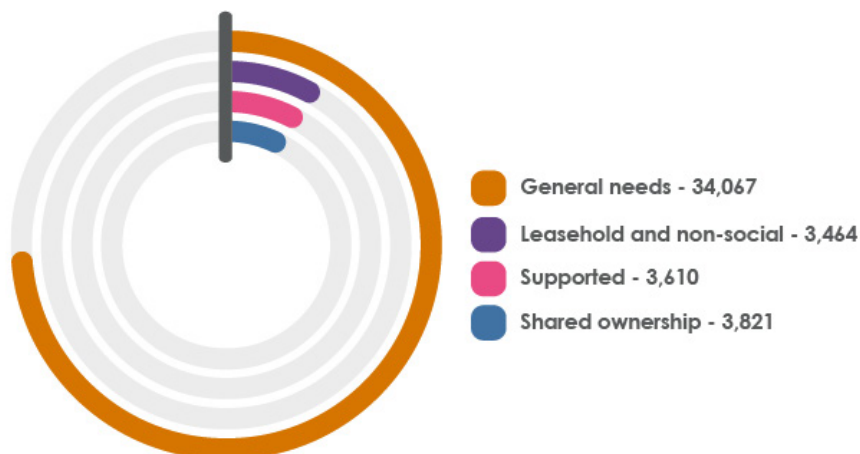
### Turnover, operating costs and operating margin



The number of units owned and managed at the year end increased to 44,962, 902 due to property development activity offset by disposals. The table below shows the movement throughout the year.

	31/03/2020	Development	Disposals	Retain FH & LH	Other	31/03/2021
General needs	33,779	650	(245)	-	(117)	34,067
Supported housing	3,712	-	(32)	-	(70)	3,610
Shared ownership	3,755	210	(103)	-	(41)	3,821
Leasehold and non social	3,234	42	(121)	66	243	3,464
<b>Total</b>	<b>44,480</b>	<b>902</b>	<b>(501)</b>	<b>66</b>	<b>15</b>	<b>44,962</b>

### Units owned and managed.



## Disposals.

Overall profit on disposals decreased slightly to £16m (2020: £17m). There were two significant disposal activities during the year as, in line with our Bromford Strategy, we continue to withdraw from non-core geographies. These generated £27m in proceeds and a net profit of £9m (2020: £6m).

In addition, we continued to receive receipts for right to buy and right to acquire sales that generated £1m (2020: £7m) of disposal profit. The year on year reduction was due to the end of the voluntary right to buy scheme. Staircasing activity generated profits of £4m (2020: £4m) in line with the previous year.

## Investment in our homes.

In 2020 to 2021 we invested £35m (2020: £39m) in major repair and refurbishment programmes and £112m (2020: £152m) in new homes. This level of investment continues to reflect our desire to invest in existing and new homes helping our customers to thrive.

## Sales exposure.

We have significantly decreased the number of homes awaiting sales steadily throughout the year and unsold shared ownership homes was 19 at March 2021 (2020: 55).

We had 26 (2020: 40) completed homes for outright sale unsold at the year end with a value of £4m (2020 : £6m).

The detail of stock and work in progress is shown in note 17. Stock and work in progress at the end of March 2021 was £49m (2020: £51m). During the year we secured 573 plots for new development, including planning permission secured on 343 plots.

An impairment review was carried out which found that none of our property assets were impaired.

## Pension provisions and liabilities.

During the year, the group participated in two multi-employer defined benefit schemes, the Staffordshire County Council pension scheme (LGPS) and the Avon pension fund (LGPS). The

group also operates the Bromford Defined Benefit pension scheme administered by The Pensions Trust. Further details in regard to these three schemes can be found in note 36 on pages 112 to 119.

The pension liabilities on the balance sheet reflect the engagement with these schemes as set out in note 36.

Bromford Housing Group also participates in the Social Housing Pension Scheme's Defined Contribution scheme and Royal London Defined Contribution scheme to meet its obligations for auto-enrolment.

## Corporation Tax.

We continue the policy of gift aiding taxable surpluses from non-charitable group members to charitable group members. The corporation tax credit for the year is £209k (2020: £274k (charge)) as set out in note 10.





**The work that we do as a team can make such a difference to the lives of our customers.**

**Natalie Mann**  
Kitchen and bathroom manager

## Key effects of material estimates and judgements within these financial statements.

- we have accounted for depreciation of assets on a straight-line basis. The depreciation basis is reviewed regularly for each class of asset, and no changes were required
- the majority of our debt financial instruments are classified as basic. We do, however, have seven standalone interest rate swaps which have been categorised as non-basic and these have been measured at fair value within these financial statements
- pension asset/liabilities are based upon third party actuarial valuations

Further details of key estimations can be found within our accounting policies on pages 82 to 83.

## Treasury.

Against the backdrop of the Covid-19 pandemic, the withdrawal of the United Kingdom from the European Union, and an increased investor focus on ESG linked finance, the 2020 to 2021 financial year presented us with a number of new challenges and opportunities in the funding markets.

Having already established our sector leading dual credit rating platform, and our position as a repeat issuer on the capital markets in the UK and overseas, we were able to leverage these new opportunities to publish our inaugural Sustainable Finance Framework shortly after year end. As well as that, we also completed our second Sustainability Linked Loan (SLL), and issued a further £200m of additional deferred funding at record low rates.

We entered the year with strong levels of liquidity but an ongoing requirement for significant volumes of future funding to support our development aspirations over the coming years. We continued to proactively monitor the market and in

view of the prevailing, historically low gilt yield curve we identified opportunities to deliver deferred funding at record low coupons; de-risking and providing certainty for future funding whilst aligning drawings and associated interest costs to match our future liquidity requirements. In May 2020, we executed a new £100m private placement deferred for 12 months. The funding was successfully drawn in May 2021 and features a broad amortising repayment curve over 20 years to 2062 to avoid creating a significant wall of refinancing and set the tone for future issuances.

Our proactive approach to the funding markets was demonstrated again in July 2020, as we tapped our 2056 bond to generate a further £100m of deferred funding. This deal creates another record low long dated coupon and carries an 18 month deferral to provide certainty of future funding to meet our development ambitions into early 2022.

Our capital markets activity was augmented by the successful restructuring and extension of our revolving credit facilities (RCFs). Following the successful launch of



our first SLL in 2020, we issued our second SLL with a new five year £75m facility with SMBC Bank International plc (SMBC) in December 2020. The loan is our first with an overseas funder and expanded our undrawn facilities to four significant lenders and reduced the existing counter party exposure levels on our credit lines. We are particularly proud of this facility which generated interest savings as we reduced our gender pay gap, and placed appropriate and important focus on our broader diversity and inclusion work. It is the first SLL in the sector to link to governance principles and remains the first and only loan to successfully link to performance against gender pay.

Having completed the first green loan and the first governance linked loan in the sector, we are delighted to close the year with the publication of our inaugural Sustainable Finance Framework which will underpin and

enhance our future treasury activity. Our framework, which has been accredited by S&P Global Ratings, captures a range of existing and future projects beyond the delivery of affordable housing: from reducing homelessness to making our fleet more environmentally friendly. Our framework is fully aligned to the sustainability bond guidelines and green loan principles and will drive the issue of our first sustainable bonds when we next return to the capital markets. The framework will also give rise to the future publication of annual investor impact reports which will set out our performance on our ESG projects against a set of pre-defined criteria. It can now be viewed on the investor relations section of the Bromford website.

In December 2020 we delivered a three year £3m loan to Gloucestershire Rural Homes Association. It was offered on market

terms, fully secured, and with a full funder covenant package which is monitored monthly.

We have developed our loan book and expanded our debt portfolio whilst maintaining our sector leading credit ratings at A+ (S&P) and A2 (Moody's). Our shadow credit rating analysis continues to affirm maintenance of our baseline ratings across a number of new future scenarios, including projected additional costs to meet the requirements of net zero carbon.

We conclude the 2020 to 2021 financial year with very healthy levels of liquidity, over £500m in cash and undrawn facilities, and a further £200m in deferred funding already agreed. Our liquidity and the general health of our key financial metrics position us well to deliver our strategy, meet our new homes targets, and respond to new challenges as we emerge from the Covid-19 pandemic.

## Capital structure, treasury and cashflow.

The following table highlights our position:

	As at 31 March 2021	As at 31 March 2020
<b>Drawn facilities (nominal value)</b>	£1,203m	£1,180m
<b>Undrawn facilities</b>	£338m	£385m
<b>Deferred Funding Secured</b>	£200m	£50m
<b>Cash and Cash Equivalents</b>	£169m	£168m
<b>Fixed rate borrowing (drawn)</b>	97%	97%
<b>Weighted average cost of borrowing</b>	3.96%	3.96%
<b>Interest Cover Covenant</b>	2.9 times	3.1 times
<b>Asset gearing (lender covenant calculation)</b>	38%	40%

## Cash and short-term liquidity.

The group holds significant cash funds after completing several capital market issuances over the past three years. The investment strategy is defensive, with safety and access to cash driving decision making rather than projected rates of return. In previous years, the majority of these cash proceeds remain invested in multi tenor but short term sovereign treasury bills at terms ranging from four weeks to six months in amounts to meet the near term funding requirements of the business. However, with the emergence of sovereign treasury bills at negative rates of return at the height of the Covid-19 pandemic, we pro-actively divested our funds and they are now exclusively held across a number of cash deposit accounts. Any cash deposits with institutional counter parties must meet minimum counterparty credit ratings and deposit values must not exceed £50m for institutions with credit ratings of at least A1/A+/A+ or £25m for institutions with credit ratings at least A3/A-/A-.

Amidst the pandemic induced market uncertainty, and greater levels of uncertainty surrounding our daily operations, we also enhanced our short term liquidity treasury management policy to hold a minimum of three months required cashflow as immediately available funds at all times. This broadly equates to £50m (c.f. the previous policy which only required £10m) and ensures day-to-day operational cashflow continues to be funded without undertaking undue risk. Credit lines were also successfully diversified to four funders with the introduction of the new £75m facility with SMBC.

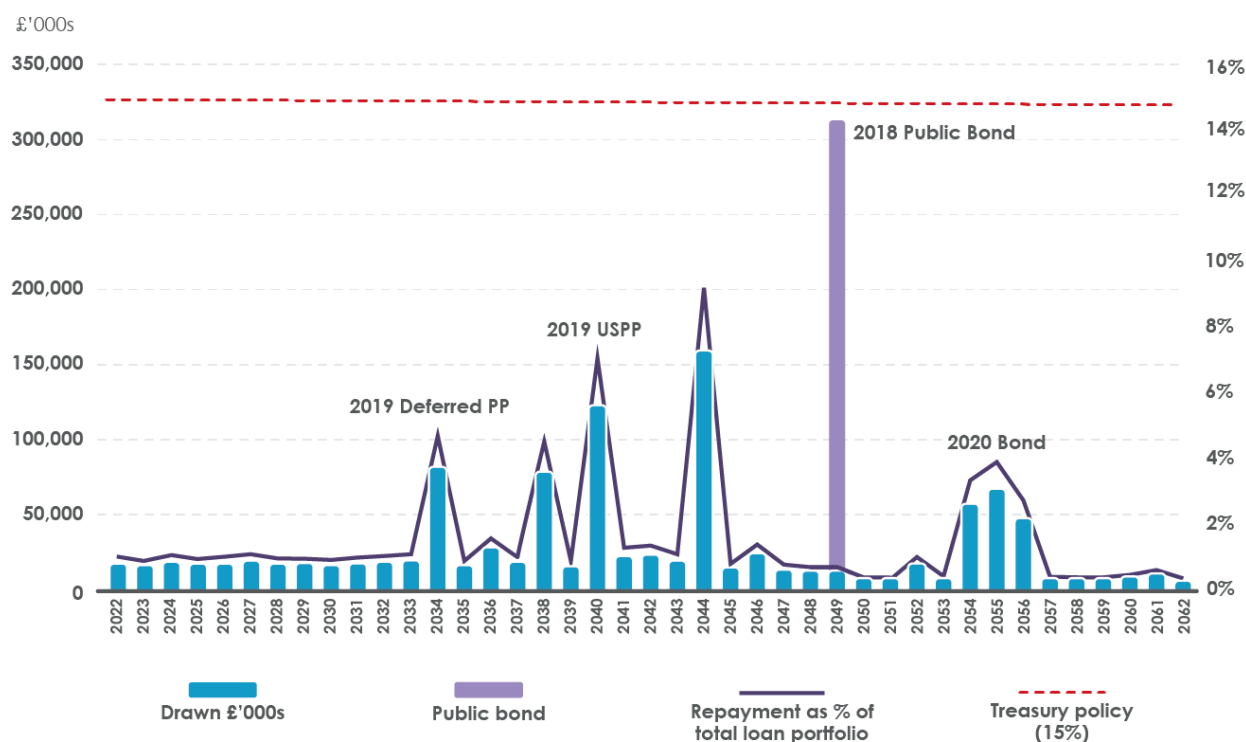
## Long term liquidity and funding.

Long term liquidity remains a key focus and our treasury management policies set out a prudent requirement, needing 18 months of all operational and development cashflows (including uncommitted spend) net of 20% of sales slippage, plus a contingency buffer of £25m.

The total facilities (drawn and undrawn) at the year end were £1,541m. We ended the year with total available funds of £507m, comprising of £169m of cash and £338m of undrawn facilities (all fully secured). This is more than double the long-term liquidity level required (£226m) and is further complemented by £200m of additional deferred funding already agreed and to be drawn in 2021 and 2022, which allows us to pursue our development plans with the certainty of future funding. Refer to board compliance statements for the board's assessment of going concern.

## Refinancing risk.

We have completed eight capital market issuances over the past three years and expect to be a regular, repeat issuer as we continue to seek new long dated funding to fund our growth and development ambitions. In our treasury management policies, we purposefully monitor our repayment curve to ensure that new debt issuances provide a range of tenors and amortising repayment curves to avoid a significant wall of refinancing in any given single year or continuous five year period. This is demonstrated in the graph below which illustrates the repayment profiles associated with recent new deferred funding staggered across the years 2043 to 2062 (£100m May 2020 deferred private placement), and the years 2055 to 2056 (£90m bond tap in July 2020). These compliment the peaks associated with previous new funding activity staggered across 2034 (£50m 2019 deferred private placement), 2040 (£100m 2019 USPP), 2049 (£300m 2018 public bond) and 2054 (£50m 2020 listed bond).



## Interest rate management.

We use fixed rate borrowings to manage our exposure to increases in interest rates and 97% of our drawn borrowings are at fixed rates (2019 to 2020: 97%). In a low interest rate environment, it is clearly advantageous to leverage the prevailing low interest rates offered in the longer term, and our high level of fixed rate debt reflects this. The majority of the fixed debt is established through vanilla embedded fixes.

The average cost of borrowing has been reducing over recent years, which reflects the historically low rates achieved on our recent capital market issuances, which have closed at coupons of 2.23% to 3.125%, and the settlement of expensive legacy loans.

The new funding secured during the 2020 to 2021 financial year is not drawn until the subsequent financial year. No other refinancings of drawn debt have taken place in the year. The average cost of borrowing therefore remains in line with the previous year end at 3.96% but is expected to reduce further next year as we draw down the deferred funding and benefit from the associated record low coupons.

## Covenants.

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

## Ratings.

In November 2020, Moody's reaffirmed our credit rating at A2 (stable), highlighting our key strengths around our stabilised operating margins, ample liquidity and borrowing capacity, strong market position, and our continued focus on core business.

These strengths, particularly on liquidity and securing funding well in advance of development delivery, were also highlighted by S&P Global Ratings as they reaffirmed our A+ rating in January 2022. The revised outlook from stable to negative only reflected the additional capex now in our business plan to accommodate energy efficiency and carbon neutrality target, the substantive nature of which we continue to see as a positive base line as we commit to a net zero carbon future.

Our dual credit rating platform remains one of the highest in the sector and continues to be preserved in a number of new and adverse future scenarios.



Everyone knows me through my art. They always see me outside painting. Oh Jeff that's the painter. Jeff what you making today?

Geoffrey Campbell  
Wolverhampton





# Value for money.



Bromford is committed to demonstrating and improving value for money (“VFM”) as an integral part of our corporate strategy 2019-2023. It remains at the centre of our plan to invest, grow and transform. In setting the strategy, the board has the responsibility to ensure that VFM is embedded in the governance arrangements of the group via the committee structure. This includes reviews of an annual budget, monthly reforecasts, an annual 30 year business plan and business cases all reviewed by the appropriate delegated authority structure but including operational teams, the executive team and by board. Specifically, the Treasury Committee ensure good financial practice in matters of external financing. One of the great advantages housing associations have is that we can use our financial strength to take a long-term view, to do what is best for our our customers, homes, and communities.

Over the last couple of years, we have merged three organisations into one to create further capacity via cost reduction without compromising services to customers; leveraging scale with key suppliers covering services and goods to financial lenders; being able to recruit additional suitable specialist colleagues; and to leverage the asset base in terms of financial

capacity. We are a significantly different business as a result. This is not to say that the benefits of this strategic initiative have all been delivered because we know there is more to do, and this is subject to the full implementation of the Microsoft Dynamics Enterprise Resource Planning (“ERP”) system as noted below. This remains an area of ongoing focus. Our objective is to create capacity to invest in existing homes, grow housing supply and have a major voice in the region within which we operate to be able to influence key stakeholders in regard to our corporate objectives.

Following the initial integration post mergers, the business is in the process of implementing an ERP system to replace the legacy inherited core systems, which are not fit for a 21st century mode of operating. This is about keeping Bromford future ready and underpins our four VFM strategic objectives noted below. This strategic investment will create the platform that transforms how the business operates, making it a more efficient and effective operation and therefore enabling greater long-term VFM. It will also create a 21st century technology platform, placing Bromford as one of the technology leaders in the sector.

This will place Bromford in an enviable

position, allowing us to consider further merger opportunities as associations in the sector come to terms with strategic implications noted below which require material investment and are of operational complexity in nature. These issues can be broadly defined as the tragic consequences of Grenfell with the resulting Fire Safety Bill and the government’s decarbonisation initiatives. This includes no new fossil polluting heating systems post 2025. Existing homes will have to be retrofitted with improved energy efficient technologies to help tackle fuel poverty and achieve a net zero carbon effect by 2050. Our 30 year business plan and our financial framework of golden rules (levels that are more conservative than actual lender borrowing requirements) demonstrates that Bromford is more than capable of dealing with these new initiatives, even if this is a move away from scale development of new housing supply.



Our VFM strategic objectives are centred around four themes, which align to areas of strategic focus in the Bromford Strategy 2019-2023:

#### Our relationship with customers.

Implementing a service culture that delivers and drives value, ease and reliability for minimum customer effort, enabling us to continue to invest in our neighbourhood coaching model.

#### Homes that enable customers to thrive.

To continuously innovate so as to create efficient, quality and responsive operations that deliver optimal value for customers.

#### Enabling our colleagues to thrive.

Investing in our people to realise their full potential to become the best team we can.

#### Growing the business to enable customers to thrive.

We will build financial flexibility and strength to maximise our capacity to deliver services to customers, maintain their existing homes, develop new homes supply and manage risk effectively. As we see new risks emerging, we understand the need in developing a new capacity model that ensures we can sustain our investment and growth ambition while operating within set levels of financial risk appetite and linking them directly to financial metrics which are widely communicated, understood and effective in driving decision making.

## Bromford's financial framework.

The financial framework is a key part of our strategy and performance against it is reviewed monthly. In setting out aspirational targets as well as minimum hurdle rates, it gives a focus to what the organisation is seeking to achieve over the coming years. It is this aspiration upon which the organisation is aligned and drives the behaviours across the business to ensure we always provide the best possible service to our customers at the most economically advantageous price.

Description	Aspiration	Golden rule	2019 to 2020 actual	2020 to 2021 target	2020 to 2021 actual	2021 to 2022 target
Overall operating Margin*	> 38.0%	>25.0%	30%	31%	31%	32%
Social Housing Operating Margin	> 45.0%	>30.0%	32%	36%	35%	37%
Interest Cover (EBITDA-MRI/Net Interest)	> 2.1	>1.5	1.7	1.9	1.9	1.8
Asset Gearing	< 45%	<50%	40%	40%	39%	37%
Net Debt Per Unit (£)	<£36k	<£37k	£24k	£25k	£24k	£26k
Headroom above Liquidity Policy	-	>£100m	£223m	>£250m	£731m	£671m
Level of stock and WIP (Land, SO and ORS)	-	<£150m	£50m	> £90m	£48m	<£45m
Sales	< 28%	<30%	18%	19%	14%	16%

\* excludes gain on disposal of property assets

## Our relationship with customers.

Through our customer service transformation created by the ERP implementation plan, we are making it easier for our colleagues and customers to engage and transact with us by embedding customer-focused systems and behaviour to make real our customer promise.

In making it easier to deal with us, we will be delivering online services to self-service, any time, any place on any device. We will launch a new website and start delivering online transaction services including web chat, help and advice, and improved payments online. We will consolidate the multiple customer contact systems we operate into one, making the work of the customer contact centre more efficient. We will also provide transparent cost information to all our customers by reviewing our approach to service charges and sinking funds and deliver best practice in how we charge for services.

The benefits that have been identified as arising from the project are forecast to be key drivers of our forecast improvement in social housing operating margin. By 2024 we are targeting annualised savings of circa £10m per annum of which £6m is in the financial year 2021 to 2022. Our social housing operating margin target for 2021 to 2022 is 37%.



## Homes that enable customers to thrive.

Our homes are well designed, well built, well managed and well maintained. We take a customer-focused approach and ensure there are appropriate investment plans in place for all homes and ensure they are of a standard we can all be proud of. 83.8% of our homes already achieve an EPC rating of C. A further £18m is included in the 30 year business plan to bring the remaining homes up to standard by 2030.

Our repairs service is clearly visible as a brand across the regions we operate in. We are introducing an all-electric fleet, which will lower costs and improve our carbon footprint. To enhance this, we have closed our distribution centres which were used to procure and hold stock for maintenance and repair activity. This has been replaced by a click and collect and supplier delivery model, supported by a major building supplies retailer. Again, this has lowered the cost base of the business with the removal of an asset base allowing the capital to be more positively deployed within the business, removes stock control issues, gains sole supplier benefits in terms of pricing, minimises management thereof and lowers the carbon footprint. In addition, the investment in a Purchase To Pay systems ("P2P") allows on site operative colleagues to purchase goods, book receipt of goods and finally to automatically match to invoice the goods they acquire through to payment. This is a great example of the multi-faceted impact measured in total VFM terms.

We are developing and enhancing a key supplier strategy as part of the overall approach to procurement. The objective is to achieve a sustainable improvement in our supply chain by creating, managing and supporting relationships with key suppliers to value engineer areas of unnecessary cost and improving the design of our products and services. These are supplemented by continuous improvement activities which identify often small-step incremental value-added improvements.

Work is underway on unifying aspects of the development and operational procurement to enable products to be selected at the build stage that will support more cost effective ongoing long-term maintenance. This might increase the cost of development in the short-term but will lower overall cost of the long-term asset management and enhance customer experience and satisfaction.

We have recently set up a strategic property planning (SPP) service area which is developing the long-term plan for the investment in our existing and new homes. A key outcome in the plan will be to ensure we maximise our returns through effective investment planning and asset management. Our plan will also enable us to balance the investment we make in our existing and new homes.



