Bromford Housing Group

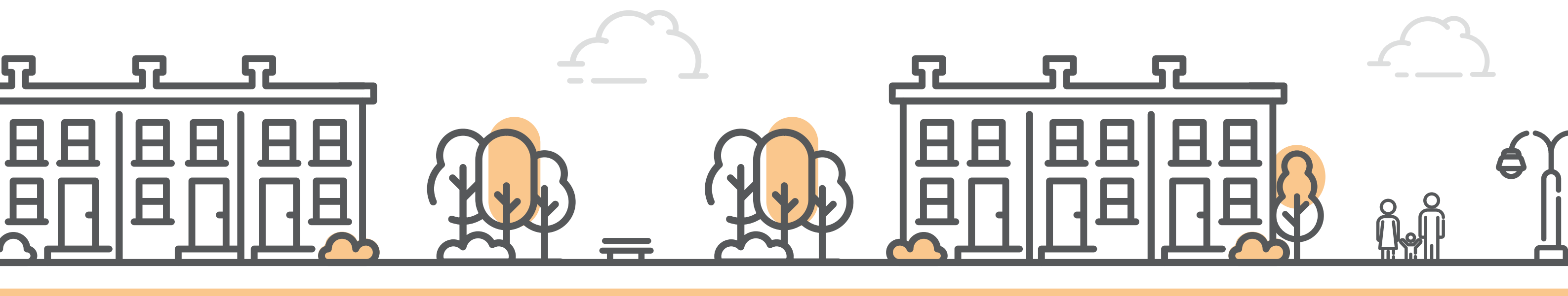
Annual report and accounts

for the year ended 31 March 2022

Financial Conduct Authority Registered Society No **29996R**
Regulator of Social Housing No **L4449**

Bromford.

Contents.



A snapshot of our business.

1,753
colleagues

£284m
annual turnover

1,224
new homes completed in 2021 to 2022

45,658
homes owned and managed

more than
100,000 customers

Highlights of the year.

Once again we have strengthened our financial position amidst market volatility and uncertainty which has enabled us to make further important inroads across a number of areas aligned to the Bromford strategy as we support existing and future customers to thrive.

Investing in our customers.

Neighbourhood coaches continued their work in our communities as Covid restrictions eased and we began the rollout of a new specialised income team providing customers with more tailored financial support in light of the cost of living crisis. We were pleased to announce the extension to our approach around community investment following some impressive results in Gloucestershire and made headway on our work to tackle homelessness, joining the Domestic Abuse Housing Alliance and creating new policies and toolkits around domestic abuse. Following a rise in issues relating to condensation, damp and mould, great progress was made in investing £0.9m to complete work to 207 properties during the year.

A housebuilder of choice.

During 2021 to 2022, we built 1,224 new homes including a record 253 by our in-house construction team, despite pressures around materials and labour. We built the most social rented homes in England for the second year running, completing 444 in the year. We were very pleased to extend our Homes England strategic partnership with £240m of funding enabling us to build an extra 4,000 homes over the next five years. It also cemented a commitment to build 25% of homes using modern methods of construction (MMC). As a result, we confirmed one partner, soon to be two who will work with us on modular housing and commenced our first net zero delivery site, a regeneration scheme in the Cotswolds.

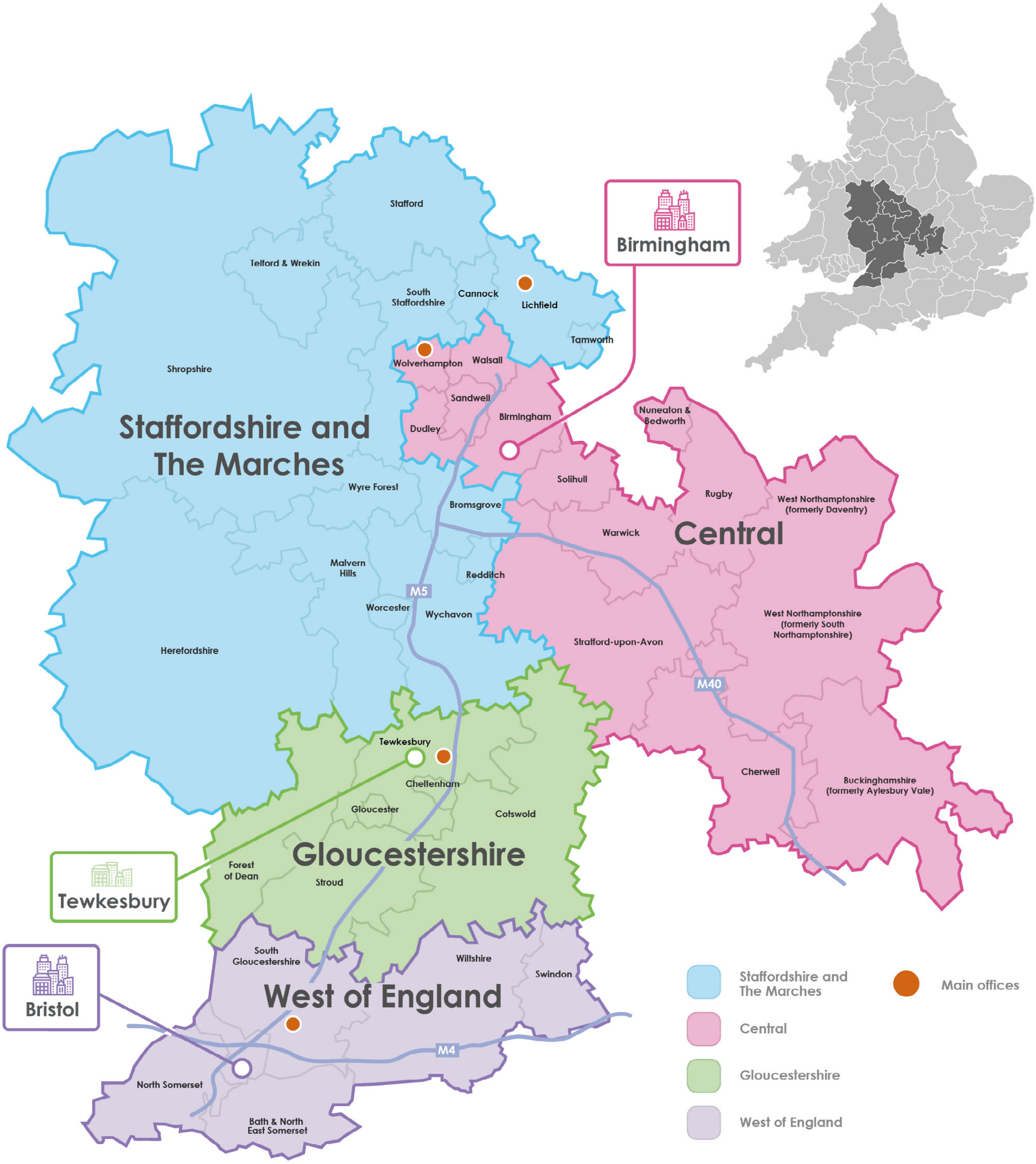
Momentum for a greener Bromford.

Our sustainability group built on our track record in this area by developing an overarching strategy to give clarity on multiple issues such as electric vehicle charging points for new and existing homes and communal areas. This work will complement our inaugural sustainable finance framework published to underpin and enhance our future sustainability activity. In the year, we announced our first interest rate savings from our two sustainability linked loans which are being reinvested into a pilot scheme to safeguard vulnerable customers at risk of hate crime, domestic abuse and homelessness. We also won gold for an environmental award with partners J Tomlinson after a successful energy-efficiency project in Solihull which saved customers on average 40% off their fuel bills.

Seizing opportunity for change.

As part of our strategic aim to play a leading role in the communities where we own the most homes, we successfully confirmed the conclusion of our stock transfer programme in July 2021 enabling us to do more for existing and future customers. With the pandemic increasing demand for online services, we launched our brand new customer portal in the summer of 2022 providing a far better way for customers to keep on top of their rent account and access services at the click-of-a-button. We also strengthened efforts to attract the best future talent to Bromford, launching a graduate programme and a commitment around apprenticeships, meaning at least 5% of our total workforce will be apprentices within five years.

Operational area.



Report from the chief executive.

Delivering on our priorities through times of change.

This year has seen Bromford make further strides towards ensuring that all existing and future customers are able to thrive in one of our homes against the backdrop of a continuing unstable operating environment.

The year saw us impacted by the Covid-19 pandemic as well as rising inflation, significant volatility in respect of quantum and cost of materials and growing challenges around labour supply. However, in spite of these operating factors, I am very pleased to report improved net surplus and key operating margins, continuing the trend of the past three years. Overall, net surplus increased to £79m (£62m in 2021) whilst social operating and overall operating margins rose to 36% and 32% respectively (35% and 31% in 2021).

Growth in core areas.

I am equally pleased to confirm that we increased the delivery of new homes, completing 1,224 compared to 902 in 2021. Of that total, 1,201 are affordable homes and 23 are for open market sale. With one in five (253) new homes delivered by our in house construction team, we now build more new homes ourselves for our customers than ever before. Thanks to the hard work of our teams, we had just 11 homes unreserved at the end of March, compared to 31 in 2020 to 2021.

In line with the Bromford strategy 2019 to 2023, we are also pleased to deliver 444 homes for social rent, a rise from the 377 we delivered in the previous financial year. We are proud that for two consecutive years, we have delivered the highest number of social rent homes anywhere in England. Homes for social rent have considerably lower rent levels than those for affordable rent. In our area of operation, the average difference is £116 per month enabling more of our customers to thrive financially.

External challenges.

Disappointingly, our average customer advocacy rating for the year reduced by 6% from 85% to 79% (81% on a like for like basis). The primary reason for this was delays in completing our backlog of repairs, which was impacted by two elements. Firstly, the volume of repairs that customers raised particularly in quarter one of the financial year and secondly the availability of labour to deliver those repairs, primarily due to colleagues needing to self-isolate but also wider labour shortages amongst sub-contractors in the latter part of the year.

Whilst both of these issues are being felt across the housing sector, it was a key priority for us to ensure the level of repairs are back to normal levels in 2022. At the year end, we had made good progress and were at circa 150% of normal levels of repairs and by summer 2022 we will have cleared the backlog.

Very importantly our zero-tolerance approach to health and safety saw us end the year fully compliant across all key aspects of health and safety.

A sustainable Bromford.

The 2021 to 2022 financial year saw us undertake further work on sustainability to the point where we are including the full cost of achieving net zero carbon by 2050 in our 2022 long term financial plan. During the year, we also agreed to bring forward the date to achieve SAP rating C for all our homes by two years to 2028.

In the year we completed the drawdown of two deferred private placement transactions which supported our strong levels of liquidity and resulted in us having £641m of liquidity at 31 March, over 2.3 times our prudent liquidity policy. In addition, we were pleased to meet the year one targets on both our sustainability linked loans with the savings being used to support the impact of a new pilot scheme with The Safe Partnership which is providing a range of safety and security measures for vulnerable people.

We were also pleased to see our S&P Global credit rating upgraded to A+ Stable during the year, which together with our A2 Stable rating from Moody's sees us end the year again with sector leading dual credit ratings. This alongside the Regulator for Social Housings (RSH) reaffirmation of our G1/V1 rating during the year, continues to provide a strong platform for us to deliver our strategy.

Future technological platform.

We've continued to invest in our technological platforms for the decade ahead in response to a growing expectation for some customers to be able to manage services at the click-of-a-button. Thanks to our reinvigorated transformation programme, in June 2022 we went live with our brand new customer portal and Microsoft D365 customer engagement system. This is not only providing customers with one consistent experience but also making it easier than ever before for customers to access information and self-serve useful content. The new way of working also means our colleagues have simplified and automated services, giving us better and more accurate access to customer information.

Future operating environment.

Looking ahead to 2022 to 2023, our primary concern is the cost of living impact on our customers, particularly in respect of energy costs. However, we believe that our now established neighbourhood coaching approach – where we have a dedicated colleague overseeing under 200 homes per patch, together with an expanded income team – will continue to be helpful to support many of our customers.

Financially, the inflationary environment could have an impact on our key margins. Whilst we increased the majority of our rents by 4.1% at the start of 2022 to 2023, we are heavily hedged on finance costs and are relatively insulated to house price volatility, we are conscious that wider cost pressures may impact margins.

Thank you.

I'd like to finish this year's introduction by expressing my enormous appreciation to all colleagues at Bromford who have worked tirelessly in difficult circumstances not only in the past year, but the past two years.

Robert Nettleton
chief executive
26 July 2022

> We only moved from up the road but had a few issues with the old property so moving here has made the world of difference. The neighbours are lovely, we have a nice front garden, the estate is quiet and it really feels like a new start for us as a family.
>
> **Amanda**, customer

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Strategy update.

The Bromford strategy 2019 - 2023.

The Bromford strategy 2019-2023 is our plan to deliver the things that matter most to our customers and stakeholders over a five year period.

Our focus is on achieving goals across five strategic areas of focus, supported by our financial framework, risk appetite and the DNA which are the central values guiding everything we do. These elements are strengthened by one common purpose, the ‘why we get up each morning’. It is this clarity which helps guide day to day decision making, respond to challenging market conditions and empowers our colleagues to continue making a real difference to the lives of existing and future customers.

Our purpose.

We invest in homes and relationships so people can thrive.

We provide nearly 46,000 homes, the majority of which are affordable, for people who can't access market housing. We believe everybody should have somewhere to live that is safe, secure and warm.

But ultimately, we're a people business. Not only do we care about what happens to people who live in a Bromford home, we want people to thrive.

Our corporate strategy.

The Bromford strategy 2019-2023 ensures our overall purpose becomes a reality and outlines the specific steps we will take to deliver on a range of targets. It sets out five areas of strategic importance and the outcomes and goals helping us to monitor, adapt and improve for customers.

Our five areas of strategic focus:

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

Our performance.

As we approach the final year of our current corporate strategy and plan for the launch of our next one in spring 2023, we are pleased to demonstrate the work we are doing and where we are delivering against these objectives as well as highlighting any areas where we need to focus our efforts.

Our relationship with customers.

We continued to put customer and stakeholder relationships at the heart of our approach amid a sector wide trend which saw a big increase in the demand for repairs and calls into our customer service centre as pandemic restrictions gradually eased. This impacted our average customer advocacy scores for the year which reduced by 6% from 85% to 79% (81% on a like for like basis). Responding to these unique set of challenges, we committed an additional £2m investment to any cases of condensation, damp and mould, extended our income management advisor role to support neighbourhood coaches on every patch and announced the expansion of our community investment work across all four localities. We also rolled out a new feedback programme to colleagues across multiple teams to improve how we listen and act on the issues that matter to customers.

This proactive approach meant arrears remained well within target, with just 25 evictions made throughout the year. The time taken to let our homes, which remained eight days above target, is a particular area of focus and a new way of working to align processes is expected to improve performance in this area. Our work to tackle the root causes of homelessness made good progress, with a new pilot project launched with The Safe Partnership to ensure a consistent and improved service to victims of domestic abuse and hate crime right across our four localities.

82%
of customers say their home is affordable
Target: 88%

79%
of customers would recommend us to a friend
Target: 85%

1.9%
is our level of rent arrears
Target: <2.5%

62%
of customers say we listen and act on their views
Target: 70%

Homes that enable customers to thrive.

