Bromford.

Bromford Housing Group Financial Statements for the Year Ended 31 March 2015

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

Homes and Communities Agency Registration Number **L4449**

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Board Members

Jonathan Simpson-Dent

Chair

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

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

Andrew Battrum

Finance Director

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

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

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

Nick Cummins

Executive Director for Operations

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

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

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

Philippa Jones

Chief Executive

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

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

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

John Barker

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

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

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

Christine Clarke

Independent Non-Executive Director; Chair of the Treasury Committee

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

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

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

Oke Eleazu

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

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

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

Fiona Underwood

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

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

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

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

Advisors:

External Auditors:

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

Internal Auditors:

Baker Tilly,
Charterhouse,
Legge Street,
Birmingham,
B4 7EU.

Bankers:

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

Offices:

Registered Office

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

North Midlands Office - Wolverhampton

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

North Midlands Office - Lichfield

5 Stowe Road,
Lichfield,
WS13 6WA.

South Midlands Office

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

South West Office

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

Report from the Chair and Chief Executive

Introduction and thank you

In this, our first Annual Report as the newly appointed Chair and Chief Executive of Bromford, we have to say goodbye and a sincere thank you to Mick Kent who served as our Chief Executive for over 30 years, and to Tony Crawford for his long service as a Board Member and Chair. Their contribution to Bromford during so many years of constant change and exceptional performance for the business has been truly outstanding.

This Annual Report is an opportunity for us to look back over the year at our achievements and the challenges we've faced – and to look forward to our plans for the year ahead.

The Bromford Deal – inspiring people to be the best they can be

We believe that everyone has potential and we want to work with anyone ready to unlock theirs. We know that providing someone with a home is just the start of their journey not the end. Our job is to enable our customers to use their home as a springboard – a safe, secure base from which to achieve their goals and aspirations. We believe in what our customers and their communities can achieve.

Since we introduced the Bromford Deal in 2012 over 6,000 new customers have signed up to it as part of their tenancy agreement. It's a two way Deal setting out what **we will do for our customers** and in return, **what our expectation is from them** – but at its heart is our focus on unlocking potential, encouraging our customers to think about what they want to achieve for themselves and their families and how we can help them get there. In return, we expect customers to commit to working with us, by making the most of the opportunities on offer and by making positive contributions to their communities. The Deal is a different sort of relationship that we can have with **all our customers**, regardless of their tenancy type. By focussing on what people can do, rather than what they can't, we are helping our customers to improve their economic activity, educational attainment, social networks, wellbeing and community resilience.

During the year, we've introduced a range of new services. For example, our Starting Well Coaches help customers understand what's involved in the Deal and get their tenancies off to the best possible start. Our Skills Coaches supported 162 customers to get jobs and 348 to access education or training, whilst our Money Advisors helped more than 2,000 customers manage their income and achieve a debt-free future. Our health related support helped 971 people to manage their physical or mental health better.

Along the way we've also developed some excellent working relationships with local authorities, agencies and employers, with companies like Amazon, Boots, Debenhams and Premier Inn taking part in our Jobs Fairs, run in conjunction with Job Centre Plus and the Chamber of Commerce.

Over the next year we'll be making further **investments** in the Deal - rolling out our new service offers to more customers and engaging with our customers to further develop and expand our services around health and wellbeing and community building. Our focus on financial self-sufficiency, value for money and service innovation has helped us achieve significant social value returns for our customers and wider society – our **social return on investment modelling calculates this at £60.1m p.a. for the £6.6m invested** in the services evaluated.

Rising to the economic challenge

After several years of economic and political uncertainty, and the introduction of welfare reforms which have challenged the way we operate, we're beginning to see some signs of economic recovery. Sales figures are reasonably strong, standing stock numbers are low and purchases by first-time buyers at their highest level since 2007. But whilst there are signs of economic recovery, we are still operating in challenging times. Much of the job creation we see lies in self-employment, insecure contracts or low paid work which leaves many working people dependant on top-ups from welfare benefit. With the next wave of welfare reform (Universal Credit) now being implemented, the new government committed to yet more cuts to the welfare budget and interest rates set to rise, there will be an even greater need to work with our customers to maximise their opportunities for employment and training as well as providing support and money advice where needed.

Investing through our financial strength

2014/15 has been yet another financially strong year for Bromford - **we achieved a surplus of £44m** and **core operating margin of 41%.**

A key priority for us is to operate as efficiently as possible and to generate **strong cash surpluses to invest in new homes and additional services.** After several years of excellent financial performance, 2014/15 saw us take a significant step closer to our goal of financial self-sufficiency. The ability to fund our build programme and additional Deal services ourselves, using existing loans and cash surpluses, is testament to our financial strength, the sustainability of our business model and the excellent relationships we've built with funders, reflected in our exceptional Aa3 Moody's credit rating.

In 2014/15, we invested £19m from our surpluses and reserves in improving our existing homes and £41m in building new homes, with 510 new homes completed. Our annual surpluses mean that over the next five years, we will have circa £360 million to invest in delivering around 700 new homes a year. A significant number of these will be in new markets with the development of our ExtraCare and MyPlace products. These schemes will provide high quality homes and support for older people and people with learning disabilities or mental health conditions, and will be exciting opportunities for us to provide excellent new services to customers with specific needs.

We think and operate commercially – so that we can spend our money wisely on things that will bring the most benefit to our customers and to wider society. Whilst we would never turn our back entirely on seeking grant funding, with the days of high public investment in housing unlikely to return, we're innovating and adapting the way we do business in ways that make us **financially fit for the future.**

Culture and colleagues

We continue to invest in developing our colleagues and leaders through our academy programmes, innovative e-learning systems and other personal development initiatives. Over 90 colleagues have this year benefited from our 'Leadership' and 'Grow your Own' academies which will equip the next generation of Bromford leaders with the knowledge, skills and capability to drive the business forward and be role models for our culture. We are investing in new systems and technology to provide colleagues with the tools they need to be truly mobile and flexible as they deliver services to our customers.

We were this year shortlisted in the prestigious **National Business Awards** for the third year in a row. As a finalist in the 'Social Enterprise of the Year' category, we were delighted to be recognised as one of the UK's leading organisations for achieving social impact whilst demonstrating excellence in all aspects of commercial enterprise, from innovation, colleague engagement and customer focus, to growth leadership

and financial performance. Although we didn't win our category, the recognition is testament to the efforts of our hard-working colleagues, who continue to deliver social return on our investments through providing an exceptional customer experience and great value for money.

Risk, governance and regulation

We continue to evolve in response to our rapidly changing operating environment but we are clear about what we want to achieve and we manage our risks to balance our ambitions against protecting our assets for the future.

This year was the final in our three year Board Renewal Plan and, as well as Mick Kent and Tony Crawford, has also seen us say a fond farewell and thank you to several long-standing members of our Board - John Downie, Kate Hartigan, David Lavender and Khalil Rehman. In November 2014, as part of our ongoing drive for excellence in governance, we commissioned an external governance review by Jo Haigh, an external consultant and Sunday Times NED of the Year. Her review was very positive, concluding that "Bromford is a high performing board." However, we are not complacent, and will continue to maintain a strong focus on our leadership and governance arrangements.

During the year our regulator, the Homes and Communities Agency (HCA), reviewed the Regulatory Framework and standards. One of the main themes of the revised Governance and Viability Standard is the protection of social housing assets. The standard requires us to assess, manage and where appropriate address risks to ensure our long term viability – this includes robust stress testing as well as maintaining a register of assets and liabilities. The revised Framework is effective from 1 April 2015 and we will be doing a full compliance report early in 2015/16. However, the focus in the revised standard on risk management very much reflects our current business operating model and whilst we may make some process changes, we expect to be in full compliance with the revised Framework.

Generally, our approach to governance, risk management and treasury management has helped us maintain the confidence of our funders, partners and our regulator through the year.

Managing change

As we head into our first year as Chair and Chief Executive of Bromford, our approach is one of courageous continuity – building from the successful leadership of Tony Crawford and Mick Kent and evolving to meet the changing requirements of the future. We are now embedding the board level changes we've made over the last three years; developing our succession plans for the executive and senior leadership of the future and investing in transformational systems across the business to help us deliver better and responsive services.

July Budget

In the budget, the Chancellor announced a decision to impose 1% rent reductions on Housing Associations for each of the next four years. This change reduces our expected income by around £50m over that period and has led us to revise our business plan in response. We are in a strong financial position – not least due to our strong commitment to delivering Value for Money - and are well placed to adapt to the changed circumstances. We have a very strong core operating margin (41%) and will continue to seek further efficiency improvements, but the main outcome is a reduced capacity to develop new homes - over a 10 year period we expect to deliver some 2,500 fewer homes than would otherwise have been the case. Despite this, we are confident that with the continued commitment of all our colleagues, the support of our partners and a deep focus on strong, risk based governance, Bromford will continue to succeed and help our customers thrive.

Philippa Jones

Chief Executive

21 July 2015

Jonathan Simpson Dent

Chair

21 July 2015

Report of the Board

Who are we and what do we do?

Bromford is a **social enterprise** whose objective is to help people – customers and colleagues – to be their best. For over 50 years we've provided customers with **new and affordable homes** and provided a range of **services** aimed at **reducing welfare-dependency** and generating **social value** in **employment, education, health and community safety.**

Our 28,000 properties are home to over 60,000 people and every year over 10,000 customers benefit from the support services we provide.

Our main operating structure (following the amalgamation of Fosseway Housing Association Limited and Bromford Housing Association Limited on 1 April 2015) and the principal activities of each subsidiary, are shown in **Fig. 1.**

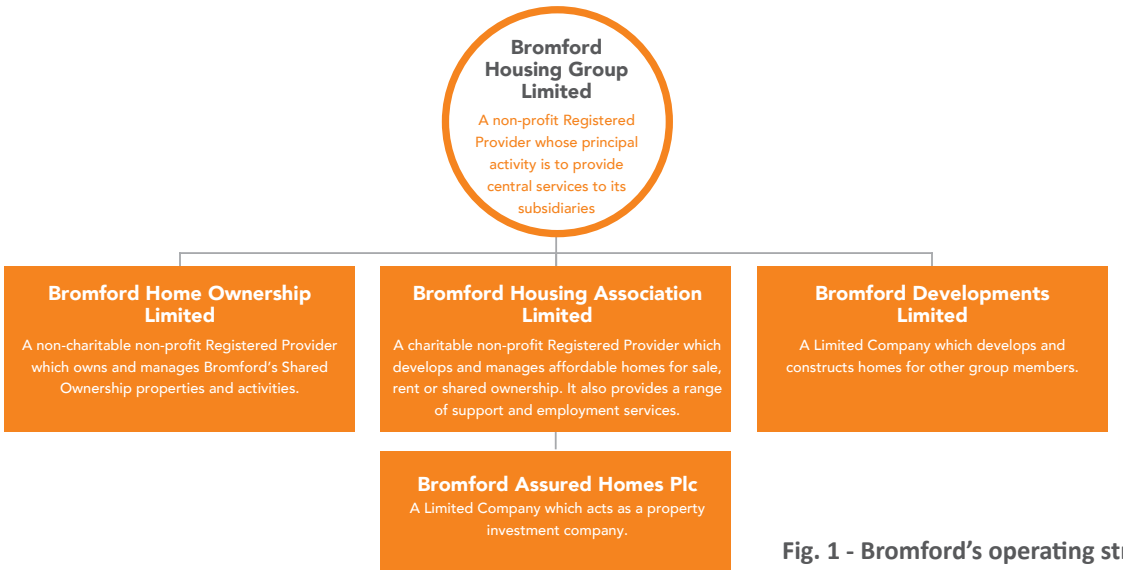


Fig. 1 - Bromford's operating structure

The Board - Leadership and Strategy

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

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

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

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

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

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

The Bromford DNA Fig. 2

Board composition, meetings, decisions and delegations

The Board operates as a unitary board currently made up of five Non-Executive Directors ('**NEDs**') and three Executive Directors. More information about our Board members can be found on page three and some key diversity statistics are set out in **Fig.3**. We now also have co-terminous boards across our three Registered Providers (Fig.1).

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

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

The **time commitment** required from NEDs is set out in their letter of appointment and is currently between 10 and 15 days per annum. The **other significant commitments** of the Chair, Jonathan Simpson-Dent, and NEDs were disclosed to the Board before appointment and are summarised on page three.

Board changes during the year

In line with our Board Renewal Plan, the following individuals have retired from the Board since 1 April 2014:

Membership and meeting attendances*

Board Member	Retirement Date	BHG Board	Assurance and Audit	Treasury	Nominations and Remuneration
Tony Crawford	7 April 2015	5 out of 6		4 out of 4	4 out of 4
Rev. David Lavender	7 April 2015	6 out of 6	4 out of 4		3 out of 3
Mick Kent	1 January 2015	4 out of 4			3 out of 3
John Downie	31 May 2014	1 out of 1			
Kate Hartigan	31 May 2014	1 out of 1			4 out of 4
Khalil Rehman	31 May 2014	1 out of 1		1 out of 1	

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

Board meetings

The Board meets six times a year. Each meeting has a planned agenda which allows enough time to discuss key areas such as strategy and risk management. Board days usually include a themed workshop or strategy presentation from colleagues and this provides Board members with the operational information and context they need to inform their decision-making. Input from professional experts and/or external advisors is also sought by the Board when necessary. We rotate the venue for Board meetings between our key operational sites so Board members can go on site visits and meet local colleagues.

The Bromford Board in Numbers

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

Fig. 3 - Key Diversity Statistics

Board attendance

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

Membership and meeting attendances*

Board Member	BHG Board	Assurance and Audit	Treasury	Nominations and Remuneration
Jonathan Simpson-Dent	6 out of 6		4 out of 4	
John Barker	6 out of 6			4 out of 4
Andrew Battrum	4 out of 6		3 out of 4	
Christine Clarke	5 out of 6	3 out of 4		
Nick Cummins	6 out of 6			
Oke Eleazu	5 out of 6			
Philippa Jones	6 out of 6			
Fiona Underwood	4 out of 6	4 out of 4		

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

Board and committee decision making

An important part of our internal control framework is making sure that decisions are made by the right people. The Matters Reserved for the Board and its committees are set out in our Group Delegations Framework and Fig. 4 shows the flow of delegations around our board, committee and senior management structure. Certain key decisions and matters have been reserved for approval by the Board, with all other matters delegated to Board Committees or the Chief Executive. Subsidiary Boards reserve some matters for themselves, such as approving their annual budget and accounts, and delegate all other matters to Board of BHG.

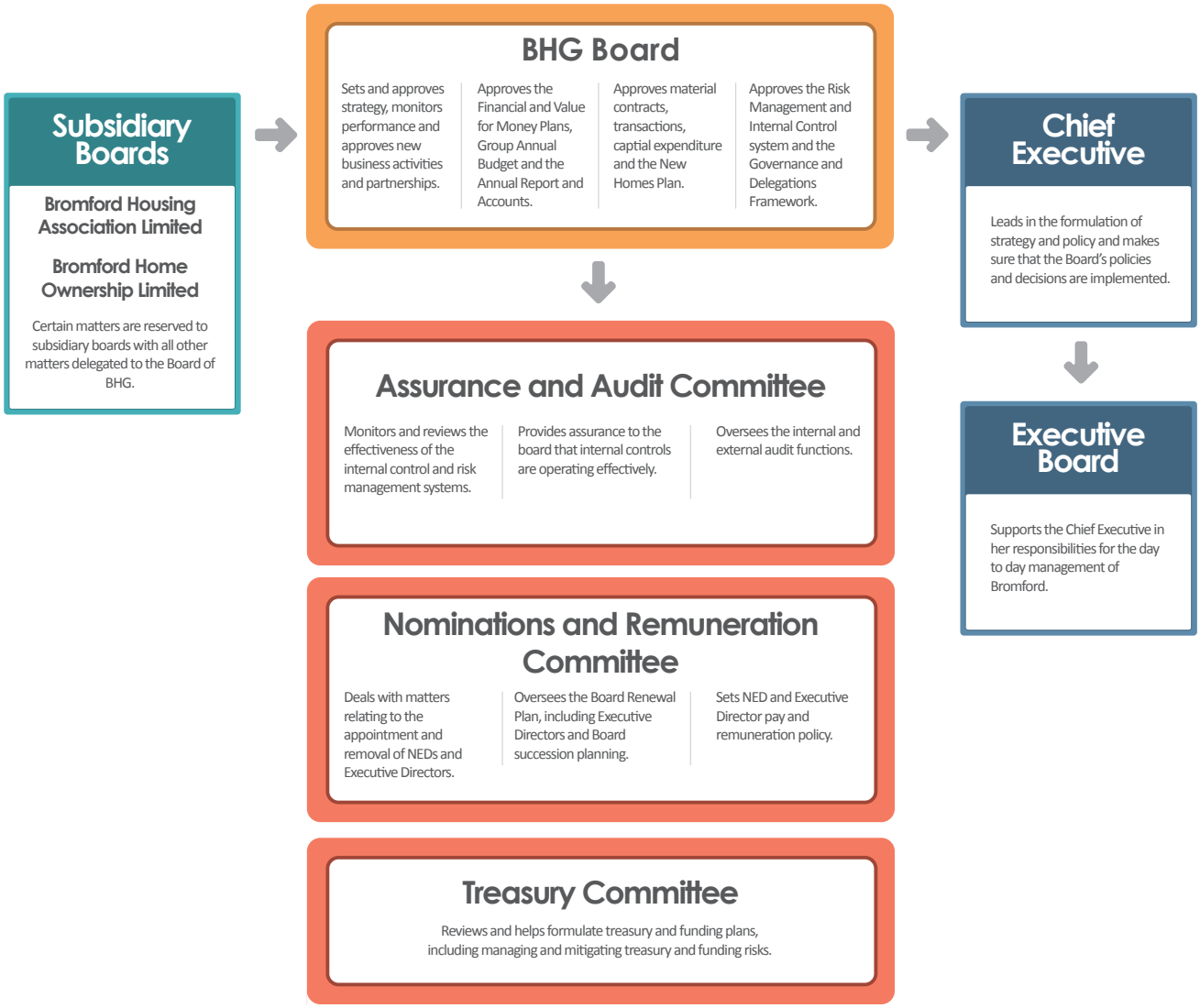


Fig. 4 - The Flow of Delegations

The Board has three committees: the Assurance and Audit Committee, the Nominations and Remuneration Committee and the Treasury Committee. The Chief Executive has also established an executive management forum, the Executive Board. We also have a Customer and Communities Network, which is not part of our formal governance structure but has strong links to the Board and plays an important role in scrutinising service delivery and performance.