## Growing the business model to enable customers to thrive.

As a housing association, we invest all the money we make into the long-term maintenance of our existing homes with any long-term surplus and borrowing capacity deployed into building new homes. The former is always our first priority but we are clear that the provision of new homes is also a key part of our strategy. We will focus on delivering affordable homes as that forms part of our core business. We will deliver homes for outright sale that generate profit to support this and to ensure we build mixed and sustainable communities. The profit we make from building homes for sale will be reinvested to enable us to maximise the number of affordable homes we can deliver. To enable customers to thrive, where we are able, we will seek to prioritise the construction of homes for social rent, and we are pleased to report that we built more social rent homes than any other social housing association in the UK in 2020 to 2021.

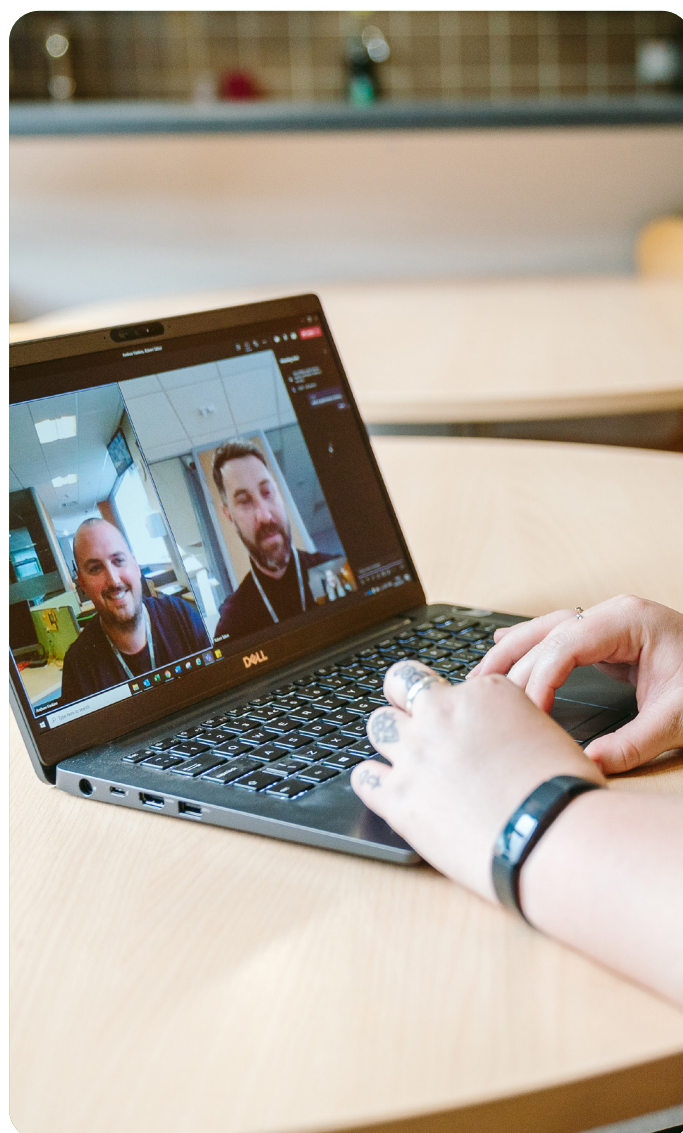
Sustainable growth is also dependent on seeking new funding opportunities and diversifying funding to support the capacity model and articulated within the funding strategy. Moody's credit rating for the business is A2 and S&P Global Ratings is A+, both assessments issued in 2020 to 2021 financial year. the financial year 2021 to 2022. Our social housing operating margin target for 2021 to 2022 is 37%.

## Enabling colleagues to thrive.

Bromford is committed to its reward program of Profit Related Pay ("PRP"). Linking reward to improving our customers experience is a key strand of VFM and ensures we remain focused on social housing returns and is a key component of the PRP reward package.

The business commenced a review of how colleagues work prior to the pandemic. This has resulted in all colleagues now being able to work either totally remotely or a combination of home and office based, with the expectation that colleagues will only work in the office 50% of the time. We are now monitoring the impact on health and wellbeing through sickness monitoring rates with the expectation that less colleague time will be lost through such issues. We are in the process of reducing our overall office footprint. The impact on carbon footprint with minimising home to office travel, plus the use of technology to minimise face to face meetings, will have a major reduction impact on the businesses carbon footprint. The pandemic has actually helped prove this pre-pandemic initiative can be achieved.

In 2020 we appointed Suss Housing and have established that the carbon footprint for Bromford is 107,000 tonnes of CO2. The business has established a sustainability group and will work towards a planned and monitored program for the reduction in CO2 emissions. Working practices, an all-electric vehicle repairs and maintenance fleet, and the use of a key supplier enabling closure of distribution centres are a good starting point for our operating model and further work is underway on our existing and new homes.



## Measuring VFM.

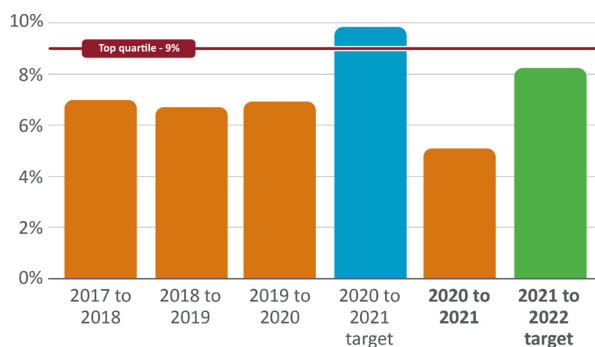
Bromford participates in the annual sector scorecard which aims to benchmark housing associations' performance, demonstrates the sector's accountability to its customers and stakeholders and includes a range of consistent and reliable measures from financial gearing to customer satisfaction. This platform allows participants to learn from each other as a sector. We also take advantage of using the global accounts to understand long-term financial trends and their implications on the sector. All such measures are reported below and are set out compared to Bromford's prior year's performance, forecast performance and against a selected peer group median.

# Value for money metrics.

We review a suite of metrics at each of our meetings to monitor our performance. In addition to the seven metrics defined by The Regulator of Social Housing, we also monitor indicators that cover each of our strategic areas of focus.

The direction of travel over the past year across the suite of metrics, taking account of the pandemic, continues to demonstrate the financial strength of the group and is set out below for the last five years. We have compared ourselves against 24 housing associations with similar characteristics using the latest published data from the 2019 to 2020 financial year. In the charts below top quartile refers to performance against the comparator group.

## Reinvestment %



The target for 2020 to 2021 was 9.8%.

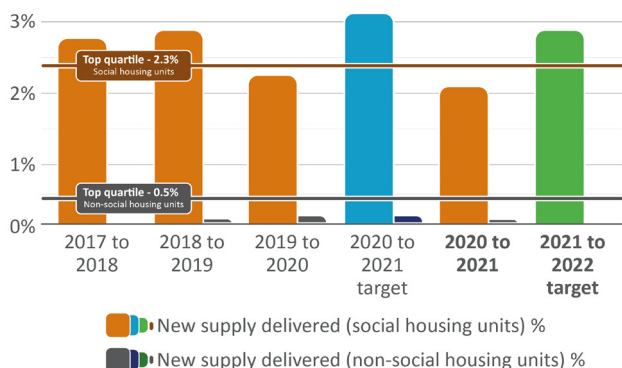
Reinvestment has decreased to 5.1% (actual 2019 to 2020: 6.8%; target 2020 to 2021 : 9.8%). Clearly, 2020 to 2021 target was not met. This was as a result of the pandemic which resulted in the shut-down of sites for periods of the year. 2020 to 2021 spend on investment in housing properties was £142m, which was £41m lower than 2019 to 2020 of £183m, with the major difference arising in development of new homes. Investment spend on new homes developed was £112m (2019 to 2020 : £152m) and investment in existing homes of £30m (2019 to 2020 : £31m). This is set against a marginal net increase in housing properties at cost of £94m (2019 to 2020 : £133m).

The target for 2021 to 2022 is 8.1%.

We are committed to achieving top quartile performance on investment in new and existing homes with forecast spend of £201m on new homes and £44m on existing homes. The spend on existing homes is higher than average due to the catch up caused by lockdown during the pandemic impacting on 2020 to 2021 financial year. The development pipeline will increase the reinvestment to circa 10% between 2022 to 2023 and 2025 to 2026. Using the peer group we compare ourselves against and at 31 March 2020, the last available data, the upper quartile was 9%.

The group is well on course to increase our new homes per annum to over 1,400, which is a key strategic objective. This will help maximise the existing balance sheet capacity and utilise the ongoing stable operating surplus.

## New supply delivered (social and non-social housing)%



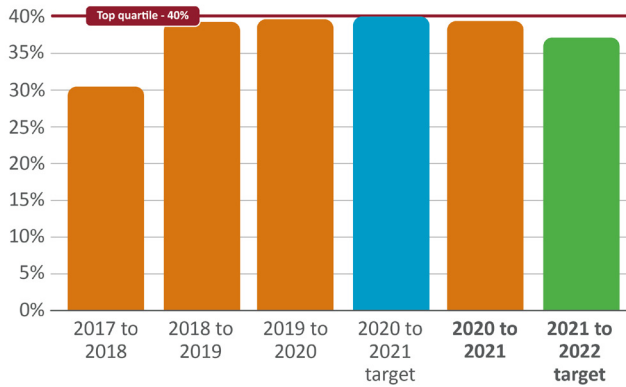
The target for 2020 to 2021 was 1,300 new homes.

We delivered 902 (2.0%) new homes during the year (2019 to 2020 : 1,027 homes : 2.3%), including 42 (0.1%) non-social homes (2019 to 2020 : 58 : 0.1%). This did not meet the 2020 to 2021 target of 1,300 total new homes. This was due to the pandemic which resulted in shut down of sites for periods of the year. This is set against a total homes base of 44,962 (2019 to 2020 : 44,480) and social homes of 43,581 (2019 to 2020 : 43,263).

The target for 2021 to 2022 is 2.8% or 1,295 new homes.

Target 2021 to 2022 is 2.8% or 1,295 new homes, split between social 1,254 (2.8%) and non-social 41 (0.1%). This will maintain our top quartile performance for social homes with an average new supply delivered of 2.7% between 2022 to 2023 and 2028 to 2029. Using the peer group we compare ourselves against and at 31 March 2020, the last available data, the upper quartile was 2.3% for social housing new supply.

## Gearing %



**The target for 2020 to 2021 was 40%.**

Gearing has marginally decreased to 39% (2019/20 : 40%). Net debt has increased by £16m to £1,086m (2019/20 : £1,070m). Housing assets at cost have increased by £94m to £2,772m (2019/20 : £2,678m) maintaining our overall gearing to the top quartile figure of 38%. The group has borrowed long-term debt to deliver new homes and maximise the underlying balance sheet capacity. However, the pandemic led to construction being closed for a major part of the year, resulting in no material movement in net debt through spend as predicted at the start of the financial year.

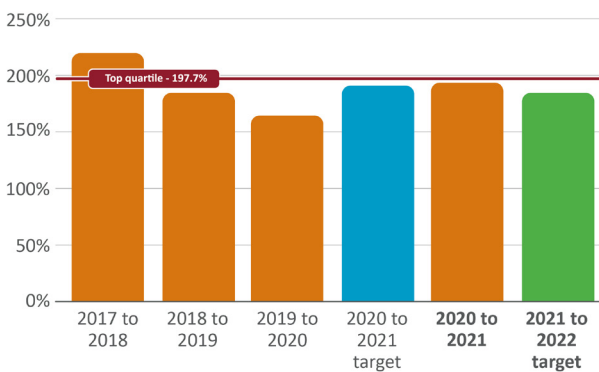
The metrics of gearing, reinvestment and new supply delivered need to be seen as inter-related metrics and all have been impacted by the actions the group had to execute arising from the pandemic.

**The target for 2021 to 2022 is 37%.**

Target 2021 to 2022 is 37%. We expect gearing to decrease in 2021 to 2022 as we continue to invest in new and existing homes from existing fully funded resources along with cash generated in year. The medium target remains at marginally under 40%.



## EBITDA MRI



**The target for 2020 to 2021 was 188%.**

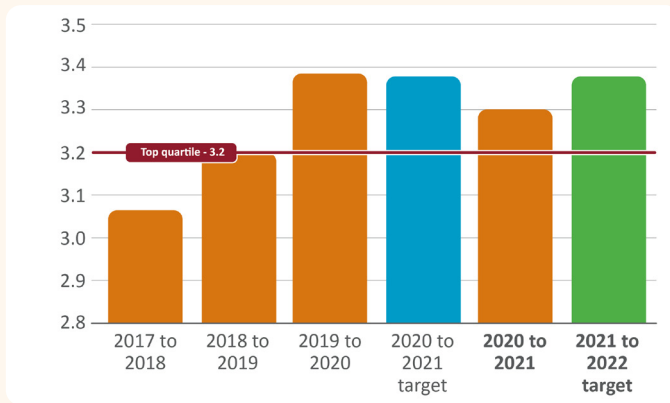
Earnings before interest, tax, depreciation and amortisation, major repairs included (EBITDA MRI) of 189% (2019 to 2020 : 163%) has improved year on year. The target for 2020 to 2021 was 188%. EBITDA MRI was £87m (2019/20 : £81m) driven by a higher year on year depreciation charge from the investment program and less spend on properties driven by the issues of the pandemic. The key driver of the improvement was that in 2019 to 2020, the group incurred £4m of break fees included in financing costs of £50m while 2020 to 2021 financing costs were £46m.

**The target for 2021 to 2022 is 177%.**

Target 2021 to 2022 is 177%. The decrease from 2020 to 2021 of 188% will be driven by an increase in operating surplus partially offset by increased expenditure in major repairs as we catch up on various housing improvement projects delayed in 2020 to 2021 as a result of the pandemic. We expect to see a sustained increase in this measure over the coming years, principally driven by the improvement in operating margin as a result of the merger actions and investment into the transformation program underpinned by the ERP system. Using the peer group we compare ourselves against and at 31 March 2020, the last available data, the median was 144% and the upper quartile was 198%. We continue to move towards the upper quartile.



## Headline social housing cost per unit (£000s)



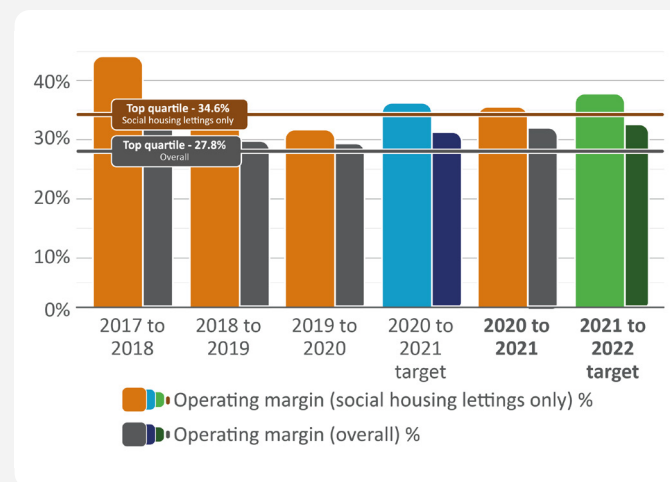
The target for 2020 to 2021 was £3.38k.

Headline social housing costs of £3.33k per unit (2019 to 2020 : £3.39k). Target for 2020 to 2021 was £3.38k. The lower SHCPU achieved of £3.33k was lower than target £3.38k was a result of a combination of factors being more housing units year on year and lower overall spend on existing properties as a result of the pandemic. Routine, planned, major and capitalised expenditure and totaled £80m (2019 to 2020 £85m). Social housing units managed at period end were 43,581 (2019 to 2020 : 43,268).

The target for 2021 to 2022 is £3.38k.

Target 2021 to 2022 is £3.38k per unit. We remain committed to efficient delivery of our core business as we continue to invest in our ERP system that underpins a large proportion of our improvement in the cost base of the business. However, part of this saving will be taken up with costs incurred by the implications of Grenfell and zero carbon initiatives. Our 10-year outlook indicates social housing cost per unit of £3.88k. Using the peer group we compare ourselves against and at 31 March 2020, the last available data, the lowest cost per quartile median was £3.20k, while the median was £4.18k.

## Operating Margin (overall and social housing lettings) %



Overall target for 2020 to 2021 was 31%.

Social housing lettings target for 2020 to 2021 was 36%.

Overall operating margin remains top quartile at 31% (2019 to 2020 : 30%). Target 2020 to 2021 was 31% overall which was achieved. This metric is impacted by the amount of non-social housing activity the group engages in. Underlying operating surplus excluding gains on asset disposals increased by £3m to £83m, which is a pleasing increase and demonstrates the cost reduction and efficiency actions flowing from the implementation of the ERP system, plus VFM initiatives the group is undertaking.

Social housing margin was 35% (2019 to 2020 : 32%). Target 2020 to 2021 was 36%. We are pleased to note the improvement, although the target was not quite achieved. The impact of the pandemic has delayed further module deployment of the ERP system until post the end of the 2020 to 2021 financial year. The full deployment of the ERP system will drive further savings from the business and will create additional financial capacity to continue adapt and services to any market changes and or increase our ability to invest in existing homes and or new homes.

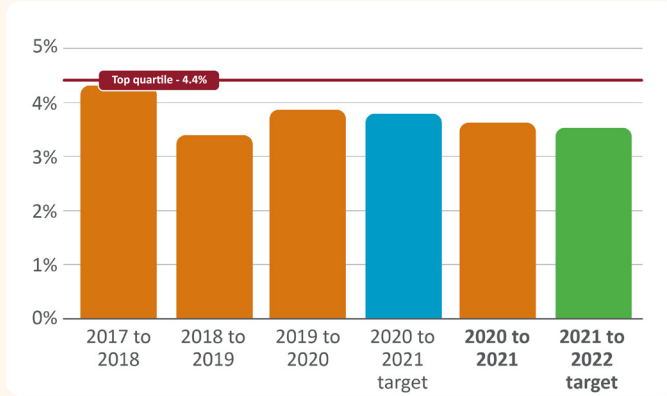
Overall target for 2021 to 2022 is 32%.

Social housing lettings target for 2021 to 2022 is 37%.

Target 2021 to 2022 for overall operating surplus is 32% and social housing operating surplus is 37% with the latter measure the output of further planned cost efficiency measures. Using the peer group we compare ourselves against and at 31 March 2020, the last available data, achievement of a 32% overall operating surplus places Bromford above the upper quartile of 27.8%. Achievement of a 35% social housing surplus exceeds the upper quartile of 34.6%.



## Return on capital employed %



### The target for 2020 to 2021 was 3.9%.

ROCE has decreased to 3.7% (2019 to 2020 : 3.9%). Operating surplus increased by £1m. Total assets less current liabilities excluding pension assets were £2,674m (2019 to 2020 : £2,577m). Target 2020 to 2021 was 3.9%.

### The target for 2021 to 2022 is 3.5%.

By 2024 to 2025 we expect to see ROCE of 3.8% to 3.9% with profits broadly matching the asset base as we increase the overall supply of new homes and increase debt.

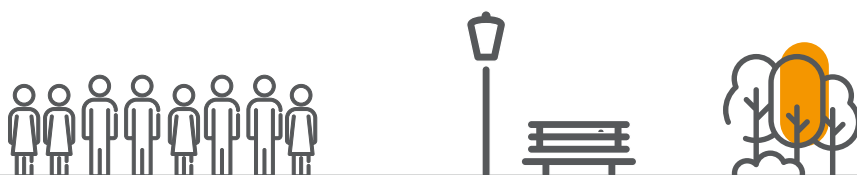
ROCE is calculated on a methodology that excludes debt greater than one year. The business has held a strong cash liquid position throughout the year to ensure it could mitigate any issues arising from the pandemic. This has driven the decrease in ROCE. At 31 March 2022, it is forecast that the group will have an increased cash liquidity level greater than 31 March 2021 and this further decreases ROCE in the short-term. This is a result of the planned spend on new homes moving into financial year ending 31 March 2023. Using the peer group we compare ourselves against and at 31 March 2020, the last available data, 3.7% places Bromford between the median of 3.4% and upper quartile of 4.4%.



# Report of the board of directors.

## Our governance

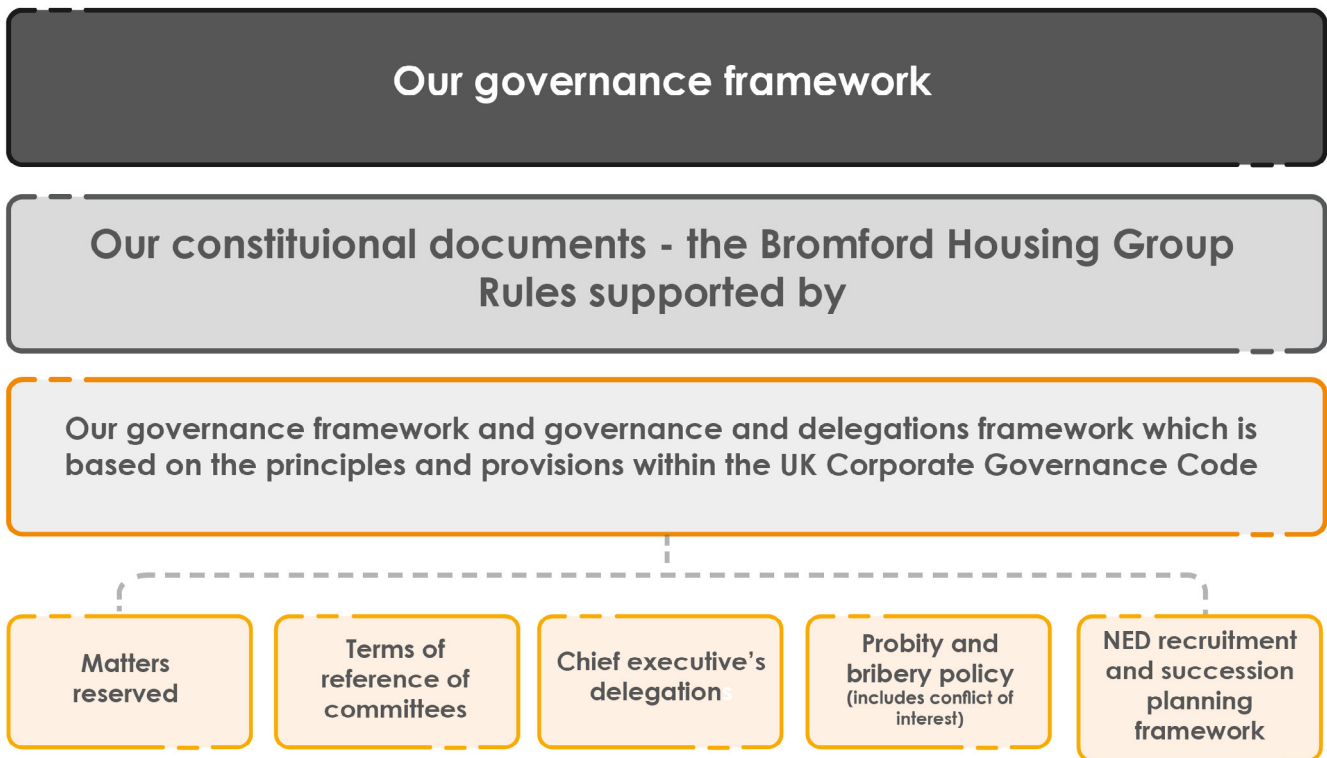
Strong and effective governance is one of the foundations of our success and ensures that we remain fit for the future and underpins the delivery of the Bromford Strategy.