A key part of the Bromford strategy is to focus on our core business in the communities where we own most of our homes. During the year we concluded our stock transfer programme in the three remaining local authority areas where other providers were better placed to support customers. Across our geography, we invested £42m through 17,000 general improvement works and almost 1,000 energy efficiency related improvements as part of our ongoing commitment for customers to live in a home that is safe, secure and warm. Overall, 86% of our homes are rated at EPC C or above, helping to reduce the amount customers need to spend to heat their homes.

During the year we saw requests for repairs more than double and our teams continue to work tirelessly to reduce the backlog and deliver a quicker, more proactive service. These efforts have been supported by bringing additional external partners onboard and despite labour and material supply issues, by summer 2022 we will have cleared the backlog. We hit our targets around block inspections and our strategic property planning team continue to work on the launch of a new Home Standard which will streamline and improve the quality of homes that all customers move into at the start of their Bromford journey.

100%
of our homes meet our decent home standard
Target: 100%

1%
Average number of repairs raised in first six months of moving in
Target: <1.3%

90%
rate our lettings standard
Target: 93%

86%
of our homes at SAP C or above energy rating
Target: 85%

Growing the business to enable more customers to thrive.

With house prices rising considerably, the number of people in need of good quality, affordable homes continues to grow. Despite ongoing materials and supply chain challenges, we built 1,224 new homes, exceeding our target for the year. Of those, a record 253 were built by our in-house construction team. We continue to prioritise providing homes for those with the greatest need and built 444 homes for social rent, which was the highest of any provider in England.

The year also saw strong performance in sales and we supported over 600 households to either buy a home or increase the equity they own in a shared ownership home. We exceeded our new home sales target with over £50m of income and 70% of homes were sold within a month of their completion.

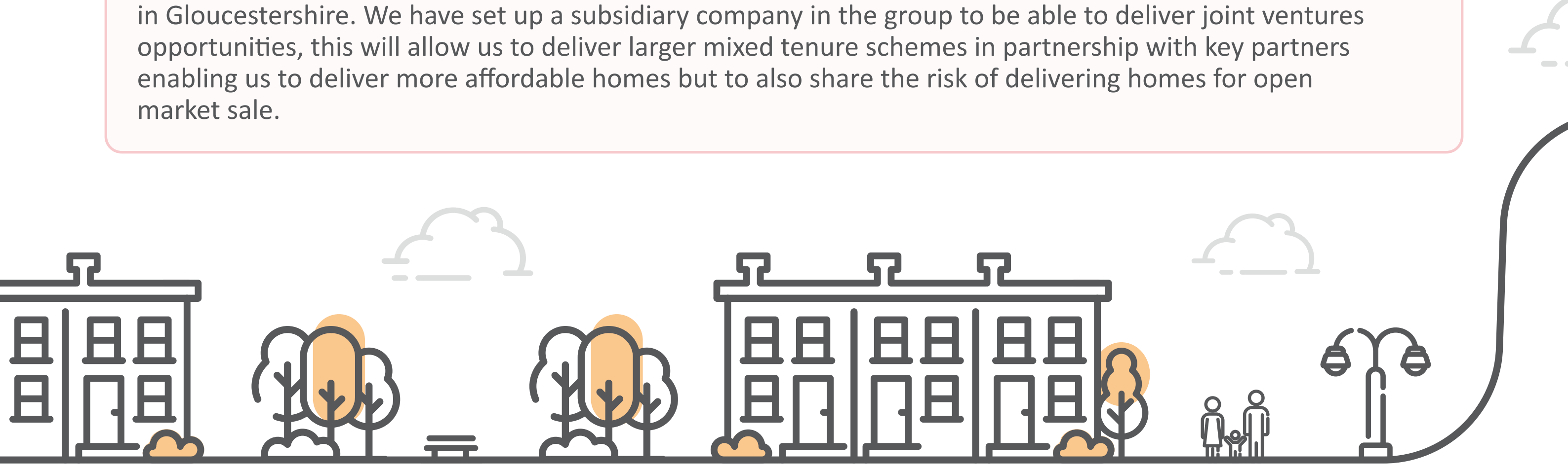
We made a successful bid to Homes England to continue our strategic partnership securing £240m of grant funding which supports our affordable homes programme to 2029. A quarter of homes built under our strategic partnership will utilise MMC and we have appointed two partners, Ilke Homes and Hadley Group, to increase our supply of homes in this area.

1,224
homes delivered throughout the year
Target: 1,200

77%
sales completions within one month
Target: 70%

97%
new home customer satisfaction
Target: 93%

As we continue to increase the number of homes we build, we continue to invest in our team to allow us to buy land and to build them ourselves and have recently secured two of our largest sites to date, both in Gloucestershire. We have set up a subsidiary company in the group to be able to deliver joint ventures opportunities, this will allow us to deliver larger mixed tenure schemes in partnership with key partners enabling us to deliver more affordable homes but to also share the risk of delivering homes for open market sale.



Keeping Bromford future ready.

With our aim of three quarters of customers to be managing their tenancy online by the end of 2023, we were delighted to go live with our new sector leading customer portal in June 2022 following a concerted effort right across the business. This is giving customers more flexibility and control over their rent account than ever before. Our new ways of working have also simplified a number of processes for colleagues, all designed to help us improve the overall customer experience by giving our colleagues a single view of the customer aligned across a single platform.

We invested in our Leadership 50 group of senior leaders to support them in creating an environment for colleagues to better support our customers and continuously improve. We also launched our new graduate programme to attract the best future talent to Bromford, which became increasingly important against the backdrop of a challenging recruitment market. Our goal to create brilliant, agile workspaces continued at pace with the reopening of two of our main offices following major refurbishment to create far more collaborative work environments. This modernisation of our workspaces helped us advance plans to reduce our carbon footprint.

£4m
cashable savings through transformation
Target: £3m

Enabling colleagues to thrive.

Colleagues have continued to work brilliantly throughout the year supporting our customers despite the challenging and changing situation caused by the pandemic. In line with the overall benchmarking results from Great Place to Work, the results of our annual colleague survey in November were marginally lower this year. Action plans were formulated across the business to address the main themes of feedback. One example being the introduction of #Together, a new initiative providing the opportunity for senior leaders to work shadow colleagues to help improve the visibility of our senior leaders.

In early 2022, we launched our latest round of graduate roles and the successful candidates will be working in various teams across the business by September 2022. Our commitment around apprenticeships also gathered pace, with a pledge to increase the number of apprentices, sponsored students and graduates to at least 5% of our total workforce within five years. Since launching the strategy in 2019, we have attracted 90 apprentices and graduates to Bromford as we edge closer to our goal of recruiting 100 by the end of 2023.

61%
of colleagues agreed that Bromford is a ‘Great Place to Work’
Target: 72%

13%
voluntary turnover
Target: <15%

10.8
average number of days off sick
Target: 6 days

Living the DNA.

Our DNA is what makes us different from other organisations. It was determined by over 500 colleagues and runs through everything that we do. All colleagues are expected to demonstrate how they are living the DNA in their roles and aligning with a group of core competencies we have developed for each strand of the DNA.

Be.Honest

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

Be.Brilliant

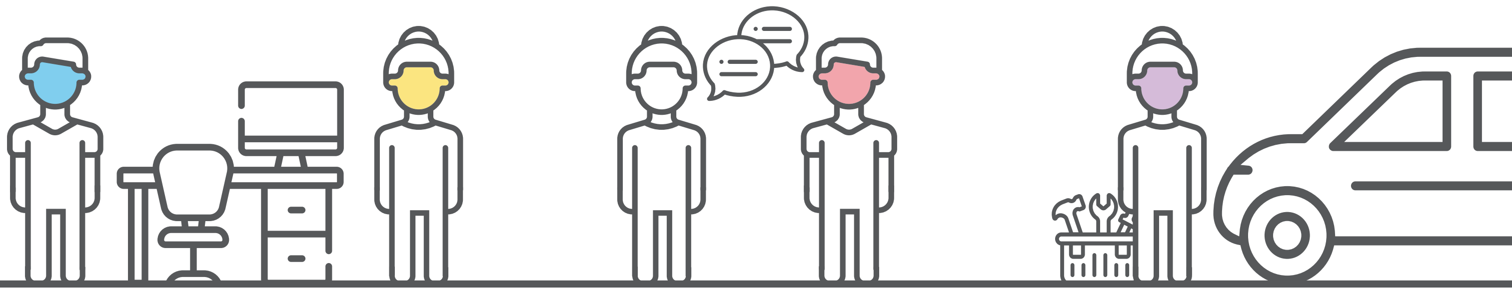
- we collaborate with others, working smarter not just harder
- we see the best in people and believe we can all achieve more
- we're curious about learning new things

Be.Bold

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

Be.You

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



This is especially true of leaders and following the launch of our Leadership 50 group in 2021, we have continued to invest in our leaders over the past 12 months to give them the skills to thrive. We hold regular sessions with these senior leaders including two dedicated Leaders Day sessions that enable them to learn, collaborate and build relationships with their peers.

We will soon launch our Leadership 250 group which will comprise all colleagues who have a leadership role in the business. This will broaden out our leadership training programme and strengthen the relationships between leaders right across the business. We are continuing to invest in existing and future leaders as well, completing the latest round of our Accelerating Talent Programme (ATP), relaunching our Essential Leadership Academy for all new leaders and running a short Career Development Programme for a number of others.

Following a diversity audit each of our chief officers has taken on a new role as a diversity champion, to ensure we take a more strategic approach to equality, diversity and inclusion and cultivate a culture where everyone is appreciated for being individual. A new Be.You steering group will oversee a calendar of inclusion, diversity and wellbeing events and activities throughout the year.

Managing and living with Covid continued to be a challenge for us during 2021 to 2022. However, as restrictions eased, our workspaces quickly became a hive of activity again allowing colleagues to better collaborate and build relationships with each other, whilst still embracing hybrid working.

To better recognise the efforts of colleagues during the year we launched our new #Cheers recognition scheme, bringing the DNA to life and leading to hundreds of nominations right across the business. Our annual colleague awards, the Brommies, were also back for another year to celebrate colleagues who truly live our DNA, support our goals and go above and beyond expectations. More than 250 colleagues were nominated and the winners received their awards in April.

Following a break due to the pandemic, our Bromfest events returned in three locations close to our main offices giving colleagues an opportunity to come together and celebrate our many successes from the previous year with over 700 colleagues attending.

We continue to work closely with our Be.Heard colleague engagement group to discuss changes across the business and to get their opinions on a wide range of issues linked to our DNA. At the request of Be.Heard members, we reintroduced our long service recognition scheme to celebrate colleagues who dedicate significant amounts of their careers to providing services to our colleagues and customers, enabling them both to thrive.

Our approach to sustainability.

With a history of leading change for the better, we take great pride in our responsibilities in creating a sustainable future for our customers and colleagues.

Whilst our strategy focusses on our core business, we are well aware of our broader responsibilities and place significant emphasis in reducing our impact on the environment, working within the parameters of a robust governance framework and a sustainability strategy which sits at the heart of our organisation's purpose.

We know that what we do today will shape the future of tomorrow and we are committed to ensuring Bromford has a positive lasting impact on our customers as well as the communities we operate in.

Alignment of our strategy.

Our commitments are aligned to the UN Sustainable Development Goals (SDG).

We considered all 17 SDGs and elected to align to seven goals where we believe we can meaningfully track our contribution. Below highlights the seven SDGs and the associated targets relevant to us:

Ending poverty in all its forms everywhere.

1 NO POVERTY

1.4: By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance

1.5: By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

4 QUALITY EDUCATION

4.4: By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship

Ensure access to affordable, reliable, sustainable and modern energy for all.

7 AFFORDABLE AND CLEAN ENERGY

7.1: By 2030, ensure universal access to affordable, reliable and modern energy services

7.2: By 2030, increase substantially the share of renewable energy in the global energy mix

7.3: By 2030, double the global rate of improvement in energy efficiency

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

8 DECENT WORK AND ECONOMIC GROWTH

8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

Reduce inequality within and among countries.

10 REDUCED INEQUALITIES

10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

10.4: Adopt policies, especially fiscal, wage and social protection policies and progressively achieve greater equality

Make cities and human settlements inclusive, safe, resilient and sustainable.

11 SUSTAINABLE CITIES AND COMMUNITIES

11.1: By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums

11.7: By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities

Ensure sustainable consumption and production patterns.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

12.2: By 2030, achieve the sustainable management and efficient use of natural resources

12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

12.7: Promote public procurement practices that are sustainable, in accordance with national policies and priorities

Delivering against our sustainability strategy.

Our plan.

Neighbourhood coaching.

Moving beyond simply providing a great home in the right location, we are investing in relationships so people can thrive. With a goal to have a relationship with every customer – built on mutual trust and respect; the neighbourhood coaching initiative establishes a relationship that helps customers achieve more for themselves, their families and their communities. Each of our neighbourhood coaches is expected to have a patch of around 175 homes which means they can really get to know their area of operation.

Our progress.

We have a team of 236 neighbourhood coaches covering our 44,234 social housing homes meaning a patch per neighbourhood coach of 187. We continue to recruit to meet our target of 175.

This year, we have bolstered our support for customers by expanding our income team with an additional 17 full time equivalent roles. These colleagues will work closely with our customers to ensure they are offering specialist support where needed in light of the cost of living crisis.

Apprenticeships and graduates.

Providing opportunities to learn and develop is essential for the delivery of our strategy. We aim to have an inclusion offer with access to education and training for our colleagues and to facilitate an environment where our customers will access education. Our goal is to welcome 100 apprentices/graduates into our business by 2023.

In the year, we signed up to the 5% Club, a collaboration of more than 500 employers who are providing earn and learn graduate and apprenticeship opportunities. By becoming their latest member, we have committed to increasing the number of apprentices, sponsored students and graduates on formal programmes to at least 5% of our total workforce within five years. Pleasingly, we have already reached that target by recruiting 90 apprentices and graduates into the business which is 5.3% of our total workforce.