More information about the membership and work of our Board Committees can be found in the **Report of the Board Committees (page 37 to 40)**. Committee Terms of Reference can be found on our website.

Regulation and Statement of Compliance with our Governance Code

Our regulator, the Homes and Community Agency (the '**HCA**'), published a revised Regulatory Framework and standards on 1 April 2015. We are currently undertaking a robust compliance review but, as the focus in the revised standard on risk management reflects our current business operating model, we expect to be in full compliance. As required under the Framework, a certificate of compliance will be included in the 2015/16 annual report.

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

As we don't have shareholders in a conventional sense, some aspects of the Code (such as Section E) don't apply to us. However, we strongly support the objectives that this section aims to achieve and this is reflected in the open and transparent way we deal with our partners and stakeholders- see page 15 for more information.

During the year ended 31 March 2015, we consider that **we have complied with all relevant principles and provisions of the Code, except in respect of:**

A.4.2 ***...Led by the Senior Independent Director, the Non-Executive Directors should meet without the Chairman present at least annually to appraise the Chairman's performance and on such other occasions as are deemed appropriate.***

B.6.3 ***The Non-Executive Directors, led by the Senior Independent Director, should be responsible for performance evaluation of the Chairman, taking into account the views of Executive Directors.***

Our outgoing Chair's term of office was extended to, and expired, in April 2015 in order to facilitate a phased handover to our Chair Designate. For this reason, it was agreed that a performance appraisal of our outgoing Chair was not appropriate.

However, during the year, we did carry out a comprehensive review of our governance effectiveness. This review was facilitated by an external governance advisor and included one-to-one meetings with all NEDs and Executive Directors, including the outgoing Chair and Chair Designate. Details of the outcome of the review are set out below.

A performance evaluation of our new Chair will be completed as part of our 2015/16 annual governance effectiveness review.

Governance Effectiveness Review

We carry out a formal evaluation of board, committee and individual director performance annually. Every three years, as recommended by the Code, this evaluation is facilitated by an external advisor to provide an independent perspective. Each review identifies what we're doing well and the areas we need to concentrate on going forward. In line with this, in 2014/15 a governance review was undertaken by Jo Haigh of FDS Knowledge. FDS is a leading provider of independent governance effectiveness evaluations and had no prior connection with Bromford. Her review was complemented by the usual annual 'Looking back-Looking forward' reviews for NEDs and Executives, conducted by the Chair and Chair Designate.

The outcome of the external review was:

Overview	**The outcome of the review process was very positive with FDS reporting that Bromford were a high performing Board, who work well together and have a strong focus on governance, strategy and risk management. The Board was fit for purpose in terms of its composition, agendas, and the nature and quality of its discussions.**
Improvement Plan	The Board developed a Governance Action Plan with a focus on, and to drive, continued improvement in the following areas: • Board composition and skills; • Board and committee meeting processes; • Succession planning for board and senior leadership; • Risk management and appetite; • Committee structure.

We are making good progress in the implementation of the Governance Action Plan.

Openness and transparency

We believe in being open and transparent – not only because it helps deliver fair, efficient, and effective customer service, but because we believe it should be easy for our customers, colleagues and stakeholders to get the information they need to make informed judgements about how we operate and use our resources. Our approach to Openness and Transparency is set out in **Fig. 5.**

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

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

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

We encourage our customers to 'Be Brave' and share their thoughts on the services we provide. The Bromford Lab, a project we set up in 2013, is one way customers can get involved in developing what we do. The Lab provides customers with information about the latest projects we have in the pipeline and gives them the opportunity to contribute their own ideas and suggestions. All customer feedback we receive helps shape our plans for continuous improvement and allows us to deliver the best customer service we can. Performance feedback is reported quarterly on our website.

Risk management and internal control

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

How we manage risk

One of the Board's key responsibilities is to make sure that Bromford has a system of internal controls in place that robustly manage the operational and strategic risks that threaten our business model, future performance, solvency and liquidity. Our risk management process, which was in place throughout 2014/15, is set out in **Fig. 6**. Risks are identified in all our business planning processes and in our day to day running of the business.

The Board has delegated authority to the Assurance and Audit Committee (the '**AAC**') to review Bromford's internal control and risk management framework and provide assurance to the Board that it is operating effectively. More information about the role, purpose and activities of the AAC can be found in the **Report of the Board Committees (page 37-40).**

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

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

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

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

Fig. 5. - Our approach to openness and transparency

Assurance and Audit Committee ('AAC') considers:

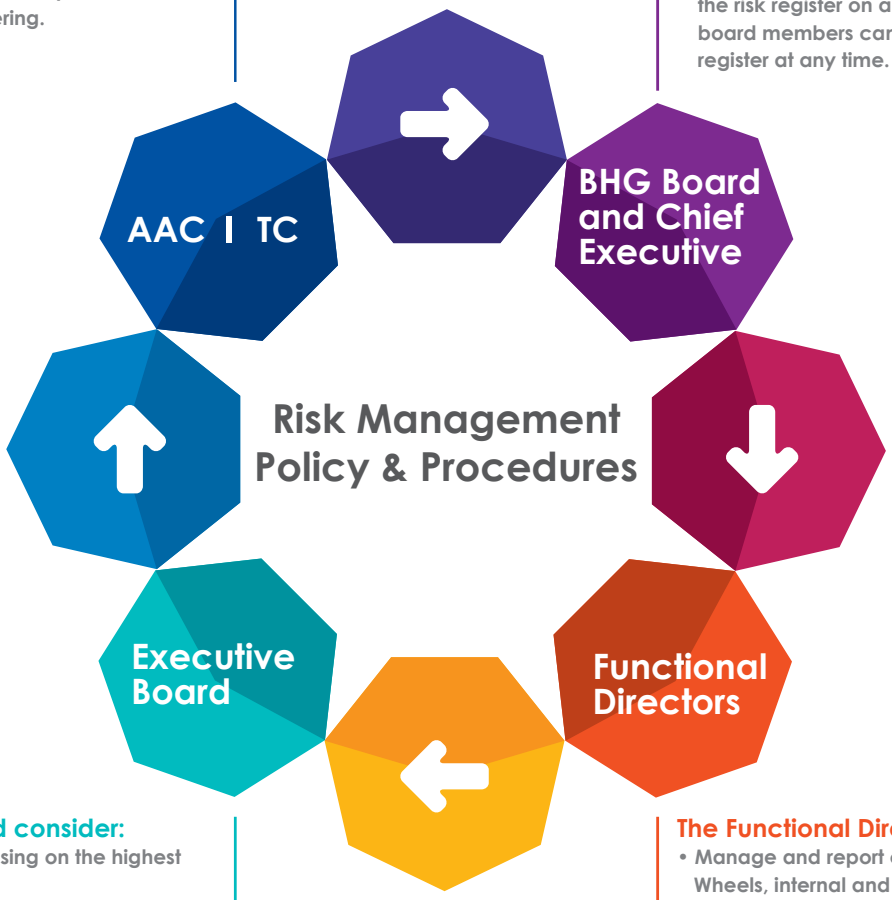
- Risk Reports and the Risk Register at each meeting;
- Internal and External Audit Reports;
- The Wobbly Wheel Register;
- Financial Reporting; Compliance with internal controls;
- Confidential Reporting;
- Probity, fraud, bribery and money-laundering.

Treasury Committee ('TC') considers:

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

BHG Board and Chief Executive:

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



The Executive Board consider:

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

The Functional Directors:

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

Fig. 6 - Our risk management process

Risks and uncertainties

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

Risk	Our response
Treasury - a tightening of the credit markets leading to increased lending costs and/or a reduction in the number of funders accessible to the sector. Pressures on liquidity from counterparty risk, welfare reform and market movements.	We have robust treasury management policies and processes in place, which provide for high levels of liquidity in both cash terms and available property security. Our forecasting processes allow us to plan ahead for a long time horizon. We maintain excellent relationships with funders, valuing their long term commitment to the business. Our covenants are comfortably met and robustly stress-tested. We have access to expert treasury advisors who have the right skills and knowledge to support us as we manage our finances. These factors and our overall strong financial position, combine to support us in managing our treasury risks.
Income reduction - the potential for a reduction in income as a result of the roll-out of the changes to welfare reform, the implementation of Universal Credit and significantly reduced funding available for supporting people.	We've had a multi faceted response to this which included communicating with customers about the impact of the changes, participating in a Government pilot, running our own service specific pilots, increasing our dedicated colleague resources so colleagues work with customers to deal with the changes, supporting our customers into work, skills development and volunteering, stress-testing the impact of higher arrears, bad debts and income reduction on our financial plan and budgets.
Falling housing market – the potential for unsold stock to have a detrimental impact on our strong financial position.	We have a strong focus on our sales exposure and operate strict limits on working capital tied up in unsold stock. We've upskilled our sales and marketing team and we closely monitor changes in the external economic environment. Stress-testing against a range of scenarios is embedded in our business planning process.
Right to Buy – the potential for a reduction in stock through increased Right to Buy sales under new legislation proposed by the Conservative Government following the 2015 General Election.	Whilst we support the principle of home ownership for our customers, we will be sharing our views with the Government about the risk and the potential impact of implementing this legislation – both on the sector and on customers. We are also carrying out stress-testing to assess the potential impact on our business – to include securitisation issues, churn on existing charged stock, impact on covenants and reduction in income.

As well as the above risks, to ensure that we are prepared for the challenges ahead, 2015/16 will see us managing the risks around:

- Maintaining our focus on governance improvement and embedding the changes we have made at Board level over the last three years;
- Managing the changes and transition with our Chair and Chief Executive;
- Developing our succession plans for the Board, the executive and the senior leadership teams;
- Embedding the Bromford Deal in our culture and service delivery; and
- Investing in new systems and technology to help us deliver better services.

Internal control

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

As part of its annual review process the AAC considers:

- The Executive annual review of the effectiveness of the internal control system;
- The Risk Register;
- Internal and external auditor reports;
- Internal monitoring reports and key performance indicators;
- Reports from the Treasury Committee and treasury controls;
- Reviews of statutory and regulatory compliance – including safety compliance;
- Financial accounts, budgets, forecast and financial controls; and
- Customer and colleague feedback.

Some key elements of our internal control framework include:

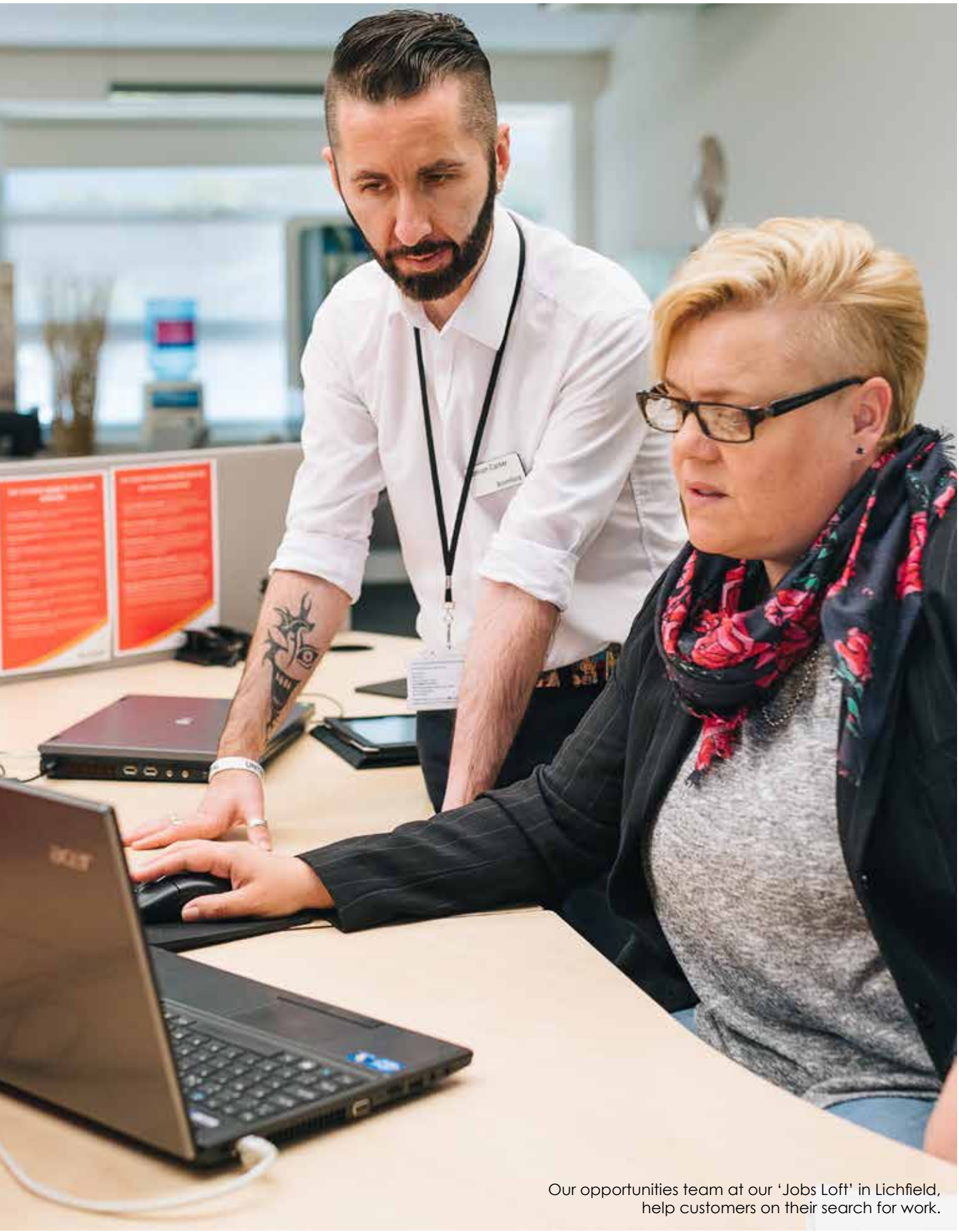
- Our Governance Framework and Group Delegation Framework, including committee terms of reference, approved by the Board;
- Financial Standing Orders;
- Strong treasury management, supported by external advisors and experts where necessary;
- A clear risk management process (see **Fig. 6**);
- Robust strategic and business planning processes;
- A bespoke business assurance programme;
- Up to date and innovative recruitment, training and development programmes for colleagues;
- Regular and formal reporting to Board on performance and progress on strategic priorities, targets and outcomes;
- Confidential Reporting and Probity policies; and
- Anti-money laundering and fraud policies and registers.

All policies and 'How To' guides are simple, easy to understand and written in 'plain English' - the outcome of a major project aimed at making sure key documents are as user-friendly as possible. The latest versions of all policies and 'How To' guides are accessible to all colleagues.

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

Following the expiry of the contract with our existing internal auditors on 31 March 2015, the AAC appointed Mazars to carry out a year long, bespoke business assurance programme. (**See the Report of the Board Committees page 37-40**). The new business assurance plan was approved by the AAC, and a reporting cycle agreed with Mazars.

During the year, no fundamental failings or weaknesses were identified by either our internal or external auditors.



Our opportunities team at our 'Jobs Loft' in Lichfield, help customers on their search for work.