The Regulator of Social Housing requires all registered providers to adopt a code of governance, and all Registered Providers (RPs) in the group have chosen to voluntarily adopt the UK Corporate Governance Code (the code). However, as Bromford does not have shareholders in the sense provided for within the code, we do not have arrangements to engage in the dialogue or consultation expected in the code in that respect. In particular this relates to the actions required in provisions 3, 4 and 9 of the code and it should be noted that there are no share options for the executive or non-executive directors.

Provision 5 within the code requires the board to demonstrate how it has taken into account the factors set out in section 172 of the Companies Act 2006. As an organisation governed by the Co-Operative and Community Benefit Societies Act 2014 this requirement does not apply. However, the board does have responsibilities which, amongst other things, require it to act in good faith and in the best interests of Bromford.

The framework of policies and processes helping to facilitate decision making at board is set out below.



# Our board.



## Steve Dando

### Chair

Steve is currently chief financial officer of Punch Pubs & Co, one of the UK's leading independent pub companies with an estate of 1,200 pubs. His particular areas of expertise include M&A, business restructuring, integration and financing, and multi-site retailing and asset management. Steve led the restructure of Punch as chief executive officer (interim) following the successful sale of the business and assets to Patron Capital and Heineken for £1.8 billion.

Prior to joining Punch, Steve held a number of senior finance roles with Courtaulds plc, having started his career at PricewaterhouseCoopers.

Steve is a member of the Institute of Chartered Accountants.

## Richard Bird

### Non-executive director

Richard has been involved in the housing and development industry for over 40 years. During his first decade, his career developed from planner, to project manager, and ultimately to head of production for a PLC home builder. The next four years provided a much wider experience as a director of construction, housing, and development companies within a private limited group.

Returning to the PLC environment in 1991, Richard joined Taylor Woodrow and was appointed to the board of the housing subsidiary a year later. He was appointed regional managing director in 1994, and in 1996 given responsibility for the South West and Wales. The merger of Taylor Woodrow with George Wimpey in 2007 resulted in Richard being appointed divisional managing director, responsible for four business units in the South West and Wales. He held this post until 2013.



## Vivienne Horton

### Senior independent director

Vivienne's professional background is as a solicitor. She was employed in a number of local authorities in senior legal roles before becoming director of resources and then chief executive of Macclesfield Borough Council where her five key roles were strategic management, community engagement including partnership working, service delivery, performance management, and organisational development. After that role she held a number of positions including director of risk at Standards for England, a national strategic regulator responsible for councillor conduct, and director and head of the public sector team at Kennedy Cater, a legal costs consultancy.





## Charles Hutton-Potts

### Non-executive director

Charles Hutton-Potts is a chartered accountant who spent 21 years as an audit partner at a large accountancy firm before retiring in 2018. During that time, Charles audited many businesses both private and listed across a wide range of business sectors and sizes including many international groups.

Charles is now active as a non-executive director and business consultant. In addition to his roles at Bromford, Charles is a director of allpay Holdings which is a payment solutions business that works extensively with social housing clients and local authorities. He is a trustee of his local village hall and a director of a trading company that exports education services.

Charles is a Fellow of the Institute of Chartered Accountants in England and Wales.



## Richard Penska

### Non-executive director

Richard has extensive experience of contract management. He has recently retired from his role as assistant director of resources and property at North Somerset Council.

Before joining North Somerset Council, Richard held a variety of positions within the electricity supply industry and the Department of Health and Social Security. Richard has operated at strategic management level within a number of functions including ICT, finance, internal audit and risk management, and customer services.

Richard is a fellow of the Chartered Institute of Certified Accountants.

## Neil Rimmer

### Non-executive director

Neil is an experienced entrepreneur and board member with over 25 years' experience with both international and UK based companies. Neil has a strong technical and business transformation background having owned a mid sized Microsoft Gold Partnership, and is also experienced in corporate turnaround, restructure, and recovery.

He was latterly a co-founder and commercial director of a retirement village business (developing over 500 homes), and a shareholder and interim managing director of a mid sized care home group. Neil also brings extensive board experience from within the leisure, debt recovery and property sectors, and has raised funding for these enterprises from a variety of city and traditional banking sources.

He was responsible for developing an affordable finance product and launching it to market as a direct competitor to pernicious high cost short term lenders. Recognising the true value of community, Neil is chair of his local village hall and an active member of his village's social group, in addition to a number of other local good causes.



## Sarah Simpson

### Non-executive director

Sarah is a customer experience expert who has used her infectious passion for creating great experiences to build customer-centric cultures within travel and leisure businesses over the past 18 years. She believes that every company should strive to create a world class customer experience.

Working within customer service and experience roles, she has helped brands better understand their customers, identified priorities for improvement and implemented change. She's contributed to the success of well known brands such as National Express, First Group, Sky Betting & Gaming and Jet2.com.

Sarah is currently leading the customer care team at Polestar. The work of her teams has been recognised by industry accolades on many occasions from the National Customer Service Awards and Employee Experience Awards to Which?



## Jerry Toher

### Non-executive director

Jerry is CEO of the consumer division at Royal London Group, the UK's largest mutual life and pensions company. He has significant experience in launching, growing, and transforming customer facing businesses. As well as launching the digital consumer division for Royal London in 2014, he has previously led the launch of MINT.com and egg.com.

Jerry is a strong advocate of improving customer experience and services through insight and digital innovation and has extensive marketing and leadership experience in retail financial services. Previous roles include marketing director at RBS Group (NatWest) plus marketing director and managing director at egg.com.

## Robert Nettleton

### Chief executive

Robert became chief executive of Bromford in November 2018 establishing the future strategy and integrating three housing associations. He was previously chief executive of Merlin Housing for nearly five years. At Merlin, Robert led the organisation to double its operating margin whilst increasing customer satisfaction.

Prior to joining Merlin, Robert was chief executive at Cornwall based Coastline Housing for five years during which customer satisfaction increased to a sector leading 92%. Prior to Coastline, Robert was group development and regeneration director for LHA-ASRA.



## Sarah Beal

### Company secretary

Sarah Beal joined the Group in 2017 and has more than 20 years experience in senior governance and company secretarial roles.





# Executive board and leadership team.



**Robert Nettleton**  
Chief executive



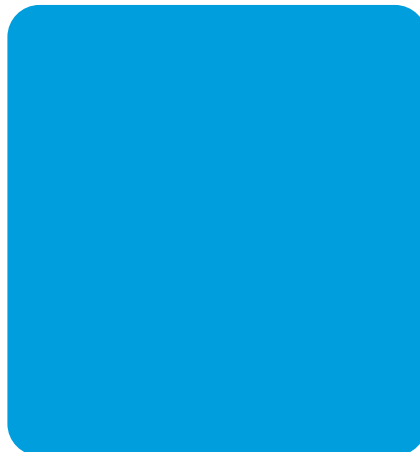
**Martyn Blackman**  
Chief investment officer



**Dan Goodall**  
Chief information officer



**Heather Richardson**  
Chief risk officer



Chief people officer



**Rohini Mehra**  
Chief customer officer



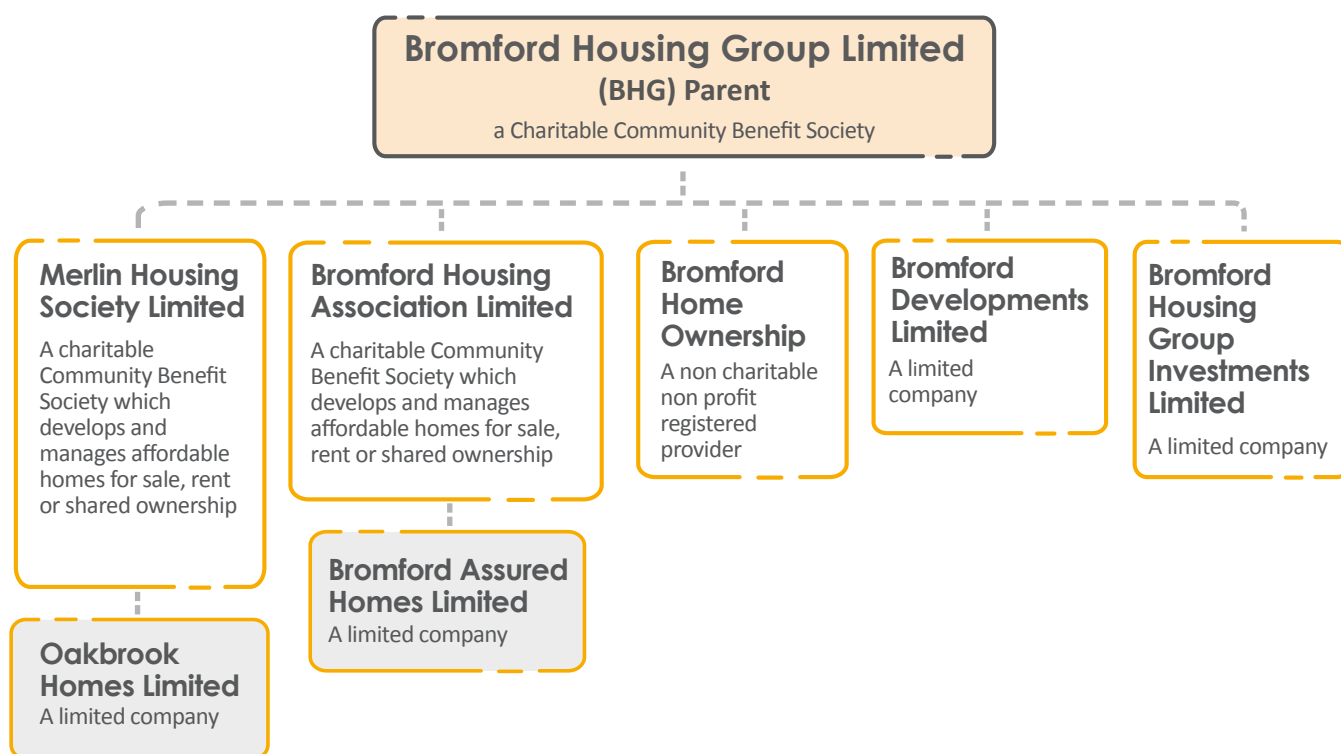
**Paul Walsh**  
Chief finance officer



# Board updates.



# Board structure.



BHG operates a group structure with coterminous boards across the four main entities – the parent – BHG and our main operating subsidiaries Bromford Housing Association, Bromford Home Ownership, and Merlin Housing Society. The membership of all entities is the same except for BHO where two members, Vivienne Horton and Richard Penska 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 the board and the other registered providers in the group have identified ‘reserved matters’ that only those boards can approve.



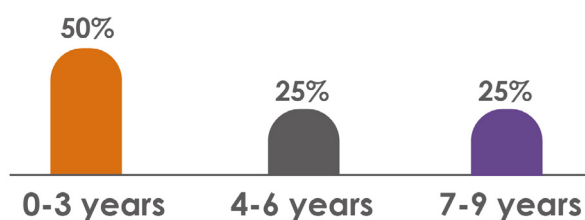
## Board composition.



Board members to 31 March 2020	Board members from 1 April 2021
<b>Non-executive directors</b>	<b>Non-executive directors</b>
Steve Dando (chair)	Steve Dando (chair)
Vivienne Horton (SID)	Vivienne Horton (SID)
Helen Adlard (resigned 30/09/2020)	Richard Bird
Richard Bird	Richard Penska
Richard Penska	Neil Rimmer
Neil Rimmer	Sarah Simpson
Sarah Simpson	Jerry Toher
Jerry Toher	Charles Hutton-Potts (appointed 01/04/2021)
<b>Executive board members</b>	<b>Executive board members</b>
Robert Nettleton	Robert Nettleton
Lee Gibson (resigned 31/03/2021)	

## Board analysis at 1 April 2021.



## Board tenure - NEDs.



	Male (number)	Female (number)	Male (percentage)	Female (percentage)	
Employees in senior leadership positions	33	29	53%	47%	
Other employees of the group	895	876	51%	49%	

Note: senior leaders are defined as an employee who has responsibility for planning, directing, or controlling the activities of the entity or a strategically significant part of it. For these purposes Bromford has defined senior managers as those colleagues who are operating in our Leadership 50 Group – our group of most senior leaders across the business.



**Community means friendship. We have very nice neighbours and we all help each other out.**

**Rodney Harris**  
Kingswood

## The role of a NED.

Each of the non-executive directors was independent on appointment.

Each NED makes an annual fit and proper persons declaration and annual declaration of interest. Conflicts of interest are noted at the start of each board meeting and board members abstain from discussions or decision making where an actual or perceived conflict may exist. The Audit and Risk Committee and board receive a copy of the conflicts of interest register as part of their end of year compliance activity. All colleagues are also required to make an annual declaration of interest.

There were no occasions during the financial year where the board considered that the chair or a NED's external commitments interfered with or impeded their ability to exercise their duties and responsibilities on behalf of Bromford.

The below diagram shows each board member's attendance at meetings of the board and any committees they are members of during the financial year.

	Board	Audit and Risk Committee	Remuneration and Nominations Committee	Treasury Committee
Steve Dando	15/15			5/5
Vivienne Horton	15/15		10/10	
Richard Bird	14/15	5/5		
Sarah Simpson	15/15			
Jerry Toher	13/15			
Richard Penska	13/15	4/5		
Neil Rimmer	15/15		10/10	5/5
Robert Nettleton	15/15		10/10	
Lee Gibson	15/15			5/5
Helen Adlard	7/9	3/3		

The board held additional meetings during April and September to ensure that it was kept up to date with our response to the Covid-19 pandemic.

## Board effectiveness.

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

Each year the board carries out a formal evaluation of board, committee, and individual director performance. At least every three years, as recommended by the code, this evaluation is facilitated by an external advisor to provide an independent perspective. There was an independent review of governance effectiveness in 2018 and the chair carried out an internal review in 2019. As there had been a significant amount of change within the board over the last 12 months, Altair were asked to carry out a further external review at the end of 2020. 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

Despite the findings in the report, the board were concerned that the recommendation to reduce the size of the board membership in November would create a skills gap and it was agreed that a further NED be appointed to take up office in November. Our senior independent director carried out a review of the chair's performance.

## Decision making.

The boards meet as a single board but make decisions on behalf of each entity as appropriate.

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. During 2020 to 2021, and in response to the Covid-19 pandemic, we have met remotely and more frequently. From April to September 2020, we had an additional meeting each month where we received an update on the coronavirus response. We held our annual strategy setting event in December.

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 pages 47 to 65.

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

### Bromford Housing Group Board

The coterminous group board acting for Bromford Housing Group Limited, Bromford Housing Association, Merlin Housing Society, and Bromford Home Ownership is collectively responsible for Bromford's long term success. In the case of Bromford Housing Group, Bromford Housing Association, and Merlin Housing Society all of their board members are shared and comprise the same individuals. In the case of Bromford Home Ownership, all but two of the same individuals (Vivienne Horton and Richard Penska) are shared with the other group members. This is in line with our Group Conflicts Policy.

The board provides leadership and direction. This includes setting the strategy and overseeing its implementation ensuring that only acceptable risks are taken. It establishes organisational culture and values and has responsibility for ensuring financial performance and corporate governance.

Each of the boards have delegated authority to the following committees.

#### Audit and Risk Committee

Provides assurance to the board on the effectiveness of the group risk and internal control frameworks, financial reporting, and accounting issues. Oversees the internal and external audit functions.

#### Remuneration and Nominations Committee

Reviews and approves executive remuneration policy and determines remuneration of the senior executive; makes recommendations to the board on remuneration for NEDs.

Reviews the structure, size, and composition of the board and makes recommendation to the board.

#### Treasury Committee

Reviews and makes recommendations to the board on treasury policy and treasury strategy and on the adequacy of liquidity and funding arrangements.

Any matters outside of these delegations fall within the chief executive's responsibility and authority.



## The role of the board.

The board is responsible for ensuring that Bromford continues to deliver real value and that the business remains on a long term, sustainable footing. In practice this means discussing, taking decisions on, and measuring performance against the aims laid out in the Bromford Strategy 2019-2023.

Setting out our purpose and strategy over a five year period, the Bromford Strategy is the focal point for the board’s activity and discussion as well as a longer term business plan which is regularly stress tested for a period up to 2050. Revisited on a quarterly basis, the board considers a variety of scenarios in the macroenvironment to provide challenge to specific business assumptions and flexing the strategy where appropriate.

The role of the board is clear and is set out in our group delegations’ framework. It is responsible for the following:

<b>Strategy</b>	Set and uphold the Bromford Strategy and approve the strategic objectives
<b>Leadership and resources</b>	Ensure that effective leadership and executive competence are in place to achieve the strategic objectives  Ensure sufficient resources are available to achieve the strategic objectives
<b>Risk</b>	Ensure that frameworks are established and monitored for delegation and systems of control, including financial controls and for identifying and managing risks
<b>Performance</b>	Monitor and test execution of strategy and performance in relation to approved plans, budgets, and controls
<b>Accountability</b>	Consider the balance of interests of, and ensure accountability to, key stakeholders

## Strategy setting.

There are significant opportunities provided for the board to influence strategy. It holds an annual event to create space for ideas generation where there is an opportunity to consider the future to which futurists and those from outside the sector are invited to attend.

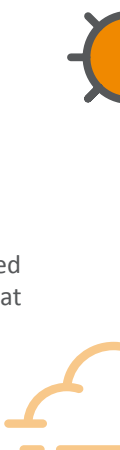
Throughout the monthly business briefing and chief executive’s report, the board receives regular information to help it identify and respond to future challenges. The board engages Altair and other specialists and expert independent advisors to attend meetings to provide sector insight where necessary. During the year, the board has received presentations from Savills, Trowers and Hamlins LLP, and Altair along with appropriate update presentations from our executive directors.

## Organisational culture and colleague engagement.

Our organisational culture is described through our DNA and runs through everything we do. It is at the heart of our strategy and is monitored by the board.

When Bromford communicates with colleagues we use a variety of methods and channels. One of the things we do to measure colleague engagement is carry out an annual Great Place to Work survey. The results of this are shared with the board and reviewed in greater detail by the Remuneration and Nominations Committee. The Remuneration and Nominations Committee also aims to understand the broader policy framework around our people activity and has been updated by our chief people officer, on the people strategy and its component parts.

To ensure that we meet our requirements to have in place a formal mechanism for engaging with colleagues, the board has appointed our senior independent director and chair of the Remuneration and Nominations Committee, as our designated colleague engagement NED. We have agreed a role description for this purpose and, as part of their duties, attended meetings of our colleague engagement group, Be.Heard, and has worked with senior colleagues to understand our framework of policies. During the year, all board members have met remotely with colleagues from across the business to create a better understanding of the work that we do. Our Remuneration and Nominations Committee is responsible for setting the performance related pay targets and payments for senior leaders and ensures that this is consistent with the schemes that are available for all colleagues.



# Our board's year.

This year, of course, has been a year with a difference for our board. In March 2020, as we entered the first national lockdown, we agreed to start to meet twice each month to ensure that in addition to continuing with as much business as usual, we were able to formulate our response to Covid-19. We reforecast our budget several times over the year.

## Our Covid-19 response.

We initially agreed that planned maintenance and repairs be stopped except for emergency repairs. We closed our Bromford Developments Limited (BDL) sites and reviewed our approach to development. Our main priorities were to ensure that our customers and colleagues remained safe, and we put measures in place to ensure that we continued to focus on health and safety and compliance. We continue to closely scrutinise our performance on these matters. The board received weekly updates on our coronavirus response and reset plans.



We were pleased that we were able to continue with our planned external audit timetable.

**During the year, the board has focussed its decision making on six key areas. The principle decisions made by the board have been:**

## Leadership.

- strengthened our executive team
- met twice each month from April to September to ensure the board provided leadership to and could monitor the impact of Covid-19 on our customers, colleagues, and finances
- supported the chief executive with a new executive governance structure
- launched Leadership 50, a programme for our senior leaders



## Performance.

- undertook monthly scrutiny of group performance against key financial budget metrics and performance targets
- developed new board KPIs and targets for 2020 to 2021 to present a balanced view of the business



## Strategy development and implementation.

- continued to deliver the Bromford Strategy and considered our more detailed plans for strategic property planning including a programme of disposals
- reviewed and refocussed our transformation programme
- revised our investment appraisal assumptions
- increased momentum on our programme of modern methods of construction
- reshaped our workspaces to support more agile working
- continued with our home investment programme through our recovery plan
- agreed our development recovery plan and agreed to get back on site on a planned basis from 18 May 2020 and continued delivery of our development programme
- agreed that we establish a Sustainable Finance Framework
- approved new customer thriving measures

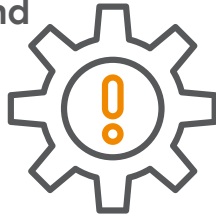


## Finance.

- considered the 30-year business plan, with stress testing, mitigation, financial golden rules, and VfM metrics
- approved the group rent and service charge policy and proposed an increase of CPI +1%
- established a board task and finish group to look at stress testing and mitigations
- approved the annual treasury strategy, treasury management policy, and the investment policy
- took advantage of market conditions and were able to issue a £100m private placement to support our activity
- entered into a forward purchase agreement to issue £90m of public bonds
- appointed new external auditors
- retained our Moody's A2 stable credit rating



## Risk management and compliance.



- continued to monitor and manage risk including reviewing risk appetite
- considered significant and emerging risks and sector risk profile
- weighed up strategic and operational responses to Brexit
- considered and approved the quarterly key strategic risk reports
- considered and approved the annual health and safety policy
- commenced preparations for our 2021 In-Depth Assessment

## Governance.



- appointed a new group chair, Steve Dando, from 1 April 2020 and three new NEDs - Sarah Simpson and Jerry Toher from 1 April 2020 and Charles Hutton-Potts from 1 April 2021
- continued with discussions to ensure that our group structure remained fit for purpose and fit for the future
- have converted our parent, Bromford Housing Group, to a charitable entity
- have set up a new company, Bromford Housing Group Investments Limited, to act as our vehicle for delivering Joint Ventures
- have agreed to a partial Transfer of Engagements of BHO to BHA so that BHO focuses on development activity



**My home allows me to feel safe. It is a place where after a long day I can relax and unwind.**

**Elise McDonald**  
Winterbourne



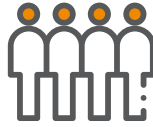
## Our approach to stakeholder engagement.

Whilst Bromford does not have shareholders, as set out in the UK Code of Governance, Merlin Housing Society does have legacy shareholders and holds an annual AGM to provide them with an update.

We do, however, have a network of stakeholders at all levels and Bromford places high value on these relationships and the part they play in helping us to achieve the goals in our strategy and supporting our existing and future customers to thrive.

### Customers.

Our customers are why we are here. We exist to provide homes that are safe, secure and warm for people who can't access market housing. But more than that, by getting to know every one of our customers, by investing in relationships and connecting people, we want to enable all our customers to thrive.