Our plan.	Our progress.
Equality, diversity and inclusion. Our people are our success and our DNA sets us apart from other companies. We will focus on equal opportunities and inclusion and examine how we better recognise equality and celebrate diversity.	Following an independent and impartial review by a specialist diversity agency, we implemented a roadmap for improving our performance in this area. An early achievement was the expansion of our learning and development offer to include unconscious bias training for every colleague. We also delivered on our year one sustainability linked loan target thanks to our work to reduce the gender pay gap.
Reducing homelessness. Homelessness comes in many different forms and includes those living in B&Bs, temporary accommodation, hostels and sofa surfing in friends' homes. All forms of homelessness have been rising since 2010 in the UK. Our plan builds out from our purpose of investing in homes and relationships and has links with every part of our strategy: to build more, to house more and to help more.	**Build more –** by the end of 2023 we will convert 150 of our new build homes from affordable rent to social rent to help maximise access to adequate, safe and affordable housing in our big four local authority areas. To date, 27 conversions have been made and we remain on track to hit next year's target. **House more –** we will ensure that we let more than 18% of our homes to 'statutory homeless' households in our big 4 local authority areas. **Help more –** by the end of 2023 we will have established a new Housing First service in at least one more of our big four areas. **Prevent more –** we will review our tenancy failures and work with colleagues and local authorities to develop our Duty to Inform best practice and establish a homeless prevention toolkit to ensure we do all we can to prevent our customers from becoming homeless wherever possible.
Delivering affordable homes and regeneration. With homelessness increasing, the housing crisis is still a hugely important issue. As one of the largest housing associations in the country, we're committed to continuing our role as one of the leading developers of affordable housing. Our commitment to build 13,000 homes by 2030 is focused on social and affordable homes to ensure those most in need have access to housing.	For the second year running we were the largest house builder of homes for social rent in England. We have built an additional 444 homes for social rent meaning more customers have access to the most affordable of all rented homes. In addition, we built over 350 homes for affordable rents and 98% of the 1,224 new homes we built last year were of affordable housing tenure.
Leading energy efficiency. We want to deliver new homes in a way that not only reduces building costs, but also reduces our impact on climate change. At the same time, we are pioneering new, efficient improvements to our existing homes to improve their energy performance to a minimum C rating, reducing carbon consumptions from our homes whilst reducing customers' fuel costs whenever possible and always seeking to protect them from fuel poverty.	We delivered on our year one sustainability linked loan target of having at least 86% of our homes at EPC rating of C and above by 2023. In addition, we have brought forward our plans to get all our homes to EPC C and above by two years to 2028 and we have established a base line cost of becoming a net zero carbon business by 2050. This cost will be included within our long term business plan this year.

Our plan.	Our progress.
Making our fleet greener. With our fleet of over 400 vans travelling approximately 6.5 million miles every year, our move to electric vans will significantly reduce our vehicle carbon emissions. Over the next four years, as existing lease arrangements expire, we will transition to greener alternatives.	We now have 32 electric vans on our roads, a second wave being delayed by issues around the supply of new vehicles. We are also investing in the country's electric vehicle charging network by installing charge points at employees' homes with EO charging. On top of that, we've also begun to offer electric vehicles to colleagues eligible for a company vehicle. This switch is providing significant financial savings as well as contributing to our sustainability and carbon reduction plan.
Modern Methods of Construction (MMC). We are always looking to do better for our customers and developments in technology present opportunities to achieve more, while using less. We recognise MMC as a concept is still at the beginning of its journey within the construction industry and we continue to explore techniques to realise further benefits for our customers. As such we are investing in the fully modular solutions.	We are currently live on one pilot MMC site, with another to start imminently, delivering 34 net zero modular homes by the end of the year. • **Cotwolds:** Partnering with Ilke, our Stockwells regeneration site is taking a "Fabric First" approach with £565k of local authority grant funding for heat pumps, solar panels and batteries to deliver carbon net zero • **Tewkesbury:** Soon to procure a partner to work with us at our Winchcombe site to deliver heat pumps and solar panels to all modular homes We have conducted a rigorous procurement process to secure one and soon to be two, partners to deliver on our MMC strategy and have committed to delivering 25% of our homes using this approach in our latest tranche of Homes England funding.
Green office buildings. From charging points for electric vehicles to finding ways to improve our recycling facilities, we are committed to having a sustainable approach to our working environment.	We have exceeded our target of reducing our workspace footprint by 40,000 sq feet. We have re-modelled two of our remaining workspaces. We also installed solar panels to two of our workspaces and have a plan to install EV charging points as part of our commitment to sustainability.

> With the cost of living crisis hitting everyone, I'm even more determined to complete my chartered surveying degree and further my career. Bromford provides you with these opportunities, as well as the chance to make a real difference to the lives of our customers.
>
> **Emma**, assistant investment surveyor

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Financial performance.

Group financial performance.

Against the backdrop of an increasingly difficult operating environment with rising inflation, significant volatility in terms of the supply and cost of materials and growing challenges around the supply of labour, we continue to deliver a strong set of financial results within the parameters of our Financial Framework.

Our social housing and operating margins have improved to 36% and 32% respectively (2021: 35% and 31%) as a result of rent growth and conscious management of our operating costs. Our net surplus remains strong at £79m (2021: £62m), our strong surplus allows us to self fund a significant proportion of the investment in our new and existing homes. We maintained net arrears of less than 2% through the close working with our customers from our unique neighbourhood coach and income management teams.

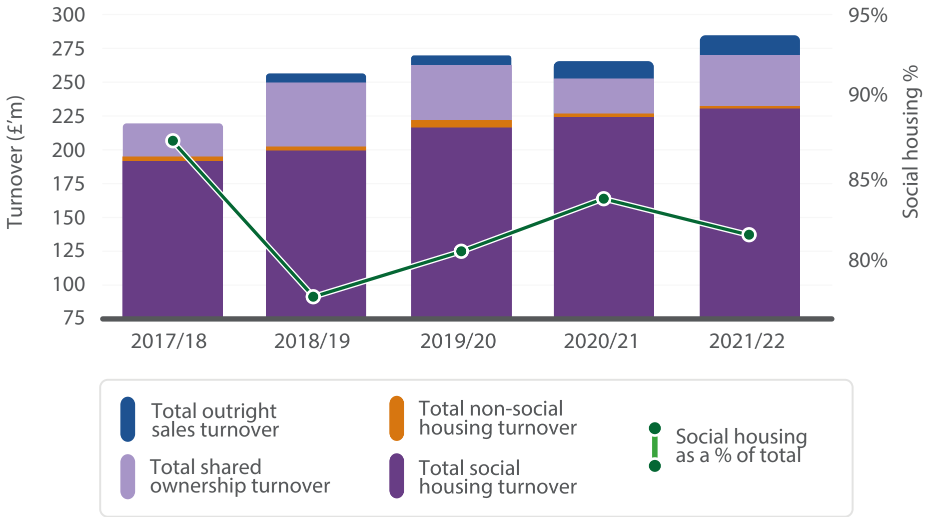
We concluded our strategy of consolidating our core geographies through the disposal of homes in three local authority areas: Stoke-on-Trent, Coventry and North Warwickshire which contributed to the increase in net surplus in the year.

Meanwhile, we continued to invest in new homes delivering 1,224 across the year, an increase of 322 compared to the previous 12 months.

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

Turnover including sales.

Group turnover increased to £284m (2021: £266m). Social housing remains the core of our business and contributed 81% of turnover during the year (2021: 84%).

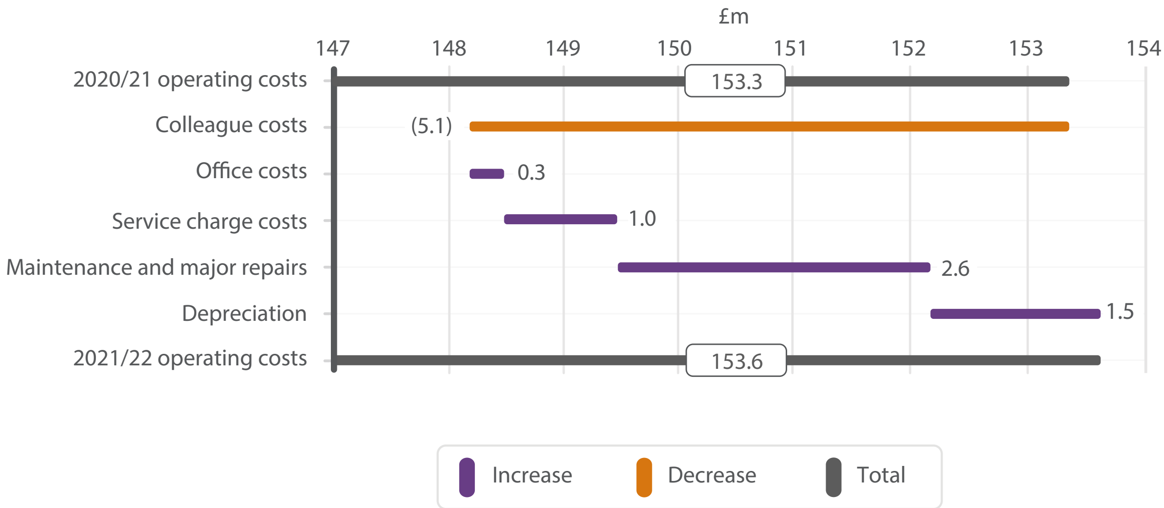


Sales revenues performed extremely well. Shared ownership sales income for the year was £37m (2021: £27m). We sold 350 shared ownership homes, at an equivalent 100% average sales value of £242k (2021: 259 homes, 100% value of £240k). The average first tranche share sold increased slightly to 44% (2021: 43%).

The £14m revenue associated with outright sales (2021: £12m) continues our modest outright sales programme to complement our core social housing offering.

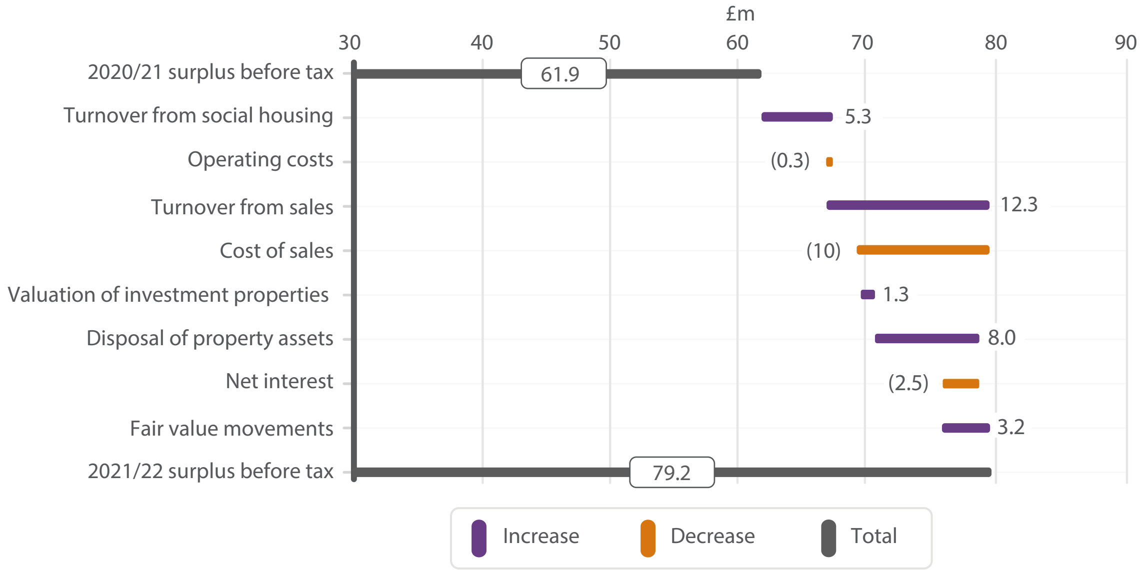
Operating costs.

Overall operating costs have remained broadly static year on year (0.2% increase), largely due to increased maintenance, service charge costs and depreciation offset by lower colleague costs. Increases in maintenance costs reflect the return to normal operating levels in 2021 to 2022 for reactive and cyclical activity, as well as some inflationary impact as we see inflationary cost pressures increasing spend on materials and subcontractors. Similarly, service charge costs reflect the impact of significantly increased utility costs in the latter part of the year. Increases in deprecation are as expected given the number of new homes delivered. Colleague costs have reduced due to one off costs in the prior year and ongoing continuous improvement activity.

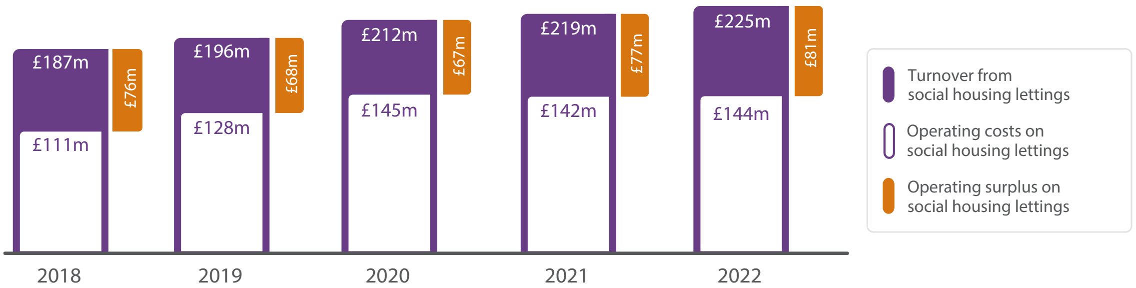


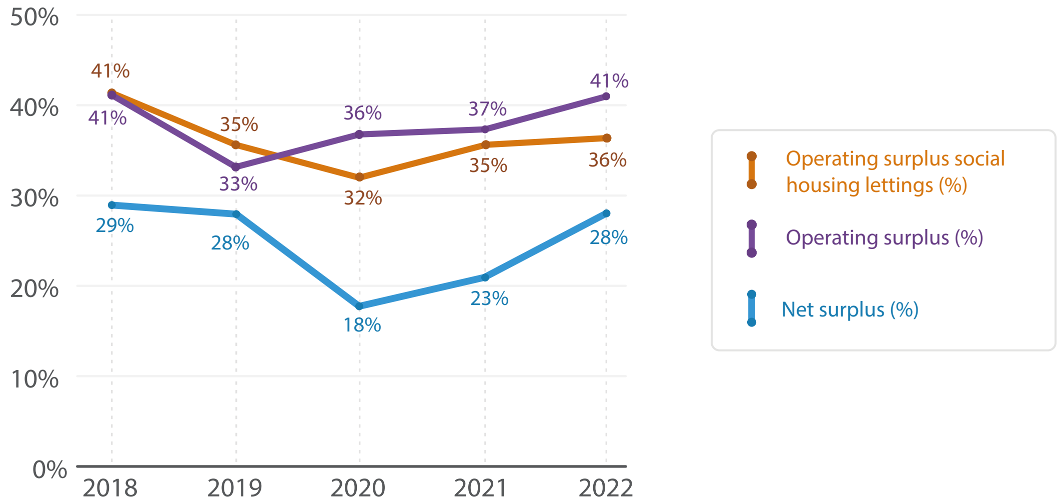
Operating margins and surplus.

The surplus before taxation of £79m is another strong financial performance for Bromford (2021: £62m). Operating surplus, including sale of fixed assets, was £115m (2021: £99m) with an operating margin including asset sales of 41% (2021: 37%).



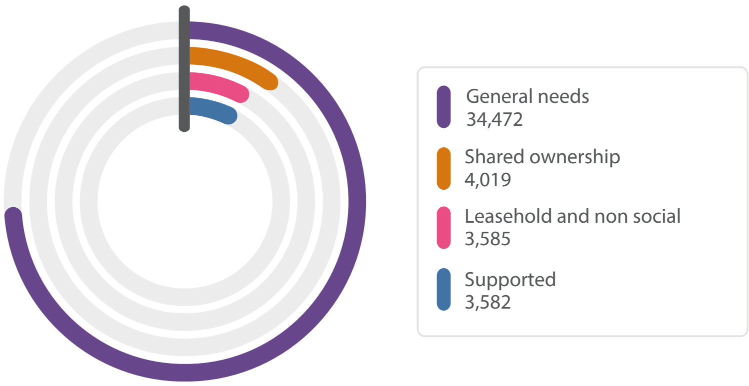
Operating surplus on social housing lettings increased to £81m (2021: £77m) with the increase due to the general increase in rents and the increase in new homes offsetting the slight increase in costs. The operating margin on social housing lettings was 36% (2021: 35%).