Operating and Financial Review

1. How do we perform financially?

Income and Expenditure	14/15	13/14	12/13	11/12	10/11
	£m	£m	£m	£m	£m
Core turnover	**149**	144	139	126	120
1st tranche & similar sales	**11**	22	14	8	3
Turnover	**160**	**166**	**153**	**134**	**123**
Operating costs	**(87)**	(87)	(87)	(81)	(79)
Cost of sales	**(8)**	(18)	(12)	(7)	(3)
Operating surplus	**65**	**61**	**54**	**46**	**41**
Net interest charge	**(26)**	**(26)**	**(26)**	**(26)**	**(26)**
Surplus pre disposals	**39**	**35**	**28**	**20**	**15**
Surplus on disposals	**5**	**4**	**2**	**2**	**2**
Retained Surplus	**44**	**39**	**30**	**22**	**17**

Balance Sheet	14/15	13/14	12/13	11/12	10/11
	£m	£m	£m	£m	£m
Housing property at cost	**1,694**	1,656	1,604	1,542	1,491
Depreciation	**(191)**	(186)	(175)	(168)	(159)
Grant	**(529)**	(528)	(526)	(519)	(510)
Net book value	**974**	942	903	855	822
Other fixed assets	**15**	17	16	18	17
Net current liabilities	**(13)**	(16)	(8)	(7)	(14)
Assets	**976**	**943**	**911**	**866**	**825**
Reserves	**437**	**397**	**358**	331	312
Pension	**15**	**13**	**12**	10	8
Other long term liabilities	**8**	**8**	**5**	5	6
Net debt[1]	**516**	**525**	**536**	520	499
Funding	**976**	**943**	**911**	**866**	**825**

Operating cash flow	**77**	**84**	**71**	**56**	**55**
Free cash flow	**51**	**57**	**44**	**30**	**29**

Financial Ratios	14/15	13/14	12/13	11/12	10/11
Core operating margin	**41%**	39%	37%	36%	34%
EBITDA cover	**3.37**	3.12	2.76	2.47	2.27
Cash conversion[2]	**120%**	138%	131%	122%	134%
Net debt / free cash	**10.1**	9.2	12.1	17.5	17.3
Asset gearing[3]	**30%**	32%	33%	34%	33%
Gearing[4]	**53%**	57%	61%	61%	61%

1 Net debt is loans net of cash at bank and investments
2 Cash conversion compares operating surplus to operating cash flow
3 Asset gearing compares net debt to housing properties at cost
4 Gearing compares net debt to reserves plus capital grant

Our key financial objective, during the long period of slow UK economic recovery, has been to maintain and improve our financial strength whilst protecting our liquidity – enabling us to meet our objectives as a social enterprise and be in a position to respond to emerging opportunities as they arise.

We continue to focus on two main areas – cost control within a value for money framework and strong cash generation. Our principle financial ratios show exceptional performance in both areas. Core operating margin, our lead financial efficiency measure, has improved by 7% over the last five years to reach 41%. In the same period, cash conversion consistently exceeds 100% and our free cash flow has nearly doubled. Reflecting this, EBITDA interest cover has risen 48% to 3.37 times, and gearing and asset gearing continue to gradually reduce.

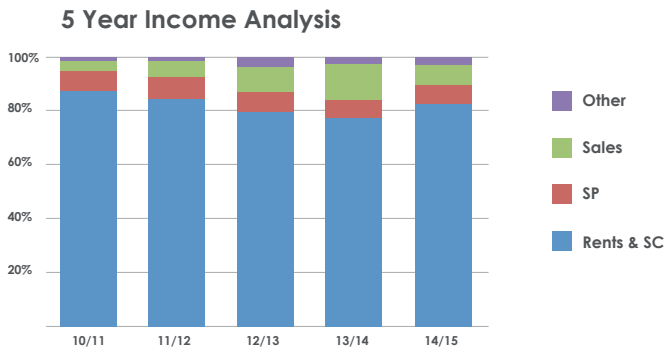
Liquidity remains a key focus and, at March 2015 we have:

- Cash balances of £28.5m;
- £115.9m in undrawn loan facilities (including Revolving Credit Facilities);
- £211m of security ready to use within three months, with another £334m in the pipeline.

Income and expenditure

Our surplus of £43.8m is another record for Bromford (13/14: £38.9m).

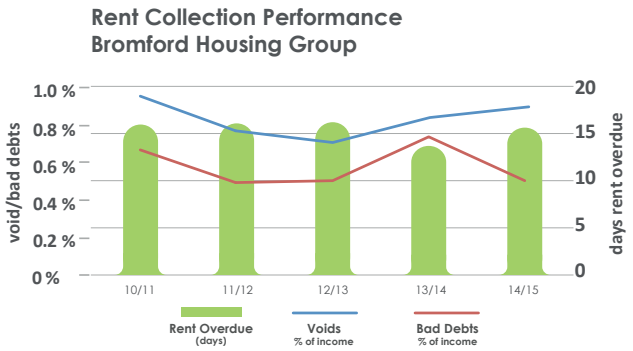
The vast majority of our income is derived from rents and service charges and we are not dependent on income from asset disposals.



Rental income:

We aim to maximise rental income within a customer affordability framework. Performance on bad debts and arrears remains strong despite the difficult economic conditions. Gross arrears rose slightly in the year, but at 13.6 days rent are still only 3.7% (13/14 3.5%).

Net arrears (taking prepaid rent into account) also rose, but remain low at only 1.5% (13/14: 1.4%).

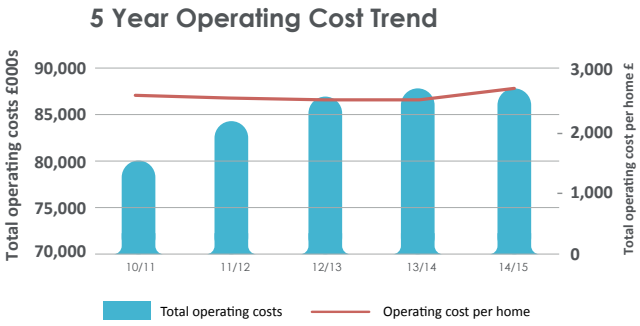


Shared ownership:

Shared ownership sales income was £11m (13/14: £13m). We sold 137 units at an average 100% sales value of £167k (13/14: 215 units, 100% value £150k). The first tranche share increased to 48% (13/14: 41%). We had just four unsold units older than six months at the year end.

Costs:

Cost control is a core deliverable across the business. Over the last five years, whilst operating costs have increased, the operating cost per home has remained constant at ~ £2,500. Success in controlling costs drives our excellent core operating margin - at 41.2% one of the strongest in the sector. Our strong focus on costs is within our overall Value for Money framework, emphasising not just the cost of what we do but its effectiveness and the outcomes we achieve for our customers.



Disposals:

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

Disposal profits in the year were £5.3m (13/14: £4.4m), made up from staircasing (£2.8m) and our void disposal programme (£2.4m). In the year 132 homes staircased (121 to 100%), and 3 homes were repossessed. Disposals generated cash of £15.6m and £2.4m in recycled grant.

Corporation Tax:

We continue the policy of gift aiding taxable surpluses from non-charitable Group Members to charitable Group Members. The tax charge for the year is below £30k.

Balance sheet

Fixed assets:

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

Sales exposure:

Exposure to unsold shared ownership stock is not a material issue for us, neither is potential impairment of property values. The market value of unsold homes at year end was £5.7m and represented only 34 homes of which 22 were reserved at year-end. Only four of these units are over six months old.

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

Investment in our Homes:

In 2014/15 we invested £19m in major repair and refurbishment programmes and £44m in new homes.

Treasury

The following table highlights our position on key measures:

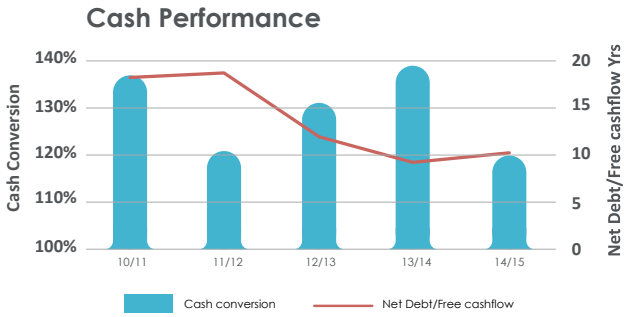
Borrowing	£555.4m
Undrawn facilities	£115.9m
Cash balances	£28.5m
Fixed rate borrowing	79%
Cost of borrowing	4.62%
Interest cover covenant (cash flow)	3.3 times
Asset gearing covenant (66.67% max)	31%

We have maintained our Moody's Aa3 credit rating – one of only three HA's to have this top rating and a strong external testament to our financial and operating performance.

Cash, Facilities and Liquidity:

Rigorous control of cash is a key focus for us. Operating cash flow was again strong at £77m, (13/14: £84m) and represents 120% of operating surplus, an excellent cash conversion performance. Cash balances were strong at £28.5m.

For the second successive year, cash from operations has been sufficient to fund our interest payments, loan capital repayments and development activities, requiring no additional net borrowing.



Facilities and funding:

Borrowings of £555m (13/14 £576m) fell due to increased use of our revolving credit facilities (RCF) and scheduled capital repayments.

Undrawn facilities are predominantly RCF's which provide flexibility and assist in mitigating the cost of carry on excess funds. During 14/15 we secured additional RCF's of £23.7m with our relationship banks, taking our overall RCF level to £87.7m. Available cash and undrawn secured facilities comfortably cover more than two years of planned expenditure, in line with our treasury policy.

Cash balances not used within RCF's were placed on deposit in line with our treasury policy requiring a minimum of £5m immediately available funds and a further £20m available within two business days, highlighting the importance placed on liquidity and helping us manage risk.

Interest rate management and mark to market position:

We use fixed rate borrowings to manage our exposure to increases in interest rates and 79% of our borrowings are at fixed rates (13/14 80%). This strikes a balance allowing us to benefit from low short term rates. No further interest rate hedging was undertaken during the year.

The average cost of borrowing was 4.62% (13/14 4.67%). The slight fall came from scheduled repayment of variable rate loans and RCF repayments.

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

At year end the MtM call amount over our contracted threshold levels increased to £11.4m (13/14 £4.7m) as a result of the downward movement in the yield curve.

Security:

We have pre-charged security of ~£160m in place. Of this, we have ring-fenced ~ £21m to cover any further movements in our MtM exposure over and above our substantial contractual thresholds.

Further security charging is at various stages of completion - some held by our Security Trustee (~£85m), some at a concluded or advanced stage with solicitors (~£70m) and the remainder requiring more extensive work to get it into charge. These pools are being managed in line with future funding plans but we have considerable untapped security pools available.

Covenants:

We have been moving to a situation where the majority of covenants are based on group numbers and are broadly consistent in their composition. We have considerable capacity on both our interest cover and asset gearing covenants and they do not limit our activities.

We have maintained our **Moody's Aa3 credit rating.** One of only 3 HA's to have this top rating.

2. How effectively are we serving our customers?

Bromford is a social enterprise and our purpose is **to inspire people to be their best**. We do this by understanding people's aspirations and helping them achieve them by **unlocking their potential**. By doing this, we believe that we help to create social value; for our customers, their communities and for UK plc. Our relationship with customers is based on asking them what they can do, not what they can't do. We help people towards their goals, building networks of mutual help and support with neighbours, businesses and community groups along the way.

Of course 'being your best' and 'unlocking potential' is a very individual thing and it means different things to different people. This is where The Deal comes in - The Deal is the trusting relationship we build and have with all customers enabling us to not only understand what they want from life, but also allowing us to provide effective services or signpost to other services that will help them.

We know that providing great affordable homes is the start of our response, not the end.

What new services are we piloting?

We have been testing new ways of unlocking our customer's potential through a series of service offer pilots, including:

Starting Well - To help those customers at most risk of having a failed tenancy, we provide an intensive face to face induction to coach customers who need the most support get off to the best possible start. The same service is available to help those customers whose tenancies are failing to Start Again.

Skills Coaches - To guide customers on a journey to reach new aspirations and help move them into work, education, skills, volunteering, work experience and training, our Skills Coaches support customers to become work ready.

Deal Coaches - To help existing customers access the benefits of our services, our Deal Coaches have been visiting existing customers who are either not in work or who are in low paid work to offer our services to them, which include Skills Coaching, Money Advice, Starting Well and Work Clubs.

Money Advice - To provide customers with advice to help manage their money and prepare for Universal Credit we carry out an income and expenditure exercise. We provide money advice where necessary and encourage customers to receive housing benefit directly themselves, working with them to remove any barriers to this.

Leaving Well - To help customers who are leaving us to end their tenancies in the best way possible, leaving with no arrears or other issues which might otherwise prevent them from attaining a tenancy elsewhere.

Health – We have a number of pilot services underway – My Home Support, an end of life service in Staffordshire, renal clinic support in Birmingham, Herefordshire and Worcestershire and Winter Buddies, providing winter support for the elderly in Lichfield.

Community – We have an Asset Based Community Development (ABCD) pilot in Lichfield, trialling the use of community builders to develop a self-sustaining support model based on the community tapping into its own skills and resources.

All of our pilots are subject to a robust evaluation based on the outcomes achieved for service users. As a result of the pilots, we are looking to develop our services around 4 strands – My Wellbeing, My Money, My Home and My Community.

How did we deliver support services?

During the year we provided supported housing and support services to over 8,000 people, working with them to develop their skills and resilience and take another step closer to being in control of their life. We met almost 87% of people's needs during the year, a consistent performance well above the national average of just over 81%. At any one time we were supporting around 5,000 customers. During the year, we supported:

- 162 people to secure paid employment
- 783 people to reduce their debt
- 1,230 people to maximise their income
- 348 people to participate in training or education
- 652 people to establish contact with other services and groups who can help them
- 971 people to manage their physical or mental health better
- 1,549 people to secure a home or maintain their existing home
- 302 people to establish contact with friends and family.

How do we deal with anti-social behaviour?

We opened a total of 510 anti-social behaviour cases and 459 (90%) of these were closed without court action, instead using non-legal remedies such as mediation.

How easy are we to contact?

We make wide use of social media, and contacts received over social media continue to grow, with Facebook being the most popular channel. Last year's customer contacts breakdown as:

Contact	Number	%
Phone	295,814	82.3%
Emails	39,706	11.0%
Visit	692	0.2%
Letters	8,912	2.5%
Social Media	6,132	1.7%
Website	8,312	2.3%
Total Contacts	359,568	100%

We continue to maintain a range of channels to make it as easy as possible to contact us.

How do we invest in and repair our homes?

We invested £19m in planned improvement works, with a focus on heating, including 1,500 heating system upgrades and 700 insulation upgrades.

We completed 1,100 Aid and Adaptation works, securing £1.3m in grant funding to improve peoples' lives through having homes that better fit their needs.

We completed over 90,000 repairs, including ~20,000 gas related jobs. 5,300 gas jobs were completed within the same day. The cost of maintenance per property rose slightly to £441 in line with inflation (13/14: £435).

During the year, we did have issues with repairs performance and in consequence we parted company with one major contractor and have since procured a replacement.

We also completed 4,860 Property MOT's, meaning every home has had at least one MOT with its focus on preventative maintenance and up to date stock condition assessment.

How do we perform letting our homes?

We set ourselves a target of 11 days for our average re-let time (key to key). We achieved 13.8 days, above target but a significant improvement on last year's 17 days.

For the first time in many years we saw a reduction in both relets and mutual exchanges. Re-lets totalled 1,569 (13/14: 1,602) and mutual exchanges totalled 360 (13/14: 480). These reductions are, we think, linked to external, economic factors including the impacts of welfare reform, affordability and the under occupation charge.

How do we ensure our homes are safe?

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

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

To ensure the quality of servicing and repair works for gas and electricity, we carried out 2,039 gas and 1,770 electrical compliance quality check audits.

Customer experience

We measure how well our customers think we are performing across a range of services. The 2014/15 results are shown below:

Overall advocacy	**78.1%**
Anti-social behaviour advocacy	84.8%
Moving-in advocacy	**92.2%**
Home improvements advocacy	83.8%
Support services advocacy	**90.3%**
Repairs advocacy	73.5%
Recommend the neighbourhood	**82.4%**

Customer advocacy

This is a key measure for us and in the year we changed the way we measure customer advocacy, improving the approach to sampling. As a key measure, it was disappointing to see our overall advocacy score of 78.1% miss our target of 82%. As noted previously, this is largely due to issues with one particular (now former) repairs contractor. Our own in-house repairs team performance metrics are improving and our overall advocacy score improved during the last two quarters, reaching 83% in quarter four.

We analyse our complaints to see where we need to improve and the top three themes are - avoid unnecessary delays, meet appointment promises and communicate more effectively with our customers. These are all being addressed.

Customers can select an outfit to keep for a job interview from the range of clothes, shoes and accessories donated by colleagues and charity shops in our boutique style shop in our Lichfield Hub.

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

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

	14/15	13/14	12/13	11/12	10/11
Rents (Social and affordable)	**357**	384	409	326	287
Supported	**10**	54	16	34	14
Shared Ownership	**143**	200	167	117	75
Outright sale	**-**	37	13	12	-
Total Completions	**510**	675	605	489	376

62 of the 510 homes completed were built by our in house construction team, Bromford Developments Limited. Overall, 510 completions is fewer new homes than we aspire to, but the programme was affected by slippage on two major schemes. The underlying supply of new homes is on track and we invested £44m in new homes in the year (13/14: £46m). In terms of our new products, our first two MyPlace schemes are on site, and we have secured two sites for Extra Care schemes and are in the process of securing planning approval for them.