Our feedback programme creates thousands of opportunities for customers to tell us where we are doing well and how we could do even better. More formal engagement takes place through our Customer and Communities Influence Network (CCIN), chaired by our NED, Sarah Simpson, to ensure there is a direct line of sight between the board and customers. The CCIN membership is drawn from across our geography and is supported by four Locality Influence Networks.

### Colleagues.

Our people are the reason for our success. Our culture and DNA



shone through this year as colleagues adapted to new ways of working while staying focused relentlessly on keeping customers safe and supported.

### Funders and investors.

The investor community, at home and overseas, is vital to our ambitious plans to develop much needed new affordable homes. Keeping investors well informed of our financial planning and new funding announcements builds trust and confidence in our strategy and our developing commitment to ESG helps demonstrate our social purpose.



### Local authorities.

Over 50% of our customers live in our four key local authorities. We share many common goals with these important stakeholders and know we will achieve more for our mutual customers by working more closely together - to respond to climate change, to reduce homelessness and now, more than ever, to enable more people to find a home they can afford.



### Development partners.

Working closely with Homes England, development partners, and our supply chain means we can deliver even more, quality new homes for our aspiring customers. Bromford's unique neighbourhood coaching model and the relationships we establish with our customers makes us the ideal partner for anyone developing mixed tenure communities.



### Suppliers.

We aim to have the best supplier relationships in the country as we know this will not only help us deliver services as effectively and efficiently as possible but will ensure we can continue to operate through tough times.



### Our regulator.

We welcome our open relationship with the Regulator of Social Housing, which helps us meet our statutory obligations and ensured we have retained our G1/V1 rating.







Vivienne Horton  
(Chair)

# Report of the chair of Remuneration and Nominations Committee.

## Committee members.

Vivienne Horton (chair of the committee  
and senior independent director)

Neil Rimmer (non-executive director)

Robert Nettleton (chief executive)



## Chair's statement.

This has been an exceptionally busy year for the committee. During the financial year 2020 to 2021 we met on 10 occasions.

Our role is to ensure that the committee serves as both the Remuneration Committee and Nominations Committee and deals with matters relating to:

- the appointment and removal of non-executive directors and the chief executive so that Bromford has the right skills and high calibre candidates to deliver the strategy
- board skills and composition, recruitment, succession planning and board effectiveness. We continue to monitor and assess our board requirements and plan for the future

- the remuneration of the board of directors, the executive board and leadership team and company secretary. We ensure that board remuneration is appropriate and executive remuneration is aligned with and supports the group's strategy, reflects our values, and meets best practice
- we have recently taken responsibility for providing oversight to Bromford's pension arrangements

The committee members are two independent non-executive directors and, because of the wider remit of the committee, which includes nominations as well as remuneration, the chief executive is also a member. Interests of those present are managed carefully and the chief executive does not take part in any decision making that concerns

his own role or remuneration. The independent non-executive directors are in the majority. The committee is also served from the regular attendance of the chief people officer and company secretary.

The committee also draws upon the expertise of external advisors. Over the past 12 months, the committee has engaged Altair to undertake the external board effectiveness review; Forest HR to support executive benchmarking and to consider executive pay differentials; and Altair and NuRole have supported the non-executive director recruitment process. Other members of the executive have attended to present specific items.



**I have a good team around me and we all support each other in achieving our shared objectives.**

**Tim Grimshaw**  
Investment Surveyor

## Chair's report on the year.

### Non-executive remuneration

We make recommendations to board on NED remuneration. As there had been no increase since 2018 we were supported by Altair and undertook a review. As part of this exercise, we considered benchmarking information and the time commitment and responsibilities associated with the various roles. Our recommendations were agreed by board and from 1 April 2021 non-executive remuneration is:

Role	Remuneration from 1 April 2021
Chair	£27,500
Senior independent director (and chair of Remuneration and Nominations Committee)	£17,500
Committee chair (Treasury, Audit and Risk and CCIN)	£16,000
Non-executive director	£12,000

### Board effectiveness and annual re-appointments process

The committee plays an active role in ensuring that the board continues to be effective. We manage the process for the annual review and, in accordance with the requirements of the UK Corporate Governance Code, this is externally facilitated every three years. The last external review was carried out in 2018 and so, this year, Altair, who was responsible for the previous review and developing the existing skills matrix, were asked to undertake the review. Altair were also asked to revisit the skills matrix. Altair undertook individual interviews with each member of the board, carried out a review of papers, and attended as an observer at a board meeting. The findings in her final report 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 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 and chair of CCIN retired

However, the committee did believe that the current plan to reduce board membership in November 2021 would create a skills gap and it was recommended, and agreed by board, that a further NED should be appointed to take up office at this time.

All NEDs are subject to annual re-election. During the year, the committee made a recommendation to the board in respect of this process. An evaluation was made of each director and whether their contribution continued to be important to the company's long term sustainable success. We confirmed that all members continued to add value to the work of the board, and the board agreed that all the non-executive members be re-appointed for a further year or, for Richard Penska and Vivienne Horton, up until they reached nine years of service in November 2021.

### Board recruitment

During the year and in our role as Nominations Committee, we have been actively engaged in the recruitment process for a new NED to become the chair of the Audit and Risk Committee. This has been a formal, rigorous, and transparent process and was carried out in accordance with the board succession plan and skills matrix. We used two agencies, Altair and NuRole, to help us find a strong candidate. Charles Hutton-Potts was appointed as a board member from 1 April 2021. Charles will take over as chair of the Audit and Risk Committee from 1 December 2021.

We have just started a further round of board recruitment to find a further NED to meet our skills requirements. In accordance with our NED Recruitment and Succession Planning Framework we are considering ways we can access a more diverse pool of candidates.

## Executive pay

The committee has delegated authority for determining the policy for and setting the executive remuneration package. Our policies and practice are designed to support delivery of the Bromford Strategy and promote our long term sustainable success. As part of this exercise, we ensure that there is alignment between executive pay and pay policy across the rest of the business. No director is involved in setting their own remuneration and poor performance is not rewarded.

No directors have shareholdings and the pension arrangements for the executive are the same as those offered to the rest of the workforce. Notice periods are all less than one year.

When determining executive director remuneration policy and practices, the committee has adopted an approach that ensures:

**Clarity and simplicity:** our executive remuneration framework is clear and simple. The intention of the executive PRP scheme is to support a high-performance culture, encourage teamwork, and communicate and achieve strategic focus and goals. It is also designed to motivate directors by providing a fair return for exceptional performance, as well as to attract and retain talented colleagues.

The performance metrics are based on our organisational targets which are regularly monitored and measured by the board. They are a range of financial and non-financial measures and are communicated clearly to the executive. The metrics contribute to Bromford's long term performance and are part of our framework for measuring delivery of our strategy up to 2023. Our use of these well adopted metrics mean that the outcomes are predictable.

**Risks are recognised:** we are clear about the risks associated with not having an effective Executive Remuneration Policy. These include:

- loss of key individuals because of poorly considered remuneration structures
- not recognising the rapidly changing environment in which organisations need to attract and retain commercially astute executives
- reputational risk around excessive bonuses outside the sector norm
- impact on morale if the executive arrangements are considered to be unfair or disproportionate
- non-compliance with good governance could have regulatory implications and could limit the effectiveness of the BHG Board

During the year, the committee reviewed the executive remuneration framework and policy. The existing framework was creating difficulties in the upper and lower limits on recruitment and reward and, following a review by Forest HR, we agreed to make changes. The new policy continues to recognise that salaries will be set with reference to independent benchmarking pay data and individual performance but now also recognises that whilst pay will normally be set within the interquartile market range there may be strategic business requirements which require consideration of the wider market range, recognising a range of factors such as succession planning, development, retention, and challenging market factors. Our pay review looks at the total reward package.

We have recently instructed Forest HR to look at pay differentials in the new executive structure.

During the year we have set and reviewed the targets for the 2020 to 2021 executive and functional director PRP Scheme. Recognising that the Covid-19 pandemic had a significant impact on our planned budget, we changed one of the two gateway targets to reflect the re-forecasted budget. The other gateway target that customer advocacy should not be less than 85% was not changed. Both the gateway targets were met which meant that a bonus could be paid. Out of a potential 10% we agreed that a payment of 3.5% should be made.



**Alignment across the business**

There is strong alignment between executive pay and that of all colleagues:

- during the year, the executive received the same £300 flat rate pay increase as all colleagues
- the pension arrangements for the executive are the same as are on offer to Bromford colleagues
- the Performance Related Pay gateway targets for the executive PRP scheme are the same as the targets for our new contract colleague PRP scheme
- we have ‘blended’ schemes for both members of the executive and other colleagues. These schemes provide access to a higher level of PRP based on commercial activity and provide Bromford with greater external market relativity in terms of remuneration

To help increase our understanding of issues facing colleagues, our chief people officer, has kept us up to date on the development and implementation of the new people strategy. We have also received a detailed update on the findings from the Great Place to Work colleague engagement survey which, despite the challenging circumstances of 2020 and 2021, showed an improvement in some areas. Given the quantum of change we considered this to be a good result. The executive has plans for ensuring we continue to build on the findings including the development of our Leadership 50 group – the cohort of our most senior leaders from across the business. The committee has also considered our Gender Pay Gap report.

Our chair, is appointed as our colleague engagement non-executive director and in addition to her engagement with our Be.Heard group (our colleague engagement group) all of the non-executive directors have taken part in engagement sessions with colleagues from across the business. These will continue over the next 12 months.

**Executive leadership**

Our role is to keep under review executive leadership needs to ensure Bromford’s long term success and its continued ability to deliver its strategy and to ensure it continues to meet the expectations of its stakeholders, regulators, and customers.

During the year, and as the chief executive has strengthened his leadership team, there have been significant changes at executive level. The chief executive has kept the committee well informed of progress with recruitment. Interviews have been attended by the group chair, the chair of Audit and Risk and also members of the committee.

Leadership development activity is taking place across the group which will contribute to the development of our leadership pipeline.

**Pensions**

During the year, the committee was asked to take a role in providing oversight to Bromford’s various pension arrangements, scheme membership and management, and general pensions issues relating to all staff. We receive a six monthly update on Bromford’s pension arrangements. The Committee makes recommendations to the board.





Neil Rimmer  
(Chair)

# Report of the chair of the Treasury Committee.



## Committee members.

Neil Rimmer (chair)

Steve Dando

Lee Gibson (until 31 March 2021)

Jerry Toher



## How the committee works.

The Treasury Committee members are three independent non-executive directors and the chief financial officer. The committee is also served through the appointment of an experienced independent adviser Alex Gipson and benefits from the regular attendance of the chief executive officer and head of treasury.

Across the committee membership, there is a diverse range of experience in finance, development, risk, and strategy with specific in-depth experience of managing debt and raising significant levels of new funding. The committee is therefore appropriately resourced with skill and expertise to scrutinise, challenge, and approve the work of management.

The committee also draws upon the expertise of external firms of legal and treasury advisers who are appointed on specific projects of higher complexity where market benchmarking, strategic input or deal execution is required. Examples in the year include the appointment of advisers to review the group's treasury management policies, approach to refinancing and on-lending of funds, the issue of new debt on the capital markets, and the publication of our inaugural Sustainable Finance Framework.

The committee provides oversight and advice to the board on the matters listed in its terms of reference and reports to the board on those matters after each meeting, most notably on proposals for new funding or refinancing of legacy debt and investment. The committee reviewed its terms of reference and effectiveness as part of an annual cycle.

## Chair's statement.

In a year of high market uncertainty borne out of the Covid-19 pandemic and the United Kingdom's withdrawal from the European Union, I am delighted to report on another period of successful and sector leading treasury activity.

At the onset of the pandemic, we benefitted from strong levels of liquidity but continued to leverage the low rate environment to bring in an additional £200m of new funding with long term deferrals at record low coupons. In May 2020 we completed our first deal, a £100m private placement with LGIM which was drawn in May 2021 and impressively amortises across a 20 year period to 2062 to avoid a significant refinancing peak. We returned to the capital markets in July 2020 with a tap of our 2056 bond to generate a further £100m of funding to be drawn in January 2022. These deals have created significant interest savings and provide us with funding certainty as we emerge from the pandemic and continue with our development ambitions.

In December 2020 we delivered a three year £3m loan to Gloucestershire Rural Homes Association. The loan was our first on lending outside of the group and it was offered on market terms, fully secured and with a full funder covenant package which is monitored monthly.

We completed our first Sustainability Linked Loan (SLL) last year; and are pleased to have expanded our portfolio to a second SLL this year. Our new £75m revolving credit facility with SMBC will generate interest savings as we successfully work to reduce our gender pay gap. It is the first loan in the sector to link to the governance element of ESG and the first anywhere that links to gender pay. The facility has also reduced our counter party exposure and diversified our credit lines; we now enjoy £338m of available facilities across four significant lenders to preserve and protect our liquidity position in changing market conditions.

Building on the success of our SLLs, and positioning sustainability at the forefront of our corporate activity, we are delighted to announce the launch of our Sustainable Finance Framework shortly after year end. Our framework, which is accredited by S&P Global Ratings, highlights a range of projects across the ESG themes that go beyond the delivery of affordable

housing: from reducing homelessness to making our fleet greener. We have aligned our framework with the Sustainability Bond Guidelines and look forward to issuing our first Sustainable Bonds when we return for our next funding mandate.

We are pleased to therefore conclude the 2020 to 2021 financial year with high levels of liquidity: over half a billion pounds in cash and undrawn facilities which represents more than double the level of long-term liquidity we require. Our future funding is also protected until early 2022 with a further £200m of deferred funding already agreed.

Underpinning our new funding activity, we continue to exercise the effective monitoring, control, and governance of our funder covenants, treasury management policies, financial framework, and shadow credit ratings. With new risks around short term liquidity presenting at the height of the pandemic, we revised our policies to hold more immediately available funds (now covering three months of cashflow) and divested from sovereign treasury bills before they yielded negative returns. We continue to enjoy significant headroom against our funder covenants and have maintained our sector leading credit ratings (A+/A2).

As we emerge from the pandemic and look to meet our new homes ambitions and carbon reduction targets, treasury led activity remains core to our success. As an established issuer in the debt and capital markets, with a track record and continuing focus on sustainability, we are well placed to meet the challenges that lie ahead.



## Report on the year.

### Sustainable Finance Framework

The committee oversaw the work of our sustainability group to develop our very first Sustainable Finance Framework which was published in June 2021 and accredited by S&P Global Ratings as second party opinion provider.

The committee played a leading role in reviewing and challenging the content of the framework to ensure it captured the breadth and depth of our projects and activity across the Environmental, Social and Governance space. We are proud to have a framework which include a use of proceeds list that goes beyond the delivery of affordable housing to include projects promoting equality and diversity, providing employment and apprenticeships, reducing homelessness, endorsing green office buildings, and moving to an electric repairs fleet of vans.

The committee also provided input to ensure our framework aligned with the four components of the Green Bond Principles (GBP) as well as the four components of the Social Bond Principles (SBP), collectively referred to as the Sustainability Bond Guidelines, as well as the four components of the Green Loan Principles (GLP).

The framework will underpin future capital markets activity and we look forward to issuing our first Sustainable Bond when we return to the markets for new funding. This will compliment the two Sustainability Linked Loans we have established with bank lenders which represent the first green loan and the first governance loan in the social housing sector.

### New funding

The committee oversaw £265m of new funding issuance in the year. The key details and features of these new funding deals is set out below.

Execution date	New funding deal	
May 2020	£100m deferred private placement	With pro-active monitoring of prevailing market conditions and the historically low gilt yield curve, the committee oversaw the successful execution of a new private placement with a number of key features. These included a record low coupon, amortising repayment curve (20 years), extended tenor (40 years), and long dated deferral (12 months) to match interest costs with future liquidity requirements.
July 2020	£90m tap of 2056 public bond	As low gilt yield curves continued, and investor appetite for longer dated deferrals grew, the committee analysed future cashflow requirements under a range of scenarios and oversaw the successful tap of our existing 2056 sub benchmark public issue to support future development. The issue created another record low coupon and was structured with an 18 month deferral to provide certainty of funding into early 2022.
December 2020	£75m second Sustainability Linked Loan (RCF)	<p>The committee considered establishing its second SLL through a new five year revolving credit facility (RCF) with its first overseas lender. The committee also analysed the facility's proposed SLL-wrapper and its link to Bromford's broader corporate strategy: the facility will generate interest savings as we successfully reduce our gender pay gap.</p> <p>The committee recommended the final proposal to board, ensuring it diluted existing counter-party exposure to create credit lines across four significant lenders and extend the existing refinancing curve. The committee also undertook appropriate due diligence on the lender, given it is the first overseas bank lender in the loanbook. The deal was approved by the board and the new facility went live in February 2021 as the first sustainability linked loans (SLL) in the social housing sector which adopts governance principles to track and reward performance. It is also the first loan anywhere that tracks gender pay.</p>



## Risk, policy and governance consideration.

The committee was also responsible for monitoring key treasury risks and ensuring appropriate treasury management policies and other processes were in place to mitigate these risks and address the associated challenges. The key area of this activity is summarised below.

### Compliance with Bromford's funder covenants

The committee considers and reviews core treasury performance on a monthly basis. The committee review the out-turn for financial covenants (interest cover and asset gearing) against budget and business plan projections, making appropriate enquiry for any material movements. The committee also assesses compliance with the corresponding financial framework and golden rules and monitor the levels of headroom established at each month end.

Bromford continues to perform well against its funder covenants and closed the year with over 2.9 times in interest cover and more than 29% headroom in asset gearing.

### Managing short term liquidity

Throughout the pandemic induced market uncertainty, and greater levels of uncertainty surrounding our daily operations, the committee proactively enhanced its short term liquidity treasury management policy to hold a minimum of three months required cashflow as immediately available funds at all times. This broadly equates to £50m (c.f. the previous policy which only required £10m) which allows the committee to ensure day-to-day operational cashflow continues to be funded without undertaking undue risk.

The committee also oversaw the successful diversification of credit lines with revolving credit facilities now provided by four funders with the introduction of the new £75m facility with SMBC.

### Managing counter-party risk

The committee continues to follow a defensive investment strategy for cash holdings, with safety and access to cash driving decision making rather than projected rates of return.

In previous years, the majority of these cash proceeds were invested in multi tenor but short term sovereign treasury bills at terms ranging from four weeks to six months in amounts to meet the near term funding requirements of the business.

However, with the emergence of sovereign treasury bills at negative rates of return at the height of the Covid-19 pandemic, the committee reassessed its investment strategy and oversaw the proactive divestment of our funds which are now exclusively held across a number of cash deposit accounts. The committee also continued to manage credit risk for institutional holdings, requiring counter parties to meet minimum counterparty credit ratings and deposit values not exceeding predetermined levels (£50m for institutions with credit ratings of at least A1/A+/A+ or £25m for institutions with credit ratings at least A3/A-/A-).

### Managing the on-lending of funds outside of the group

In December 2020, the committee established its first loan to an external housing association with a £3m revolving credit facility to Gloucestershire Rural Homes Association on a three year basis. The new facility went live after the committee interrogated the commercial structure to ensure the loan was offered on market terms on a fully secured basis with a complete funder covenant package and through an established loan agreement. The committee also ensured compliance with existing funder covenants and the regulatory framework, with legal advice procured from specialist legal advisers at Trowers & Hamlins.

**Maintenance of Bromford's sector leading dual credit rating platform**

The committee considered shadow credit rating analysis on each new iteration of the group's business plan, budget and proposed new development and funding proposal. The shadow credit rating analysis demonstrated maintenance of the group's baseline credit assessments across a range of adverse modelling scenarios, setting out appropriate mitigations and the key strategic interventions the group could introduce to maintain ratings if further adverse scenarios were to develop.

The committee was also apprised of the annual rating updates from Moody's and S&P Global Ratings. Moody's re-affirmed their A2 (stable) rating in November 2020, with the committee noting the key strengths highlighted around our stabilised operating margins, our ample liquidity and borrowing capacity, our strong market position, and our continued focus on core business. S&P Global Ratings re-affirmed their A+ rating but with a negative outlook January 2021. The committee understood the key driver for the outlook change as being additional capex now in our business plan to accommodate energy-efficiency and carbon-neutrality target, the substantive nature of which the committee continues to see as a positive base line as we commit to a net zero carbon future.

**Managing mark-to-market exposure on callable swaps**

The committee reviews the group's exposure to market calls on its two ISDA agreements every month to ensure all off market positions are fully collateralised with £15m of headroom. The committee made particular enquiry on adverse movements in market calls after the Bank of England's two emergency rate cuts at the onset of coronavirus and ensured further comfort against additional rate action.





Richard Penska  
Chair – Audit and  
Risk Committee



# Report of the chair of Audit and Risk Committee.

## Committee members.

Richard Penska (chair)

Richard Bird

Helen Adlard (until 30 September 2020)

Charles Hutton-Potts (from 1 April 2021)





It's nice being about to do stuff for customers. When people appreciate it, it makes you enjoy your job because you know you're helping them out.

**Damon O'Grady**  
Multiskilled engineer



## How the committee works

The Audit and Risk Committee's members are independent non-executive directors. Across the committee membership, there is a diverse range of experience in business, finance, auditing, risk and controls, with particular depth of experience in the housing development and the public and housing sectors. The committee is also able to draw on the expertise of key advisors and control functions, including the internal and external auditors.

The committee provides oversight and advice to the board on the matters listed in its terms of reference and reports to the board on those matters after each meeting. The committee did not need to take any independent advice during the year but did consider the work of corporate advisors and specialists regarding the mergers and material risk, governance and control aspects as part of board oversight. At each meeting, the

committee have the opportunity to meet with the internal and external auditors without management present. The committee reviewed its terms of reference and effectiveness.

## Chair statement

I would like to take this opportunity to thank Helen Adlard for her excellent dedication and support as a member of the Audit and Risk Committee.

During a year that has seen a rapidly changing risk profile in light of external challenges related to Covid-19 and Brexit, the committee has sought assurance with a continued focus on the safety and wellbeing of customers and colleagues and maintenance of our critical services, to ensure we can continue to invest in homes and relationships so people can thrive.

Internally a programme of continuous improvement and transformation has been maintained, with the committee challenging management to ensure benefits are being realised and deliverables are achieved.

Across the year we have seen a more proactive approach to consumer regulation, with the publication of the social housing white paper and as we make preparations for the revised building and fire safety regulations, more change is expected as regulation and government policy continue to evolve. Against this changing operating environment, the committee have continued to provide oversight and advice to the board in relation to the current and future risk exposures, keeping the key risks and performance against appetite under review.

The committee continues to challenge the financial reports prepared by management and oversee the assurance work of our internal and external auditors, who themselves provide robust challenge and suggest areas of improvement within our internal control framework.

**Richard Penska**  
Chair – Audit and Risk Committee



## Preparation of the financial statements and external financial reporting

In considering the financial statements, the committee discussed and considered in detail management’s analysis, the external auditor’s work and conclusions on the main areas of judgement. Internal controls and risk management systems have been in place to provide assurance over the preparation of the annual report and accounts. Information submitted for inclusion in the financial statements is attested by individuals with appropriate knowledge and experience. The annual report and accounts are scrutinised throughout the process by relevant senior stakeholders. Subsequently, the Audit and Risk Committee provides debate and challenge, before requesting board approval. Key controls in the process are subject to regular testing, the results of which are reported to the committee.