The number of units owned and managed at the end of the year was 45,658 (2021: 44,962). Of the increase, 1,224 was due to property development activity offset by disposals. The table below shows the movement throughout the year.

	31/03/2021	Development	Disposals	Other	31/03/2022
General needs	34,067	794	(313)	(76)	34,472
Supported housing	3,610	-	(17)	(11)	3,582
Shared ownership	3,821	392	(147)	(47)	4,019
Leasehold and non social	3,464	38	(108)	191	3,585
Total	**44,962**	**1,224**	**(585)**	**57**	**45,658**



Disposals.

Overall profit on disposals increased to £24m (2021: £16m). In line with the Bromford strategy, we have concluded our withdrawal from non-core geographies, these disposals generated £28m (2021: £27m) in proceeds and a net profit of £11m (2021: £9m).

In addition, we continued to receive receipts for right to buy and right to acquire sales that generated £1.6m (2021: £1m) of disposal profit. Staircasing activity generated profits of £6.3m (2021: £4m).

Investment in our homes.

In 2021 to 2022 we capitalised £42m (2021: £30m) and invested £8m (2021: £5m) in revenue for major repair and refurbishment programmes and £180m (2021: £112m) in new homes. This level of investment continues to reflect our desire to invest in existing and new homes, helping current and future customers to thrive.

Sales exposure.

The number of homes awaiting sales has increased compared to last year, unsold shared ownership homes was 61 at March 2022 (2021: 19) and completed homes for outright sale unsold at the year end was 7 (2021: 26). Of these unsold units, 57 were in the sales process with only 11 available for sale.

The detail of stock and work in progress is shown in note 17. Stock and work in progress at the end of March 2022 was £28m (2021: £49m). During the year we secured 889 (2021: 573) plots for new development, including planning permission secured on 171 (2021: 343) of those plots.

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

Pension provisions and liabilities.

During the year, the group participated in two multi-employer defined benefit schemes, the Staffordshire County Council pension scheme (LGPS) which has no active members and the Avon pension fund (LGPS). The group also operates the Bromford Defined Benefit pension scheme administered by The Pensions Trust. Further details in regard to these three schemes can be found in note 36 on pages 126 to 133.

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

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

Corporation tax.

We continue the policy of gift aiding taxable surpluses from non-charitable group members to charitable group members. The corporation tax credit for the year is £nil (2021: £209k) as set out in note 10.

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

- we have accounted for depreciation of assets on a straight-line basis. The depreciation basis is reviewed regularly for each class of asset, during the year we have revised the useful economic life of motor vehicles and software as follows; motor vehicles have been adjusted to six years with a 20% residual value rather than a mix of three to six years and between 0-20% residual value as used previously. Business transformation amortisation has also been updated to be charged over ten years rather than seven years as used previously
- the majority of our debt financial instruments are classified as basic. However, we do have seven standalone interest rate swaps which have been categorised as non-basic and these have been measured at fair value within these financial statements
- pension asset/liabilities are based upon third party actuarial valuations.

Further details of key estimations can be found within our accounting policies on pages 93 to 95.

Treasury.

In a year of continuing market uncertainty borne out of the Covid-19 pandemic and the United Kingdom's withdrawal from the European Union, the 2021 to 2022 financial year presented us with a number of opportunities to consolidate our treasury activity and unlock new growth opportunities for the group.

In July 2021 and January 2022, we successfully drew £200m of new funding from the two long dated deferred capital markets issuances we executed at the height of the pandemic in the summer of 2020. As we now enter a rising rate environment, we are already seeing the benefit of these fixed rate deals, which leveraged the historically low gilt yield curve to deliver interest savings over the longer term. The new funding also strengthened our existing liquidity position and we close the year with over half a billion pounds in cash and undrawn facilities, delivering more than twice the required level of long term liquidity and providing certainty of future funding as we continue with our new homes and sustainability ambitions.

Moody's and S&P Global Ratings continue to assign us the sector leading dual credit platform of A2/A+. Both ratings now benefit from a stable outlook, with restoration of the S&P outlook achieved in the year after we outperformed some of the prudent new homes and sales performance in the year 2021 to 2022 which had originally been triggered at the outset of Covid-19.

These ratings continue to reflect the effectiveness of our financial framework and golden rules which have firmly withstood the test of time to deliver a financial performance and credit profile at the leading edge of the sector. We close the year with significant headroom against our key group covenants, with interest cover at 3.1 (more than twice headroom) and gearing at 37% (covenant 67%).

Having already issued the first green and governance linked loans in the sector, we were delighted to announce the launch of our inaugural sustainable finance framework in July 2021, accredited by S&P Global Ratings. This bold and wide-reaching framework now firmly positions our sustainability agenda at the forefront of our corporate activity and underpins all future new funding activity. It goes beyond our delivery of social housing and carbon reduction and maps to seven UN SDGS touching every aspect of sustainability from reducing homelessness and alleviating unemployment to establishing a workforce culture that delivers a more inclusive, customer centred team.

We will be presenting our first annual impact report in late summer setting out our progress and our broader performance against the sector's Sustainability Reporting Standard. Notable highlights include reducing our gender pay gap to 7.2% and successfully improving the energy efficiency of our existing homes with 86% of our portfolio now at SAP C or above. These metrics are tied to our sustainability linked loans (SLLs) with SMBC and NatWest and we have generated substantial savings on these loans which we have already reinvested to create even more social value in our communities. We are particularly proud to have invested our first set of savings to support a pilot scheme with The Safe Partnership to help tackle hate crime, domestic abuse and homelessness and provide safety measures for vulnerable people and those at risk of domestic abuse. We will continue to maintain this virtuous sustainability circle and invest future savings in similar community based projects which help to improve the day to day experience of our customers.

Supporting the group's broader corporate strategy, we established a £25m funding package from Bromford Housing Group Limited (BHG) to our newly formed subsidiary, Bromford Housing Group Investments Limited (BHGIL), in the pursuit of joint venture activity with private developers and local authority partners. We have also made good progress with simplifying our corporate group structure, novating third party debt in Bromford Home Ownership Limited (BHO) to its parent company BHG to facilitate the partial transfer of engagements of BHO into Bromford Housing Association Limited (BHA). Moving forwards we will continue to position BHG as the group's funding vehicle and work with our existing lenders to amalgamate BHA and Merlin Housing Society Limited (MHS) into a single housing association subsidiary to drive further simplicity and operational efficiency.

Our loan book remains highly optimised with the majority of legacy funding already refinanced for commercial value and with protection against increasing interest rates as 98% of our debt is secured at fixed rates. The majority of the fixed debt is established through vanilla embedded fixes. We were pleased to complete our transition from LIBOR to SONIA well in advance of LIBOR being discontinued at 31 December 2021 with minimal impact on our existing funding arrangements.

With rising interest rates, growing inflation, the weight of net zero carbon cost and our broader sustainability agenda, we are entering into a new era of economic challenge and opportunity. With our leading credit ratings, track record on delivering on sustainability and the continuing strength of our liquidity position and covenants, we are well placed to meet these challenges with the rigour and response they deserve.

The following table highlights our position:

	As at 31 March 2022	As at 31 March 2021	As at 31 March 2020
Drawn facilities (nominal value)	£1,376m	£1,203m	£1,180m
Undrawn facilities	£338m	£338m	£385m
Deferred funding secured	-	£200m	£50m
Cash and cash equivalents	£303m	£169m	£168m
Fixed rate borrowing (drawn)	98%	97%	97%
Weighted average cost of borrowing	3.74%	3.96%	3.96%
Interest cover covenant	3.1 times	2.9 times	3.1 times
Asset gearing (lender covenant) calculation	37%	38%	40%

Cash and short-term liquidity.

The group holds significant cash funds after completing several capital market issuances over the past four years. The investment strategy is defensive, with safety and access to cash driving decision making rather than projected rates of return. Our cash continues to be held exclusively across a number of counterparty cash deposit accounts. Any cash deposits with institutional counter parties must meet minimum counterparty credit ratings and deposit values must not exceed £50m for institutions with credit ratings of at least A1/A+/A+ or £25m for institutions with credit ratings at least A3/A-/A-. In addition to the £245m of cash held on same day access, we have £8m held in separate funds which are ringfenced for specific activities (including the leaseholder reserve account) and we hold a further £50m of cash on longer term deposit. The £50m cash deposit was due to mature by the end of April 2022 but since the year end has been extended until October 2022. This will further strengthen our stated liquidity position upon maturity.

We continue to operate with a short term liquidity treasury management policy holding a minimum of three months required cashflow as immediately available funds at all times. This broadly equates to £50m and ensures day-to-day operational cashflow continues to be funded without undertaking undue risk. Credit lines remain successfully diversified to four funders with no more than 60% of our undrawn funding residing with any single funder.

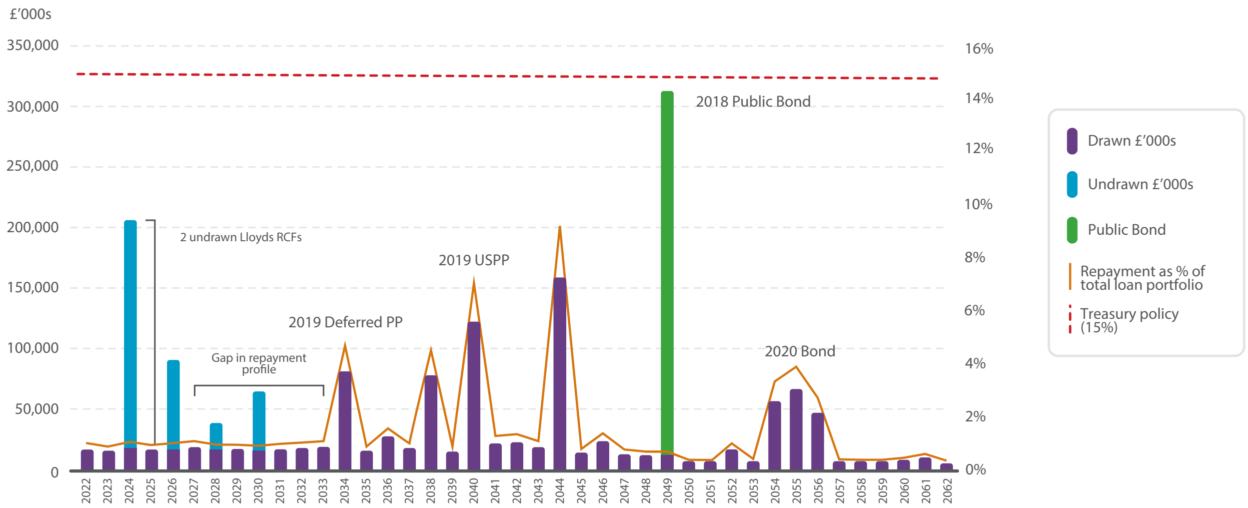
Long term liquidity and funding.

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

The total facilities (drawn and undrawn) at the year end were £1,714m. We ended the year with total available funds of £641m, comprising of £253m of cash, £50m on deposit as noted above and £338m of undrawn facilities (all fully secured). This is more than double the long-term liquidity level required (£248m), which allows us to pursue our development plans with the certainty of future funding.

Refinancing risk.

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



Interest rate management.

We use fixed rate borrowings to manage our exposure to increases in interest rates and 98% of our drawn borrowings are at fixed rates (2021: 97%). In a low interest rate environment it is clearly advantageous to leverage the prevailing low interest rates offered in the longer term and our high level of fixed rate debt reflects this. The majority of the fixed debt is established through vanilla embedded fixes.

The average cost of borrowing has been reducing over recent years to 3.74% at 31 March 2022 (3.96% at 31 March 2021), which reflects the historically low rates achieved on our recent capital market issuances, which have closed at coupons of 2.03% to 3.125% and the settlement of expensive legacy loans.

Covenants.

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

Ratings.

In November 2021, Moody's reaffirmed our credit rating at A2 (stable), highlighting our key strengths around our stabilised operating margins, ample liquidity and borrowing capacity, strong market position and our continued focus on core business.

S&P Global Ratings reaffirmed their A+ rating, returning the outlook to stable, in January 2022. The restoration of a stable outlook (previously negative) was the recovery in underlying EBITDA MRI margin, given the group had outperformed some of the prudent assumptions initially triggered by the impact of Covid-19 around new homes and sales.

Our dual credit rating platform remains one of the highest in the sector.

> Robots remind me of my struggle after my illness I always thought of myself as, well like a robot, reborn... a hard outer shell but caring with a soft core on the inside.
>
> **Moe**, customer

Bromford annual accounts 2021 to 2022

Value for money.

Value for money.

Bromford is committed to demonstrating and improving value for money ("VFM") as an integral part of its corporate strategy 2019-2023. Our financial objectives are set out in our financial framework which focus on maximising our financial capacity. We ensure we deliver financial performance within the parameters of our financial framework through frequent financial forecasting from short term budget setting and reforecasting through longer term 30 year strategic planning. Targets are set in conjunction with all areas of the business and are challenged through operational teams, the executive team and by board via the committee structure in line with the governance arrangements of the group.

We aim to ensure optimal use of our resources and assets and optimise economy, efficiency and effectiveness in the delivery of our objectives whilst balancing our commitment to maintain safe, secure and warm homes with our ambition to invest in building new ones.

Economy	Effectiveness	Efficiency
Operating margin: top quartile at 32%	**Launch of new customer portal**	**Transformation and continuous improvement savings of £6m in year**
EBITDA MRI of 175%	**86% of our homes already EPC C**	**Tactical cost savings of £4m in year**
Moody's credit rating A2 and S&P is A+	**Board approved roadmap to net zero carbon emissions by 2050**	**Less than 2% arrears**
£240m of additional grant funding secured	**Leadership development programme for our top 50 leaders completed**	
90 apprentice & graduate roles filled		

Despite the many challenges of the last two years, our financial framework has remained resilient and continues to guide our strategy demonstrating that Bromford is more than capable of dealing with the stresses and strains of the current operating environment.

Bromford's financial framework.

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

Description	Aspiration	Golden rule	2020 to 2021 actual	2021 to 2022 target	2021 to 2022 actual	2022 to 2023 target
Overall operating Margin*	>38%	>25%	31%	32%	32%	32%
Social Housing Operating Margin	>45%	>30%	35%	37%	36%	35%
Interest Cover (EBITDA-MRI/Net Interest)	>2.1	>1.5	1.9	1.8	1.7	1.8
Asset Gearing	<45%	<50%	38%	37%	38%	39%
Net Debt Per Unit (£k)	<36	<37	25	26	26	28
Headroom above Liquidity Policy (£m)	-	>100	731	761	772	769
Level of stock and WIP (Land, SO and ORS) (£m)	-	<150	49	51	27	38
Sales	<28%	<30%	14%	16%	18%	13%

* excludes gain on disposal of property assets

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

Our relationship with customers – implementing a service culture that delivers and drives value, ease and reliability for minimum customer effort, enabling us to continue to invest in our Neighbourhood Coaching model.

Homes that enable customers to thrive - to continuously improve so as to create efficient, quality and responsive operations that deliver homes that are safe, secure and warm.