2014/15 was the last year of the HCA funding programme 2011-15, which we delivered in line with HCA expectations.

We are committed to continue to develop new homes in volumes into the future. The mix of tenure and type may vary, with our focus on delivering new homes that would not have been built were it not for our own activity. We expect to develop with little or no capital grant and will continue to benefit from the experience and commercial expertise of our in-house development and construction teams to help us achieve this.

4. How do we develop our colleagues?

Our colleagues are at the heart of everything we do and one of our key objectives is to deliver a great place to work – to be an employer of choice - because well trained and motivated colleagues deliver the best service. We regularly survey colleagues using the 'Best Companies' framework, and use that feedback in our planning. This year saw us increase our overall score, moving us from 'ones to watch' into 'one star', with several teams achieving two and three star results.

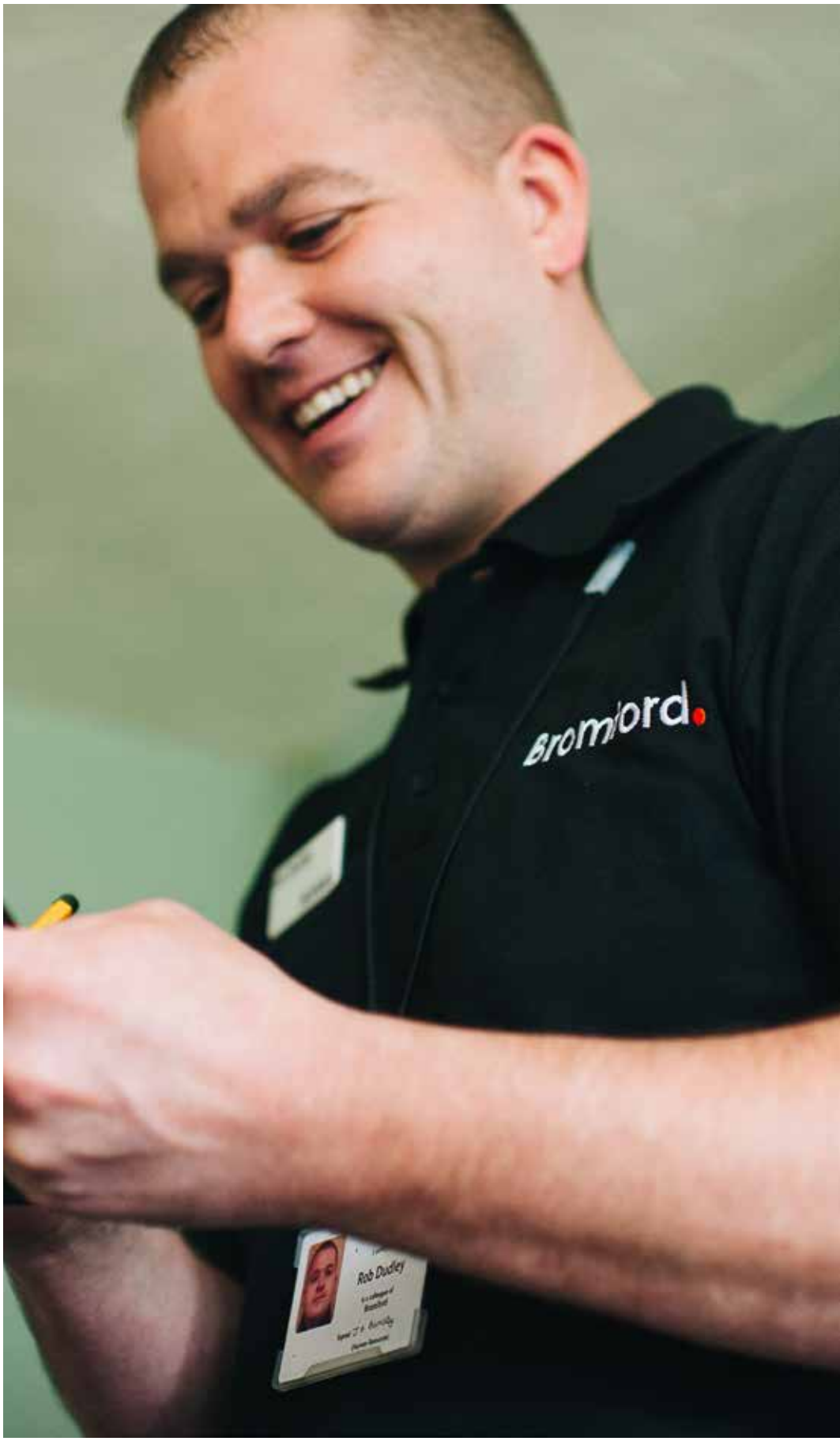
We are now two years on from the launch of our online learning and performance platform 'BeBromford' and the portal now hosts our performance management framework, a number of on line learning programmes, a social learning community, a well-stocked and growing resources section and most recently our new on boarding module 'NewBe' aimed specifically for new colleagues. We have also developed job ready pathways for many of our roles that engage large numbers of colleagues to enable managers to track learning to ensure we have fully job ready colleagues.

We have revamped and refreshed our induction session to make the most of adding on-line supplementary information and to update the content to reflect the ongoing Bromford journey.

We launched our Essential Leadership Academy to meet the needs identified by our key customers for strong management as well as leadership capability. So far circa 100 colleagues have completed the programme; a blend of online learning and workshops.

Our desire to 'grow our own' (GYO) has continued and we completed our second GYO talent academy last year, with 14 colleagues benefitting from focussed coaching.

Four years ago, we introduced 'Yammer', our internal chatroom for colleagues to post whatever they felt worthy of sharing across the business. Since then, colleagues have shared almost 150,000 posts across a wide range of subjects including advice, learning, customer outcomes, performance statistics and colleague news. It has proven to be an excellent tool for highlighting, through the use of hash-tags how colleagues have 'lived' our DNA strands of BeGood, BeBrave, BeDifferent and BeCommercial.



Four years ago we introduced Yammer, our internal social network, since then, colleagues have shared almost

5. Our commitment to Value for Money (VfM)

Our approach

Click here to view our full VfM Self-Assessment

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

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

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

VfM overview

We have three top level VfM metrics:

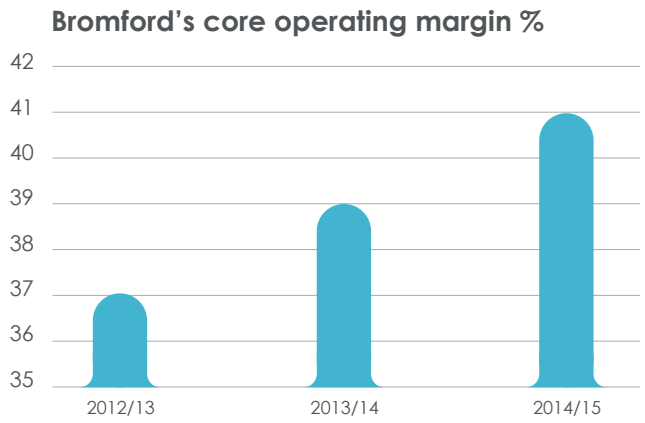
- Customer advocacy - a proxy for 'value'
- Core operating margin - a proxy for efficiency and effectiveness
- Additional income retention - a way to drive improvements in efficiency and effectiveness.

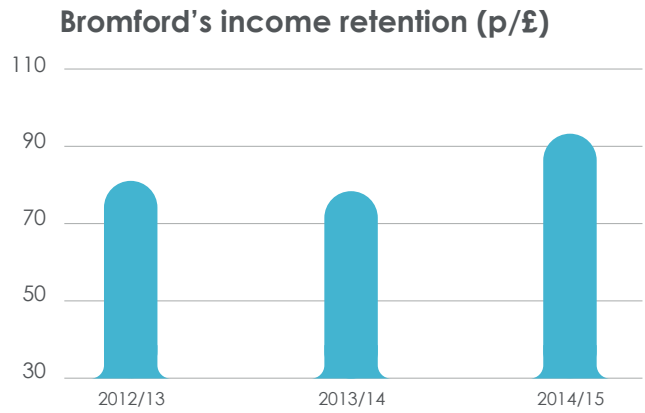
As noted earlier, we missed our customer advocacy target for the year but, having taken corrective action, this is now on an upward trend and in quarter four was ahead of target.

We aim to improve our operating margin year on year. By setting ourselves the objective of retaining at least 60p of every £1 of new income that we receive, we generate a cap within which cost increases have to be contained. Overall this drives improvements in our core operating margin.

This VfM framework sets a context in which we continue to improve economy, efficiency and cash generation, which, in-turn, enables us to make greater investments to achieve our aim of inspiring people to be the best they can be.

Our performance on these financial metrics continues to meet our expectations:

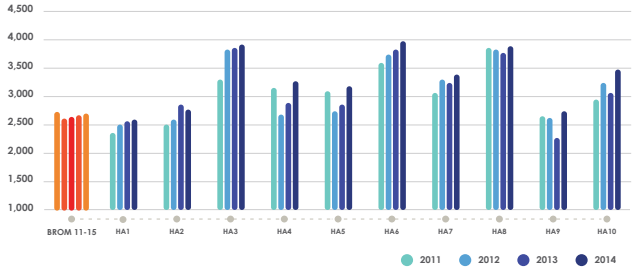




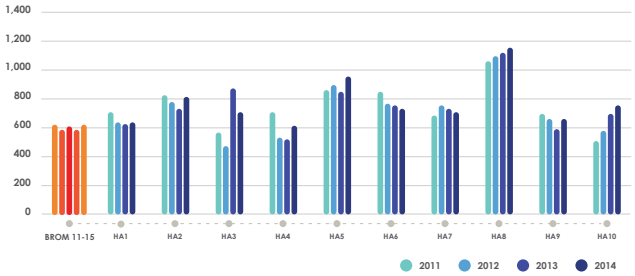
Benchmarking

More detailed comparisons with similar organisations can be found in our VfM Self-Assessment. Here, we have set out a broad range of key performance comparison measures which demonstrate our financial strength, focus on customer affordability and success with cost control in both absolute and relative terms: (Other HA data is from 2013/14 statutory accounts and Bromford's performance is shown for both 2013/14 and 2014/15).

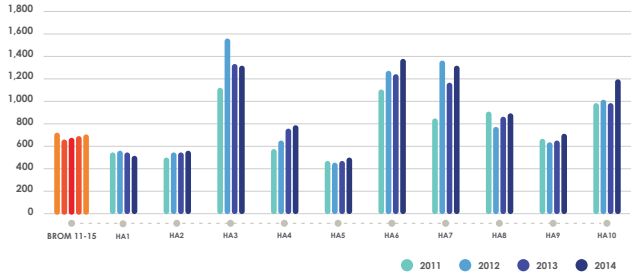
Social operating cost / unit - five year trend - £



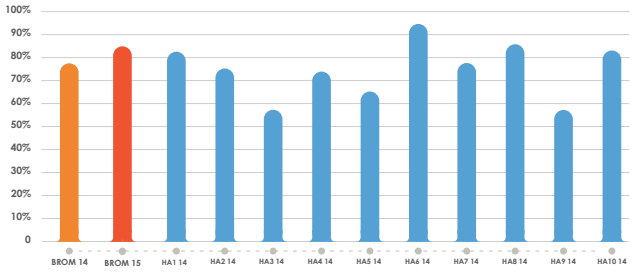
D2D repairs cost / unit - five year trend - £



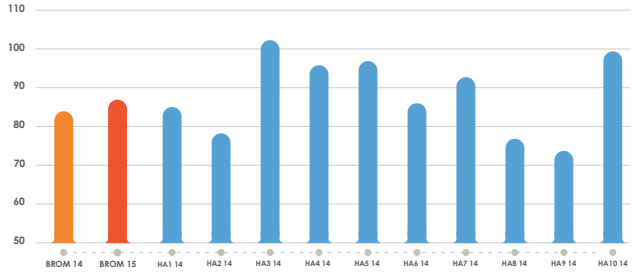
Management cost / unit - five year trend - £



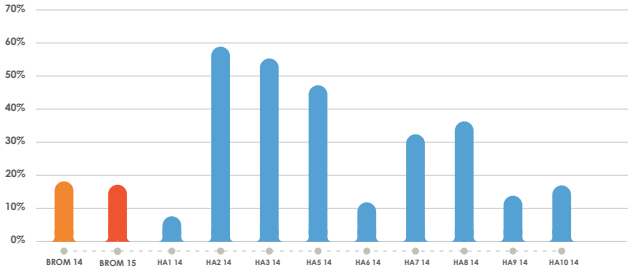
Statutory accounts - % social housing turnover



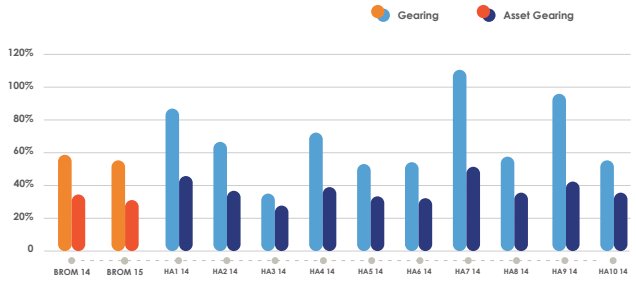
Statutory accounts - average rent / week - £



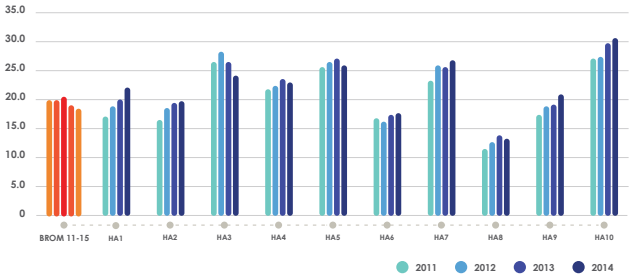
Statutory accounts - profit from sales / net profit



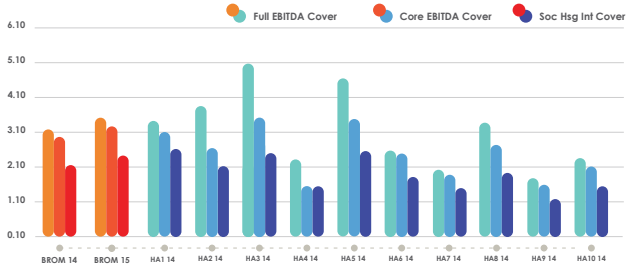
Statutory accounts



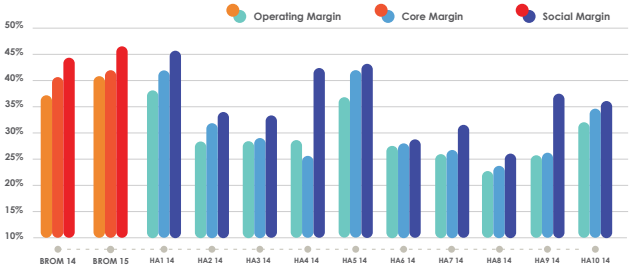
Debt per unit - five year trend - £'000

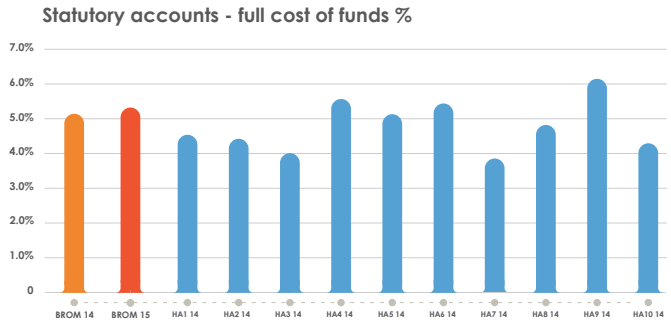


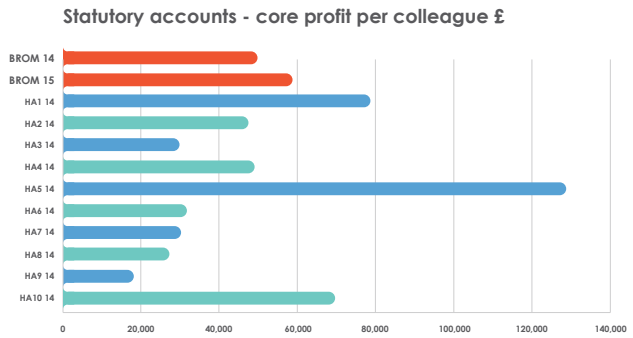
Statutory accounts - interest cover



Statutory accounts - margins







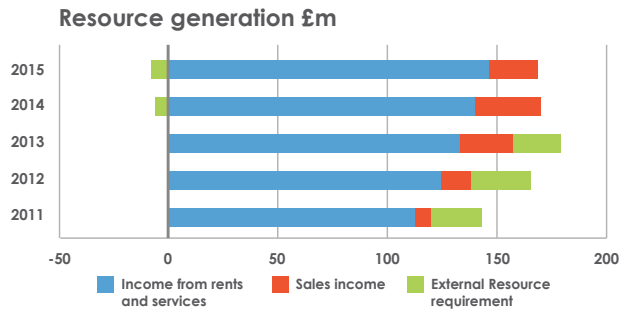
Resource generation

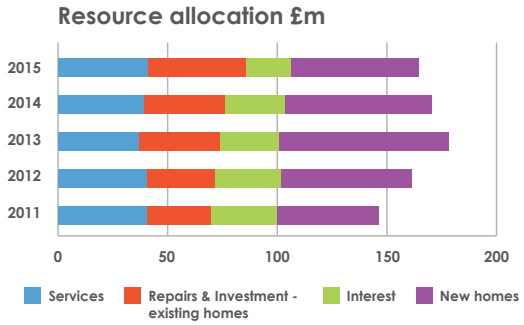
Our VfM framework going forward is based on cashflow and sets targets for net operating income generation, from core activities and from disposals arising from of our asset management plan. After meeting our loan obligations for interest and loan repayments, this leaves our free cashflow which is available for investment choices.