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

Key audit matter	Committee response
Loan Covenants and Treasury Management	The Group has borrowing, which includes undrawn facilities (predominantly revolving credit facilities), with stand alone interest rate swaps for periods up to 2032 to manage market-to-market exposure. These have been categorised as non-basic and are measured at fair value. Management gave assurances that loan covenant positions remain compliant with funder requirements and that long term financial plans support that the Group is able to avoid breaching loan covenants, even in a stressed scenario. The committee was satisfied with the outcomes and management responses.
Property Sales	The Group generate proceeds from sales of existing homes, first tranche low-cost home ownership and outright sales. The impact of COVID-19 has resulted in lower-than-expected sales achieved, which could impact on recoverability of stock. Management gave assurances to the committee that appropriate assumptions and judgements had been used, with year-end sales figures exceeding re-forecast assumptions. The committee was satisfied with the assurances received, noting the margins and surplus achieved.
Recoverability of long term debtor	The Group’s principal activity following the bond issue is the on-lending of funds to subsidiaries of the Group. It has long term liabilities which relate to the bond issued and long-term intercompany debtors. Whilst there are small amounts of financial income and financial exposure during the loan period, the risk mainly stems from the expectation of the ability of the subsidiaries to repay the loan. The external auditor undertook testing to confirm the intercompany balances and ability of the subsidiaries to meet those balances. The committee were satisfied with the outcomes of the audit which noted that reasonable assumptions had been used in the business plan and found no issues with performance for any entities in the Group.
Pensions	Bromford partakes in two LGPS pensions schemes and the Bromford defined pension scheme. As at 31 March 2021 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 which were based on the most recent valuations and are derived on a consistent basis, year on year. The external auditor presented the audit testing of the pension’s assets and liabilities. The committee was satisfied that the appropriate assumptions and disclosures have been applied to the pension’s liabilities presented in the financial statements.

## Key areas/matters considered by the committee during the year as part of its operation:

Area of focus	Committee action
Covid-19 response	At the start of the year the key risk register was adapted to reflect the impacts and mitigations in response to the Covid-19 pandemic. Through risk profile and assurances, the committee tracked the businesses response and maintenance of services throughout the pandemic. In addition, an internal audit was commissioned in the year to assess the business response, gaining assurance of a continued focus on the safety and wellbeing of customers and colleagues and maintenance of our critical services.
Brexit preparedness	Following on from activities through 2019 to 2020 the committee received updates against actions plans, tracking risks and mitigations linked to the end of the transition period. The committee noted the reports and were satisfied with the actions taken.
Transformation governance	With a large transformation programme underway, the committee requested a report on governance and risk management in the programme. This was presented in September 2020. The committee were satisfied with the proposals and agreed ongoing assurance regarding data cleansing.
Fire safety review	Following heavy assurance through 2018 to 2019 and 2019 to 2020, the committee requested an update on business preparedness for the revised Fire Safety Bill. A report was presented in February 2021 which detailed actions taken and next steps. The committee noted the report.
Appointment of external auditor	The committee tracked the progress of the successful appointment of a new external audit provider, with the committee chair a member of the interview panel. The committee noted the scoring methodology used and received assurance that robust handover would mitigate any risk to audit timescales.
Information security and resilience	Following an update to the information security framework at the start of the year, the committee received updates throughout the year on the outcomes of penetration and vulnerability testing, the committee noted that good progress had been made.
Value for Money benchmarking	The committee received a report on Value for Money, benchmarking current performance against historical performance and that of peers. The report showed a deteriorating trend across Bromford and the sector, but with group strengths on reinvestment and supply of new homes. The committee were satisfied with management proposals in place and planned to improve Bromford's position over the medium term.
Internal review plan	Reviewing and approving the schedule of internal review activity being undertaken by the risk and health and safety business assurance function.
Trading updates	Receiving and approving Bromford market trading updates.

## Internal audit

The committee have overseen the conclusion of the internal audit plan. The committee works closely with the internal auditor (PriceWaterhouseCoopers LLP), who report 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 Audit and Risk 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.

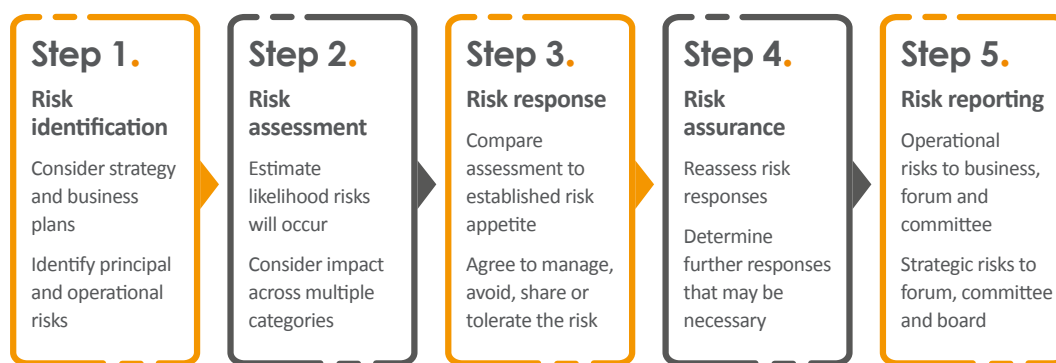
## Risk management

Effective risk management is at the heart of our business and has an important part to play in delivering our purpose.

Applying the principles of risk management effectively allows Bromford to create value, by enabling us to take informed opportunities whilst protecting value by reducing the uncertainty of achieving our strategy.

Our board has overall responsibility for ensuring the group has appropriate systems for managing risk.

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.

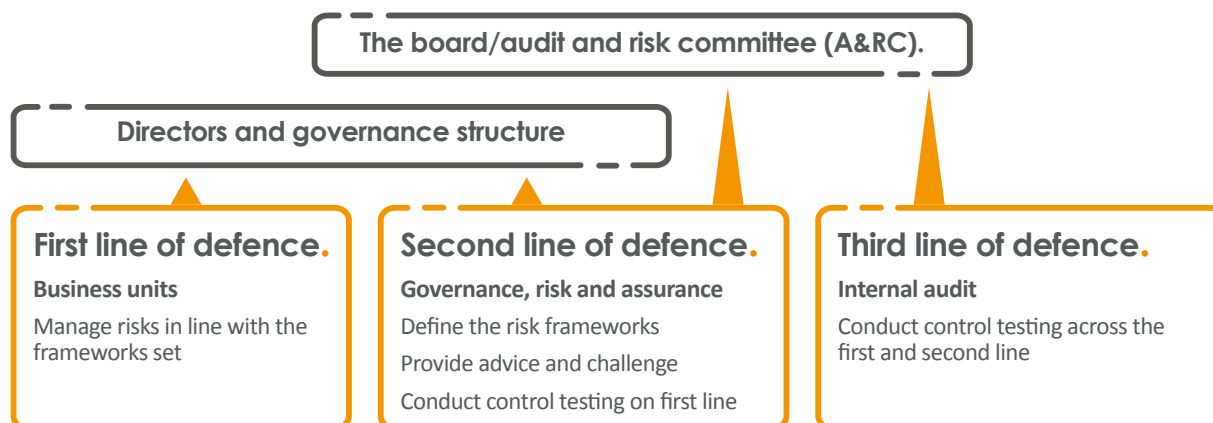


The process aims to manage, rather than eliminate risk. Our board defines clear statements and tolerances that set out the type and amount of risk we are prepared to assume as we deliver our strategy. This informs our strategy for responding to risks and determines the controls we put in place to manage them.

Regular reporting to board highlights any movement in the assessment of key risks and provides assurance that systems for managing risk remain effective.

In this last year, our risk and business continuity frameworks have been tested as we responded to challenging and uncertain times with the changing impacts of the Covid-19 pandemic and uncertainty attached to Brexit. They have proved effective throughout in enabling us to maintain core services with an absolute focus on the safety and wellbeing of our customers and colleagues and have kept our board appraised and assured.

Bromford operates a three lines of defence model, ensuring clear separation between risk and control ownership (first line), oversight, support and challenge (second line), and audit assurance (third line).



Business units use the risk management frameworks to help them manage risks in line with our defined risk appetite. Assurance is provided by the first line through its managerial and supervisory activities.

Our second line functions set the frameworks for managing risk and provide guidance and challenge to the first line through a business partnering model. This is supported by risk and compliance reviews and reporting which gives assurance that risks are being managed in line with our risk appetite.

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 recalibrate 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 and capacity

Our board have defined 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 and dialogue.

We measure and monitor our exposures within agreed tolerances, with forward looking risk indicators and triggers in place.

We manage our responses to risks and opportunities with a clear understanding of risk appetite and capacity.

<b>Legal and regulatory</b>	<b>Risk appetite - minimal</b>
Our risk appetite is minimal, as we will do everything that is reasonably practicable to ensure compliance and is averse with respect to landlord asset compliance and health and safety risks.	
<b>Operational</b>	<b>Risk appetite - balanced</b>
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.	
<b>Financial risk</b>	<b>Risk appetite - balanced</b>
Our appetite is balanced, as we will not accept risks which threaten our financial viability, but we will be open to diverse investment options.	
<b>Development/commercial</b>	<b>Risk appetite - open</b>
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	
<b>Strategic risk</b>	<b>Risk appetite - open</b>
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 board approved risk appetite statements and tolerances remain integral to our corporate decision making processes and the actions we take in managing our business and overall strategy.

We remain true to our attitude towards management of actual and potential risks arising from serious detriment, the health and wellbeing of our customers and colleagues, legal and regulatory risk and have similarly focused allocation of resource and investment in areas such as regulatory reporting, information security, and business continuity planning.

We have seen our capacity for risk being translated in earnest most recently in how we have responded to the Covid-19 pandemic, and how we manage and monitor our risk profile, mitigation and opportunities activity through into the recovery and beyond.

We continue to share our risk appetite position with our board, global investors, and UK stakeholders.



## Our principal risks

Bromford is exposed to the principal risks as set out below. Key risks are determined by the board, and appetite and tolerances set. The risks and indicators are monitored on a monthly basis 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.

Below we set out the profile of risks for Bromford.

### Emerging risks

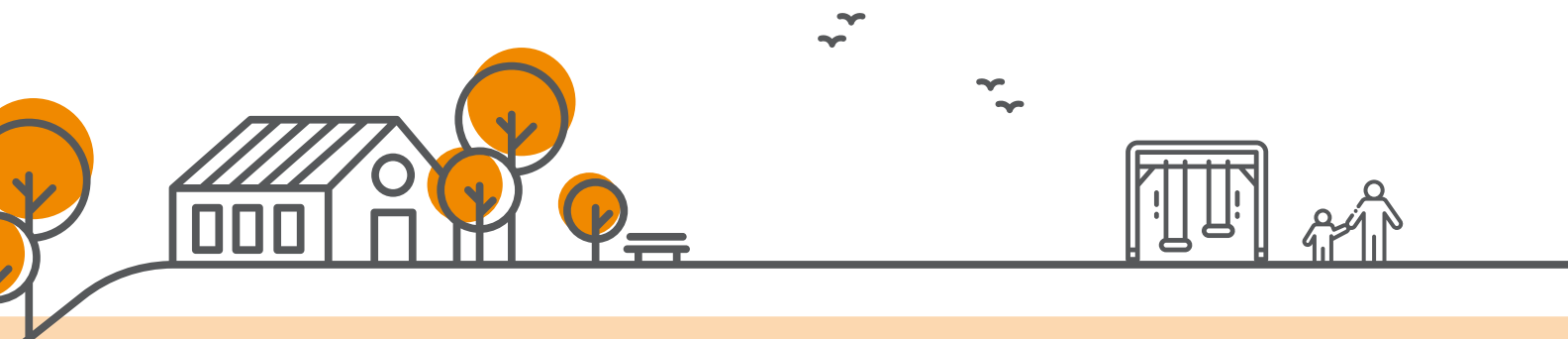
In addition to the principal risks monitored by the board, the business monitor operational risks which are reported through the governance channels to highlight new and growing threats.

Across the group we have a dependency on third parties and counterparties to deliver our strategic objectives. The ongoing uncertainty attached to Brexit combined with Covid-19 has seen challenges across partner providers and specifically our supply chain. Whilst mitigations have ensured no disruption to services to date, we expect the impacts to continue into 2021 to 2022. This is being monitored as a 'material operational risk' by board.


Following the tragic events of Grenfell, across the sector we are seeing a hardening market for Professional Indemnity Insurance in construction. Whilst we do not expect the risk to materialise in the year, with ongoing insurance cover in contract, the risk is being tracked by the Audit and Risk Committee, with Bromford joining with other providers to actively engage the insurance sector in these discussions.

Health and safety	Direction of travel: Stable ●●●●	Link to strategy: Homes that enable
<p><b>Risk:</b> Our approach to health and safety lacks robust controls and oversight. This results in death, injury, or harm caused to colleagues, customers, contractors, or members of the public.</p>		
Mitigation strategies	Changes in year	
Health and safety management systems follow the concepts of ISO 45001, with regular reporting and oversight across dedicated business groups, Audit and Risk Committee and board and independent assurance sought from technical experts throughout the year.	Integrated health and safety management application launched across Bromford. Health and safety management systems were adapted to take account of new covid secure measures, with the primary objective to keep colleagues and customers safe.	

Customer involvement and engagement	Direction of travel: Improving >>>	Link to strategy: Our relationship with customers
<p><b>Risk:</b> Failure to effectively engage our customers will result in homes and relationships that fail to meet their needs.</p>		
Mitigation strategies	Changes in year	
Our coaching approach, combined with a number of involved customer networks, ensures the voice of the customer is heard with the customer and communities' model subject to an annual effectiveness review, reported to board.	Work has commenced to introduce a brand-new feedback platform for customers. Both the customer inclusion networks, and coaching models moved to remote operation during lockdown.	



## Financial planning and performance

Direction of travel:  
Improving 

Link to strategy:  
Future ready

**Risk:** Our financial and resilience planning and/or monitoring fails to mitigate substantial macro-economic or political events.

### Mitigation strategies

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.

### Changes in year

Despite market uncertainty and the UK incurring a downgrade from the credit rating agency Bromford maintained its A2 stable Moody's rating.  
Secured our first ESG linked financing deal, as we launch our Sustainability Finance Framework.

## People

Direction of travel:  
Stable 

Link to strategy:  
Enabling colleagues

**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.


### Mitigation strategies

A clear strategy with values-based recruitment and embedding of our DNA ensures we retain and attract colleagues aligned to our purpose, with data and insight on recruitment, leavers, movers, and our engagement survey tracked in year.

### Changes in year

Commenced a new leadership development programme to create brilliant leadership.  
Wellbeing offering adapted and promoted throughout the pandemic to ensure colleagues were supported to thrive in challenging circumstances.

## Development and market sales

Direction of travel:  
Worsening 

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

A dedicated forum considers opportunities against strategy to ensure compliance with business policy, tracks programme delivery and monitors the external market for potential impacts.

### Changes in year

The combined challenges of Covid-19 and Brexit saw a temporary halt on construction and sales through April and May. Ongoing impacts across market and supply chain are being managed.

## Data governance

Direction of travel:  
Stable 

Link to strategy:  
Future ready

**Risk:** Poor data governance or data architecture leads to inaccuracies in customer, financial, asset, or other key data and consequent service/compliance failures and sub optimal decision making.

### Mitigation strategies

Data Governance Framework based on the ISO/IEC 38505 standards with a dedicated data governance group to assess business practice, monitor risks and improvement plans and provide assurance reporting to Audit and Risk Committee and board.

### Changes in year

Ongoing transformation activity is supporting extensive data cleansing activity and increased PowerBI reporting to provide transparency over data quality.

## Cyber security and network controls

Direction of travel:  
Stable ●●●●

Link to strategy:  
Future ready

**Risk:** Lack of robust network controls and security protocols.  
This results in susceptibility to denial of service attacks, hacking, and unauthorised access.

### Mitigation strategies

Information security management systems aligned to ICO/EIC 27000 standards, with oversight through business forums and Audit and Risk Committee reporting.

### Changes in year

New chief information officer role appointed.  
Following roll out in 2019 to 2020, ongoing programme of vulnerability and penetration testing drove reduced security and vulnerability threats.

## Business continuity

Direction of travel:  
Improving >>>

Link to strategy:  
Future ready

**Risk:** Failure to have effective business continuity, ICT disaster recovery, and major incident plans that are regularly tested.  
This may result in adverse and significant operational, financial, reputational, and legal and regulatory impacts.

### Mitigation strategies

Business continuity frameworks follow the guidance within ISO 22301, with regular reporting and oversight across dedicated business groups, Audit and Risk Committee and board.

### Changes in year

Both Bromford and third-party plans have been thoroughly tested in year in response to business disruption events and have supported maintenance of services.

## Environmental and sustainability

Direction of travel:  
Improving >>>

Link to strategy:  
Future ready

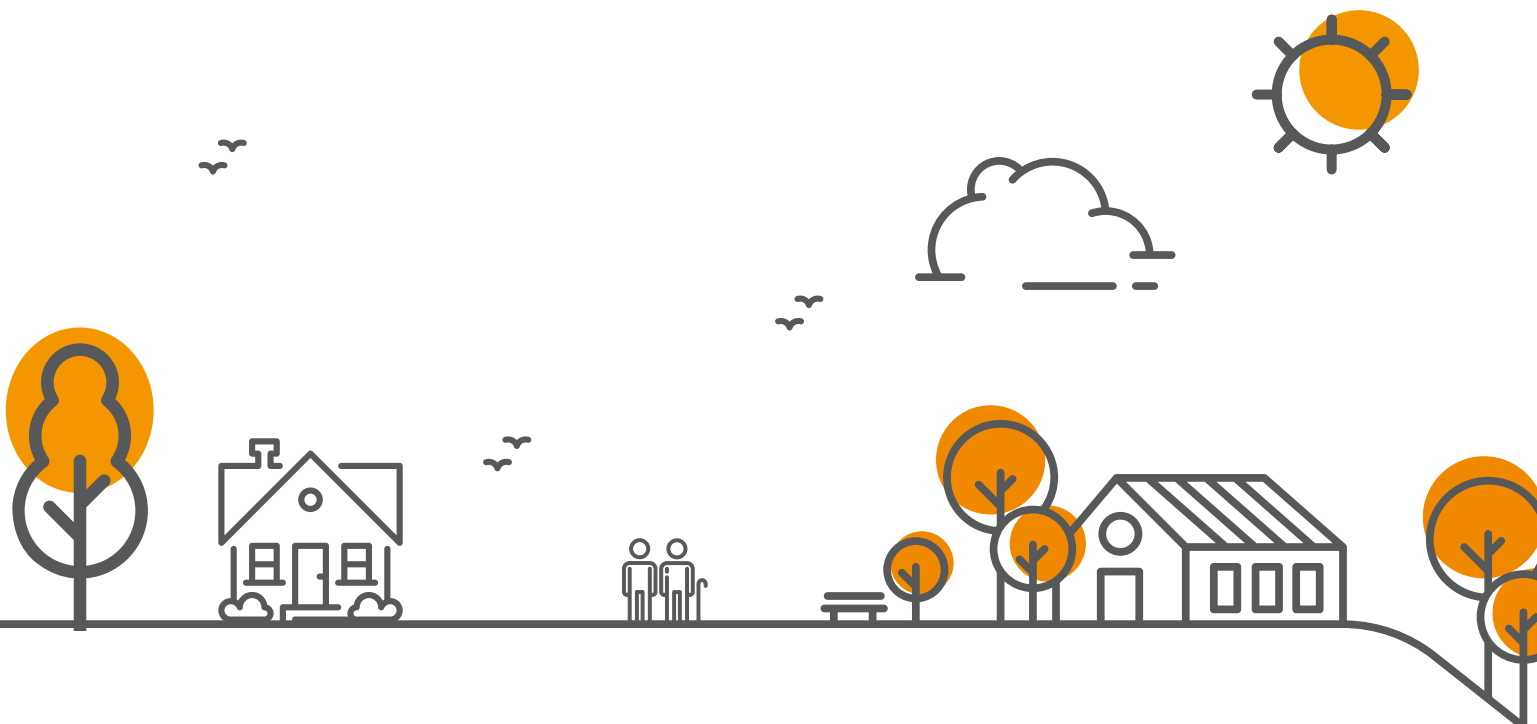
**Risk:** Inability to respond to carbon reduction requirements by 2025 in our new and existing homes.  
This may result in material financial implications, regulatory intervention, and reputational damage.

### Mitigation strategies

A roadmap has been developed to illustrate route to targets, which is monitored and tracked through the sustainability group.

### Changes in year

A sustainability group has been established, who have launched the Sustainable Finance Framework and will track carbon footprint reporting and progress to targets for the group.



# Board compliance statements.

## 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 2021.

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.

We have voluntarily 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. 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. Merlin Housing Society does have legacy shareholders and continues to hold an annual general meeting. The UK Corporate Governance Code 2018 applies for our financial year 2020 to 2021. Each year the board reviews compliance with the UK code and during the financial year ended 31 March 2021, we consider that Bromford has complied with all relevant principles and provisions of the UK Corporate Governance Code 2018.

## Statement of board's responsibilities in respect of the board's report and the financial statements.

The board is responsible for preparing the board's report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law 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 group and the association and of the income and expenditure of the group and 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



- assess the group and the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the group or the association or to cease operations, or has no realistic alternative but to do so.

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 Cooperative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 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 association and to prevent and detect fraud and other irregularities.

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

## Going concern.

The board, after reviewing the group and association's budget for 2021 to 2022 and the group's medium term financial position as detailed in the 30-year business plan, including changes arising from year two of the Coronavirus pandemic, is of the opinion that, taking account of severe but plausible downsides, the group and association have adequate resources to continue in business for the foreseeable future.

Accordingly, the financial statements set out on pages 76 to 120 have been prepared on a going concern basis.

## Viability statement.

As required by the provisions of the UK Corporate Governance Code, the Board has undertaken an assessment of the future prospects of Bromford taking into account its current position and principal risks, including changes arising from year two of the Coronavirus pandemic.

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 2021 by the Board. 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. While reducing, 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 Bromford 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.

In 2020, Beever and Struthers were appointed as Bromford's external auditors for the current financial year.

## Information for auditors.

We, the members of the board who held office at the date of approval of these Financial Statements as set out above confirm, so far as we are aware, that there is no relevant audit information of which the group's auditors are unaware. 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.

The board and strategic report was approved on 20 July 2021 and signed on its behalf by:

**Steve Dando**  
chair

20 July 2021



# Independent Auditor's Report to Bromford Housing Group Limited

## Opinion

We have audited the financial statements of Bromford Housing Group Limited (the Association) and its subsidiaries (the Group) for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income – Group and Association, the Statement of Financial Position – Group and Association, Changes in Reserves – Group and Association and the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2021 and of the Group's income and expenditure and 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 Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and 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 Group Limited by the Board for the period ending 31 March 2021. The period of total uninterrupted engagement for the Group is for one financial year ending 31 March 2021. 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 as applied to listed public interest entities. 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 group financial statements as a whole was set at £5,322,560, determined with reference to a benchmark of Group Turnover (of which it represents 2%). We consider group turnover to be the most appropriate benchmark, and more appropriate than a profit-based benchmark as the Group is a not-for-profit organisation and the focus is on turnover rather than any surpluses, which are reinvested in the Group.

Materiality for the parent association financial statements as a whole was set at £581,480, determined with reference to a benchmark of Association Turnover (of which it represents 2%).