Growing the business to enable customers to thrive – ensuring we grow the business in a safe and sustainable way, managing risks effectively and ensuring we can sustain our investment and growth ambitions within our financial risk appetite.

Enabling our colleagues to thrive – investing in our people to realise their full potential to become the best team we can.

Our relationship with customers.

We continue to make good progress on the simplification of our business with our transformation work set to deliver one way of working across one system. In June 2022 we launched our new customer portal delivering online self-service, anytime, anyplace on any device making it easier for customers to deal with us.

The financial benefits arising from our transformation are expected to be key drivers of our forecast improvement in Social Housing Operating Margin over the near term with £6m delivered in 2021/22 rising to £10m p.a. from financial year 2025/26.

In addition to the above, tactical cost savings of £4m were identified in the year and agreed across the business delivered through a number of distinct initiatives.

This allowed us to continue to invest in our unique neighbourhood coaching model which, this year, was supported by approval to additional investment in our income team which will enable our neighbourhood coaches to focus on helping our customers to thrive whilst also ensuring we have a dedicated team of experts working with our customers to help them manage and maximise their income helping to maintain our low rate of arrears at less than 2%.

We will continue to ensure we deliver VFM for our customers through revised customer engagement forums, a new approach to community funding and a strategic review of our service offering for older people in the new year.

Homes that enable customers to thrive.

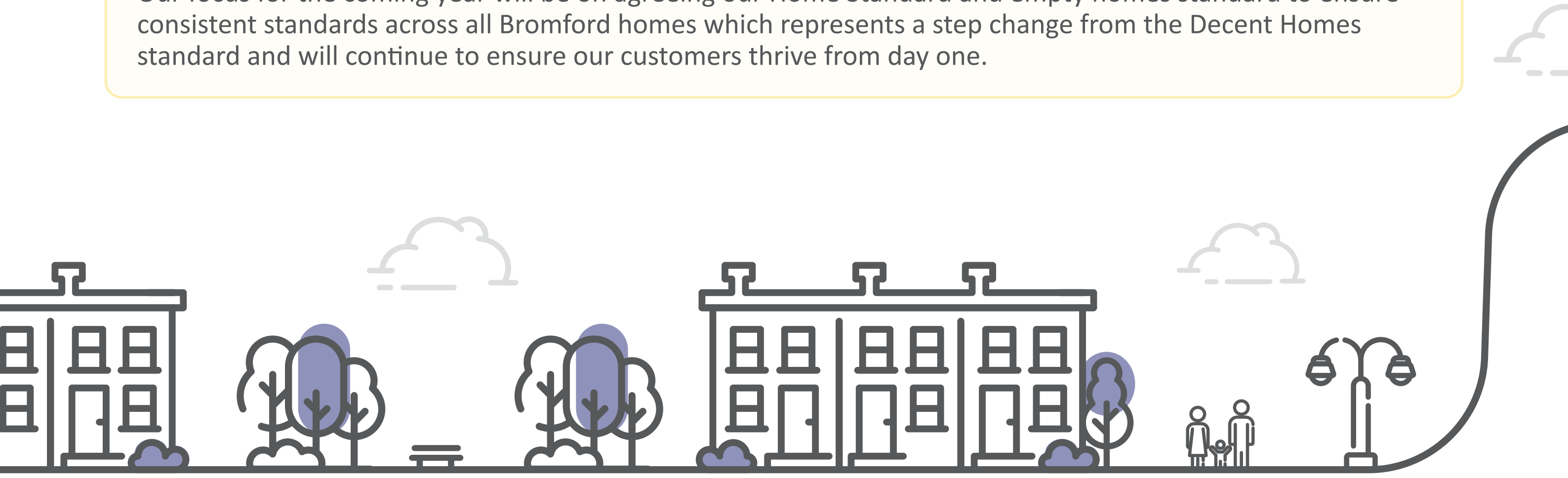
We provide homes that are safe, secure and warm. We take a customer-focused approach and ensure there are appropriate investment plans in place for all homes and ensure they are of a standard we can all be proud of. 86% of our homes already achieve an EPC rating of C and a further £18.8m is included in the 30 Year Business Plan to bring the remaining homes up to EPC C by 2028.

In the year, our board approved a roadmap to net zero carbon emissions by 2050 in line with current government targets. The full estimated cost of achieving this has also been included in our 30 Year Business Plan. As well as delivering a great outcome for our environment, our drive to net zero carbon will also help our customers through cheaper running cost of their homes.

Our strategic property planning (SPP) team, established last year, has now set our long term plan for investment in our existing and new homes. This includes void management, regeneration plans and the disposal of non core assets to ensure we can focus on driving efficiency in our core business.

Maintaining our existing homes continues to be a key part of our strategy and responding in a timely manner to customer requests for repairs is a key driver of our customer advocacy. Through the year we saw a significant increase in the volume of repairs post covid restrictions. In line with the sector, resourcing to complete the repairs both internally and externally has proved difficult. We have been working tirelessly to bring our live repair jobs back to business as usual levels and expect to be back at normal levels by the summer.

Our focus for the coming year will be on agreeing our Home Standard and empty homes standard to ensure consistent standards across all Bromford homes which represents a step change from the Decent Homes standard and will continue to ensure our customers thrive from day one.



Growing the business to enable more customers to thrive.

As a housing association, we invest the money we make into the long-term maintenance of our existing homes with any long-term surplus and borrowing capacity deployed into building new homes. The former is always our first priority but we are clear that the provision of new homes is also a key part of our strategy. In 2021 to 22 we delivered 1,224 new homes, 35% more than the year before. We will focus on delivering affordable homes as that is our core business. In 2021 to 22 we were the largest builder of social homes (444) for the second year running and we expect to deliver more than 12,000 homes over the next 9 years. We will deliver homes for outright sale that generate profit to support this and to ensure we build mixed and sustainable communities. Profit generated from this activity is considered to be commensurate to the risk and within our risk appetite framework. The profit we make from homes for sale will be reinvested to enable us to maximise the number of affordable homes we can deliver.

We continued our strategic partnership with Homes England and, in the year, secured £240m of additional grant funding which will support our affordable homes programme.

Sustainable growth is also dependent on seeking new funding opportunities and diversifying funding to support the capacity model and articulated within the funding strategy. Moody's and S&P both issued updated assessments in the 2021/22 financial year. Moody's credit rating remained at A2 stable and S&P at A+ with the outlook upgraded to stable.

During the coming year we will continue to grow the number of homes we deliver, implement the new shared ownership lease, review our regeneration strategy and continue with the roll out of MMC as part of our development programme.

Enabling colleagues to thrive.

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

Through the year, taking into account the restrictions of covid where appropriate, we embedded our new ways of working for colleagues who now either work remotely, office based or a combination of home and office based, with the expectation that those colleagues will work in the office 50% of the time. As a result, we have been able to reduce the number of offices from twelve to four over the past two years reducing further our carbon footprint.

We also invested in the future by launching a programme for apprentices and graduates across the business, with over 90 roles in place and plans to expand this in the coming year.

Our commitment to enabling our colleagues to thrive saw us complete a leadership development programme for our top 50 leaders across the organisation which helped improve leadership skills with our interim Colleague Thriving Survey showing an 8% improvement in our "trust in senior leaders" score. In addition, the programme helped strengthen the bond across our most senior leaders enabling even more collaborative working and ensuring everyone feels a part of our shared goals and strategy. We will further develop this next year with the launch of a new development programme for a wider cohort of leaders, along with reviews of career pathways and our reward strategy.

Measuring VFM.

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

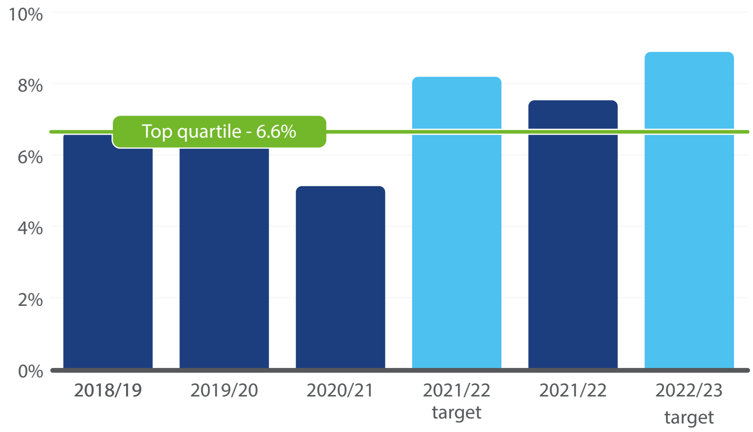
Value for money metrics.

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

The direction of travel over the past year across the suite of metrics, taking account of the pandemic, continues to demonstrate the financial strength of the group and is set out below for the last five years. We have compared ourselves against 24 housing associations with similar characteristics using the latest published data as at 31 March 2021. In the charts below, top quartile refers to performance against the comparator group.

Reinvestment %

Reinvestment has increased to 7.5% (actual 2020/21: 5.1%; target 2021/22: 8.1%). Investment spend on new homes developed was £180m (2020/21: £112m) and investment in existing homes of £42m (2020/21: £30m). The significant increase year on year is largely due to the increase in new homes investment with 35% more homes built this year than in the previous year which was impacted by periods of shut down due to the pandemic. This is set against a net increase in housing properties at cost of £177m.



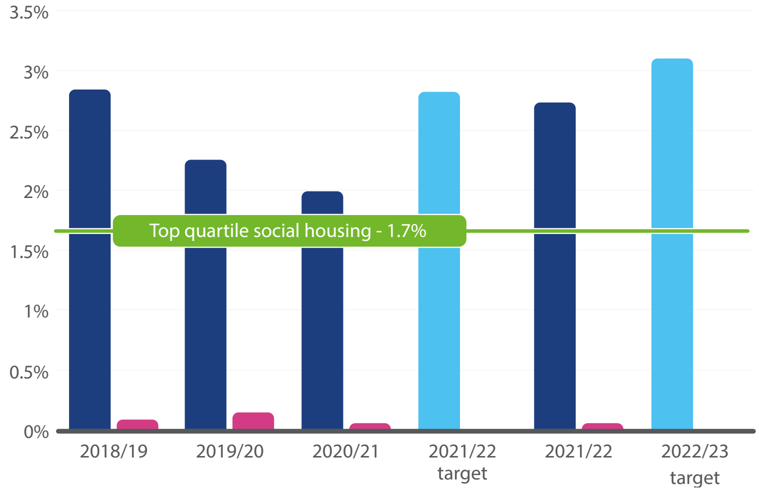
Target 2021 - 2022	Actual 2021 - 2022	Target 2022 - 2023
5.1%	7.5%	8.7%

The target for 2022/23 is 8.7%. We are committed to achieving top quartile performance on investment in new and existing homes with forecast spend of £239m on new homes and £45m on existing homes. The spend on new homes includes an additional £10k per home to reflect inflationary pressures and the anticipated cost of achieving the future homes standard. The development pipeline will increase the reinvestment to circa 10% over the next five years. Using the peer group we compared ourselves against as at 31 March 2021, the last available data, the upper quartile was 6.6%.

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

We delivered 1,224 (2.7%) new homes during the year (2020/21: 902 homes: 2.0%), including 23 (0.1%) non-social homes (2020/21: 42: 0.1%). This was slightly below our target of 1,295 (2.8%). This is set against a total homes base of 45,658 (2020/21: 44,962) and social homes of 44,234 (2020/21: 43,581).

The target for 2022/23 is 2.8% or 1,296 new homes, split between social 1,289 (2.8%) and non-social 7 (0.0%). This will maintain our top quartile performance for social homes with an average new supply delivered of 2.8% over the next five years. Using the peer group we compared ourselves against as at 31 March 2021, the upper quartile was 1.7% for social housing new supply.

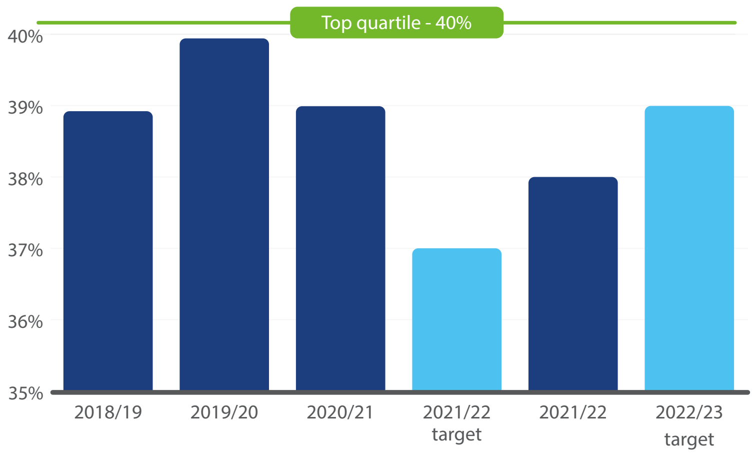


Target 2021 - 2022	Actual 2021 - 2022	Target 2022 - 2023
1,295 or 2.8%	1,224 or 2.7%	1,296 or 2.8%

Gearing %

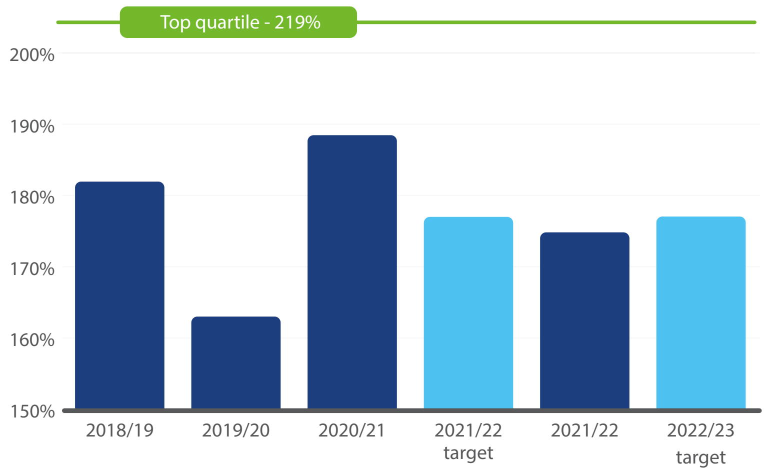
Gearing has marginally decreased to 38% (2020/21: 39%; target 2021/22: 37%). Net debt has increased by £46m to £1,132m (2020/21: £1,086m). Housing assets at cost have increased by £177m to £2,949m (2020/21: £2,772m) maintaining our overall gearing to the top quartile figure of 40%. The group continues to borrow long-term debt to deliver new homes and maximise the underlying balance sheet capacity.

The target for 2022/23 is 39%. We expect gearing to be broadly maintained as we continue to invest in new and existing homes from existing fully funded resources along with cash generated in year. The medium target remains at marginally under 40%.