Resource allocation for investment

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

The following graphs show income generation and the investment of resources across areas for the last five years:



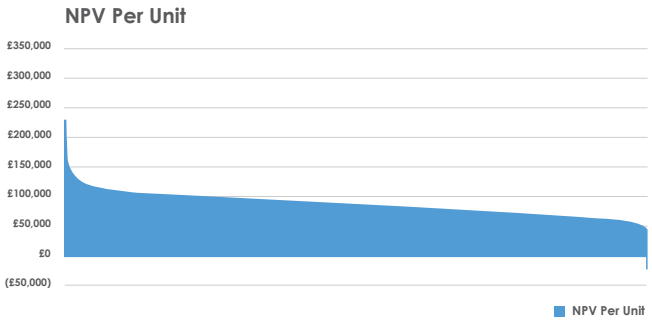


Return on Assets

Our main measure of return on investment is our net present value (NPV) model. This calculates the NPV by unit or scheme.

Our model does not currently reflect the rent decreases approved in the budget. We are working to update the NPV model to reflect these changes in time for the publication of our full self assessment on the website.

During the past year we have worked on improving the accuracy of our modelling. This has resulted in a reduction of the number of negative NPV units from 73 to 6.



During the past year we have started to implement our asset management strategy for disposals.

Type of Disposal	Number of Units	NPV per Unit
Sale of homes that cost more than they make	4	Poor
Sales of high maintenance homes	11	Poor
Sales of non traditional homes	2	Poor
Sale of regency homes in Cheltenham (flats)	24	Poor
Sales of homes in non core areas	6	Average
Total	**47**	

These do not include sales of homes to finance the 2011-15 HCA programme.

Our VfM matrix

Full details are contained within our VfM Self-Assessment but, essentially, our VfM matrix maps the following information for each service delivered:

- Who the stakeholders are;
- How we measure VfM delivery;
- Where we monitor the measures;
- What the drivers of performance are;
- Our assessment of our performance.

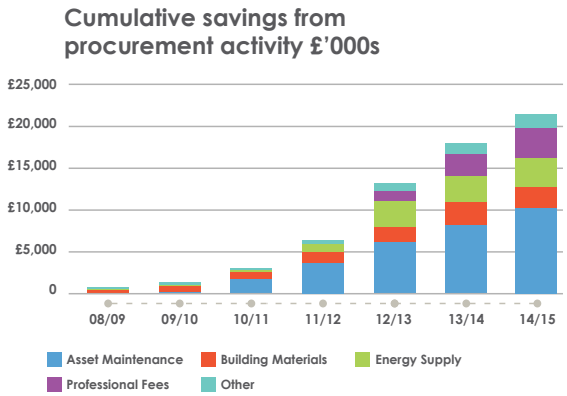
Our VfM balanced scorecards

For each stakeholder group, we have developed a balanced scorecard that provides information and evidence in four quadrants:

Services delivered	**Value derived**
People measures	**Business health measures**

Procurement

Our target was to achieve cumulative savings of £24m by March 16, and we have in fact achieved savings in excess of £21m to March 15.



The 2014/15 procurement savings include:

- £1.6m - Kitchen and bathroom replacement
- £0.9m - Professional services
- £0.3m - Component replacement
- £0.2m - Asbestos works
- £0.2m - Cleaning Contracts
- £0.1m - Telephony
- £0.1m - Water hygiene works
- £0.1m - Materials
- £0.1m - Cyclical decorating
- £0.1m - Roofing works.

We also successfully procured several new IT systems during the year, helping us to deliver efficiency improvements in several key areas of the business.

The 2015/16 procurement programme includes the following:

- Landline and broadband services
- Mobile telecommunications
- Utilities
- Fleet services
- Roofing works
- Plant and equipment
- Domiciliary care services
- Appliance maintenance services.

Procurement decisions are based on a range of factors including price, quality and social value. Whilst price is clearly a very important factor, it is one of several. Quality is a critical issue; ensuring that we get the best service for ourselves and for our customers.

Social Value Assessment (SVA)

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

Our 2014/15 social value work has extended the analysis carried out in 13/14 to a number of new areas:

Service offer pilots - a range of new service offers that focus on supporting resilient, self-motivated customers to achieve personal goals and make a positive contribution to neighbourhoods and society.

Employment and skills - supporting customers to gain the skills and confidence to access appropriate and sustainable employment outcomes.

Short-term housing-related support services – developing and maintaining a person's ability to live independently, either in their own home or in supported accommodation.

Dudley young families support service

Click here to view our 14/15 SVA which sets out the detailed outcomes.

How we measure social value

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

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

Our approach to evaluation is based on the New Economics Foundation methodology and principles of measuring social value in a clear and transparent way.

The majority of our pilots are yet to be completed, so our analysis is based on the results to date. Our evaluation indicates that we created additional social value of ~£60.1m per annum from the services evaluated. The annualised cost of delivering these services totalled £6.6m, returning a social value of £9 for every £1 invested.

Future VfM plans

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

- New paperless support field system
- New automated direct debit update system
- New repairs field system
- New document management
- New CRM system
- New human resources system
- Various system upgrades (to newer versions).

6. Future outlook

Welfare Reform

We gained valuable insight from participating in the Department for Work and Pensions (DWP) Shropshire pilot and are running our own internal pilot of direct payment. At year end we had 300 customers receiving benefits direct, mainly within Lichfield and Shropshire, with arrears at 4% - slightly higher than the general level of arrears. We continue to keep close to Universal Credit development and implementation issues and are represented on key DWP working groups.

Supporting customers affected by under-occupancy and welfare caps is now business as usual. At the year-end we had 1,742 households (13/14 2,061 households) affected by under occupancy. We expect this decline in numbers to continue – new lettings being made on the basis of the new regulations. Our interventions over the year have proved effective with year end arrears for this group averaging at 5.38%, only slightly above our overall average arrears of 4.2%. 50% of customers have clear accounts, proving that, with the right support, customers are adapting to the change. Benefit Cap arrears at year-end were only £13k (6%).

Our financial planning allows for an increase in arrears and bad debts and for additional

resources, which we believe will be required going forward. However, we expect to maintain our current strong financial position.

Supporting people contracts

Continued pressure on Local Authority funding has led to reductions in services and funding and we are reviewing our position on a contract by contract basis. We have been unsuccessful in some retendering exercises, most notably in Birmingham. Generally in these circumstances, TUPE rules apply, and colleagues transfer to the new provider. In some cases, however, we have had to make a relatively small number of colleagues redundant. Where possible, we have found suitable alternative work for colleagues, most notably involving them in our service offer pilots. Over time we expect our Supporting People activity to continue to reduce.

Benefit freezes / cuts

The details of this are not yet clear, but we would expect to take the final proposals into account when assessing the affordability of our rents in the future.

Right to Buy (RTB) extension

On the basis of early modelling we expect that the proposals will lead to a reduction in affordable homes – broadly, even with full and timely compensation for the discount, it will take three RTB sales to finance two new homes. We will keep our assessment under review as more detail emerges.

Financial Strategy

In summary our strategy is to operate on a VfM basis to generate the maximum funds possible for investment in new services (the Deal), our existing homes and new homes. We aim to target that investment to produce the greatest possible social value and to inspire people to be the best they can be, with the objective of fostering self-reliance to help sustain those customers who are already economically active and helping those who are not become so. All this remains unchanged – although there are clearly significant uncertainties facing the sector as a whole and these will affect the detail of how, and at what speed, we deliver our strategy.

We are well placed to meet the challenges of the future – benefiting from:

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

Board responsibility for the financial statements

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

In preparing these financial statements, the Board has:

- Selected suitable accounting policies and applied them consistently;
- Made reasonable and prudent judgements and estimates;
- Followed applicable accounting standards;
- Prepared the financial statements on the going concern basis.

The Board is responsible for ensuring arrangements are made for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enables it to ensure that the accounts comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2012. The Board is also responsible for ensuring that arrangements are made to safeguard the assets of the Group and for taking reasonable steps to prevent and detect fraud and other irregularities.

This includes making arrangements to establish and maintain a satisfactory system of control over the organisation and the Group's accounting records, cash records and all its receipts and remittances.

The Board of Directors who held office at the date of approval of this Board Report confirm that, as far as each of them is aware, there is no relevant information of which the Group's auditors are unaware and each Board Member has taken all the steps that they ought to have taken as a Board Member to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

In preparing the accounts, the Board has reviewed the Group financial plan for 2015/20 and has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements set out on pages 44 to 72 have been prepared on a going concern basis.

Auditors

Following an open and transparent tender process in 2011, Beevers and Struthers, Chartered Accountants were reappointed as Bromford's external auditors for a period of five years to 2016.

The report of the Board was approved on 21 July 2015 and signed on its behalf by:

Jonathan Simpson Dent

Chair

21 July 2015

Report of the Board Committees

About our Board Committees

The Board has established three committees – Assurance and Audit Committee, Nominations and Remuneration Committee (NomsRem) and the Treasury Committee. Each plays an important role in the governance process by helping the Board to discharge its responsibilities and obtain assurance that certain functions and processes within the business are operating effectively.

The Board delegates authority to each committee to do certain actions on its behalf. Each committee has its own terms of reference (on our website) reviewed every three years, or earlier if required for statutory, regulatory or best practice changes.

The members of the committees are set out in the board information page (page 3) and vary according to the purpose of the committee, the nature of the work it does and the specific skills that are required of its members. Committees are also supported by advisors, and external experts such as auditors, solicitors and financial advisors, to make sure they have access to the information and expertise they need to discharge their duties effectively. Each committee is chaired by an Independent Non-Executive Director (NED) and committee members are appointed by the Board.

Assurance and Audit Committee (AAC)

The purpose of the AAC is to provide the Board with assurance that the Group risk and internal control frameworks are operating effectively. The Committee has oversight of the risk register and oversees both the internal and external audit functions.

The internal and external auditors attend each committee meeting and provide progress updates against both the internal and external audit plans. Once a year, the AAC members meet with both the internal and external auditors without Executives or leaders being present. This is done to independently assess the effectiveness of our audit procedures and to obtain an independent view of the strength of our internal controls.

At each meeting the committee scrutinises the Risk Register with a focus on the highest scored risks and the controls in place to mitigate those risks. These risk areas feed into the internal audit plan, which is designed to help the committee obtain assurance that adequate controls are in place and are operating effectively.

Annually, the AAC reviews the effectiveness of the internal and external audit process by scrutinising auditor performance and service delivery using feedback from colleagues and the committee's own experience. The committee also performs an 'independence analysis' of both the internal and external auditors to make sure that the audit teams remain independent in nature, character and judgement and that relationships with them are objective, reasonable and proportionate. Our external audit contract is put out to tender every three to five years, in line with sector best practice. Our current external auditor, Beever & Struthers, was re-appointed in September 2011, following a tender process.

As well as its usual business in compliance with its Terms of Reference, the work of the Committee during the financial year also included:

- Reviewing our reporting procedures for Value for Money (VfM), including looking at how VfM affects our customers and user groups and is informed by them, the appraisal tools we use and the risks that affect our VfM performance. This involved reviewing how VfM is reported in our Annual Report and Accounts and in the VfM and Social Value Self-Assessments submitted to our regulator.
- Reviewing our internal audit service to make sure it provides an appropriate level of assurance. This involved conducting a whole of market review to research the services provided by other firms. This resulted in the decision to work with a new service provider to trial a bespoke business assurance service during the 2015/16 financial year.
- Planning for the year-end audit, including understanding the requirements of the revised housing sector Statement of Recommended Practice (SORP), and how this will affect financial reporting going forward.
- Reviewing the policies and procedures in place for anti-fraud and anti-money laundering. This was done as part of our triennial review cycle and in response to a change of our Money Laundering supervisor in April 2014 from the Office of Fair Trading to HMRC.

Nominations and Remuneration Committee (NomsRem)

The Committee's purpose is to deal with any matters related to the appointment, removal or remuneration of Non-Executive and Executive Directors.

Following a review of our structure in January 2015, as part of the implementation of our Governance Action Plan, it was agreed that a combined nominations and remuneration committee was the most appropriate for an organisation of our size. The benefits of a combined committee are:

- A simpler governance structure, by reducing the number of standing board committees from four to three;
- Reduced bureaucracy, administration and cost, with fewer committee meetings taking place;
- Increased transparency and understanding, as the work of the committees supported and complimented each other.

All our NEDs are members of the Committee. The Chief Executive is also a member when the Committee is considering nominations matters.

The Committee meets as often as necessary to discharge its responsibilities. Its main focus over the financial year has been to continue the work set out in the Board Renewal Plan, first developed as part of a full governance review in 2011. The Plan set out our approach to progressively refreshing the membership of our boards and committees over the short to medium term. During the financial year the following work has been done by the Committee in pursuit of this:

- **Overseeing retirement of the Chief Executive and appointing new Chief Executive**

  During the year the Committee oversaw Mick Kent's planned retirement as Chief Executive after more than 30 years of outstanding success in the role and led the process for the appointment of our new Chief Executive (CE). After a very rigorous assessment the Committee recommended to the Board that Philippa Jones be appointed as CE. During her 27 years at Bromford, Philippa has held leadership roles right across the business - the most recent as executive director with specific responsibility for new homes, people, communications and governance. The Board appointed Philippa as CE and she took up her post on 1 January 2015, following a hand over transition period with the outgoing CE.

- **Overseeing the phased retirement of five Non-Executive Directors, including the group Chair**.

  In order to satisfy the recommended terms of office for NEDs set out in our governance code, and to make sure that we refresh the skills on our board and retain the independence of our NEDS, five NEDs retired during 2014/15. The Committee, on behalf of Bromford, thanks our outgoing Chair, Tony Crawford, John Downie, Kate Hartigan, Khalil Rehman, and Rev. David Lavender for their hard work and commitment during their terms of office.

- **Facilitating the hand-over of responsibilities from our outgoing Chair, Tony Crawford, to our Chair Designate, Jonathan Simpson-Dent.**

  In 2013, the Board extended our Chair, Tony Crawford's, original term of office to 2015 to facilitate the recruitment of his successor and to allow a period of transition with a successor.

  The Board was unsuccessful in its attempts to recruit a suitable candidate during 2012/13 and so in line with our approach to 'growing our own', we looked internally for a suitable candidate. In June 2014 the Board appointed Jonathan Simpson-Dent as Chair Designate, with a view to him taking up the position as Chair on Tony Crawford's retirement in April 2015. Jonathan is an experienced NED, first appointed to the Board in April 2012, and has the skills, knowledge and expertise needed to lead the board effectively.

  The Committee is satisfied that during 2014/15 the Chair and Chair Designate's other commitments did not interfere with the day to day performance of their duties for Bromford.

- **Recruiting two new Independent NEDs.**

  In order to strengthen, broaden and balance the Board's range of skills, knowledge and experience, we are currently reviewing the skills gap and anticipate that recruitment will be underway to fill two NED vacancies early in 2015/16 using professional executive search firms if considered appropriate.

  In appointing any NED, the Board will have regard to a candidate's attitude, capability, skills and experience. Equality and diversity are also important considerations when considering board composition and the Board reviews outcomes in this regard on an annual basis. The 'Statement of Preferred Composition' in our Governance framework sets out the Board's commitment to achieving a diverse, inclusive board, containing NEDs with a mix of age, gender, business/sector experience and ethnic origin.

It is important that our NEDs continue to satisfy both performance and independence criteria in order to remain objective when constructively challenging proposals put forward by Executives and leaders, and to this end, there is no automatic re-appointment at the end of a three year term.

The Committee's responsibilities in relation to remuneration for NEDs and Executives are to make sure appropriate and relevant remuneration policies are in place, and that levels of pay for NEDs are reasonable and proportionate. Remuneration for Executives is structured to attract, motivate and retain talented individuals, whilst focusing them to achieve specific performance targets.

Further information about Directors' emoluments, can be found on page 56 and in the 'Open and Transparent' section of the Bromford website.