We agreed to report to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £266,128, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's 9 reporting components, we subjected 9 to full scope audits for group purposes. The work on all components including the audit of the parent Association, was performed by the Group team.

**BEEVER  
AND  
STRUTHERS**

CHARTERED ACCOUNTANTS  
AND BUSINESS ADVISORS

## Key Audit Matters

### Recoverability of stock and work in progress

Group only.

#### The risk – significant risk medium value

The Group recorded turnover from properties developed for first tranche shared ownership sale of £26.7m (2020: £41.6m) and properties built for outright sale of £11.6m (2020: £7.7m). Other property sales (such as staircasing, RTB and asset disposals) generated a surplus of £15.8m (2020: £17.3m). At 31 March 2021, the Group held within current assets unsold properties with cost value of £8.3m (2020: £10.4m). Work in progress in relation to properties being developed for sale but still under construction at 31 March 2021 totalled £30.4m (2020: £37.0m).

Refer to pages 88 (accounting policies) and page 102 (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 Group'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 2021.

#### 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

Group only.

#### The risk – significant risk high value

The Group participates in three defined benefit pension schemes. The actuaries of the schemes valued the pension liabilities for Section 28 of FRS 102 purposes, the net pension liability on each of these schemes at 31 March 2021 are reported as follows:

- The Staffordshire County Council Pension Scheme (£878k).
- The Avon Pension Fund (£11,287k).
- The Bromford Pension Scheme (£4,043k).

The financial statements disclose the assumptions used by the Group 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 page 89 (accounting policies) and pages 112 to 119 (financial disclosures).



## Our response

Our procedures included the following tests of detail:

- 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 the 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 results

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 truth and fairness of the financial statements

## Treasury management and going concern

### Group and Association.

#### The risk – significant risk high value

The Group posted a full year surplus of £62.1m before actuarial movements on pension schemes (refer to page 81 (accounting policies) and page 76 (financial disclosures)).

At 31 March 2021 the Group had borrowings of £1,254.9m (refer to page 90 (accounting policies) and pages 104 to 105 (financial disclosures)).

The risk is that the Group 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.

The Association posted a full year surplus of £77k before actuarial movements on pension schemes (refer to page 81 (accounting policies) and page 76 (financial disclosures)).

At 31 March 2021 the Association had borrowings of £531.5m (refer to page 90 (accounting policies) and pages 104 to 105 (financial disclosures)).

## Our response

Our procedures included the following:

- Assessment of recoverability: Reviewed the Group's and Association's 2021/22 budget and longer term financial forecasts, and the underlying assumptions, to assess the Group's ability to service and repay the debt. We also reviewed the stress testing performed by the Group 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 2021 and projected future performance.

## Our results

Our audit work concluded that all loan covenants were comfortably met at 31 March 2021. We confirmed that the Group held cash reserves of £169.1m at 31 March 2021, and had undrawn loan facilities of £337.7m. Further agreed facilities are becoming available in future periods. This available funding equates to approximately 26 months of operating expenditure and is sufficient to meet committed capital expenditure at 31 March 2021.

The Association held cash reserves of £76.9m at 31 March 2021. This available funding equates to approximately 32 months of operating expenditure. There was no committed capital expenditure as at 31 March 2021.

Forecast performance at 31 March 2022 shows a similar position, with gearing and interest cover forecast to be 37.3% and 295% respectively, against covenant limits of 67% and 110% respectively. Across a range of stress testing scenarios, including those linked to COVID-19, the Group remains comfortably within its funding covenants.

We concluded that across a range of stress testing scenarios carried out on its longer-term financial forecasts, including those linked to COVID-19, the Group and Association remains comfortably within its funding covenants.

## Recoverability of long term debtor in Bromford Housing Group Limited

### Association only.

#### The risk – significant risk medium value

The Association's principal activity is to act as principal borrower from third parties and to lend funds to group entities in order to meet the objectives of the Association. Long term debtors in relation to this activity are reported as £441.6m at 31 March 2021 (2020: £422.6m).

The risk arises in relation to other Group members not being able to service or repay the debt due to the Association.

### Our response

Our procedures included the following:

- Assessment of recoverability: Reviewed the budgets and longer term financial forecasts, including the underlying assumptions, to assess the ability of each subsidiary to service and repay the debt. We also reviewed the stress testing performed by each subsidiary on their respective long term financial plans.
- Confirmation of value: Agreed all inter company balances to the accounting records of the Group and each subsidiary.
- Test of detail: Tested the detailed calculations for loan covenant compliance prepared by management for each subsidiary, both for the year ended 31 March 2021 and projected future performance.

### Our results

Our testing found that across a range of stress testing scenarios carried out on the longer-term financial forecasts, including those linked to COVID-19, the subsidiaries within the Group remain viable entities and we found nothing to indicate any issues with the ability of the subsidiaries to service and repay the debts due to the Association.

## 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 are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit and Risk Committee does not appropriately address matters communicated by us to the Audit and Risk Committee.

We have nothing to report in these respects.

## Responsibilities of the Board

As explained more fully in the Statement of Board's Responsibilities set out on page 66, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

- We obtained an understanding of laws and regulations that affect the Group and 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 Group's activities and the regulated nature of the Group's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.



Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the 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.



**Lee Cartwright**

For and on behalf of Beever and Struthers Chartered Accountants, Statutory Auditor

St Georges House  
215 Chester Road  
Manchester  
M15 4JE

Date: 29 July 2021

## Statement of comprehensive income – Group and Association.

### For the year ended 31 March 2021

	Notes	Group		Association	
		2021 Total £'000	2020 Total £'000	2021 Total £'000	2020 Total £'000
Turnover	2	266,128	270,820	29,074	25,811
Cost of sales	2	(30,827)	(37,274)	-	-
Operating costs	2,3	(153,318)	(154,435)	(28,845)	(25,179)
Gain on disposal of property assets	34	15,807	17,311	-	-
Increase in valuation of investment properties	13	748	1,024	-	-
<b>Operating surplus</b>	5	<b>98,538</b>	<b>97,446</b>	<b>229</b>	<b>632</b>
Interest receivable	6	191	1,360	13,580	7,982
Interest and financing costs	7	(42,251)	(42,964)	(13,728)	(7,982)
Loan break costs	7	-	(4,276)	-	-
Gift aid donation		-	-	-	(284)
Movement in fair value of financial instruments		5,540	(2,748)	-	-
Movement in fair value of investments	19	(74)	-	-	-
<b>Surplus before tax</b>		<b>61,944</b>	<b>48,818</b>	<b>81</b>	<b>348</b>
<b>Taxation</b>	10	<b>187</b>	<b>(420)</b>	<b>(4)</b>	<b>(60)</b>
Surplus for the year after tax		<b>62,131</b>	<b>48,398</b>	<b>77</b>	<b>288</b>
<b>Actuarial (loss)/gain relating to pension scheme</b>	36	<b>(15,010)</b>	<b>14,993</b>	<b>-</b>	<b>-</b>
Total comprehensive income for the year		<b>47,121</b>	<b>63,391</b>	<b>77</b>	<b>288</b>

All amounts relate to continuing activities

The notes on pages 80 to 120 form an integral part of these financial statements.

The financial statements on pages 76 to 120 were approved and authorised for issue by the board on 20 July 2021 and were signed on its behalf by:



**Steve Dando**  
chair



**Robert Nettleton**  
chief executive



**Sarah Beal**  
company secretary

## Statement of financial position – Group and Association.

### For the year ended 31 March 2021


	Notes	Group		Association	
		2021	2020	2021	2020
		Total	Total	Total	Total
		£'000	£'000	£'000	£'000
<b>Fixed Assets</b>					
Tangible fixed assets - housing properties	11	2,425,015	2,354,169	-	-
Investment properties	13	22,474	21,710	-	-
Tangible fixed assets - other	14	17,970	15,217	-	-
Intangible fixed assets	15	29,738	19,106	-	-
Homebuy loans receivable	16	570	735	-	-
		<b>2,495,767</b>	<b>2,410,937</b>	<b>-</b>	<b>-</b>
<b>Assets: amounts receivable after more than one year</b>					
Pension asset	36	-	12,471	-	-
Debtors	18	10	96	441,620	422,589
		<b>10</b>	<b>12,567</b>	<b>441,620</b>	<b>422,589</b>
<b>Current Assets</b>					
Stocks	17	48,661	51,139	-	-
Trade and other debtors	18	16,811	16,085	28,827	13,870
Investments	19	24,435	26,877	-	-
Cash and cash equivalents	20	169,115	168,175	76,938	71,632
		<b>259,022</b>	<b>262,276</b>	<b>105,765</b>	<b>85,502</b>
<b>Creditors: amounts falling due within one year</b>	21	<b>(80,372)</b>	<b>(96,094)</b>	<b>(15,434)</b>	<b>(24,697)</b>
<b>Net current assets</b>		<b>178,650</b>	<b>166,182</b>	<b>90,331</b>	<b>60,805</b>
<b>Total assets less current liabilities</b>		<b>2,674,427</b>	<b>2,589,686</b>	<b>531,951</b>	<b>483,394</b>
<b>Creditors: amounts falling due after more than one year</b>					
Loans	22	(1,238,219)	(1,208,660)	(531,472)	(482,992)
Interest rate swaps	22	(20,182)	(25,070)	-	-
Deferred Capital Grant	23	(451,050)	(442,956)	-	-
Other creditors	22	(12,850)	(12,626)	-	-
		<b>(1,722,301)</b>	<b>(1,689,312)</b>	<b>(531,472)</b>	<b>(482,992)</b>
<b>Provisions for liabilities</b>					
Pension liability	36	(16,208)	(13,513)	-	-
Other provisions	26	(2,831)	(895)	-	-
<b>Total net assets</b>		<b>933,087</b>	<b>885,966</b>	<b>479</b>	<b>402</b>
<b>Reserves</b>					
Called up share capital	27	-	-	-	-
Income and expenditure reserve		852,303	803,778	479	402
Revaluation reserve		78,808	80,212	-	-
Restricted reserve		1,976	1,976	-	-
<b>Total reserves</b>		<b>933,087</b>	<b>885,966</b>	<b>479</b>	<b>402</b>

The notes on pages 80 to 120 form an integral part of these financial statements.

The financial statements on pages 76 to 120 were approved and authorised for issue by the board on 20 July 2021 and were signed on its behalf by:

  
Steve Dando  
chair

  
Robert Nettleton  
chief executive

  
Sarah Beal  
company secretary

## Changes in reserves – Group and Association.

### For the year ended 31 March 2021

	Group			Total
	Revaluation reserve	Income and expenditure reserve	Restricted reserves	
	£'000	£'000	£'000	
Balance at 1 April 2019	81,946	738,653	1,976	822,575
Surplus from Statement of Comprehensive Income	-	48,398	-	48,398
Other comprehensive income:				
Actuarial gains	-	14,993	-	14,993
Total comprehensive income for the year		63,391		63,391
Reserve transfers:				
Transfer in respect of depreciation	(1,457)	1,457	-	-
Transfer in respect of disposal	(277)	277	-	-
<b>Balance at 31 March 2020</b>	<b>80,212</b>	<b>803,778</b>	<b>1,976</b>	<b>885,966</b>
Surplus from Statement of Comprehensive Income	-	62,131	-	62,131
Other comprehensive income:				
Actuarial losses	-	(15,010)	-	(15,010)
Total comprehensive income for the year		47,121		47,121
Reserve transfers:	-	-	-	-
Transfer in respect of depreciation	(1,404)	1,404	-	-
Transfer in respect of disposal	-	-	-	-
<b>Balance at 31 March 2021</b>	<b>78,808</b>	<b>852,303</b>	<b>1,976</b>	<b>933,087</b>

	Association	
	Income and expenditure reserve	Total
	£'000	£'000
Balance at 1 April 2019	114	114
Surplus from Statement of Comprehensive Income	288	288
<b>Balance at 1 April 2020</b>	<b>402</b>	<b>402</b>
Surplus from Statement of Comprehensive Income	77	77
<b>Balance at 31 March 2021</b>	<b>479</b>	<b>479</b>

The notes on pages 80 to 120 form an integral part of these financial statements.



## Statement of cashflows.

### For the year ended 31 March 2021

	Group			
	2021		2020	
	£'000	£'000	£'000	£'000
<b>Net cash generated from operating activities</b>		<b>181,577</b>		<b>124,841</b>
<b>Cashflow from investing activities</b>				
Purchase of tangible fixed assets - new housing properties	(115,585)		(152,308)	
Purchase of tangible fixed assets - other	(4,214)		(1,256)	
Purchase of tangible fixed assets - existing housing properties	(31,257)		(30,119)	
Purchase of intangible fixed assets	(14,693)		(7,352)	
Purchase of tangible asset investments	-		(5)	
Proceeds from sale of investments	-		13,698	
Transfers from current asset investments	2,448		-	
Grants received	9,906		12,346	
Interest received	191		3,113	
<b>Net cashflow from investing activities</b>		<b>(153,204)</b>		<b>(161,883)</b>
<b>Cashflow from financing activities</b>				
Interest paid	(49,854)		(50,177)	
New secured loans	50,000		218,539	
Revolving loan facility drawn	-		-	
Repayment of borrowings	(27,467)		(158,369)	
Tax paid	(112)		-	
<b>Net cashflow from financing activities</b>		<b>(27,433)</b>		<b>9,993</b>
<b>Net change in cash and cash equivalents</b>		<b>940</b>		<b>(27,049)</b>
Cash and cash equivalents at the beginning of the year		<b>168,175</b>		<b>195,224</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>169,115</b>		<b>168,175</b>

The notes on pages 80 to 120 form an integral part of these financial statements.

## Notes to the financial statements

### Legal status

Bromford Housing Group Limited is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing (RSH) as a Private Registered Provider of Social Housing. In June 2018, Merlin Housing Society Limited joined the Group and in January 2019 Severn Vale Housing was acquired by Merlin.

The Group comprises the following entities:

Name	Incorporation	Registered/ Non-registered
Bromford Housing Group Limited (29996R)	Co-operative and Community Benefit Societies Act 2014	Registered (L4449)
Bromford Housing Association Limited (7106)	Co-operative and Community Benefit Societies Act 2014	Registered (L4819)
Bromford Home Ownership Limited (29991R)	Co-operative and Community Benefit Societies Act 2014	Registered (L4450)
Merlin Housing Society Limited (30012R)	Co-operative and Community Benefit Societies Act 2014	Registered (L4485)
Bromford Assured Homes Ltd (BAH) (Reg No. 02677730)	Companies Act 2006	Non-registered
Bromford Developments Limited (BDL) (Reg. No. 06507824)	Companies Act 2006	Non-registered
Street Services Limited (SSL) (Reg. No. 3711394)	Companies Act 2006	Non-registered
Igloo Insurance PCC Limited	Incorporated in Guernsey	Non-registered
Riverside Mews Management Company Limited (Reg. No. 02953846)	Companies Act 2006	Non-registered
Strand Services (Whitchurch) Limited (Reg. No. 02645753)	Companies Act 2006	Non-registered
Queen Street Management Company (Lichfield) Limited (Reg. No. 017643790)	Companies Act 2006	Non-registered
Oakbrook Homes Limited (Reg. No. 098289670)	Companies Act 2006	Non-registered
Bromford Housing Group Investments Limited (Reg. No. 13010656)	Companies Act 2006	Non-registered

## 1. Principal accounting policies

These financial statements are prepared in accordance with Financial Reporting 102 – the applicable financial reporting standard in the UK and Republic of Ireland (FRS 102) and the Statement of Recommended for registered housing providers : Housing SORP 2018 and comply with the Accounting Direction of Private Registered Providers of Social Housing 2019.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with significant risk of material adjustment in the next year are discussed later in the judgements and key sources of estimation uncertainty section.

### Measurement convention

The financial statements are prepared on the historical cost basis expect that the following assets and liabilities are stated at their fair value: derivative financial instruments and investment property.

### Parent company disclosure exemptions

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

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

### Basis of consolidation

The consolidated financial statements incorporate the results of Bromford Housing Group Limited and its subsidiary undertakings as at 31 March 2021. Intercompany transactions and balances between group companies are eliminated in full on consolidation. The list of the subsidiary undertakings appears in the legal status section preceding this.

### Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The group prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in May 2021 by the board. As well as considering the impact of a number of scenarios on the business plan the board also adopted a stress testing framework against the base plan. The stress testing impacts were measured against loan covenants and peak borrowing following levels compared to agreed facilities with potential mitigating actions identified to reduce expenditure. As the vaccine roll-out programme in relation to coronavirus continues to have a major positive impact, the business plan has been modified to reflect the current outlook, and this was presented to board.

The board, after reviewing the group and company budget for 2021 to 2022 and the group's medium term financial position as detailed in the 30-year business plan, including changes arising from year two of the Coronavirus 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. In order to reach this conclusion, the board have considered:

- The property market - budget and business plan scenarios have taken account of delays in handovers lower numbers of property sales and reduction in sales values;
- Liquidity - current available cash and unutilised loan facilities of over £500m which gives significant headroom for committed spend and other forecast cash flows that arise;
- The group's ability to withstand other adverse scenarios such as higher interest rates and other adverse movements.

The board believes the group and company has sufficient funding in place and expects the group to be in compliance with its debt covenants, even in severe but plausible downside scenarios.

Consequently, the directors are confident that the group and association will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

### Judgements and key sources of estimation uncertainty

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

- **development expenditure** - the Group capitalises development expenditure in accordance with the accounting policy described on page 85. 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 Group 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 Group has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Group has considered if the asset is held for social benefit or to earn commercial rentals. The Group has determined that market rented properties and commercial properties are investment properties
- **impairment** - the Group has identified a cash generating unit for impairment assessment purposes during development and construction at a programme level, with subsequent impairment assessment once in management at a property scheme level

### Other key sources of estimation and assumptions:

- **tangible fixed assets** - other than investment properties, tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values
- **revaluation of investment property** - the Group carries its investment property at fair value, with changes in fair value being recognised in the Statement of Comprehensive Income. The Group engaged independent valuation specialists to determine 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 Group's loans have been treated as 'basic' in accordance with paragraphs 11.8 and 11.9 of FRS 102. The Group has fixed rate loans which have a two-way break clause (i.e. in addition to compensation being payable by a borrower to a lender if a loan is prepaid where the prevailing fixed rate is lower than the existing loan's fixed rate, compensation could be payable by the lender to the borrower in the event that a loan is prepaid and the prevailing fixed rate is higher than the existing loan's fixed rate). On 2 June 2016, The Financial Reporting Council (FRC) issued a statement in respect of such loans and gave no prescriptive direction as to whether they should be classified as 'basic' or 'non-basic'. The Group believes the recognition of each loan liability at cost provides a more transparent and understandable position of the Group's financial position and that each loan still satisfies the requirements of paragraphs 11.8 and 11.9 of FRS 102, therefore, the Group has retained its 'basic' treatment of its fixed rate loans following the FRC announcement



- **intangible fixed assets** - intangible fixed assets are amortised over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account
- **interest rate SWAPs** - uncertainties in the valuation of interest rate SWAPs include future interest rates and counterparty credit risk. The Group 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 an 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 and intangible assets 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 Group 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 Group 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 Group is not yet committed to nor any significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

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

In the previous year following the assessment of the indicators of impairment, the value of our transformation programme intangible asset was reduced by £1.8m, the carrying value has been further assessed this year with no further impairment considered necessary.

- **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 Group's experience based on a small population.
- **property investments** of £26m in the group are based on open market value from independent valuers (£22.5m of investment properties and £3.5m of pension assets). The directors consider these to be the best estimate of the property investment values. A 10% increase/(decrease) in the valuation would increase/(reduce) the group asset valuation by £2.6m.

## Turnover and revenue recognition

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

Bromford Housing Group generates the following material income streams:

### Rental income receivable

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

### Shared ownership first tranche sales

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

### Service charge income

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

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

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

### Supporting people

Supporting People contract income received from administering authorities is accounted for as income in turnover as per note two. 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 three and matched against the relevant costs.

### Properties developed for outright sales

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

### Grants

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

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

### Other income

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

### Loan interest costs

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

### Loan finance issuance costs

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

## Taxation

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

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

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

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

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

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

## Value Added Tax

The Group charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. All amounts disclosed in the accounts are inclusive of VAT to the extent that it is suffered by the Group/Association and 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

### Housing properties

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

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.

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

UELs for identified components are as follows:

	Years
Boilers	15
Heating systems	30
Kitchens	20
Bathrooms	30
Roofs	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 Group depreciates housing properties held on long leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

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

	Years
Motor vehicles	3-6
Fixtures, fittings, plant and equipment	5
Computer hardware	3
Office buildings	50

#### Works to Existing Properties

Works to existing properties have been capitalised when:

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

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

Works to existing properties which do not meet the above criteria have been charged to the statement of comprehensive income as incurred.

#### Non-component Works to Existing Properties

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

#### 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 2021, interest has been capitalised at an average rate of 3.96% (2020: 3.93%) that reflects the weighted average effective interest rate on the Group's borrowings required to finance housing property developments.

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

### 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	7

### Property managed by agents

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

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

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

### Leasing and hire purchase

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

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

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

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

### Investment property

Investment property includes commercial and other properties held by the Group for reasons other than social benefit 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 Group operates this scheme by lending a percentage of the cost to home purchasers, secured on the property. The loans are interest free and repayable only on the sale of the property. On a sale, the fixed percentage of the proceeds is repaid. The loans are financed by an equal amount of Social Housing Grant (SHG).

In the event a property is sold, the Group 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 Group 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.

## 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 Group's and Association's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

### **Social housing and other government grants**

Where developments have been financed wholly or partly by social housing grant (SHG) and other grants, the amount of the grant received has been included in the Statement of Financial Position as deferred income. This income is recognised in turnover (using the accruals model) over the estimated useful life of the assets (excluding land) which it funds. SHG received for items of cost written off in the Statement of Comprehensive Income Account is included as part of turnover.

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

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

The pension scheme assets are measured at fair value and liabilities are measured on actuarial basis using the projected unit credit method.

The Group participates in the Bromford Defined Benefit Pension Scheme which is open to new employees and in the defined benefit local government pension schemes of Avon Pension Fund and Staffordshire County Council pension schemes both of which are closed to new employees. 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 not included in the defined benefit pension schemes. 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 the actual depreciation charge and the historical cost depreciation charge is transferred from the revaluation reserve to the revenue reserve annually.

## Financial instruments

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

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

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

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

Financial instruments held by the Group are classified as follows:

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

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

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

## Impairment of financial assets

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

The following financial instruments are assessed individually for impairment:

- a) all equity instruments regardless of significance; and
- b) other financial assets that are individually significant



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

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

- a) for an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate
- b) for an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date

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

### Carrying amounts

The carrying amounts of the Society'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 profit or loss.

### Segmental reporting

The group's reportable segments are based on its operational divisions which offer distinguishable services are managed separately and are regularly assessed by the chief operating decision makers, the group's executive board. Operating division results include items directly attributable to the segment, together with the apportioned centralised costs. Central costs are allocated based on a number of factors including number of homes and staff costs within each of their respective operations. The presentation of these financial statements and accompanied notes reflect the group's management and internal reporting. The information reviewed within the management accounts to assess performance and make strategic decisions are consistent with and closely aligned to the financial statements.

The material operating segments are disclosed in notes 2 and 3 where information about income and expenditure attributable to the material operating segments are presented on the basis of tenure type. This is appropriate based on the similarity of the services provided, the nature of the risks associated, and the nature of the regulatory environment in which the group operates.