Target 2021 - 2022	Actual 2021 - 2022	Target 2022 - 2023
37%	38%	39%

EBITDA MRI

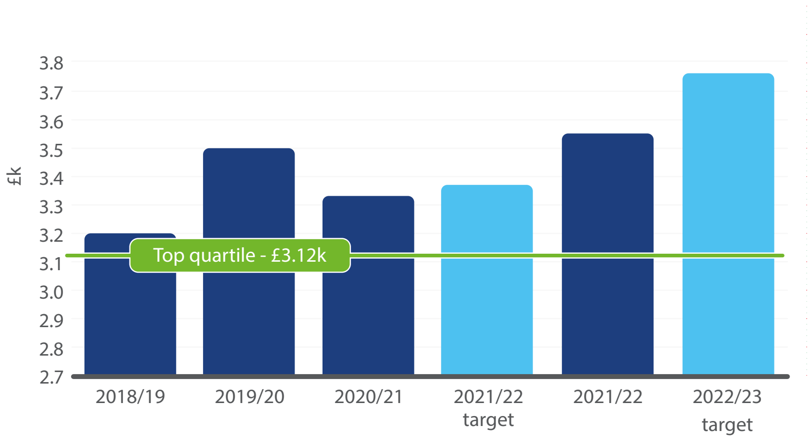


Target 2021 - 2022	Actual 2021 - 2022	Target 2022 - 2023
177%	175%	177%

EBITDA MRI of 175% (2020/21: 189%) is slightly lower year on year. The target for 2021/22 was 177%. EBITDA MRI was lower at £84m (2020/21: £87m) with the increase in operating surplus more than offset by increased planned investment on existing homes following the lower spend in 2020/21 due to the pandemic.

The target for 2022/23 is 177%, broadly in line with 2021/22 with marginal increases in both EBITDA MRI and interest costs. We expect to see a marginal increase in this measure over the next five years principally driven by the improvement in operating margin as a result of the merger actions and investment into the transformation program underpinned by the ERP system. However, we will continue to invest in our homes with a 40% increase in capital spend in 2021/22 which is expected to continue to grow as we seek to improve, among other things, the energy efficiency of our homes. Using the peer group we compared ourselves against as at 31 March 2021, the median was 169% and the upper quartile was 219%. We continue to move towards the upper quartile.

Headline social housing cost per unit (£000s)



Target 2021 - 2022	Actual 2021 - 2022	Target 2022 - 2023
£3.38k per unit	£3.55k per unit	£3.75k per unit

Headline social housing costs of £3.55k per unit (2020/21: £3.33k; target 2021/22: £3.38k). The higher cost per unit of £3.55k was largely due to a higher year on year planned maintenance and major repairs spends with the prior year spend lower as a result of the pandemic. Routine, planned, major and capitalised expenditure totalled £100m (2020/21: £80m). Social housing units managed at period end were 44,234 (2020/21: 43,581).

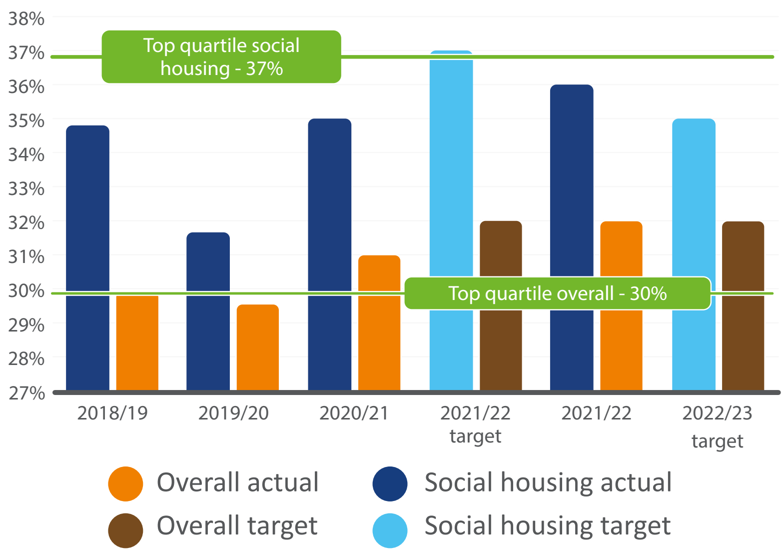
The target for 2022/23 is £3.75k per unit. We remain committed to efficient delivery of our core business as we continue to invest in our ERP system that underpins a large proportion of our improvement in the cost base of the business. However, these savings are offset by inflationary pressures across materials and labour in the near term and our continued investment in our homes to ensure they are safe, secure and warm over the longer term. As a result of our increased investment, our average social housing cost per unit over the next five years is £3.84k. Using the peer group we compared ourselves against as at 31 March 2021, the upper quartile was £3.12k, while the median was £3.71k.

The costs and units associated with leasehold management are included within this metric, as leasehold management costs which are included in note 3 are not readily identifiable separately from other social housing costs.

Operating Margin (overall and social housing lettings) %

Overall operating margin remains top quartile at 32% (2020/21: 31%; target 2021/22 32%). This metric is impacted by the amount of non-social housing activity the group engages in. Underlying operating surplus excluding gains on asset disposals increased by £8m to £91m, which is a pleasing increase and demonstrates the cost reduction and efficiency actions flowing from the implementation of the ERP system, plus VFM initiatives the group is undertaking.

Social housing margin was 36% (2020/21: 35%; target 2021/22 37%). We are pleased to note the improvement, although the target was not quite achieved. The impact of the pandemic has delayed further module deployment of the ERP system until after the end of the 2021/22 financial year. The full deployment of the ERP system will drive further savings from the business and will create additional financial capacity to continue to adapt to any market changes and or increase our ability to invest in existing homes and or new homes.



Overall target 2021-2022	Overall actual 2021-2022	Overall target 2022-2023
32%	32%	32%

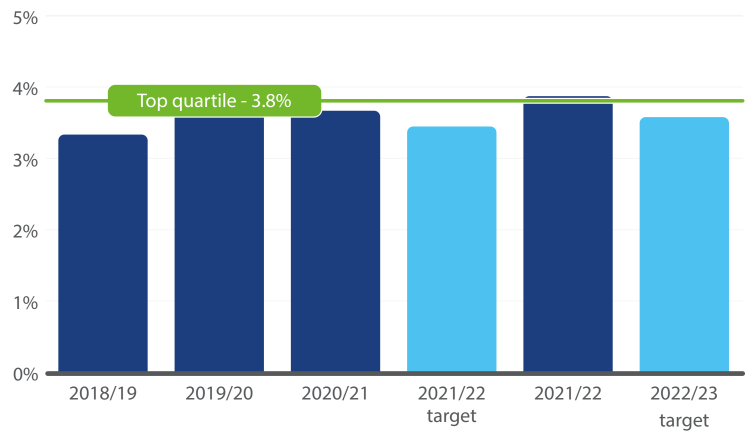
Social housing target 2021-2022	Social housing actual 2021-2022	Social housing target 2022-2023
37%	36%	35%

The target for 2022/23 for overall operating surplus is 32% and social housing operating surplus is 35% with the latter measure the output of further planned cost efficiency measures and both impacted by the expectation of further increases in costs due to current inflationary pressures. Using the peer group we compared ourselves against as at 31 March 2021, achievement of a 32% overall operating surplus places Bromford above the upper quartile of 30%. Achievement of a 36% social housing surplus is just below the upper quartile of 37% (median 32%).

Return on capital employed %

ROCE has increased to 3.9% (2020/21: 3.7%; target 2021/22 3.5%). Operating surplus increased by £18m driven in part by higher gains on asset disposals. Total assets less current liabilities excluding pension assets were £2,953m (2020/21: £2,674m).

The target for 2022/23 is 3.6% and we expect to ROCE remain around this level over the next five years with profits broadly matching the asset base as we increase the overall supply of new homes and increase debt.



Target 2021 - 2022	Actual 2021 - 2022	Target 2022 - 2023
3.5%	3.9%	3.6%

Bromford annual accounts 2021 to 2022

Governance update.

Report of the board of directors.

Our governance.

Strong and effective governance continues to be one of the foundations of our success and ensures we remain fit for the future and can deliver the Bromford strategy.

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

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

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

Our governance framework.

Our constitutional documents - the Bromford Housing Group rules supported by:

Our governance framework and governance and delegations framework which is based on the principles and provisions within the UK Corporate Governance Code

- Matters reserved
- Terms of reference of committees
- Chief executive's delegation
- Probity and bribery policy (includes conflict of interest)
- NED recruitment and succession planning framework

Our board.

Steve Dando, chair

Steve is currently chief financial officer of Punch Pubs & Co, one of the UK's leading independent pub companies with an estate of 1,300 pubs. His particular areas of expertise include M&A, business restructuring, integration and financing and multi-site retailing and asset management. Steve led the restructure of Punch as chief executive officer (interim) following the successful sale of the business and assets to Patron Capital and Heineken for £1.8 billion.

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

Steve is a member of the Institute of Chartered Accountants.

Richard Bird, non-executive director

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

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

Carolyn Downs, non-executive director

Carolyn Downs is chief executive of the London Borough of Brent, one of the largest and most diverse London Boroughs. She acts as the local government lead for 8 London Boroughs on health and social care integration and as the London local authority chief executive lead on asylum.

Prior to this, Carolyn was chief executive at the Local Government Association and had also previously served as chief executive of the Legal Services Commission, deputy permanent secretary and director general at the Ministry of Justice and chief executive of Shropshire County Council.

Dame Sandra Horley, non-executive director

Dame Sandra Horley was chief executive of Refuge, the national charity supporting women and children experiencing domestic violence and abuse. Over 37 years she grew a single shelter for abused women into the UK's pre-eminent provider of support services for survivors of domestic violence, rape, sexual assault, stalking, forced marriage, 'honour based violence', modern slavery and human trafficking. Previously, Sandra worked as director of the Haven Project in Wolverhampton supporting homeless women and children. She has been a homelessness officer in Shropshire and a housing advice worker for a local authority in London. Sandra has also held non-executive positions for a special needs housing association and a wildlife charity.

In 2021 Sandra was conferred a Damehood for her contribution to the protection of women and children and for promoting greater understanding and awareness of domestic abuse.

Charles Hutton-Potts, non-executive director

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

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

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

Neil Rimmer, non-executive director

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

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

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

Jerry Toher, non-executive director

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

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

Robert Nettleton, chief executive

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

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

Paul Walsh, chief finance officer

Paul joined Bromford at the end of June 2021 as chief finance officer. He brings with him a wealth of experience gained from 25 years in senior finance roles in the financial services sector. He joins us from Coventry Building Society where he led the finance team and before that he worked at Nationwide Building Society in finance and more latterly as risk oversight director leading the risk team responsible for financial risks such as liquidity, market risk and capital.

Paul is a Fellow of the Association of Certified Chartered Accountants.

Sarah Beal, company secretary

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

Executive board and leadership team.

Robert Nettleton,
chief executive

Paul Walsh,
chief finance officer

Martyn Blackman,
chief investment officer

Dan Goodall,
chief information officer

Rohini Mehra,
chief customer officer

chief people officer

Heather Richardson,
chief risk officer

Board updates.

1 Apr 2021	1 Aug 2021	27 Nov 2021	1 Dec 2021	30 Apr 2022	1 May 2022
Appointed	**Appointed**	**Retired***	**Appointed**	**Retired**	**Appointed**
Charles Hutton-Potts	Paul Walsh	Vivienne Horton Richard Penska	Carolyn Downs	Sarah Simpson	Dame Sandra Horley

***after 9 years of service**

Board structure.

Bromford Housing Group Limited
(BHG) Parent
a Charitable Community Benefit Society

Merlin Housing Society Limited. (MHS)
A charitable Community Benefit Society which develops and manages affordable homes for sale, rent or shared ownership.

Oakbrook Homes Limited. (OAK)
A limited company.

Bromford Housing Association Limited. (BHA)
A charitable Community Benefit Society which develops and manages affordable homes for sale, rent or shared ownership.

Bromford Assured Homes Limited. (BAH)
A limited company.

Bromford Home Ownership. (BHO)
A non charitable non profit registered provider.

Bromford Developments Limited. (BDL)
A limited company.

Bromford Housing Groups Investments Limited. (BHGIL)
A limited company.

BHG operates a group structure with coterminous boards across the four main entities – the parent – BHG and our main operating subsidiaries BHA, BHO and MHS. The membership of all entities is the same except for BHO where two members, Vivienne Horton and Richard Penska are not members. This is in line with our group conflicts of interest policy and protects the charitable interests of BHG, BHA and MHS. All members of the board, executive and non-executive make decisions by working together and achieving a general consensus.

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

Board composition.

Board members to 31 March 2022

Non-executive directors

- Steve Dando (chair)
- Richard Bird
- Carolyn Downs (appointed 01/12/2021)
- Vivienne Horton (SID) (resigned 27/11/2021 – completed 9 years service)
- Charles Hutton-Potts (appointed 01/04/2021)
- Richard Penska (resigned 27/11/2021 - completed 9 years service)
- Neil Rimmer
- Sarah Simpson
- Jerry Toher

Executive board members

- Robert Nettleton
- Paul Walsh (appointed 01/08/2021)

Board members from 1 April 2022

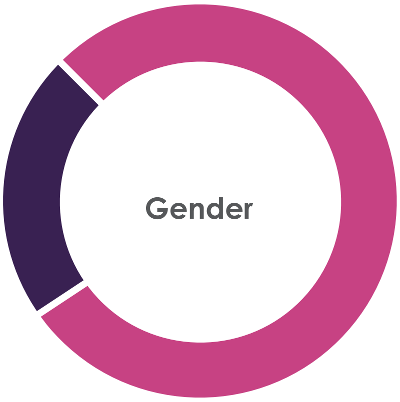
Non-executive directors

- Steve Dando (chair)
- Richard Bird
- Carolyn Downs
- Dame Sandra Horley (appointed 01/05/2022)
- Charles Hutton-Potts
- Neil Rimmer (SID)
- Sarah Simpson (resigned 30/04/2022)
- Jerry Toher

Executive board members

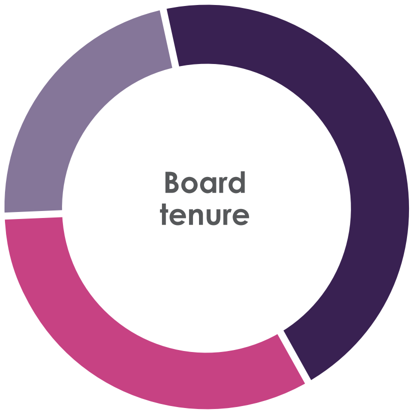
- Robert Nettleton
- Paul Walsh

Board analysis at 1 April 2022.



- Female - 22%
- Male - 78%

- Executive directors - 2
- NEDs - 7



- 0 to 3 years - 45%
- 4 to 6 years - 33%
- 7 to 9 years - 22%

2021 to 2022	Male (number)	Female (number)	Male (percentage)	Female (percentage)	
Colleagues in senior leadership positions	34	28	55%	45%	
Other colleagues in the group	836	855	49%	51%	

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

The role of a NED.

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

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

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

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

	Board	Audit and risk committee	Remuneration and nominations committee	Treasury committee
Steve Dando	11/11			4/4
Richard Bird	11/11	5/5		
Carolyn Downs	4/4	0/1		
Vivienne Horton resigned on 27/11/2021	5/6		7/7	
Charles Hutton-Potts	11/11	5/5		
Richard Penska resigned on 27/11/2021	5/6	3/3		
Neil Rimmer	11/11		8/8	3/3
Sarah Simpson	10/11			
Jerry Toher	10/11		2/3	2/4
Robert Nettleton	11/11		8/8	
Paul Walsh	5/7			1/1

Board effectiveness.