Treasury Committee

The purpose of the Treasury Committee is to formulate and review treasury and funding plans, including managing and mitigating treasury and funding risks. It is supported by independent professional advisors who help the Committee to scrutinise treasury strategy and remain aware of sector issues.

During the financial year, the Committee met four times. As well as the work done in compliance with its Terms of Reference, the work of the Committee has also included:

- Monitoring borrowing levels and loan repayments, including seeking assurance on the management of covenant compliance and reviewing, amending and renewing revolving credit facilities to maximise cash funds available to the business;
- Agreeing acceptable terms with, and obtaining approval from, lenders for the proposed amalgamation of two registered providers in the group; Bromford Housing Association Limited and Fosseway Housing Association Limited. The amalgamation took place in April 2015;
- Reviewing the Treasury Risk Register, to make sure key risk areas are comprehensively managed, the scoring of risks is accurate and that robust internal controls are in place. This included making sure risks relating to the re-pricing of existing loans, liquidity, counter-party risk and the introduction of new accounting methodologies such as FRS102 were adequately covered;
- Reviewing the Treasury Policy, including the introduction of new procedural 'How To' guides for colleagues.

The Treasury Committee is also pleased to report the retention of our industry-leading Aa3 Credit Rating, which was first obtained in 2014. A review conducted by Moody's in Autumn 2014 praised our strong margins, low debt levels and strong and stable cash flows from social housing letting. Retaining our rating gives us a real 'seal of approval' when it comes to borrowing, investment and interest rates and is significant acknowledgement of our financial strength and focus on active treasury management.

Report of the Independent Auditors

We have audited the financial statements of Bromford Housing Group for the year ended 31 March 2015 on pages 44 to 72. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of the Board and the Auditor

As explained more fully in the Statement of the Board's Responsibilities set out on page 36, the Board is responsible for the preparation of the financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the Group and the Association's affairs as at 31 March 2015 and of their income and expenditure for the year then ended; and
- Have been properly prepared in accordance with the UK Generally Accepted Accounting Practice; and
- Have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2012.

Matters on which we are required to report by exception

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

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

Beever and Struthers

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

21 July 2015

Financial statements

Income and Expenditure Account -
Group and Association for the year ended 31 March 2015

		Group		Association	
	Notes	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Turnover	2	**160,208**	165,719	**12,344**	12,489
Cost of sales	2	**(7,791)**	(17,427)	**-**	-
Operating costs	2	**(87,740)**	(87,468)	**(12,229)**	(12,029)
Operating surplus	2	**64,677**	60,824	**115**	460
Surplus on sale of properties and other fixed assets	29	**5,321**	4,387	**-**	-
Interest receivable	6	**492**	642	**-**	2
Interest payable	7	**(26,668)**	(26,979)	**(61)**	(142)
Gift aid paid		**-**	-	**-**	(908)
Surplus/(Deficit) on ordinary activities for the year before tax	5	**43,822**	38,874	**54**	(588)
Taxation on surplus on ordinary activities	10	**(17)**	(17)	**6**	3
Surplus/(Deficit) for the year after tax		**43,805**	38,857	**60**	(585)

The Group and the Association's turnover and expenses all relate to continuing operations and have both been calculated on a historical cost basis as modified by the revaluation of investments.

Statement of Total Recognised Gains and Losses -
Group and Association for the year ended 31 March 2015

		Group		Association	
	Notes	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Surplus / (deficit) for the financial year		**43,805**	38,857	**60**	(585)
Unrealised surplus / (deficit) on revaluation of investments	22	**148**	(321)	**-**	-
Actuarial loss relating to pension scheme	22	**(3,431)**	(941)	**-**	-
Total surpluses / (deficits) recognised since the last annual accounts		**40,522**	37,595	**60**	(585)

The notes on page 47 to 72 form an integral part of these accounts.

Balance Sheet - Group and Association as at 31 March 2015

		Group		Association	
	Notes	2015	2014	2015	2014
		£'000	£'000	£'000	£'000
Tangible Fixed Assets					
Housing properties	11	974,625	942,441	-	-
Investments	13	220	220	136	195
Other fixed assets	14	15,268	16,258	6,806	9,042
		990,113	958,919	6,942	9,237
Current Assets					
Stocks	15	3,811	2,023	-	-
Debtors : amounts falling due within one year	16	8,231	7,378	1,825	1,593
Debtors : amounts falling due after one year	16	1,125	996	-	-
Investments	17	10,813	15,999	-	-
Cash at bank and in hand		28,491	33,473	92	54
		52,471	59,869	1,917	1,647
Creditors: Amounts falling due within one year	18	(33,968)	(37,392)	(3,052)	(4,792)
Net current assets		18,503	22,477	(1,135)	(3,145)
Total assets less current liabilities		1,008,616	981,396	5,807	6,092
Creditors: Amounts falling due after more than one year	19	556,198	572,126	7,103	7,448
Pension liability	32	15,343	12,717	-	-
		571,541	584,843	7,103	7,448
Capital and Reserves					
Called up share capital	21	-	-	-	-
Revaluation reserve	22	762	614	-	-
Designated reserves	22	-	591	-	-
Income and expenditure account	22	436,313	395,348	(1,296)	(1,356)
		1,008,616	981,396	5,807	6,092

The financial statements on pages 44 to 72 were approved by the Board on 21 July 2015 and were signed on its behalf:

- Member of the Board

- Member of the Board

- Secretary

The notes on pages 47 to 72 form an integral part of these accounts.

Cash Flow - Group for the year ended 31 March 2015.

	Notes	2015		2014	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	**23**		**76,322**		84,144
Returns on Investments and Servicing of Finance					
Interest received		**323**		538	
Interest payable		**(26,541)**		(27,616)	
Net cash outflow from returns on investment and servicing of finance			**(26,218)**		(27,078)
Taxation Paid					
Corporation tax paid		**-**		(137)	
Net cash outflow from taxation			**-**		(137)
Capital Expenditure					
Sale of housing properties		**14,968**		11,714	
Acquisition and construction of housing properties		**(57,587)**		(63,666)	
Capital grants received		**3,111**		5,011	
Purchase of other fixed assets		**(1,314)**		(838)	
Sale of other fixed assets		**2**		3	
Net cash outflow from investing activities			**(40,820)**		(47,776)
Net cash inflow before financing			**9,284**		9,153
Financing					
Housing loans received		**-**		-	
Housing loans repaid		**(19,337)**		(19,429)	
Loan finance costs		**(263)**		(301)	
Net cash outflow from financing			**(19,600)**		(19,730)
Decrease in cash and cash equivalents	**25**		**(10,316)**		(10,577)

The notes on pages 47 to 72 form an integral part of these accounts.

The Association has taken advantage of the exemption in FRS 1 not to produce its own cashflow statement.

1. Principal accounting policies

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Homes and Communities Agency as a Registered Provider (RP) of social housing.

Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and Statements of Recommended Practice of the United Kingdom. The accounts comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2012 and the Statement of Recommended Practice: accounting by Registered Social Housing Providers Update 2010 published by the National Housing Federation. The accounts are prepared on the historical cost basis of accounting, as modified by the revaluation of investments.

Basis of consolidation

The Association is required to produce group accounts. These financial statements are group statements and have been prepared by consolidating the results of Bromford Housing Group Limited and its subsidiaries as set out in note 30.

Turnover

Turnover represents rental income receivable, revenue grants from local authorities, income from first tranche sale of shared ownership property and amounts invoiced in respect of the provision of services and other income.

VAT

The Group is value added tax (VAT) registered but a large proportion of its income (rents), is exempt for VAT purposes. Under partial exemption rules, this means that the Group can recover only a proportion of the VAT it suffers. Expenditure is therefore shown inclusive of VAT to the extent that it is suffered by the Group and not recoverable. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Support income and costs including Supporting People

Supporting People (SP) contract income received from Administering Authorities is accounted for as SP income in the turnover note 2. The related support costs are matched against this income in the same note.

Support charges included in the rent are included in the income and expenditure from social housing lettings note 3 and matched against the relevant costs.

Properties for sale

The sales income and related costs associated with properties sold during the year are included in the Income and Expenditure Account. This includes the income and related costs associated with the first tranche sales for shared ownership properties.

Properties developed for sale but as yet unsold as at balance sheet date, including the unsold first tranche element of any completed shared ownership properties, are shown in the balance sheet as current assets, valued at the lower of cost and net realisable value. Cost comprises materials, direct labour, direct development overheads and interest capitalised. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Property managed by agents

Where the Group carries the majority of the financial risk on property managed by agents, all the income and expenditure arising from the property is included in the Income and Expenditure Account.

Where the agency carries the majority of the financial risk, the Income and Expenditure Account includes only that income and expenditure which relates solely to the Group.

In both cases, the assets and associated liabilities are included in the Balance Sheet.

Capitalisation of interest and administration costs

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

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

Loan finance costs

Costs directly connected with the raising of finance are netted off the loan balances in the Balance Sheet. The costs are then written off to the Income and Expenditure Account over the life of the related loan.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership, they are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements and the interest is charged to the income and expenditure account using the annuity method. Rentals paid under operating leases are charged to the Income and Expenditure account as incurred.

Social investment reserve

The Group has established a designated Social Investment Reserve. This has been created from savings made as a result of the Group's Value for Money (VfM) plan. This reserve was used to fund improvements in services to customers in line with the Group's Focussed Landlord and 'place' plans. The reserve has now been used and closed.

Housing properties

Housing properties are included in the Balance Sheet at cost less related capital grant and depreciation.

Freehold land is not depreciated.

Housing properties in the course of construction are stated at cost and are not depreciated. Housing properties are transferred to completed properties when they are ready for letting or sale.

Donated land is included in cost at its valuation on donation, with the donation treated as a capital grant. In the case of section 106 land the valuation takes into account all the conditions of sale imposed by the Local Authority and its value in use to the RP.

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

Depreciation is charged on a straight-line basis after taking into account social housing grant over the assets expected economic useful life as shown below:

Component	Useful Economic Life (years)
Housing properties structure, houses	130
Housing properties, flats	75
Housing properties, rooms	40
Housing properties, bedsits	40
Roofs	65
Bathrooms	30
Heating systems	30
Windows and doors	25
Kitchens	20
Boilers	15

Shared ownership properties

Shared ownership properties offer an opportunity for people to part own their home. An initial first tranche is sold to the tenant, who owns that share of the property outright. The balance of the property remains in the Group's ownership and is leased to the tenant. Where shared ownership properties are developed, the costs relating to the first tranche element are treated as a current asset. Costs related to that part of the property to be retained by the Group are treated as a fixed asset and included in housing properties at cost less depreciation, any related capital grant and any impairment provision.

First tranche sales are included in the Income and Expenditure Account by way of turnover and related cost of sales. Shared owners are able to subsequently purchase further shares in their homes. This is called 'staircasing'. The surplus or deficit arising on staircasing is included in the Income and Expenditure Account after operating surplus but before interest.

Impairment

All housing properties are reviewed annually for impairment. For this purpose, properties are normally split into groups whose income and expenditure can be separately identified. Impairment is recognised where the carrying value (depreciated historic cost net of grant) exceeds the recoverable amount (the higher of the net realisable value or the value in use). Where impairment is identified, a provision is made against the asset and is charged to the Income and Expenditure Account.

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.

Homebuy Direct

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.

Social housing and other grants

Where developments have been financed wholly or partly by social housing and other grants, the cost of those developments has been reduced by the amount of the grant received.

Social Housing Grant (SHG) received for items of cost written off in the Income and Expenditure Account is treated as part of turnover and is thereby matched against those costs.

The net SHG received and not spent is included in current liabilities, taking into account all properties under construction.

Under certain conditions, SHG can be recycled by the Group and can be used for projects approved by the Homes and Communities Agency (HCA). Such recycled SHG is included as a liability in the Balance Sheet in the Recycled Capital Grant Fund. Recycled SHG may have to be repaid if certain conditions are not met, in which case it becomes a subordinated unsecured repayable debt.

Other fixed assets and depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation and capital grants. Freehold land is not depreciated.

Tangible fixed assets are depreciated on a straight line basis over the expected economic useful lives of the assets as follows:

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

The useful economic lives of all tangible fixed assets are reviewed annually. Fixed assets which are considered to be permanently impaired are written down to their recoverable amounts.

Disposal Proceeds Fund (DPF)

Receipts from the sale of SHG funded properties less the net book value of the property and the cost of disposals are credited to the DPF. This creditor is carried forward until it is used to fund the acquisition of new social housing.

Service charge sinking funds

Service charge sinking funds are treated as creditors due within one year.

Fixed asset investments

Fixed asset investments are carried at the lower of cost and net realisable value.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value.

Current asset investments

Current asset investments are carried at market value.

Provisions

The Group only provides for contractual liabilities.

Pension costs

The Group accounts for its defined benefit pension schemes in line with the requirements of FRS 17.

The Group makes contributions into the Social Housing Pension Scheme (SHPS) defined benefit scheme operated by the Pensions Trust. As the Pensions Trust is unable to identify the Group's share of the underlying assets and liabilities, the Group accounts for contributions to the Pensions Trust scheme as if it were a defined contribution scheme.

The Group also makes contributions into defined benefit pension schemes operated by Gloucestershire County Council and Staffordshire County Council. For these schemes, the Group's share of underlying assets and liabilities is known, and the Group applies the requirements of FRS17 accordingly.

Details of the schemes are set out in Note 32.

Financial instruments

The Group uses derivative financial instruments to reduce exposure to interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes. For an interest rate instrument to be treated as a hedge, the instrument must be related to actual assets or liabilities or to a probable commitment and must change the nature of the interest rate by converting a variable rate to a fixed rate or vice versa. Interest differentials under these instruments are recognised by adjusting net interest payable over the periods of the contracts. If an instrument ceases to be accounted for as a hedge, for example because the underlying hedging position is eliminated, the instrument is marked to market and any resulting profit or loss is recognised at that time.

Deferred tax

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for taxation and accounting purposes. Full provision for deferred taxation is made on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS19.

Taxation

Taxation is provided for at the rates prevailing at the balance sheet date, and the charge is based on surpluses arising on certain activities that are liable to tax.

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

	Notes	Turnover	Cost of Sales	Operating Costs	Operating Surplus / (Deficit)
		2015			
		£'000	£'000	£'000	£'000
Social Housing Lettings					
Housing accommodation	3	113,014	-	(58,285)	54,729
Supported housing accommodation	3	13,339	-	(10,199)	3,140
Shared ownership accommodation	3	8,171	-	(4,350)	3,821
		134,524	-	(72,834)	61,690
Other Social Housing Activities					
Development and land services		97	-	(97)	-
Sales and development		-	-	(629)	(629)
Agency services		2,640	-	(2,649)	(9)
Supporting people contract income		10,814	-	(10,016)	798
Other		141	-	(91)	50
First tranche shared ownership sales		10,956	(7,782)	(866)	2,308
Non Social Housing Activities					
Market rents		478	-	(72)	406
Sewerage services		20	-	(114)	(94)
Commercial rents		519	-	(129)	390
Properties and facilities management		-	-	(243)	(243)
Properties developed for outright sale		-	-	-	-
Property development/equity loan sales		19	(9)	-	10
		160,208	(7,791)	(87,740)	64,677

	Notes	Turnover	Cost of Sales	Operating Costs	Operating Surplus / (Deficit)
		2014			
		£'000	£'000	£'000	£'000
Social Housing Lettings					
Housing accommodation	3	103,230	-	(56,370)	46,860
Supported housing accommodation	3	16,908	-	(10,845)	6,063
Shared ownership accommodation	3	8,072	-	(4,106)	3,966
		128,210	-	(71,321)	56,889
Other Social Housing Activities					
Development and land services		169	-	(310)	(141)
Sales and development		-	-	(483)	(483)
Agency services		2,801	-	(2,689)	112
Supporting people contract income		11,330	-	(10,281)	1,049
Other		363	-	(41)	322
First tranche shared ownership sales		13,008	(10,074)	(1,405)	1,529
Properties developed for other RPs		744	(581)	-	163
Non Social Housing Activities					
Market rents		350	-	(52)	298
Sewerage services		19	-	(98)	(79)
Commercial rents		553	-	(44)	509
Properties and facilities management		-	-	(169)	(169)
Properties developed for outright sale		8,172	(6,772)	(206)	1,194
Property development/equity loan sales		-	-	(369)	(369)
		165,719	(17,427)	(87,468)	60,824

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

3. Income and Expenditure from Social Housing Lettings - Group

	2015				2014
	General Needs Housing £'000	Supported and Housing for Older People £'000	Leasehold and Shared Ownership £'000	Total £'000	Total £'000
Income					
Rent receivable net of voids	**109,847**	**8,780**	**6,917**	**125,544**	119,079
Service charges	**3,136**	**4,274**	**1,252**	**8,662**	8,662
Charges for support services	**31**	**285**	**2**	**318**	469
Net rents receivable	**113,014**	**13,339**	**8,171**	**134,524**	128,210
Expenditure					
Services	**(4,344)**	**(4,372)**	**(861)**	**(9,577)**	(9,671)
Care and support costs	**(38)**	**(257)**	**(2)**	**(297)**	(487)
Management	**(15,293)**	**(2,038)**	**(1,808)**	**(19,139)**	(18,491)
Routine maintenance	**(15,051)**	**(1,417)**	**(494)**	**(16,962)**	(16,442)
Planned maintenance	**(1,588)**	**(609)**	**(187)**	**(2,384)**	(1,860)
Major Repairs expenditure	**(4,927)**	**(877)**	**(345)**	**(6,149)**	(6,529)
Rent losses from bad debts	**(575)**	**(132)**	**(8)**	**(715)**	(996)
Depreciation	**(16,469)**	**(497)**	**(645)**	**(17,611)**	(16,845)
Total expenditure on social housing lettings	**(58,285)**	**(10,199)**	**(4,350)**	**(72,834)**	(71,321)
Operating surplus on social housing lettings	**54,729**	**3,140**	**3,821**	**61,690**	56,889
Rent losses from voids	**(759)**	**(418)**	**(8)**	**(1,185)**	(1,101)

The Association does not have any housing stock for letting.