Assets and liabilities are not reported by operating segment or tenure, other than housing properties which are split by tenure type and are shown in Note 11.

## 2. Turnover and operating surplus - Group

		2021					
	Turnover	Cost of sales	Operating costs	Surplus on disposal	Revaluation on investment property	Operating surplus	
Note	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Social housing lettings</b>							
Housing accommodation	3	181,466	-	(112,712)	-	68,754	
Supported housing accommodation	3	22,974	-	(17,552)	-	5,422	
Shared ownership accommodation	3	14,363	-	(11,881)	-	2,482	
		218,803	-	(142,145)	-	76,658	
<b>Other social housing activities</b>							
First tranche shared ownership sales		26,706	(20,885)	-	-	5,821	
Supported people contract income		2,268	-	(2,951)	-	(683)	
Social value investment		-	-	-	-	-	
Agency services		2,120	-	(2,100)	-	20	
Sales and development		57	-	(3,319)	-	(3,262)	
Other		790	-	(170)	-	620	
Gain on disposal of property, plant and equipment		-	-	-	15,807	15,807	
<b>Non-social housing activities</b>							
Market rents		1,779	-	(1,301)	-	478	
Sewerage services		14	-	(203)	-	(189)	
Commercial rents		1,732	-	(1,608)	-	124	
Properties developed for outright sale		11,598	(9,777)	479	-	2,300	
Property development/equity loan sales		261	(165)	-	-	96	
Increase in valuation of investment properties		-	-	-	748	748	
		266,128	(30,827)	(153,318)	15,807	98,538	
		2020					
	Turnover	Cost of sales	Operating costs	Surplus on disposal	Revaluation on investment property	Operating surplus	
Note	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Social housing lettings</b>							
Housing accommodation	3	174,955	-	(117,636)	-	57,319	
Supported housing accommodation	3	23,835	-	(17,950)	-	5,885	
Shared ownership accommodation	3	13,606	-	(9,515)	-	4,091	
		212,396	-	(145,101)	-	67,295	
<b>Other social housing activities</b>							
First tranche shared ownership sales		41,570	(30,551)	-	-	11,019	
Supported people contract income		2,382	-	(3,438)	-	(1,056)	
Social value investment		-	-	-	-	-	
Agency services		1,611	-	(908)	-	703	
Sales and development		128	(92)	(3,095)	-	(3,059)	
Other		905	(165)	(572)	-	168	
Gain on disposal of property, plant and equipment		-	-	-	17,311	17,311	
<b>Non-social housing activities</b>							
Market rents		1,791	-	(149)	-	1642	
Sewerage services		23	-	(132)	-	(109)	
Commercial rents		1,989	-	(436)	-	1,553	
Properties developed for outright sale		7,655	(6,254)	(604)	-	797	
Property development/equity loan sales		370	(212)	-	-	158	
Increase in valuation of investment properties		-	-	-	1,024	1,024	
		270,820	(37,274)	(154,435)	17,311	97,446	

The Association does not have any housing stock for letting.

### 3. Turnover and operating surplus - Group

	2021			2020	
	Housing accommodation	Supported housing for older people and My Place	Shared ownership	Total	Total
	£'000	£'000	£'000	£'000	£'000
<b>Income</b>					
Rent receivable net of identifiable service charge	172,085	14,892	11,273	198,250	192,255
Service charge income	5,501	6,846	2,623	14,970	14,374
Charges for support services	177	223	175	575	879
Amortised government grants	3,698	1,013	292	5,003	4,847
Revenue grants from other sources	5	-	-	5	41
<b>Turnover from social housing lettings</b>	<b>181,466</b>	<b>22,974</b>	<b>14,363</b>	<b>218,803</b>	<b>212,396</b>
<b>Expenditure</b>					
Management	30,248	5,146	5,065	40,459	40,397
Service charge costs	10,464	4,633	1,119	16,216	16,250
Routine maintenance	30,679	2,690	1,858	35,227	31,988
Planned maintenance	8,142	788	750	9,680	13,537
Major repairs expenditure	4,306	459	223	4,988	8,163
Bad debts	437	87	82	606	959
Depreciation of housing properties	28,436	3,749	2,784	34,969	33,807
<b>Operating expenditure on social housing lettings</b>	<b>112,712</b>	<b>17,552</b>	<b>11,881</b>	<b>142,145</b>	<b>145,101</b>
<b>Operating surplus on social housing lettings</b>	<b>68,754</b>	<b>5,422</b>	<b>2,482</b>	<b>76,658</b>	<b>67,295</b>
Voids	(1,873)	(817)	(12)	(2,702)	(2,249)

The Association does not have any housing stock for letting.

## 4. Accommodation - owned, managed and in development

	Group	
	2021	2020
	Number	Number
Under management at the end of the year		
General needs housing - social rent	30,513	30,477
General needs housing - affordable/intermediate rent	3,554	3,302
Supported housing	3,610	3,712
Low-cost home ownership	3,821	3,795
Leasehold	1,845	1,785
Units to be remodelled	238	192
	<b>43,581</b>	<b>43,263</b>
Non-social housing		
Staff accommodation	7	15
Market rent	271	247
Commercial	91	113
Offices and resource	112	112
Retained freehold	900	730
<b>Total non social housing units</b>	<b>1,381</b>	<b>1,217</b>
<b>Total Units</b>	<b>44,962</b>	<b>44,480</b>
Owned and managed	43,114	42,687
Owned and managed by others	492	503
Managed for others	1,118	1,098
Units to be remodelled	238	192
<b>Total Units</b>	<b>44,962</b>	<b>44,480</b>
Under development at the end of the year		
General needs housing - social rent	304	679
General needs housing - affordable rent	380	653
Supported housing	-	15
Low-cost home ownership	334	546
Outright sale	24	50
<b>Total social housing units</b>	<b>1,042</b>	<b>1,943</b>
Garages/parking spaces	4,479	4,543
Garages not lettable (under review)	799	909
<b>Total garages</b>	<b>5,278</b>	<b>5,452</b>

The Association does not have any housing stock for letting.

## 5. Surplus on ordinary activities

The surplus on ordinary activities is stated after charging

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Operating lease rentals				
- office land and buildings	357	571	-	-
- other	1,593	2,410	-	-
Previous auditors' remuneration				
- audit of financial statements	-	40	-	40
- audit of subsidiaries	-	153	-	-
- service charge certification	-	21	-	-
- other services	-	22	-	-
Current auditors' remuneration				
- audit of financial statements	20	-	20	-
- audit of subsidiaries	112	-	-	-
- service charge certification	32	-	-	-
- other services	8	-	-	-

## 6. Interest receivable and income from investments

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Interest receivable from cash, deposits and intragroup loans	191	1,360	13,580	7,982

## 7. Interest payable and similar charges

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
<b>Interest on loans, overdrafts and other financing</b>				
Repayable wholly within five years	1,431	4,437	295	164
Repayable wholly or partly in more than five years	43,538	39,570	15,891	12,427
	44,969	44,007	16,186	12,591
Other finance charges	789	677	164	78
Amortised net finance costs/(premium)	417	680	(2,622)	(4,687)
	46,175	45,364	13,728	7,982
Interest payable capitalised on housing properties under construction 3.93% (2020: 3.96%)	(3,943)	(2,999)	-	-
	42,232	42,365	13,728	7,982
Interest on pension scheme liabilities	4,247	4,771	-	-
Expected return on employer assets	(4,228)	(4,172)	-	-
	42,251	42,964	13,728	7,982

In the previous year the Group completed the early repayment of a legacy bank loan with a non-active lender. This early repayment incurred break costs of £4,276k. The loan was refinanced through new capital market issuances and the transaction generated significant net savings in cash terms over the remaining life of the loan.



## 8. Colleague costs

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Wages and salaries	61,208	54,652	11,197	11,820
Social security costs	5,640	5,143	1,277	1,155
Other pension costs	5,142	5,330	1,353	1,211
	<b>71,990</b>	<b>65,125</b>	<b>13,827</b>	<b>14,186</b>

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

	2021	2020	2021	2020
	No.	No.	No.	No.
Asset management	679	690	1	2
Central services	370	340	370	206
Development, construction and sales	114	108	4	2
Housing management and support	596	633	2	2
Innovation and new business	-	5	-	1
	<b>1,759</b>	<b>1,776</b>	<b>377</b>	<b>213</b>

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

The number of full-time employees (including executive directors) whose remuneration exceed £60,000 in the period was as follows

	Group	
	2021	2020
	No.	No.
£60,001-£70,000	39	37
£70,001-£80,000	24	28
£80,001-£90,000	20	13
£90,001-£100,000	9	9
£100,001-£110,000	7	1
£110,001-£120,000	2	2
£120,001-£130,000	2	7
£130,001-£140,000	3	2
£140,001-£150,000	2	1
£150,001-£160,000	2	3
£160,001-£170,000	1	1
£170,001-£180,000	1	-
£180,001-£190,000	-	1
£190,001-£200,000	1	1
£200,001-£210,000	-	1
£210,001-£220,000	1	-
£220,001-£230,000	-	1
£230,001-£240,000	-	1
£240,001-£250,000	-	-
£250,001-£260,000	-	-
£260,001-£270,000	-	1
£270,001-£280,000	1	-
	<b>115</b>	<b>110</b>

The 2021 emoluments include a total provision of £609k (2020: £479k) for redundancy and compensation for loss of office.

## 9. Directors' emoluments - Group

Directors (key management personnel) are defined as the members of the Board, the Chief Executive, other Chief Officers and Executive Directors.

The highest paid director was Robert Nettleton (2020: Robert Nettleton), the Chief Executive.

Robert Nettleton was an ordinary member of the Bromford contribution pension scheme funded by annual contributions from the employer and employee. No enhanced or special terms apply. There are no additional pension arrangements.

Emoluments (excluding pension contributions; and taxable benefits) payable to the highest paid Director

	Group	
	2021 £'000	2020 £'000
Robert Nettleton	259	244

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

	2021				
	Salaries £'000	Bonus £'000	Taxable benefits £'000	Pension £'000	Total £'000
Robert Nettleton	250	9	-	25	284
Other Chief Officers and Executive Directors	992	22	2	98	1,114
Non -Executive Board Directors	103	-	-	-	103
Total Executive and Non-Executive Directors	1,345	31	2	123	1,501

	2020				
	Salaries £'000	Bonus £'000	Taxable benefits £'000	Pension £'000	Total £'000
Robert Nettleton	244	-	1	24	269
Other Chief Officers and Executive Directors	715	1	35	68	819
Non -Executive Board Directors	115	-	-	-	115
Total Executive and Non-Executive Directors	1,074	1	36	92	1,203

## 10. Taxation on surplus on ordinary activities

	Group		Association	
	2021	2020	2021	2020
	Total	Total	Total	Total
	£'000	£'000	£'000	£'000
<b>Current tax</b>				
UK corporation tax charge on ordinary activities	-	169	28	74
(Over)/under provision in previous years	(209)	105	(64)	-
Total current tax	(209)	274	(36)	74
<b>Deferred tax</b>				
Origination and reversal of timing differences	22	146	40	(14)
<b>Tax on surplus on ordinary activities</b>	<b>(187)</b>	<b>420</b>	<b>4</b>	<b>60</b>
<b>Total tax reconciliation</b>				
Surplus on ordinary activities	61,944	48,818	81	348
Surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	11,769	9,275	15	66
<b>Effects of</b>				
Items not allowable for tax purposes	78	72	22	3
Timing differences	-	20	-	-
Tax rate changes	-	(9)	-	(4)
Income not taxable	(241)	(213)	-	(5)
Deferred tax	407	(12)	40	-
Adjustment in respect of prior years	(209)	(45)	(64)	-
Surplus relating to charitable entities	(11,991)	(8,687)	(37)	-
Group relief received	-	19	28	-
	(187)	420	4	60

The UK tax rate is expected to increase to 25% from 1 April 2023 although this has not been substantively enacted, this could increase the group's and association's future current tax charge accordingly. The deferred tax liability at 31 March 2021 has been calculated at 19% (2020: 19%).

## 11. Tangible fixed assets - housing properties

	Housing properties held for letting	Housing properties under construction	Completed shared ownership housing properties	Shared ownership properties under construction	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
As at 1 April 2020	2,298,763	109,247	232,539	37,692	2,678,241
Additions	-	92,979	-	19,483	112,462
Replacement of components	30,035	-	-	-	30,035
Transferred on completion	56,631	(56,631)	15,767	(15,767)	-
Disposals	(8,040)	-	(4,329)	-	(12,369)
Transferred to investment properties	(273)	-	-	-	(273)
Components disposed	(9,007)	-	(8)	-	(9,015)
Transfers to another association	(23,531)	-	(3,988)	-	(27,519)
Reclassification	4,753	-	(4,826)	73	-
<b>As at 31 March 2021</b>	<b>2,349,331</b>	<b>145,595</b>	<b>235,155</b>	<b>41,481</b>	<b>2,771,562</b>
<b>Depreciation</b>					
As at 1 April 2020	315,014	-	9,058	-	324,072
Charge for the year	33,929	-	1,401	-	35,330
Disposals	(9,396)	-	(3,459)	-	(12,855)
<b>As at 31 March 2021</b>	<b>339,547</b>	<b>-</b>	<b>7,000</b>	<b>-</b>	<b>346,547</b>
<b>Net book value</b>					
<b>As at 31 March 2021</b>	<b>2,009,784</b>	<b>145,595</b>	<b>228,155</b>	<b>41,481</b>	<b>2,425,015</b>
As at 31 March 2020	<b>1,983,749</b>	<b>109,247</b>	<b>223,481</b>	<b>37,692</b>	<b>2,354,169</b>

	2021	2020
	£'000	£'000
Housing property net book value in respect of long leaseholds	86,658	84,009
Housing property net book value in respect of freeholds	2,338,357	2,270,160
	<b>2,425,015</b>	<b>2,354,169</b>

	2021	2020
	£'000	£'000
Component depreciation within the depreciation charge	16,051	14,637
Development administration costs capitalised during the year	4,017	4,851
Aggregate amount of interest and finance cost included within the cost of housing properties	<b>28,830</b>	<b>25,102</b>

### Properties held for security

Bromford Housing Group - Registered Social Housing Provider - has property pledged as security value (EUV - SH and MV - STT) of £2,227m (2020: £2,083m). The number of units on which security was pledged amounted to 32,223 (2020: 32,060).

## 12. Expenditure on work to existing properties

	2021	2020
	£'000	£'000
Replacement of components	30,035	31,205
Amounts charged to income and expenditure account	4,988	8,163
	<u>35,023</u>	<u>39,368</u>

## 13. Investment properties held for letting

	2021	2020
	£'000	£'000
As at 1 April	21,710	21,185
Additions	-	5
Transfer to tangible fixed assets - housing properties	-	(701)
Transfer from tangible fixed assets - housing properties	273	210
Gain/(loss) on transfer of properties	41	(31)
Gain from adjustment in value		
Commercial investment properties	56	130
Market rent investment properties	651	925
Disposals		
Commercial investment properties	(257)	(13)
As at 31 March	<u>22,474</u>	<u>21,710</u>

Investment properties (commercial and market rent) were valued at 31 March 2021 by professional qualified external valuers.

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

Discount rate	6.5% - 9%
Annual inflation rate	1%
Level of long term rent increase	<u>1%</u>



## 14. Tangible fixed assets - other

	Freehold offices	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
As at 1 April 2020	19,250	2,801	11,373	995	34,419
Additions	2,324	56	272	1,761	4,413
<b>As at 31 March 2021</b>	<b>21,574</b>	<b>2,851</b>	<b>11,645</b>	<b>2,667</b>	<b>38,737</b>
<b>Depreciation and impairment</b>					
As at 1 April 2020	6,284	2,594	9,792	532	19,202
Charge for the year	371	117	902	234	1,624
<b>As at 31 March 2021</b>	<b>6,655</b>	<b>2,708</b>	<b>10,694</b>	<b>710</b>	<b>20,767</b>
<b>Net book value</b>					
<b>As at 31 March 2021</b>	<b>14,919</b>	<b>143</b>	<b>951</b>	<b>1,957</b>	<b>17,970</b>
As at 31 March 2020	12,966	207	1,581	463	15,217

## 15. Intangible fixed assets

	Software	Architects' fees	Total
	£'000	£'000	£'000
<b>Cost</b>			
As at 1 April 2020	24,915	148	25,063
Additions	12,868	-	12,868
<b>As at 31 March 2021</b>	<b>37,783</b>	<b>148</b>	<b>37,931</b>
<b>Depreciation</b>			
As at 1 April 2020	5,816	141	5,957
Charge for the year	2,229	7	2,236
<b>As at 31 March 2021</b>	<b>8,045</b>	<b>148</b>	<b>8,193</b>
<b>Net book value</b>			
<b>As at 31 March 2021</b>	<b>29,738</b>	<b>-</b>	<b>29,738</b>
As at 31 March 2020	19,099	7	19,106

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 £27.3m (2020: £17.9m), this asset includes various projects, some of which are complete and others that are in progress. Assets in progress of £16.8m (2020: £9.1m) have not yet been amortised as these assets are still being developed, once complete they will be amortised over the useful economic life of seven years. The remaining amortisation period of the completed assets is between six to seven years. In the previous year there was an impairment charge identified of £1.8m and this is included in the depreciation amounts brought forward. Following an assessment of the carrying value of the intangible asset no further impairment is considered necessary.

## 16. HomeBuy loans

	2021	2020
	£'000	£'000
As at 1 April	735	932
Loans redeemed in the year	(165)	(197)
As at 31 March	<u>570</u>	<u>735</u>

## 17. Stocks and work in progress

	Group	
	2021	2020
	£'000	£'000
Consumable stock	763	1,271
Properties developed for outright sale	11,368	16,943
Land costs	9,169	2,498
Cost of first tranche element of shared ownership properties	27,361	30,427
	<u>48,661</u>	<u>51,139</u>
Shared ownership properties		
Completed	4,417	4,480
Under construction	22,944	25,947
	<u>27,361</u>	<u>30,427</u>
Properties in development for outright sale		
Completed	3,921	5,920
Under construction	7,447	11,023
	<u>11,368</u>	<u>16,943</u>

## 18. Trade and other debtors

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
<b>Amounts falling due within one year</b>				
Rent arrears	7,225	8,940	-	-
Less: provision for bad debts	(3,293)	(3,016)	-	-
	<u>3,932</u>	<u>5,924</u>	-	-
Trade debtors	3,646	3,383	-	-
Amounts due from group companies	-	-	21,993	8,601
Deferred tax	-	51	-	-
Other debtors	6,990	3,078	244	46
Prepayments and accrued income	2,243	3,649	6,590	5,223
	<u>16,811</u>	<u>16,085</u>	<u>28,827</u>	<u>13,870</u>
<b>Amounts falling due after more than one year</b>				
Amounts due from group companies	-	-	441,620	422,589
Government grant debtor	-	96	-	-
Retentions	10	-	-	-
	<u>10</u>	<u>96</u>	<u>441,620</u>	<u>422,589</u>

## 19. Current asset investments

	Group	
	2021	2020
	Total	Total
	£'000	£'000
Opening fair value at 1 April	26,877	36,892
Transfer (to)/from fixed assets - housing properties	-	(315)
Disposals	-	(8,360)
Additions to investments	1,380	2,633
Withdrawals from investments	(3,828)	(4,047)
Interest	80	74
Losses on re-measurement to fair value	(74)	-
<b>Fair value at 31 March</b>	<b>24,435</b>	<b>26,877</b>

Current asset investments include monies held by lenders in support of bond finance. These monies are placed in accounts charged by the lenders.

The Association does not hold any current asset investments

## 20. Cash and cash equivalents

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Cash at bank	168,111	141,514	76,938	50,632
Cash equivalents	1,004	26,661	-	21,000
	<b>169,115</b>	<b>168,175</b>	<b>76,938</b>	<b>71,632</b>

Included in the above are balances totalling £3.6m (2020: £3.6m) which are held in trust for shared ownership leaseholders.

## 21. Creditors: amounts falling due within one year

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Prepaid rental income	8,169	6,956	-	-
Loans	16,706	29,358	-	15,000
Local Authority RTB share of proceeds	2,213	2,133	-	-
Interest rate swaps	2,693	3,345	-	-
Trade creditors	10,363	11,895	-	136
Amounts due to group companies	-	-	15,305	9,469
Social security and other taxes	1,653	1,492	3	3
Corporation tax	-	307	-	66
Balances with supported housing partners	1,061	912	-	-
Funds held on trust	233	228	-	-
Deferred capital grant	4,840	4,945	-	-
Recycled capital grant fund	2,506	3,223	-	-
Disposal Fund	-	445	-	-
Other creditors	4,426	6,745	-	-
Accruals and deferred income	25,509	24,110	126	23
	<b>80,372</b>	<b>96,094</b>	<b>15,434</b>	<b>24,697</b>

## 22. Creditors: amounts falling due after more than one year

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Loans	1,238,219	1,208,660	531,472	482,992
Amounts due to group companies	-	-	-	-
Interest rate swaps	20,182	25,070	-	-
Leaseholder sinking funds	4,651	4,504	-	-
Balances with supported housing partners	2,132	2,132	-	-
Deferred capital grant	451,050	442,956	-	-
Recycled capital grant fund	5,962	5,801	-	-
Other creditors	105	165	-	-
Deferred taxation	-	24	-	-
	<b>1,722,301</b>	<b>1,689,312</b>	<b>531,472</b>	<b>482,992</b>
<b>Loans repayment profile</b>				
Repayable within one year	16,706	29,358	-	15,000
Repayable between one and two	15,201	14,785	-	-
Repayable between two and five years	50,263	49,707	-	-
Repayable after five years	1,175,598	1,145,858	533,467	483,522
Less: Loan finance costs	(2,843)	(1,690)	(1,995)	(530)
	<b>1,254,925</b>	<b>1,238,018</b>	<b>531,472</b>	<b>497,992</b>

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

	Period		Rate	Amount
	Years	End Date	%	£'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
				<b>86,000</b>

Interest rate swap creditor profile

	Group	
	2021	2020
	£'000	£'000
Due within one year	2,693	3,345
Due between one and two	2,769	3,439
Due between two and five years	6,430	7,988
Due after five years	10,983	13,643
	<b>22,875</b>	<b>28,415</b>

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

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Floating rate	34,418	37,977	-	-
Fixed rate	1,223,350	1,201,731	533,467	498,522
	<b>1,257,768</b>	<b>1,239,708</b>	<b>533,467</b>	<b>498,522</b>
Floating rate	0.39%	0.73%	-	-
Fixed rate	3.76%	3.77%	2.93%	3.13%

Undrawn committed borrowing facilities (all secured) at 31 March were

	Group	
	2021	2020
	£'000	£'000
Expiring within one year	-	37,745
Expiring between one and two years	-	-
Expiring between two and five years	265,000	290,000
Expiring after five years	72,749	57,749
	<b>337,749</b>	<b>385,494</b>

## 23. Deferred capital grant

	Group	
	2021	2020
	£'000	£'000
At 1 April	447,901	441,582
Grants received in year	22,111	14,407
Grants recycled from the Recycled Capital Grant Fund and disposal proceeds fund	2,953	1,678
Transferred to third party	(12,205)	(2,061)
Grants recycled to the recycled capital grant fund	(1,943)	(3,918)
Amortised in year	(4,841)	(4,969)
Amortised grant on disposal	1,914	1,182
<b>As at 31 March</b>	<b>455,890</b>	<b>447,901</b>
Amount due to be released within one year	4,840	4,945
Amount due to be released in more than one year	451,050	442,956
<b>As at 31 March</b>	<b>455,890</b>	<b>447,901</b>



## 24. Other capital grant funds

	Group		2021	2020
	Disposal proceeds fund £'000	Recycled capital grant fund £'000	£'000	£'000
At 1 April	445	9,024	9,469	7,209
Inputs to reserve				
Grants recycled	-	1,943	1,943	3,918
Interest accrued	-	9	9	20
Utilised				
New build	(445)	(2,508)	(2,953)	(1,678)
At 31 March	-	8,468	8,468	9,469
<b>Amounts due within one year</b>	-	2,506	2,506	3,668
<b>Amounts due after more than one year</b>	-	5,962	5,962	5,801
	-	8,468	8,468	9,469
Amount three years or older where repayment may be required*	-	714	714	1,812

\* Consent has been given by Homes England for use in 2021 to 2022

## 25. Deferred taxation

	Group	
	2021 £'000	2020 £'000
As at 1 April	24	24
Amounts credited to surplus for the year	(24)	-
<b>As at 31 March</b>	-	24

## 26. Provision for liabilities and charges

	Total £'000
At 1 April 2020	895
Charged to income and expenditure account	
Additions	2,552
Utilised in year	(616)
<b>As at 31 March</b>	<b>2,831</b>

Provisions include insurance and performance related pay.