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

Each year the board carries out a formal evaluation of board, committee and individual director performance. At least every three years, as recommended by the code, this evaluation is facilitated by Altair, an external advisor to provide an independent perspective. There was an independent review of governance effectiveness in 2020 and the chair carried out an internal review in 2021. The findings were very positive:

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

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

Decision making.

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

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

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

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

The board is scheduled to meet 10 times a year. In December 2021 the board held an additional meeting to approve certain transactions that required board level approval. We held our annual strategy setting event in November.

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

Each board committee meets as many times as necessary to discharge their duties and responsibilities under their terms of reference. For reports from our committees, refer to pages 54 to 73.

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

Bromford Housing Group board.

The coterminous group board acting for Bromford Housing Group Limited, Bromford Housing Association, Merlin Housing Society and Bromford Home Ownership is collectively responsible for Bromford's long term success. In the case of Bromford Housing Group, Bromford Housing Association and Merlin Housing Society, all of their board members are shared and comprise the same individuals. In the case of Bromford Home Ownership, all but two of the same individuals (Neil Rimmer and Charles Hutton-Potts) are shared with the other group members. This is in line with our group conflicts of interest policy. Certain board members are also directors of the other subsidiaries within the group.

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

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

Audit and risk committee.

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

Remuneration and nominations committee.

Reviews and approves executive remuneration policy and determines remuneration and the performance related pay targets and payments of the senior executive and ensures that this is consistent with the schemes that are available for all colleagues. Makes recommendations to the board on remuneration for NEDs.

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

Treasury committee.

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

The role of the board.

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

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

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

Strategy.

Set and uphold the Bromford strategy and approve the strategic objectives

Leadership and resources.

Ensure that effective leadership and executive competence are in place to achieve the strategic objectives

Ensure sufficient resources are available to achieve the strategic objectives

Risk.

Ensure that frameworks are established and monitored for delegation and systems of control, including financial controls and for identifying and managing risks

Performance.

Monitor and test execution of strategy and performance in relation to approved plans, budgets and controls

Accountability.

Consider the balance of interests of and ensure accountability to key stakeholders

Strategy setting.

There are significant opportunities provided for the board to influence strategy. It holds an annual event to create space for ideas generation.

Through the monthly business briefing and chief executive's report, the board receives regular information to help it identify and respond to future challenges. The board engages Altair and other specialists and expert independent advisors to attend meetings to provide sector insight where necessary. During the year, the board has received presentations from the chief executive of the National Housing Federation (sector update), The Regulator of Social Housing (regulatory update), Morgan and Lambert (gas safety), Devonshires Solicitors (compliance), Altair (sector update), Hydrop (legionella) and Ridge (stock condition).

Organisational culture and colleague engagement.

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

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

To ensure that we meet our requirements to have in place a formal mechanism for engaging with colleagues, the board has appointed our senior independent director and chair of the remuneration and nominations committee, as our designated colleague engagement NED who has, as part of their duties, attended meetings of our colleague engagement group, Be.Heard and has worked with senior colleagues to understand our framework of policies.

Our board's year.

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

Leadership.

- continued to strengthen our executive team
- launched Leadership 50, a programme for our senior leaders

Performance.

- undertook monthly scrutiny of group performance against key financial budget metrics and performance targets
- continued to monitor board KPIs and performance targets for 2021 to 2022 including metrics for landlord health and safety compliance and repairs
- monitored progress on our plans to respond to condensation, damp and mould issues and our strategic property plan
- agreed new reporting metrics for 2022 to 2023.

Strategy development and implementation.

- continued to deliver the Bromford strategy and considered our more detailed plans for strategic property planning including a programme of disposals
- focused on the delivery of our transformation programme
- approved our overall strategy including estimated costs for delivering net zero carbon output for the group by 2050 in line with current government targets
- revised our investment appraisal assumptions
- increased momentum on our programme of modern methods of construction
- reshaped our workspaces to support more agile working
- continued with our home investment programme
- agreed to enter into strategic partnership with Homes England for £240m of grant to deliver 4,000 homes
- approved a framework that outlines how BHG will invest in Bromford Housing Group Investment Limited (BHGIL) and how BHGIL will enter joint ventures
- approved our existing homes plan

Finance.

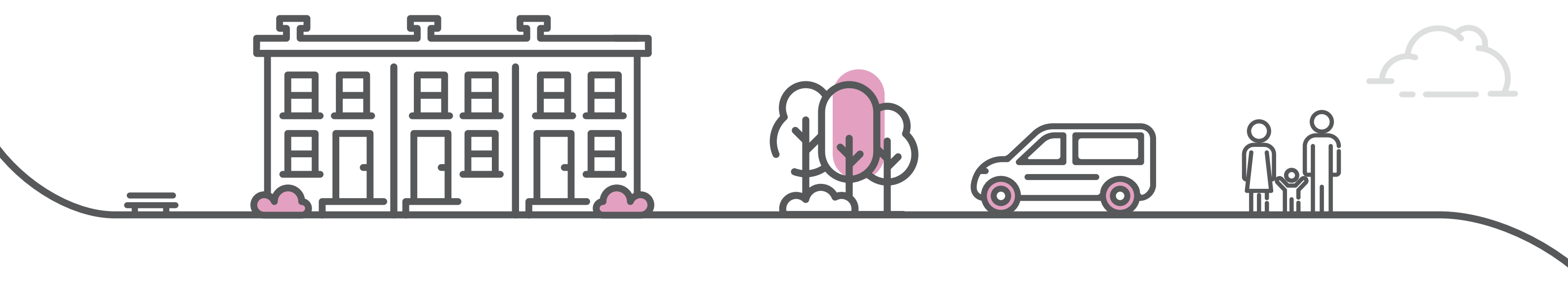
- considered the 30-year business plan, with stress testing, mitigation, financial golden rules and VfM metrics
- approved the group rent and service charge policy and proposed an increase of CPI +1%
- approved the annual treasury strategy, treasury management policy and the investment policy
- agreed in principle the exit from the Local Government Pension Schemes (LGPS)

Risk management and compliance.

- continued to monitor and manage risk including reviewing risk appetite
- approved the Risk Management Policy and Risk Appetite Framework
- considered significant and emerging risks and sector risk profile
- considered and approved the quarterly key strategic risk reports
- considered and approved the annual health and safety policy
- commenced preparations for our 2022 In-Depth Assessment by the Regulator of Social Housing.

Governance.

- appointed two new NED's Carolyn Downs from 1 December 2021 and Dame Sandra Horley from 1 May 2022
- completed a partial Transfer of Engagements of BHO to BHA so that BHO focuses on development activity
- appointed a member of the executive leadership team with responsibility for health and safety.



Our approach to stakeholder engagement.

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

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

Customers.

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

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

Colleagues.

Our people are the reason for our success. Our culture and DNA shone through this year as colleagues adapted to new ways of working while staying focused relentlessly on keeping customers safe and supported.

Suppliers.

We aim to have strong supplier relationships that support our business activity to help us deliver services as effectively and efficiently as possible in a challenging operating environment.

Investors.

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

Development partners.

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

Our regulator.

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

Local authorities.

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

Report of the chair of remuneration and nominations committee.

Committee members.

Vivienne Horton
(resigned as chair and member 27 November 2021)

Neil Rimmer
(appointed chair of the committee and senior independent director 27 November 2021)

Jerry Toher
(non-executive director)

Robert Nettleton
(chief executive)

Chair's statement.

First of all, I'd like to offer a wholehearted thank you to Vivienne Horton, our chair of the committee and senior independent director who retired as a Bromford board member in November 2021 after 9 years. On Vivienne's retirement the board elected me as senior independent director and chair of this committee.

Once again this has been a busy year for the committee. During the financial year 2021 to 2022 we met on eight occasions.

The committee serves as both the Remuneration Committee and Nominations Committee and deals with matters relating to:

- the appointment and removal of non-executive directors and the chief executive ensuring Bromford has the right skills and high calibre colleagues to deliver the strategy.
- board skills and composition, recruitment, succession planning and board effectiveness.
- the remuneration of the board of directors, the executive, leadership team and company secretary. We ensure that board remuneration is appropriate, externally benchmarked, aligned and supports the group's strategy and values.
- oversight of the Bromford's pension arrangements.

The committee members are two independent non-executive directors and, because of the wider remit of the committee, which includes nominations as well as remuneration, the chief executive is also a member. Interests of those present are managed carefully and the chief executive is not present in any decision making that concerns his own role or remuneration. The independent non-executive directors are in the majority. The committee is also served from the regular attendance of the chief people officer and company secretary. Other members of the executive have attended to present specific items.

The committee also draws upon the expertise of external advisors. Over the past 12 months, the committee has engaged Forest HR to support executive benchmarking and Odgers Berndtson who have supported the non-executive director recruitment process.

Neil Rimmer
chair

Chairs report on the year.

Non-executive remuneration.

We make recommendations to board on NED remuneration. There were no changes to remuneration for NEDs except for NEDs whose roles have changed.

Board effectiveness and annual re-appointments process.

The committee plays an active role in ensuring that the board continues to be effective. We manage the process for the annual review and in accordance with the requirements of the UK Corporate Governance Code, this is externally facilitated every three years. The last external review was carried out in 2020 to 2021 by Altair. This year we carried out an internal review facilitated by the group Chair and supported by the committee. I carried out the evaluation of the group Chair.

The findings continue to be positive and we have an effective high performing board with a clear focus on our strategy, operating with positive challenge, honesty and transparency. Targets are clear and board packs provide good information. There is of course, always room for improvement and our board development plan for 2022 to 2023 focusses on:

Skills and Diversity – This committee has been asked to ensure that diversity remains an area of focus to ensure the board has the right mix of experience, skills, diversity, social and ethnic background.

Board Reporting – We will focus on ensuring that board reports continue to be strategic, forward looking and focussed on priorities in addition to providing information the board needs and expects to know over the medium and long term.

Organisational Efficiencies - The executive will focus on value for money, organisational efficiencies and reporting and monitoring of the return on investment from Transformation.

Engagement – We will consider increasing opportunities for NED engagement with key stakeholders such as Local Authorities or developers and also with colleagues.

All NEDs are subject to annual re-election. During the year, the committee made a recommendation to the board in respect of this process. An evaluation was made of each director and whether their contribution continued to be important to Bromford's long term sustainable success. We confirmed that all members continued to add value to the work of the board and the board agreed that all the non-executive members, except for Sarah Simpson, be re-appointed for a further year. During the evaluation process Sarah indicated that, following a work move to Sweden, she was struggling with the necessary time commitment and indicated that she would stand down when a replacement was recruited, the committee and board thank her for her great contribution.

Board recruitment.

During the year the board challenged the skills matrix and agreed that, on the retirement of Vivienne Horton, there would be a gap in housing/public sector knowledge and it was agreed to appoint an additional NED. In our role as nominations committee, we were actively engaged in this recruitment exercise which was a formal, rigorous and transparent process. We used Odgers Berndtson to assist and advise on the appointment. Carolyn Downs was appointed as board member from 1 December 2021.

As referenced above, Sarah Simpson, our chair of CCIN indicated that she would wish to stand down. During the recruitment exercise for Carolyn Downs a further very strong candidate had been identified who fulfilled all the criteria and has a strong customer background. Following a further interview process and a meeting with CCIN members the board agreed to appoint Dame Sandra Horley as a board member from 1 May 2022.

Executive pay.

In respect of executive pay the committee agrees the following:

- the executive pay award
- the targets for and payments made under the executive PRP Scheme
- whether to make any changes to pay for the executive based on benchmarking information

At the end of the 2020 to 2021 year the committee considered the executive pay award. It was agreed that this should be the same as that for all colleagues – a flat rate pay increase of £300.

In considering the PRP award for the executive the committee agreed that a PRP payment of 3.5% should be awarded. This compared with an award of 5% to all other colleagues.

During the year Forest HR were asked to undertake an independent market pay and reward benchmarking exercise for the chief executive which the committee had previously agreed should be revisited following completion of executive recruitment to ensure that pay remained appropriate against the market and that differentials were maintained. A report was considered that set out market pay data for 2021 to 2022. Robert Nettleton left the meeting during the discussion.

Having considered the benchmarking report, the committee agreed that the chief executive's salary should be increased from 1 October 2021. Details of the chief executive's pay are included on page 109.

Alignment across the business.

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

- the pension arrangements for the executive are the same as are on offer to Bromford colleagues
- the performance related pay gateway targets for the executive PRP scheme are the same as the targets for our new contract colleague PRP scheme
- we have 'blended' schemes for both members of the executive and other colleagues. These schemes provide access to a higher level of PRP based on commercial activity and provide Bromford with greater external market relativity in terms of remuneration

People strategy.

At each meeting we receive an update from the chief people officer, on progress against the people strategy and her plans for its further development to ensure that Bromford remains fit for the future. We have been kept informed about the outcome of the Great Place to Work Survey and colleague thriving survey and of plans and next steps to respond. The committee has also considered our Gender Pay Gap report. I am appointed as our colleague engagement non-executive director.

Executive leadership.

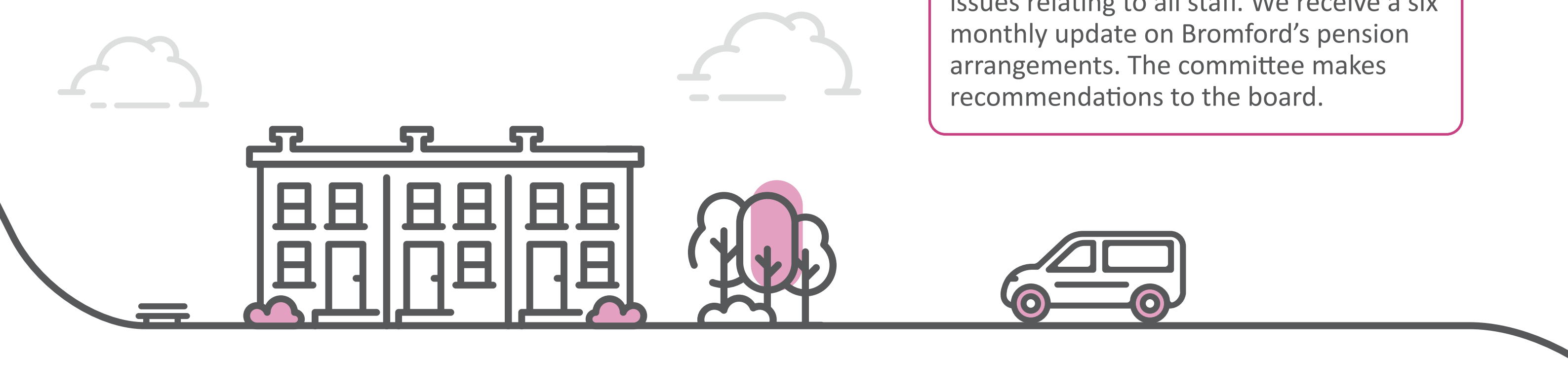
Our role is to keep under review executive leadership needs to ensure Bromford's long term success and its continued ability to deliver its strategy and to ensure it continues to meet the expectations of its stakeholders, regulators and customers.