4. Housing stock

	2015 Number	2014 Number
Social rent	**20,971**	21,058
Affordable rent	**1,309**	952
Supported housing	**2,009**	2,056
Shared ownership	**2,719**	2,763
Leasehold	**944**	922
Total Social Housing Units	**27,952**	27,751
Staff accommodation	**9**	11
Market rent	**186**	176
Commercial units	**150**	137
Retained freeholds	**456**	422
Total Non Social Housing Units	**801**	746
Total units	**28,753**	28,497
Owned and managed	**27,565**	27,355
Owned and managed by others	**552**	609
Managed for others	**636**	533
Total units	**28,753**	28,497
Garages / parking spaces	**2,687**	2,681

The Association does not hold any housing stock.

5. Surplus on ordinary activities before taxation

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

	Group		Association	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Operating lease rentals -				
office land & buildings	**(852)**	(1,017)	**(42)**	(24)
vehicles	**(1,229)**	(1,219)	**(118)**	(124)
Surplus on sale of fixed assets	**5,321**	4,387	**-**	-
Depreciation of housing properties	**(15,946)**	(15,639)	**-**	-
Depreciation of tangible owned fixed assets	**(2,285)**	(1,484)	**(336)**	(1,002)
Auditor's remuneration, excluding VAT				
in their capacity as auditors	**(56)**	(52)	**(8)**	(7)
in respect of other services - service charges	**(30)**	(30)	**-**	(2)
- taxation	**(7)**	(16)	**(1)**	-
- other	**(13)**	(14)	**-**	-

6. Interest receivable and similar income

	Group		Association	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Interest receivable from cash and money market deposits	**492**	642	**-**	2

7. Interest payable and similar charges

	Group		Association	
Interest on loans, overdraft and other financing:				
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Repayable wholly or partly in more than five years				
- by instalments	**26,565**	26,745	**58**	135
- other	**748**	716	**-**	-
	27,313	27,461	**58**	135
Other finance charges	**229**	236	**-**	5
Finance costs / amortised premium	**111**	101	**3**	2
Interest payable capitalised on housing properties under construction (5.2%)(2014 : 5.2%)	**(1,038)**	(1,145)	**-**	-
	26,615	26,653	**61**	142
Interest on pension scheme liabilities	**1,756**	1,779	**-**	-
Expected return on employer assets	**(1,703)**	(1,453)	**-**	-
	26,668	26,979	**61**	142

8. Colleague costs

	Group	
	2015	2014
	£'000	£'000
Wages and salaries	**29,371**	29,182
Social security costs	**2,363**	2,377
Other pension costs	**2,899**	2,742
	34,633	34,301

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

	2015	2014
	No.	No.
Asset management	**291**	279
Central services	**175**	169
Housing management	**202**	203
Innovation and new business	**4**	7
New homes and sales	**53**	55
Supported housing and support	**340**	436
Total	**1,065**	1,149

8. Colleague costs (continued)

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

	2015	2014
	No.	No.
£60,001 - £70,000	**15**	19
£70,001 - £80,000	**8**	6
£80,001 - £90,000	**4**	5
£90,001 - £100,000	**6**	3
£100,001 - £110,000	**2**	1
£120,001 - £130,000	**-**	2
£130,001 - £140,000	**1**	-
£140,001 - £150,000	**2**	1
£190,001 - £200,000	**-**	1
£200,001 - £210,000	**1**	-
	39	38

9. Directors' emoluments

Directors are defined as the Non-Executive Directors and the Executive Directors who comprise the Chief Executive, the Group Finance Director and other Executive Directors of Bromford Housing Group Limited.

The highest paid Executive Director was Mick Kent, who retired as Chief Executive and Director on 1 January 2015 but continues to be a salaried colleague of the Group until the end of 2015. On the same date, Philippa Jones was appointed as Chief Executive. Both the outgoing and the incoming Chief Executive are ordinary members of the Social Housing Pension Scheme. The pension scheme is a final salary scheme funded by annual contributions by the employer and employee. No enhanced or special terms apply. There are no additional pension arrangements.

Pension Contribution paid by the Group while Chief Executive	**2015**	2014
	£	£
Mick Kent (retired 1 January 2015)*	**21,714**	28,246
Philippa Jones (appointed 1 January 2015)	**5,092**	-
	26,806	28,246

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

	2015				2014			
	Salaries	**Taxable Benefits**	**Pension**	**Total**	Salaries	Taxable Benefits	Pension	Total
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
Mick Kent (retired 1 January 2015)*	**155**	**9**	**22**	**186**	199	9	28	236
Other Executive Directors:								
Philippa Jones	**145**	**5**	**20**	**170**	128	4	18	150
Andrew Battrum	**143**	**12**	**20**	**175**	140	10	19	169
Nick Cummins	**132**	**11**	**19**	**162**	128	10	18	156
Non-Executive Board Directors	**74**	**-**	**-**	**74**	104	-	-	104
	649	**37**	**81**	**767**	699	33	83	815

* These figures relate to the 9 months of the year where Mick Kent was employed as an Executive Director of the Group.

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

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

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

a) Analysis of the charge in the period

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

	Group		Association	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Current tax:				
UK Corporation Tax charge / (credit) for the year	**26**	-	**3**	-
Under / (over) provision in previous years	**(30)**	22	**(30)**	2
Total current tax	**(4)**	22	**(27)**	2
Deferred tax:				
Origination and reversal of timing differences	**21**	(5)	**21**	(5)
Tax on surplus / (deficit) on ordinary activities	**17**	17	**(6)**	(3)
(b) Factors affecting tax charge for the period				
Surplus / (deficit) on ordinary activities before tax	**43,822**	38,874	**54**	(588)
Surplus / (deficit) on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2014:23%)	**9,203**	8,943	**11**	(135)
Effects of:				
Items not allowable for tax purposes (primarily depreciation of housing stock)	**334**	398	**37**	31
Capital allowances in excess of depreciation	**(48)**	28	**(45)**	29
Increase / (decrease) in losses	**(41)**	241	**-**	55
Effect of reduced tax rates	**-**	-	**-**	-
Adjustment in respect of prior years	**(30)**	22	**(30)**	2
Surplus relating to charitable entities	**(9,305)**	(9,514)	**-**	-
Group relief received	**-**	-	**-**	20
Disposal of properties	**(117)**	(96)	**-**	-
	(4)	22	**(27)**	2

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	Properties held for Market Renting	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 April 2014	1,469,681	41,027	129,048	9,491	7,171	1,656,418
Additions	1,020	34,322	553	7,900	556	44,351
Replacement of components	13,230	-	-	-	6	13,236
Transferred on completion	48,262	(48,262)	8,452	(8,452)	-	-
Disposals	(2,653)	-	(6,200)	-	-	(8,853)
Components disposed	(10,408)	-	-	-	-	(10,408)
Reclassification	227	-	54	-	(281)	-
At 31 March 2015	1,519,359	27,087	131,907	8,939	7,452	1,694,744
Less:- Depreciation and Impairment						
At 1 April 2014	181,752	-	3,344	-	724	185,820
Charge for the year	15,282	-	624	-	40	15,946
Disposals	(10,298)	-	(270)	-	-	(10,568)
At 31 March 2015	186,736	-	3,698	-	764	191,198
Social Housing Grant						
At 1 April 2014	481,567	5,753	40,389	448	-	528,157
Received	741	1,738	70	535	-	3,084
Transferred on completion	6,775	(6,775)	459	(459)	-	-
Recycled	(971)	-	(1,525)	-	-	(2,496)
Other recategorisation	(1,600)	1,627	371	(222)	-	176
At 31 March 2015	486,512	2,343	39,764	302	-	528,921
Net Book Value 31st March 2015	846,111	24,744	88,445	8,637	6,688	974,625
Net Book Value 1 April 2014	806,362	35,274	85,315	9,043	6,447	942,441

	2015	2014
	£'000	£'000
Housing property net book value in respect of long leaseholds	6,684	6,795
Housing property net book value in respect of freeholds	967,941	935,646
	974,625	942,441
Total depreciation charge	15,946	15,591
Component depreciation within the total depreciation charge	11,322	10,891
Development administration costs capitalised during the year	2,241	2,338
Estimated open market value of housing properties, calculated on a consistent basis to previous years	2,866,558	2,736,908
Total accumulated SHG receivable at the balance sheet date from capital and revenue sources	586,564	581,283

The Association does not hold any housing stock.

12. Expenditure on work to existing properties

	2015	2014
	£'000	£'000
Replacement of components	**13,236**	11,900
Amounts charged to Income & Expenditure Account	**6,149**	6,529
	19,385	18,429

13. Tangible fixed assets - investments

	Group		**Association**	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Cost of Holding*	**-**	-	**136**	195
Igloo Insurance PCC Limited (Cell BRO4)	**220**	220	**-**	-
	220	220	**136**	195

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

*The Association's investment represents the costs of acquisition of Fosseway Housing Association Limited.

14. Tangible fixed assets - other

Group	Freehold Offices	Fixtures Fittings & Equipment	Computer Equipment & Software	Leasehold Offices	Motor Vehicles	Holly Lodge	Total
Cost	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2014	**13,255**	**3,081**	**9,744**	**137**	**317**	**3,570**	**30,104**
Additions	**26**	**44**	**1,196**	**-**	**48**	**-**	**1,314**
Disposals	**(11)**	**(1,686)**	**(3,304)**	**-**	**(209)**	**-**	**(5,210)**
At 31 March 2015	**13,270**	**1,439**	**7,636**	**137**	**156**	**3,570**	**26,208**
Depreciation and Impairment							
At 1 April 2014	**2,018**	**2,906**	**7,821**	**57**	**317**	**727**	**13,846**
Charge for the year	**419**	**120**	**1,662**	**3**	**12**	**69**	**2,285**
Disposals	**(24)**	**(1,675)**	**(3,283)**	**-**	**(209)**	**-**	**(5,191)**
At 31 March 2015	**2,413**	**1,351**	**6,200**	**60**	**120**	**796**	**10,940**
Net Book Value at 31 March 2015	**10,857**	**88**	**1,436**	**77**	**36**	**2,774**	**15,268**
Net Book Value at 1 April 2014	11,237	175	1,923	80	-	2,843	16,258

Association	Freehold Offices	Fixtures Fittings & Equipment	Computer Equipment & Software	Total
Cost	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2014	**7,782**	**851**	**9,734**	**18,367**
Disposals	**-**	**(174)**	**(19)**	**(193)**
Transfer to group company	**-**	**-**	**(9,715)**	**(9,715)**
At 31 March 2015	**7,782**	**677**	**-**	**8,459**
Depreciation and Impairment				
At 1 April 2014	**713**	**778**	**7,834**	**9,325**
Charge for the year	**289**	**47**	**-**	**336**
Disposals	**-**	**(174)**	**(2)**	**(176)**
Transfer to group company	**-**	**-**	**(7,832)**	**(7,832)**
At 31 March 2015	**1002**	**651**	**-**	**1,653**
Net Book Value at 31 March 2015	**6,780**	**26**	**-**	**6,806**
Net Book Value at 1 April 2014	7,069	73	1,900	9,042

15. Stocks and work in progress

	Group		Association	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Consumable stock	**208**	254	**-**	-
Properties developed for outright sale	**313**	123	**-**	-
Other development costs	**249**	-	**-**	-
Cost of first tranche element of shared ownership properties	**3,041**	1,646	**-**	-
	3,811	2,023	**-**	-
Shared ownership properties:				
Completed	**510**	257	**-**	-
Under construction	**2,531**	1,389	**-**	-
	3,041	1,646	**-**	-

16. Debtors

	Group		Association	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Amounts falling due within one year:-				
Rent arrears	**5,010**	4,545	**-**	-
Less: provision for bad debts	**(1,853)**	(1,075)	**-**	-
	3,157	3,470	**-**	-
Trade debtors	**1,167**	333	**-**	-
Other debtors	**1,703**	1,322	**15**	111
Prepayments and accrued income	**2,060**	2,093	**420**	476
Deferred taxation	**140**	160	**140**	161
Corporation tax	**4**	-	**-**	-
Amounts due from group companies	**-**	-	**1,250**	845
	8,231	7,378	**1,825**	1,593
Amounts falling due after one year:-				
Shared equity loans	**1,125**	996	**-**	-

17. Current Asset Investments

	Group		Association	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Money market deposits	**10,813**	15,999	**-**	-

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

	Group		Association	
	2015	2014	**2015**	2014
The analysis of these monies is:	**£'000**	£'000	**£'000**	£'000
Dexia bond	**2,734**	2,718	**-**	-
Haven bond	**5,199**	4,802	**-**	-
	7,933	7,520	**-**	-

18. Creditors: Amounts falling due within one year

	Group		Association	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Prepaid rental income	**3,059**	2,761	**-**	-
Housing loans	**7,425**	10,743	**-**	-
Other loans	**207**	224	**207**	224
Trade creditors	**2,538**	3,054	**70**	171
Other taxation & social security	**685**	645	**658**	647
Due to group companies	**-**	-	**1,059**	3,149
Balances with supported housing partners	**3,122**	3,230	**-**	-
SHG in advance	**46**	-	**-**	-
Funds held on trust	**2,629**	2,209	**-**	-
Recycled capital grant fund	**1,346**	144	**-**	-
Stock issue premium	**133**	133	**-**	-
Accruals and deferred income	**12,127**	13,917	**1,058**	601
Other creditors	**651**	332	**-**	-
	33,968	37,392	**3,052**	4,792

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

	Group		Association	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Housing loans	**545,606**	561,760	**-**	-
Other loans	**2,118**	2,766	**1,840**	2,185
Stock issue premium	**2,794**	2,926	**-**	-
Amounts due to group companies	**-**	-	**5,263**	5,263
Other long term creditors	**105**	106	**-**	-
Recycled capital grant fund	**5,554**	4,528	**-**	-
Disposals proceeds fund	**21**	40	**-**	-
	556,198	572,126	**7,103**	7,448
Loans repayable by instalments and not wholly repayable within five years :-				
Repayable within one year	**7,632**	10,967	**207**	224
Repayable between one and two years	**13,851**	9,484	**207**	224
Repayable between two and five years	**43,386**	41,998	**621**	672
After five years	**419,545**	442,254	**1,036**	1,316
Less : loan finance costs	**(3,058)**	(3,210)	**(24)**	(27)
	481,356	501,493	**2,047**	2,409
Amounts repayable otherwise than by instalments and not wholly repayable within five years:-				
Repayable after five years	**74,000**	74,000	**-**	-
	555,356	575,493	**2,047**	2,409

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

Loans due after more than one year include the Dexia and Haven bonds. As set out in Note 17, the Dexia bond is supported by cash held in a charged bank account. The Haven bond is supported by a debt deposited with the bond trustees and reinvested by them on our behalf.

	Group		Association	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Loans as stated above	**555,356**	575,493	**-**	-
Less : Dexia charged cash deposit	**(2,734)**	(2,718)	**-**	-
Less : Haven debt service reserve	**(5,199)**	(4,802)	**-**	-
Loans net of related cash deposits	**547,423**	567,973	**-**	-

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

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

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

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

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

	2015	2014
	£'000	£'000
Floating rate - average 0.91% (2014: 0.86%)	**116,124**	113,939
Fixed rate - average 5.59% (2014: 5.60%)	**442,289**	464,765
	558,413	578,704

Undrawn committed borrowing facilities at 31 March were as follows:

	2015	2014
	£'000	£'000
Expiring within one year	**10,000**	65,900
Expiring between one and two years	**65,900**	40,000
Expiring between two and five years	**40,000**	-
After five years	**-**	-
	115,900	105,900

All of the £115,900,000 undrawn committed borrowing facilities are currently secured.