## 27. Share Capital and reserves

	Group	
	2021	2020
	£	£
Issued and fully paid		
At 1 April	6	9
Issued	2	-
Cancelled	(1)	(3)
	<u>7</u>	<u>6</u>

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

**Restricted reserve** - under the terms of an agreement with South Gloucestershire Council, a proportion of the proceeds from disposal of vacant dwellings is to be held in a reserve. The reserve is used, inter alia, for the provision of affordable housing within the council area. This arrangement commenced in 2016 to 2017.

## 28. Analysis of changes in net debt

	As at 1 April 2020	Cashflows	Amortisation of premium/ loan costs	Movement in creditors due within one year	As at 31 March 2021
	£'000	£'000	£'000	£'000	£'000
Cash at bank and cash equivalents	168,175	940	-	-	169,115
Short term investments	26,877	(2,442)	-	-	24,435
	<u>195,052</u>	<u>(1,502)</u>	<u>-</u>	<u>-</u>	<u>193,550</u>
Other loans					
Housing loans due within one year	(29,358)	27,467	-	(14,815)	(16,706)
Housing loans due after more than one year	(1,208,660)	(50,000)	5,626	14,815	(1,238,219)
<b>Change in debt resulting from cashflows</b>	<b>(1,042,966)</b>	<b>(24,035)</b>	<b>5,626</b>	<b>-</b>	<b>(1,061,375)</b>

## 29. Cash flow from operating activities

	Group	
	2021	2020
	£'000	£'000
Surplus for the year	62,131	48,398
Adjustments for non-cash items		
Depreciation of tangible fixed assets - housing properties	35,330	32,188
Depreciation of tangible fixed assets - other	1,624	1,731
Amortisation of intangible assets	2,236	1,424
Impairment of intangible assets	-	1,806
Amortisation of government grant	(4,841)	(4,969)
Decrease in stock	2,478	8,517
(Increase)/decrease in trade and other debtors	(720)	17,463
Increase/(decrease) in trade and other creditors	7,187	(10,997)
Pension costs less contributions payable	137	(19,957)
Increase/(decrease) in provisions	1,936	(15,323)
Carrying amount of tangible fixed assets disposals	37,998	20,094
Carrying amount of intangible asset disposals	-	231
Loss/(profit) from sale of investments	257	(3,985)
Adjustments for investing or financing activities		
Movement on shared equity loans	165	197
Movement in value of swaps	(5,540)	2,748
Movement in value of investment property	(674)	(1,024)
Interest payable	42,251	47,239
Interest receivable	(191)	(1,360)
Taxation	(187)	420
<b>Net cash generated from operating activities</b>	<b>181,577</b>	<b>124,841</b>

## 30. Capital commitments

	Group	
	2021	2020
	£'000	£'000
Capital expenditure contracted for but not provided for in the financial statements	296,931	213,376
Capital expenditure authorised but not yet contracted for	21,555	93,334

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:

	Group	
	2021	2020
	£'000	£'000
Social housing grant	15,483	7,055
Proceeds from the sale of properties	60,942	60,149
Loans and reserves	242,061	239,506
	<b>318,486</b>	<b>306,710</b>

### 31. Other financial commitments

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

	Land and buildings		Vehicles and office equipment		Total leases	
	2021	2020	2021	2020	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Operating leases which expire						
Within one year	-	156	276	397	276	553
Within two to five years	217	143	2,061	3,608	2,278	3,751
After more than five years	-	91	-	-	-	91
	<b>217</b>	<b>390</b>	<b>2,337</b>	<b>4,005</b>	<b>2,554</b>	<b>4,395</b>

### 32. Grant and financial assistance

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

	Group	
	2021	2020
	£'000	£'000
Held as deferred capital grant	455,890	447,901
Recognised as income in Statement of Comprehensive Income	120,670	115,546
	<b>576,560</b>	<b>563,447</b>

### 33. Financial instruments

Financial instruments may be analysed as follows:

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Financial liabilities measured at fair value through the income and expenditure account				
Derivative financial instruments	22,875	28,415	-	-

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 4.183% and 4.655%.

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

	Proceeds of sales	Cost of sales	Surplus	Capital grant recycled
	£'000	£'000	£'000	£'000
Further tranches of shared ownership	10,023	(6,342)	3,681	985
Right to buy	2,522	(2,462)	60	11
Right to acquire	1,866	(688)	1,178	229
Other property disposals	30,070	(19,146)	10,924	718
Other fixed asset disposals	2	(38)	(36)	-
<b>Total 2021</b>	<b>44,483</b>	<b>(28,676)</b>	<b>15,807</b>	<b>1,943</b>
Total 2020	43,678	(26,367)	17,311	5,980

## 35. Related party transactions

Transactions with non-regulated members of the Group

### Group transactions 2021

	Bromford Developments Limited	Oakbrook Homes Limited	Bromford Assured Homes Limited	Street Services Limited	Strand Services Limited	Riverside Mews Limited	Igloo Insurance PCC Limited (Cell BR04)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Income</b>							
Gift Aid	-	52	499	182	-	-	-
Management recharges	451	-	80	-	4	2	-
Administration recharges	-	55	57	-	-	-	-
Interest receivable	247	-	-	202	-	-	-
	<b>698</b>	<b>107</b>	<b>636</b>	<b>384</b>	<b>4</b>	<b>2</b>	<b>-</b>
<b>Expenditure</b>							
Construction services	24,661	792	-	-	-	-	-
Rental charges	-	-	-	202	-	-	-
Insurance fees	-	-	-	-	-	-	59
Charge for group relief	28	-	-	-	-	-	-
	<b>24,689</b>	<b>792</b>	<b>-</b>	<b>202</b>	<b>-</b>	<b>-</b>	<b>59</b>

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

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

### Group transactions 2020

	Bromford Developments Limited	Oakbrook Homes Limited	Bromford Assured Homes Limited	Street Services Limited	Strand Services Limited	Riverside Mews Limited	Igloo Insurance PCC Limited (Cell BR04)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Gift Aid</b>							
Management recharges	-	94	475	154	-	-	-
Administration recharges	487	98	71	-	4	2	-
Interest receivable	-	-	343	-	-	-	-
Interest receivable	373	-	-	195	-	-	-
	<b>860</b>	<b>192</b>	<b>889</b>	<b>349</b>	<b>4</b>	<b>2</b>	<b>-</b>
<b>Expenditure</b>							
Construction services	22,003	2,654	-	-	-	-	-
Rental charges	-	-	-	195	-	-	-
Insurance fees	-	-	-	-	-	-	363
	<b>22,003</b>	<b>2,654</b>	<b>-</b>	<b>195</b>	<b>-</b>	<b>-</b>	<b>363</b>



### 35. Related party transactions (continued)

	Association			
	Bromford Developments Limited		Bromford Assured Homes Limited	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
<b>Income</b>				
Management recharges	451	487	80	71
Interest receivable	247	373	-	-
	<b>698</b>	<b>860</b>	<b>80</b>	<b>71</b>

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

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Bromford Developments Limited	18,511	15,672	7,160	12,734
Oakbrook Limited	(251)	(603)	-	-
Bromford Assured Homes Limited	600	1,077	152	74
Street Services Limited	1,286	1,159	1,341	1,159
Strand Services Limited	1	-	-	-
Riverside Mews Limited	1	-	-	-
	<b>20,148</b>	<b>17,305</b>	<b>8,653</b>	<b>13,967</b>

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 2022 which was previously included in its previous policy. The maximum exposure across the group for this indemnity is £10million and expires on 31 March 2022. This is described in more detail in note 37.

The balances noted above are unsecured.

The Association will provide further financial support and other support to Bromford Developments Limited until at least 30 September 2022, including not seeking repayment of the loan if it means that that the company is unable to pay its creditors as they fall due for payment.

### 36. Pension obligations

During the year, the Group participated in three defined benefit (DB) schemes, the Staffordshire County Council Pension Scheme (LGPS), the Avon Pension Fund (LGPS) and the Bromford DB Scheme (BDBS). Except for BDBS, all of the schemes are multi-employer DB schemes.

The Group also participates in two defined contribution (DC) schemes, the Social Housing Pension Scheme's defined contribution scheme and Royal London defined contribution scheme, to meet its obligations for auto-enrolment which applied from October 2013. The amount recognised as an expense within the surplus for the year was £4.7m.

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

#### Summary of Pension Schemes balances (Group)

	Group	
	At 31 March 2021 £'000	At 31 March 2020 £'000
<b>Pension asset</b>		
Bromford DB Scheme	-	12,471
<b>Creditors due less than one year</b>		
Royal London DC Scheme	(33)	(45)
	<b>(33)</b>	<b>(45)</b>
<b>Provisions for Pensions</b>		
Staffordshire (LGPS)	(878)	(1,254)
Bromford DB Scheme	(4,043)	-
Avon Pension Fund (LGPS)	(11,287)	(12,259)
	<b>(16,208)</b>	<b>(13,513)</b>

#### 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 2021 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.

	<b>£'000</b>
Employee	94
Employer	2,778
<b>Total</b>	<b>2,872</b>
<b>Agreed contribution rates for future years:</b>	
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 2021 by a qualified independent actuary.

	At 31 March 2021	At 31 March 2020
<b>Mortality assumptions adopted</b>		
<b>Life expectancy at age 65 (Years)</b>		
Male retiring in 2021 (2020)	21.6	22.3
Female retiring in 2021 (2020)	23.6	24.0
Male retiring in 2040 (2039)	22.6	23.6
Female retiring in 2040 (2039)	24.8	25.3
<b>Other assumptions</b>		
<b>% per annum</b>		
Discount rate	2.20%	2.35%
Inflation (RPI)	3.15%	2.50%
Inflation (CPI)	2.75%	1.50%
Salary growth	2.75%	2.50%
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	3.15%	2.50%
Allowance for pension in payment increases of CPI or 5% p.a. if less	2.70%	1.70%
Allowance for pension in payment increases of CPI or 2.5% p.a. if less	1.95%	1.35%
Allowance for pension in payment increases of CPI or 3% p.a. if less	2.20%	1.50%

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

	At 31 March 2021 £'000	At 31 March 2020 £'000
Fair value of fund assets	123,346	113,731
Present value of defined benefit obligation	(127,389)	(101,260)
<b>Pension (deficit) / surplus</b>	<b>(4,043)</b>	<b>12,471</b>

The fair value of the assets:

	At 31 March 2021 £'000	At 31 March 2020 £'000
Growth assets	56,339	49,341
Corporate bonds	16,908	8,835
LDI assets	47,116	54,397
Cash	2,983	1,158
<b>Total assets</b>	<b>123,346</b>	<b>113,731</b>

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 Group.

## Reconciliation of assets and liabilities

Reconciliation of assets at 31 March 2021:

	<b>£'000</b>
Assets at start of period	113,731
Interest income on assets	2,661
Expenses	(147)
Return on assets excluding interest income	7,996
Employer contributions paid	2,778
Employee contributions	94
Benefits paid	(3,767)
<b>Assets at end of period</b>	<b>123,346</b>
Actual return on plan assets 1 April 2020 to 31 March 2021	8.64%

Reconciliation of liabilities at 31 March 2021:

	<b>£'000</b>
Liabilities at start of period	101,260
Service cost	2,491
Interest cost	2,366
Employee contributions	94
Remeasurements:	
Actuarial loss on changes in financial and demographic assumptions	25,331
Actuarial gain on scheme experience	(386)
Benefits paid	(3,767)
<b>Liabilities at end of period</b>	<b>127,389</b>

Analysis of the amount charged to operating costs in the Statement of Comprehensive Income at 31 March 2021:

	<b>£'000</b>
Employer service cost (net of employee contributions)	2,491
Expenses	147
<b>Total operating charge</b>	<b>2,638</b>
<b>Analysis of pension finance income / (costs)</b>	
Expected return on pension scheme assets	2,661
Interest on pension liabilities	(2,366)
<b>Amounts credited to financing costs</b>	<b>(295)</b>

Analysis of gains and losses recognised in the Statement of Other Comprehensive Income at 31 March 2021:

	£'000
Actuarial gain on pension scheme assets	7,996
Actuarial gain on pension scheme liabilities	386
Loss from changes in assumptions	(25,331)
<b>Actuarial losses recognised</b>	<b>(16,949)</b>

Movement in surplus/(deficit) during the year:

	£'000
Surplus in scheme at 1 April 2020	12,471
Employer service cost	(2,491)
Expenses	(147)
Employer contributions paid	2,778
Net interest/return on assets	295
Remeasurements included in other comprehensive income	(16,949)
<b>Deficit in scheme at 31 March 2021</b>	<b>(4,043)</b>

### 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 2021.

	At 31 March 2021	At 31 March 2020
Rate of increase for pensions in payment/inflation	2.95%	1.90%
Rate of increase in salaries	2.95%	1.90%
Discount rate for scheme liabilities	2.20%	2.30%

Life expectancy is based on the 99% of the S2PA tables with improvements in line with the CMI 2020 model, with a smoothing parameter of 7.5, an initial addition of 0% p.a and assuming current rates of improvement will converge to a long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners (years)	21.9	23.8
Future pensioners (years)*	23.2	25.3

\*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:

	At 31 March 2021 £'000	At 31 March 2020 £'000
Fair value of fund assets	28,545	22,949
Present value of defined benefit obligation	(29,423)	(24,203)
<b>Pension deficit</b>	<b>(878)</b>	<b>(1,254)</b>

### Reconciliation of assets and liabilities

Reconciliation of assets at 31 March 2021:

	£'000
Assets at start of period	22,949
Return on plan assets	521
Remeasurements	5,643
Employer contributions paid	8
Benefits paid	(576)
<b>Assets at end of period</b>	<b>28,545</b>
Actual return on scheme assets 01/04/20 to 31/03/21	2.02%

Reconciliation of liabilities at 31 March 2021:

	£'000
Liabilities at start of period	24,203
Interest cost	550
Remeasurements	5,246
Benefits paid	(576)
<b>Liabilities at end of period</b>	<b>29,423</b>

Analysis of the amount charged to operating costs in the Statement of Comprehensive Income at 31 March 2021:

	£'000
Expected return on pension scheme assets	521
Interest on pension liabilities	(550)
<b>Amounts charged to financing costs</b>	<b>(29)</b>

Analysis of gains and losses recognised in the Statement of Other Comprehensive Income at 31 March 2021:

	£'000
Actuarial gains on pension scheme assets	5,643
Actuarial losses on pension scheme liabilities	(5,246)
<b>Actuarial gains recognised</b>	<b>397</b>

The fair value of the assets:

	31 March 2021 £'000	31 March 2020 £'000
Equities	20,552	14,917
Bonds	5,424	5,278
Property	2,284	2,295
Cash	285	459
<b>Total fair value of the assets</b>	<b>28,545</b>	<b>22,949</b>

Movement in deficit during the year:

	£'000
Deficit in scheme at 1 April 2020	(1,254)
Employer contributions paid	8
Net interest	(29)
Remeasurements	397
<b>Deficit in scheme at 31 March 2021</b>	<b>(878)</b>

### Avon Pension Fund

The Avon Pension Fund (APF) is a multi-employer defined benefit scheme administered by Bath and North East Somerset Council under the regulations governing the Local Government Pension Scheme. The latest triennial actuarial valuation was carried out at 31st March 2019 and this has been updated to 31 March 2021 by a qualified independent actuary.

Contributions for year ended 31 March 2021:

	£'000
Employee	200
Employer	818
<b>Total</b>	<b>1,018</b>
<b>Agreed contribution rates for future years:</b>	
Employee (average)	6.7%
Employer	21% - 32.8%

### Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 March 2021 by a qualified independent actuary:

	31 March 2021	31 March 2020
Rate of inflation - CPI	2.95%	2.10%
Rate of increase for pensions in payment	2.95%	2.20%
Rate of increase in salaries	2.95%	3.60%
Discount rate for scheme liabilities	2.20%	2.40%

The post retirement mortality assumptions used to value the benefit obligation for the four years are based on the S2PA CMI 2020 cohort series. The assumed life expectations on retirement at age 65 are:

	31 March 2021	31 March 2020
<b>Males</b>		
Current pensioners (years)	21.9	23.2
Future pensioners retiring in 20 years (years)	23.2	24.7
<b>Females</b>		
Current pensioners (years)	23.8	25.3
Future pensioners retiring in 20 years (years)	25.4	27.3

The information below is in respect of the whole of the plans for which the Group is either the sponsoring employer or has been allocated a share of cost under an agreed policy throughout the periods shown:

	31 March 2021 £'000	31 March 2020 £'000
Fair value of fund assets	51,805	43,458
Present value of defined benefits obligations	(63,092)	(55,717)
<b>Pension deficit</b>	<b>(11,287)</b>	<b>(12,259)</b>

The fair value of the assets:

	31 March 2021 £'000	31 March 2020 £'000
Equities	12,278	11,995
Government bonds	4,611	1,521
Other bonds	21,810	2,477
Property	2,383	2,738
Cash	984	608
Other	9,739	24,119
<b>Total fair value of assets</b>	<b>51,805</b>	<b>43,458</b>

### Principal actuarial assumptions

Reconciliation of assets at 31 March 2021:

	£'000
Assets at start of period	43,458
Interest on plan assets	1,046
Remeasurements	7,033
Administration expenses	(18)
Employer contributions paid	818
Employee contributions	200
Benefits paid	(732)
<b>Assets at end of period</b>	<b>51,805</b>
Actual return on plan assets 1 April 2020 to 31 March 2021	15.6%

Reconciliation of liabilities at 31 March 2021:

	£'000
Liabilities at start of period	55,717
Current service cost	985
Interest cost	1,331
Employee contributions	200
Remeasurements	5,491
Curtailments	100
Benefits paid	(732)
<b>Liabilities at end of period</b>	<b>63,092</b>

Analysis of the amount charged to operating costs in the Statement of Comprehensive Income at 31 March 2021:

	£'000
Employer service cost (net of employee contributions)	985
Expenses (including interest cost and curtailments)	118
<b>Total operating charge</b>	<b>1,103</b>
<b>Analysis of pension finance income/(costs)</b>	
Expected return on pension scheme assets	1,046
Interest on pension liabilities	(1,331)
<b>Amounts charged to financing costs</b>	<b>(285)</b>

Analysis of gains and losses recognised in the Statement of Other Comprehensive Income at 31 March 2021:

	£'000
Actuarial gains on pension scheme assets	7,033
Actuarial losses on pension scheme liabilities	(5,491)
<b>Actuarial gains recognised</b>	<b>1,542</b>

Movement in surplus/(deficit) during the year:

	£'000
Deficit in scheme at 1 April 2020	(12,259)
Employer service cost (net of employee contributions)	(985)
Employer contributions paid	818
Pension administration expenses	(18)
Curtailments	(100)
Net interest/return on assets	(285)
Remeasurements	1,542
<b>Deficit in scheme at 31 March 2021</b>	<b>(11,287)</b>

The notes below are taken from a report prepared by Mercer Limited, the actuaries for the Avon LGPS Fund.

## GMP Equalisation

UK and European law requires pension schemes to provide equal benefits to men and women in respect of service after 17 May 1990 (the date of the "Barber" judgment) and this includes providing equal benefits accrued from that date to reflect the differences in GMPs. Previously, there was no consensus or legislative guidance as to how this might be achieved in practice for ongoing schemes, until the 26 October 2018 Lloyds Bank court judgement provided further clarity in this area. For the public service pension schemes, HM Treasury had already launched a consultation on the issues surrounding GMP equality and increases on GMPs, and HM Treasury has stated since the judgement that "public sector schemes already have a method to equalise guaranteed minimum pension benefits, which is why there is no change to the existing method as a result of this judgment".

The clear implication is that the Government (who have the overall power to determine benefits provision) believe the judgement itself will not affect the benefits. Therefore the natural conclusion for the main public service pension schemes including the Local Government Pension Scheme is that it is not appropriate for any provision to be included for the effect of the Lloyds Bank judgment, at least at the present time, and so unless instructed otherwise, thus no allowance was made specifically for GMP equalisation in the accounting liabilities. This is consistent with previous accounting disclosures (and the most recent valuation, which holds no explicit reserve for GMP equalisation).

There is a possibility that all public sector schemes will be required to index-link GMP benefits in respect of those members who reach their State Pension Age after April 2021. Government policy in this area is still to be determined, thus it was concluded that the most consistent/safest approach is to include the additional indexation liabilities in the accounting figures, therefore the figures above include the increase in past service liabilities as a "past service cost" (the schedule of figures will separately identify the element of the past service cost which relates to the GMP increases).

### 37. Contingent liabilities

For the financial year 31 March 2021, Bromford Housing Group Limited and its subsidiaries purchased Directors' and Officers' Liability insurance for the Board Members, the Executive team and its employees through the National Housing Federation. Similar insurance provision with relevant cover was not available for the financial year 31 March 2022 with the insurance policies obtained containing exclusions previously covered in the previous financial year. Therefore, 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 against the exclusions previously covered in the previous insurance provision.

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 £10million and expires on 31 March 2022.



## Registration Information

Co-operative and Community Benefit Society  
Registration Number 29996R

Regulator of Social Housing  
Registration Number L4449

## Advisors:

### External Auditors:

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

### Business Assurance Providers:

PricewaterhouseCoopers LLP  
2 Glass Wharf  
Bristol BS2 0FR

### Bankers:

Barclays Bank plc  
15 Colmore Row  
Birmingham  
B3 2BH

### Taxation Advisor:

Deloitte  
Four Brindley Place,  
Birmingham,  
B1 2HZ

## Offices:

### Registered office

Exchange Court  
Brabourne Avenue  
Wolverhampton Business Park  
Wolverhampton  
WV10 6AU

### Midlands office

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Brabourne Avenue  
Wolverhampton Business Park  
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### South West office

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### South West office

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