20. RCGF and DPF Creditors - Group

	2015	2014
	£'000	£'000
a) Recycled Capital Grant Fund		
As at 1st April 2014	**4,672**	2,032
Inputs to reserve:		
Grants recycled	**2,496**	2,999
Interest accrued	**30**	12
Transfers from other group members	**-**	1
Utilised	**(298)**	(372)
As at 31st March 2015	**6,900**	4,672
b) Disposal Proceeds Fund		
As at 1st April 2014	**40**	40
Inputs to reserve:		
New build	**(19)**	-
As at 31st March 2015	**21**	40

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

21. Called up share capital

	2015	2014
	£	£
Allotted, issued and fully paid		
As at 1st April 2014	**10**	10
Cancelled during the year	**(3)**	-
Allotted during the year	**-**	-
As at 31 March 2015	**7**	10

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

22. Reserves

	Group			Association
	Designated Reserve: £'000	Revaluation Reserve: Investments £'000	Income & Expenditure Account £'000	Income & Expenditure Account £'000
As at 1 April 2014	591	614	395,348	(1,356)
Surplus for the financial year	-	-	43,805	60
Actuarial loss on pension scheme	-	-	(3,431)	-
Expenditure on social investment initiatives	(591)	-	591	-
Unrealised surplus on revaluation of Investments	-	148	-	-
As at 31 March 2015	-	762	436,313	(1,296)

23. Reconciliation of operating surplus to net cash inflow from operating activities

	Group	
	2015 £'000	2014 £'000
Operating surplus for the year	64,677	60,824
Depreciation	18,231	17,074
(Increase) / decrease in stocks and work in progress	(1,788)	6,616
Increase in debtors	(779)	(118)
(Decrease) / Increase in creditors	(3,161)	544
FRS17 pension operating cost	(858)	(796)
Net cash inflow from operating activities	76,322	84,144

24. Reconciliation of net cashflow to movement in net funds

	Group	
	2015 £'000	2014 £'000
Decrease in cash and investments	(10,316)	(10,577)
Revaluation of investments	148	(321)
Amortisation of loan costs	(111)	(71)
Increase in creditor for loan payments	785	(401)
Cash inflow from increase in debt and lease financing	19,337	20,358
Change in net debt resulting from cashflows	9,843	8,988
Actuarial deficit on pension provision	(2,626)	(471)
Amortisation of premium	132	133
Movement in net debt in the year	7,349	8,650
Net funds at 1 April 2014	(541,797)	(550,447)
Net funds at 31 March 2015	(534,448)	(541,797)

25. Analysis of changes in net funds - Group

	At 1 April 2014 £'000	Cashflows £'000	Amortisation of premium/ loan costs £'000	Revaluation of Investment £'000	Movement In Creditors Due < 1 Year £'000	At 31 March 2015 £'000
Cash at bank and in hand	33,473	(4,982)	-	-	-	28,491
Short term investments	15,999	(5,334)	-	148	-	10,813
	49,472	(10,316)	-	148	-	39,304
Housing loans < 1 year	(10,967)	10,967	-	-	(7,632)	(7,632)
Housing loans > 1 year	(564,526)	8,370	(111)	-	8,543	(547,724)
Change in debt resulting from cashflows	(526,021)	9,021	(111)	148	911	(516,052)
Pension liability movement	(12,717)	-	-	-	(2,626)	(15,343)
Stock issue premium	(3,059)	-	132	-	-	(2,927)
Long term creditors	-	-	-	-	(126)	(126)
	(541,797)	9,021	21	148	(1,841)	(534,448)

26. Statement of grant movements

	Group	
	2015	2014
	£'000	£'000
Balance at 1 April 2014	**528,158**	526,147
SHG received	**3,161**	5,125
SHG transferred (to) / from other associations	**-**	22
SHG taken to income and expenditure	**(78)**	(136)
Recycled SHG	**(2,496)**	(3,000)
SHG Reclassified	**176**	-
Balance at 31 March 2015	**528,921**	528,158

The Association did not hold any grants.

27. Capital commitments

	Group		Association	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Capital expenditure contracted for but not provided in the financial statements	**78,623**	69,526	**-**	-
Capital expenditure authorised but not yet contracted for in the financial statements	**46,035**	10,536	**-**	-

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

Social housing grant	**2,064**	2,594	**-**	-
Loans and reserves	**122,594**	77,468	**-**	-
	124,658	80,062	**-**	-

28. Other financial commitments - Group

The annual commitments under operating leases are as follows:

	Land and Buildings		Vehicles		Total Leases	
	2015	2014	**2015**	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Operating leases which expire:-						
Within 1 year	**61**	86	**110**	61	**171**	147
Within 2 to 5 years	**272**	270	**837**	1,036	**1,108**	1,306
After 5 years	**411**	411	**-**	-	**411**	411
	744	767	**947**	1,097	**1,690**	1,864

The Association has no commitments under non cancellable operating leases.

29. Sale of properties and other fixed assets - Group

	Proceeds of Sales	Cost of Sales	Surplus
	£'000	**£'000**	**£'000**
Further tranches of shared ownership	**8,885**	**(6,098)**	**2,787**
Right to Buy	**1,593**	**(1,496)**	**97**
Other property disposals	**5,116**	**(2,677)**	**2,439**
Other fixed asset disposals	**3**	**(5)**	**(2)**
Total 2015	**15,597**	**(10,276)**	**5,321**
Total 2014	13,268	(8,881)	4,387

There were no property sales in the Association

30. Group members

Bromford Housing Group Limited is the parent of the Group.

All the Group bodies are incorporated in England and Wales.

The bodies which are Registered Providers incorporated under the Co-operative and Community Benefit Societies Act 2014 are:
Bromford Housing Group (29996R)
Bromford Housing Association Limited* (31418R)
Fosseway Housing Association Limited* (28411R)
Bromford Home Ownership Limited*(29991R)
(Note Bromford Housing Group Limited exerts dominant influence over these subsidiaries by controlling the composition of their Boards)*

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

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

31. Post Balance Sheet Events

On 1st April 2015, Fosseway Housing Association Limited and Bromford Housing Association Limited amalgamated.
Since the year end, the shareholders of Bromford Assured Homes Plc have approved a capital reconstruction of the company. When due process is completed, this will result in the company having positive retained reserves with a corresponding reduction in the share premium account.

32. Pension obligations

The Group participates in a number of pension schemes; as set out below :

Scheme	Scheme Type : Defined	Open to New Entrants
Social Housing Pension Scheme – Final salary	Benefit	No
Gloucestershire Local Government Pension Scheme	Benefit	No
Staffordshire Local Government Pension Scheme	Benefit	No
Social Housing Pension Scheme – CARE	Benefit	Yes
Social Housing Pension Scheme – Growth plan	Contribution	Yes
Social Housing Pension Scheme – Defined Contribution	Contribution	Yes

The table below summarises the key figures from the detail in pages 68 to 72 for the defined benefit schemes operated by the Group.

Information	Social Housing Pension Scheme	Glos County Council	Staffs County Council	Total
No. of active members	891	28	57	976
Pension Liability £'000	Note 1	5,984	9,359	15,343
Estimated Employer Debt	Note 2			
BHA - £'000	71,933			71,933
BHA - growth plan £'000	197			197
Employer's Contribution Rate (%)	Various Note3	Various Note4	18.8%	
£'000	2,274	921	592	3,787
Contributions due to be paid 31/03/15 £'000	316	78	59	453
Actuarial gain / (loss) shown in STRGL £'000	-	(1,192)	(2,239)	(3,431)

Note 1
The SHPS defined benefit scheme is a multi-employer scheme and it is not possible to allocate the net pension liability between employers. Accordingly, the scheme is accounted for as if it were a defined contribution scheme.

Note 2
The Pensions Trust notifies participating employers of the estimated employer debt which would be incurred if the employer were to withdraw completely from the Social Housing Pension Scheme (meaning for this purpose withdrawal from all elements - the two defined benefit schemes and the defined contribution scheme). The Group is using the defined contribution scheme to meet its obligations under the auto enrolment scheme which applied from October 2013.

32. Pension obligations (Continued)

Note 3
The SHPS pension contribution breaks down as :

Scheme	Employer Contribution rate	Employer contribution £'000
Past service deficit	Lump Sum	1,383
Future service:		
Final salary and care	6.1%	656
Defined contribution	1%, 3% or 8% depending on length of service	235
Total		**2,274**

Note 4
The Gloucestershire County Council pension contribution breaks down as:

Scheme	Employer Contribution rate	Employer contribution £'000
Past service deficit	Lump Sum	778
Future service	25.8%	143
Total		**921**

Note 5
The Staffordshire County Council pension contribution breaks down as:

Scheme	Employer Contribution rate	Employer contribution £'000
Past service deficit	Lump Sum	212
Future service	22%	380
Total		**592**

Social Housing Pension Scheme (SHPS) - BHG

Bromford Housing Association participates in the Social Housing Pension Scheme (the Scheme). The Scheme is funded and is contracted out of the State Pension scheme.

It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the Scheme is a multi-employer scheme where the Scheme assets are co-mingled for investment purposes, and benefits are paid from total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The last formal valuation of the Scheme was performed as at 30 September 2011 by a professionally qualified Actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £2,062 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £1,035 million, equivalent to a past service funding level of 67%.

The Scheme Actuary is currently finalising the 2014 valuation but key provisional results have been confirmed. As at 30 September 2014, the market value of the Scheme's assets was £3,123 million.

There was a shortfall of assets compared with the value of liabilities of £1,323 million, equivalent to a past service funding level of 70%.

The estimated employer debt that would have arisen had BHA withdrawn entirely from the SHPS scheme at 30th September 2014 was £71,933,751.

32. Pension obligations (continued)

Growth Plan - BHA

Until September 2013 Bromford Housing Association participated in The Pensions Trust's Growth Plan 3 (the Plan). As at the balance sheet date there were 0 active members of the Plan employed by Bromford Housing Association. The Plan was closed by The Pensions Trust in September 2013, is not open to new or old entrants and accrued benefits have been frozen.

At the last triennial valuation a shortfall of assets compared with the value of liabilities of £148 million was revealed, equivalent to a funding level of 84%. To fund this deficit, employer contributions will be increased by £15,883 from 1 April 2015.

Bromford Housing Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2014. As of this date the estimated employer debt for Bromford Housing Association was £196,519.

From October 2013 Bromford Housing Association contributes to Growth Plan 4 which is a defined contribution plan.

Local Government Pension Schemes

Scheme	Gloucestershire	Staffordshire
Participating Employer	FHA	BHA
Active Members 31/3/15	28	57
Scheme Type	Defined multi-employer benefit scheme administered under the Regulations governing the Local Government Pension Scheme	
Status	Closed to new entrants	
Contributions		
Year to 31/3/15	£921,000	£592,000
Year to 31/3/14	£935,000	£503,000
Basis of charge to profit	So as to spread the cost of pensions over employees' working lives with the Company.	
Employer Contribution	Fixed at 25.8% of pensionable pay until 31st March 2016	Fixed at 18.8% of pensionable pay until 31st March 2016

32. Pension obligations (continued)

Local Government Pension Schemes (continued)

Valuation and Liabilities

Scheme	Gloucestershire			Staffordshire		
Last full actuarial valuation	31st March 2013			31st March 2013		
Valuation frequency	Every 3 years			Every 3 years		
Valuation Assumptions	**2015**	2014	2013	**2015**	2014	2013
Salary increase rate %	**3.8**	4.1	4.6	**4.3**	4.6	5.1
Pension increase rate %	**2.4**	2.8	2.8	**2.4**	2.8	2.8
Discount rate for scheme liabilities %	**3.2**	4.3	4.5	**3.2**	4.3	4.5
Expected return on assets %	**3.2**	5.9	5.2	**3.2**	6.1	5.3

The market value of the employer assets, the present value of the liabilities and the resulting surplus together with the expected rates of return on the assets were as follows:

Scheme	Gloucestershire			Staffordshire		
Market Value £'000	**2015**	2014	2013	**2015**	2014	2013
Equities	**12,877**	10,820	10,588	**11,881**	9,990	10,512
Bonds	**2,958**	3,006	2,400	**1,720**	1,732	1,597
Properties	**1,218**	902	847	**1,251**	1,066	1,065
Cash	**348**	301	282	**782**	533	133
Total	**17,401**	15,029	14,117	**15,634**	13,321	13,307

Return	Gloucestershire			Staffordshire		
	2015	2014	2013	**2015**	2014	2013
Equities	**5.7%**	6.6%	5.7%	**3.2%**	6.7%	5.7%
Bonds	**2.6%**	3.8%	3.4%	**3.2%**	4.1%	3.6%
Properties	**3.9%**	4.8%	3.9%	**3.2%**	4.8%	3.9%
Cash	**2.6%**	3.7%	3.0%	**3.2%**	3.7%	3.0%

Scheme	Gloucestershire			Staffordshire		
Net Pension Liability £'000	**2015**	2014	2013	**2015**	2014	2013
Market value of assets	**17,401**	15,029	14,117	**15,634**	13,321	13,307
Present value of liabilities	**(23,385)**	(20,556)	(19,819)	**(24,821)**	(20,342)	(19,693)
	(5,984)	(5,527)	(5,702)	**(9,187)**	(7,021)	(6,386)
PV of unfunded liabilities	**-**	-	-	**(172)**	(169)	(158)
Total	**(5,984)**	(5,527)	(5,702)	**(9,359)**	(7,190)	(6,544)

32. Pension obligations (continued)

Local Government Pension Schemes (continued)

Recognition in Income and Expenditure

Scheme	Gloucestershire				Staffordshire			
	2015		2014		**2015**		2014	
	£'000	% Pay	£'000	% Pay	£'000	% Pay	£'000	% Pay
Current service cost	**200**	**26.3**	204	24.3	**464**	**26.8**	447	26.3
Charge to operating surplus	**200**	**26.3**	204	24.3	**464**	**26.8**	361	20.6

Scheme	Gloucestershire				Staffordshire			
	2015		2014		**2015**		2014	
	£'000	% Pay	£'000	% Pay	£'000	% Pay	£'000	% Pay
Interest on scheme liabilities	**871**	**114.3**	883	105	**885**	**51.1**	896	52.7
Expected return on assets	**(885)**	**(116.1)**	(743)	(88.3)	**(818)**	**(47.2)**	(710)	(41.8)
Charge to other finance costs	**(14)**	**(1.8)**	140	16.7	**67**	**3.9**	186	10.9
Total charge	**186**	**24.5**	344	41.0	**531**	**30.7**	633	37.2
Actual return on employer assets	**2,220**		1,204		**2,018**		1,061	

Scheme **Actuarial Losses £'000**	Gloucestershire **2015**	2014	Staffordshire **2015**	2014
Experience gains/(losses) on assets	**1,335**	(180)	**1,200**	(907)
Changes in financial assumptions underlying present value of scheme liabilities	**(2,527)**	(236)	**(3,439)**	382
Losses recognised in STRGL	**(1,192)**	(416)	**(2,239)**	(525)

Scheme **Movement in Deficit £'000**	Gloucestershire **2015**	2014	Staffordshire **2015**	2014
Pensions Liability b/fwd	**(5,527)**	(5,702)	**(7,190)**	(6,544)
Employer contributions	**921**	935	**592**	503
Contributions for unfunded benefits	**-**	-	**9**	9
Current service cost	**(200)**	(204)	**(464)**	(447)
Net return on assets	**14**	(140)	**(67)**	(186)
Past service cost	**-**	-	**-**	-
Actuarial losses in STRGL	**(1,192)**	(416)	**(2,239)**	(525)
Pension Liability c/fwd	**(5,984)**	(5,527)	**(9,359)**	(7,190)

32. Pension obligations (continued)

Local Government Pension Schemes (continued)

Scheme	Gloucestershire				
History of Experience Gains and Losses	**2015**	2014	2013	2012	2011
Experience gains / (losses) on assets	**1,335**	(180)	1,082	(415)	(376)
Fair Value of Assets	**17,401**	15,029	14,117	12,051	11,258
% of assets	**7.8%**	(1.2)%	7.7%	(3.4)%	(3.3)%
Experience gains / (losses) on liabilities	**254**	688	35	(273)	-
Present value of liabilities	**23,385**	20,556	19,819	17,339	15,721
% of liabilities	**1.1%**	3.3%	0.2%	(1.6)%	-
Actuarial gain / (losses) in STRGL	**(1,192)**	(417)	(996)	(1,433)	3,613
Present value of liabilities	**23,385**	20,556	19,819	17,339	15,721
% of liabilities	**(5.1)%**	(2.0)%	(5.0)%	(8.3)%	22.9%

Scheme	Staffordshire				
History of Experience Gains and Losses	**2015**	2014	2013	2012	2011
Experience gains / (losses) on assets	**1,200**	(907)	1,065	(264)	(730)
Fair Value of Assets	**15,634**	13,321	13,307	11,374	10,790
% of assets	**7.7%**	(6.8)%	8.0%	(2.3)%	(6.7)%
Experience gains / (losses) on liabilities	**170**	1,357	23	(210)	1,695
Present value of liabilities	**24,993**	20,511	19,851	16,487	14,797
% of liabilities	**0.7%**	6.6%	0.1%	(1.3)%	11.4%
Actuarial gain / (losses) in STRGL	**(2,239)**	(525)	(1,393)	(1,092)	2,560
Present value of liabilities	**24,993**	20,511	19,851	16,487	14,797
% of liabilities	**(9.0)%**	(2.6)%	(7.0)%	(6.6)%	17.3%