During the year, the chief executive has appointed a new chief risk officer and chief finance officer to join his leadership team. The chief executive has kept the committee fully informed of progress with recruitment. Interviews were attended by the group chair, the former chair of audit and risk committee and the former chair of this committee.

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

Pensions.

Over the year we have provided oversight of Bromford's various pension arrangements, scheme membership and management and general pensions issues relating to all staff. We receive a six monthly update on Bromford's pension arrangements. The committee makes recommendations to the board.



Report of the chair of the treasury committee.

Committee members.

Neil Rimmer
(resigned as chair and member 29 November 2021)

Jerry Toher
(appointed chair from 29 November 2021)

Steve Dando
(non-executive director)

Paul Walsh
(chief finance officer - appointed as member 1 December 2021)

How the committee works.

The treasury committee members are two independent non-executive directors and the chief finance officer. The committee is also served through the appointment of an experienced independent adviser Alex Gipson and benefits from the regular attendance of the chief executive officer and director of treasury.

The committee also draws upon the expertise of external firms of legal and treasury advisers who are appointed on specific projects of higher complexity where market benchmarking, strategic input or deal execution is required. Examples in the year include the appointment of advisers to review the group's treasury management policy; to successfully complete the transition from LIBOR to SONIA across the group's loan portfolio; to establish the funding mechanism for the group's joint venture vehicle, Bromford Housing Group Investments Limited; and to publish our inaugural sustainable finance framework.

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

Chair's statement.

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

We continue to benefit from strong levels of liquidity, having successfully drawn a further £200m of new funding from our long dated deferred bonds that were priced at the height of the pandemic in summer 2020. These fixed rate deals leveraged the historically low gilt yield curve at execution and are already creating significant interest savings against the rising rate environment as we enter into the next phase of our business plan. We end the year with over half a billion pounds in cash and undrawn RCFs, crystallising a liquidity ratio of over twice the requirement providing ample funding to meet the group's cashflow requirements until at least February 2024. We remain in regular dialogue with investors, having issued our half year and year end trading updates and hosted another successful annual roadshow in November 2021.

Having already issued the first green and governance linked loans in the sector, we were delighted to announce the launch of our inaugural sustainable finance framework in July 2021, accredited by S&P Global Ratings. This bold and wide-reaching framework now firmly positions our sustainability agenda at the forefront of our corporate activity. It goes beyond our delivery of social housing and carbon reduction and maps to seven UN SDGS touching every aspect of sustainability from reducing homelessness and alleviating unemployment to establishing a workforce culture that delivers a more inclusive, customer focussed team.

We will be presenting our first annual Impact Report in late summer setting out our progress and our broader performance against the sector's Sustainability Reporting Standard. Notable highlights include reducing our gender pay gap to 7.2% and successfully improving the energy efficiency of our existing homes with 86% of our portfolio now at SAP C or above. These metrics are tied to our sustainability linked loans (SLLs) with SMBC and Natwest and we have generated substantial savings on these loans which we have already reinvested to create even more social value in our communities. We are particularly proud to have invested our first set of savings to fund a pilot scheme with The Safe Partnership to help tackle hate crime, domestic abuse and homelessness and provide safety measures for vulnerable people and those at risk of domestic violence. We will continue to maintain this virtuous sustainability circle and invest future savings in similar community based projects which help to improve the day to day experience of our customers.

Underpinning our treasury operations, we continue to exercise the effective monitoring, control and governance of our funder covenants, treasury management policy and financial framework. At our annual review, to rationalise our group funding arrangements and deliver even greater transparency around group on-lending; we enhanced our policy to position BHG as the sole entity on-lending funds to subsidiaries and prohibited any further on-lending outside of the group. We also approved a £25m funding package from BHG to the group's new subsidiary, Bromford Housing Group Investments Limited (BHGIL), to pursue joint venture activity. Moving forwards we will continue to position BHG as the group's funding vehicle and work with our existing lenders to amalgamate BHA and MHS into a single housing association subsidiary to drive further simplicity and operational efficiency. Delivering to the demands of the external banking environment, in September 2021 we successfully completed our transition from LIBOR to SONIA with all funders, comfortably ahead of the LIBOR cessation date.

We remain committed to our sector leading dual credit platform and Moody's and S&P continue to firmly position us an A2/A+ issuer. Both ratings now benefit from a stable outlook, with restoration of the S&P outlook achieved in the year. We close the year with significant headroom against our key group covenants, with interest cover at 3.1 (with over twice headroom) and gearing at 37% (covenant 67%).

As we continue to emerge from the pandemic and look to meet out new homes ambitions and pursue our sustainability agenda, treasury activity remains core to our success. As an established issuer in the debt and capital markets, with a track record and continuing focus on sustainability, we are well placed to meet the challenges that lie ahead. We will continue with our relentless focus on driving value in our loan book and new funding; ultimately the savings we generate across our treasury activity means we can invest even more money in supporting our existing customers and delivering even more homes.

Jerry Toher
chair

Report on the year.

Publishing Bromford's sustainable finance framework.

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

We are proud to have a framework which include a use of proceeds list that goes beyond the delivery of affordable housing to include projects promoting equality and diversity, providing employment and apprenticeships, reducing homelessness, endorsing green office buildings and moving to an electric fleet of repair vans.

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

Maintaining Bromford's sector leading dual credit rating platform.

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

The committee was also apprised of the annual rating updates from Moody's and S&P Global Ratings. Moody's reaffirmed their A2 (stable) rating in November 2021, with the committee noting the key strengths highlighted around our stabilised operating margins, our ample liquidity and borrowing capacity, our strong market position and our continued focus on core business. S&P Global Ratings reaffirmed their A+ rating, returning the outlook to stable (previously negative), in January 2022.

Optimising Bromford's group corporate structure.

In September 2021, the committee oversaw the successful novation of £30m third party debt in BHO to its parent company, BHG. This facilitated the partial transfer of engagements from BHO into BHA, as part of a broader drive to optimise and simplify the group structure. No external debt resides in BHO and it now benefits from a £35m inter group loan from BHG which was approved by the committee.

Funding Bromford's joint venture activity.

In January 2022, the committee oversaw and approved a new £25m funding proposal for the group's newly formed subsidiary, Bromford Housing Group Investments Limited (BHGIL), to pursue joint venture activity with private developers and local authority partners.

The committee interrogated the capital structure to ensure it successfully met the requirements of charitable law, existing funder covenants, regulation and tax legislation whilst remaining commercially attractive for potential joint venture partners. The committee sought external advice from specialist advisers at Newbridge (treasury and governance), Trowers (legal) and Deloitte (taxation) before making a formal recommendation to board for the approval of £19.375m of debt funding and £5.625m equity from BHG into BHGIL.

Managing Bromford's transition from LIBOR to SONIA.

In September 2021, in view of the cessation of LIBOR, the committee oversaw and approved the transition from LIBOR to SONIA across the group's loan and derivatives portfolio. The transition was completed ahead of LIBOR being discontinued on 31 December 2021. The committee benefited from independent advice from specialist advisers at Chatham and approved the transition based on the industry accepted International Swaps and Derivatives Association (ISDA) fallback methodology.

Risk, policy and governance consideration.

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

Compliance with Bromford's funder covenants.	The committee considers and reviews core treasury performance on a monthly basis. The committee reviews the out-turn for financial covenants (interest cover and asset gearing) against budget and business plan projections, making appropriate enquiry for any material movements. The committee also assesses compliance with the corresponding financial framework and golden rules and monitors the levels of headroom established at each month end. Bromford continues to perform well against its funder covenants and closed the year with interest cover at 3.1 (with over twice the headroom against the covenant of 1.1) and gearing at 37% (with significant headroom against the covenant of 67%).
Managing Bromford's cash and long term deposits.	In April 2021, with the looming threat of negative interest rates, the committee sought independent advice from Chatham on the risks associated with our cash deposits. The committee understood the risk to be negligible and appropriately mitigated through Bromford's existing policy on institutional holdings; requiring counter parties to meet minimum counterparty credit ratings and deposit values not exceeding predetermined levels (£50m for institutions with credit ratings of at least A1/A+/A+ or £25m for institutions with credit ratings at least A3/A-/A-) In October 2021, with the rising rate environment and continuing strength in liquidity, the committee approved a proposal to deposit £50m in longer term (six month) deposit accounts generating over £50k of additional income against budget projections. In April 2022, upon expiry, the committee approved an extension of the deposit for a further six months to October 2022.
Managing Bromford's counterparty credit line risk.	The group continues to benefit from £338m of revolving credit facilities, successfully diversified across four separate funders in the previous financial year. In July 2021, in view of continuing market uncertainty and to further protect Bromford's over reliance on any single credit line, the committee enhanced the treasury management policy to limit undrawn funding from any single provider to no more than 60% of all undrawn funds.
Managing Bromford's mark-to-market exposure on callable swaps.	The committee reviews the group's exposure to market calls on its two ISDA agreements every month to ensure all off market positions are fully collateralised with £15m of headroom. The committee made particular enquiry on adverse movements in market calls after the Bank of England's two emergency rate cuts at the onset of coronavirus and ensured further comfort against additional rate action.

Report of the chair of audit and risk committee.

Committee members.

Richard Penska
(chair until 30 September 2021)

Charles Hutton-Potts
(chair from 1 October 2021)

Richard Bird
(independent non-executive director)

Carolyn Downs
(independent non-executive director, appointed as member from 1 December 2021)

How the committee works.

All members of the committee are independent non-executive directors. Across the committee membership, there is a diverse range of experience in business, finance, auditing and risk, with depth of experience in the housing development and the public and housing sectors.

Other regular attendees at meetings at the invitation of the committee include the chief executive, the chief finance officer, chief risk officer and wider executive team, the company secretary, other members of senior management, representatives of Internal Audit (PwC) and representatives from the external auditor (Beever and Struthers). None of these attendees are members of the committee but can be drawn on for their expertise.

The committee provides oversight and advice to the board on the matters listed in its terms of reference and reports to the board on those matters after each meeting.

The committee is authorised to seek external legal or other independent professional advice, but did not need to do so during the year, but did consider the work of corporate advisers and specialists regarding material risk, governance and control aspects as part of board oversight.

The committee has the opportunity to hold private discussions with the internal and external auditors without management being present.

The committee chair regularly holds separate meetings with the chief risk officer, chief finance officer, internal and external auditors to better understand issues or areas for concern.

Chair's statement.

I would like to take this opportunity to thank Richard Penska for his excellent dedication and support as chair of the audit and risk committee over many years until October 2021.

Over the last year there have been several external challenges that have changed the risk profile for Bromford. The public health and economic outlook remain unclear and we have seen significant disruption to supply chains and the labour market due to the pandemic, leaving the EU and the recent invasion of Ukraine. We now face exceptional challenges with inflation hitting the highest level in three decades. Throughout this the committee has continued to provide the board with assurance as to the effectiveness of the risk and internal controls and advice and oversight in relation to the current and future risk exposures.

The committee has continued to keep abreast of emerging changes to regulation, with a focus on the decarbonisation agenda, the environment and social sustainability. Understanding the impact to risk management is key, while continuing to focus on the safety and wellbeing of customers and colleagues.

Charles Hutton-Potts
chair

Preparation of the financial statements and external financial reporting.

Internal controls and risk management systems have been in place to provide assurance over the preparation of the annual report and accounts. Information submitted for inclusion in the financial statements is attested by individuals with appropriate knowledge and experience. The committee ensures that disclosures reflect the supporting detail or challenges them to explain and justify their interpretation. The annual report and accounts are scrutinised throughout the process by relevant senior stakeholders. Key controls in the process are subject to regular testing, the results of which are reported to the committee.

One of the key roles of the committee is to monitor, review and challenge the financial reports prepared by management and oversee the assurance carried out by external auditors, before requesting board approval. The external auditor supports this process, by auditing the accounting records against agreed accounting practices, relevant laws and regulations.

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

Key judgements and estimates.

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the year-end and the amounts reported for revenues and expenses during the year. The external auditor undertook testing to assess whether the key judgements and estimates have been made appropriately in line with the industry and are disclosed satisfactorily in the financial statements. The committee was satisfied with the outcomes of the audit which noted the results of the work proved satisfactory.

Pensions.

Bromford participates in two LGPS pensions schemes and the Bromford defined pension scheme. At 31 March 2022 the valuations of the schemes rely on a number of actuarial assumptions, which are approved by Bromford. Management gave assurances to the committee that the actuaries used appropriate assumptions and are derived on a consistent basis, year on year. The external auditor noted the financial statements show balances and disclosures in line with the actuarial reports. The external auditor compared the asset split for the group's share of the scheme assets against the total asset split of the pension schemes and found no significant variances. The committee was satisfied that the appropriate assumptions were within a reasonable range.

Transformation programme.

Intangible fixed assets relating to our transformation programme are capitalised. These are capitalised as Bromford expects them to result in future economic benefits. New payroll and HR systems have been implemented and maintenance has been consolidated onto one system. Rents, billing, income management, the customer portal, fixed assets and the property hierarchy will be transferred to Microsoft Dynamics 365 after 31 March 2022. The external auditor reviewed the assessment of impairment for intangible assets, included testing of additions for the year ended 31 March 2022 and reviewed the workings for the expected future benefits arising as a result of the additions to ensure these are reasonable and in line with FRS 102. The committee was satisfied with the outcomes of the audit which noted no issues of concern.

Loan covenants and treasury management.

The group has borrowing, which includes undrawn facilities (predominantly revolving credit facilities), with standalone interest rate swaps for periods up to 2032 to manage mark-to-market exposure. These have been categorised as non- basic and are measured at fair value. The loan covenant calculations as at 31 March 2022 show that the loan covenant position is compliant with funder requirements across the group. Following audit testing across a number of areas the external auditor found no issues of concern in this area. In line with Auditing Standards, the external auditor reviewed judgements and estimates until the point of signing the financial statements. Management gave assurances that the group will remain a going concern and is able to avoid breaching its loan covenants even in a serious stressed scenario. The committee was satisfied with outcomes and management response.

Housing Properties.

Improvement works are capitalised and the external auditor tested and evaluated a range of areas including the controls over the capitalisation of expenditure on major repairs and components to ensure the requirements of the Statement of Recommended Practice 2018 (SORP) have been met, as well as additional testing on accruals for maintenance expenditure, depreciation charges for the year and sample transactions to the recycled grant fund. The committee was satisfied with the outcomes of the audit which noted no issues of concern.

Property sales.

The group generated proceeds from the sale of existing housing properties of £58.8m in the year to 31 March 2022, in addition to £37.0m of first tranche low cost home ownership sales and £13.6m of outright sales. Overall surplus across these categories was £33.5m. The external auditor undertook testing to assess areas including the systems and controls over development of shared ownership first tranche and staircasing sales, outright sales, RTB and RTA sales and other sales and reviewed the carrying value of the group's work-in-progress at the year-end to ensure it is stated at its selling price less costs to complete and sell. The committee was satisfied with the outcomes of the audit which noted no issues of concern.

New homes development.

During the year new developments are capitalised by the group. COVID-19 has impacted on development progress in the current year and in terms of access to existing properties to complete works. The group delivered 1,224 new units during 2021/22. The external auditor tested a number of areas including the key controls over the approval and recording of development expenditure and disposals, including development appraisal assumptions and assessed the accounting policies for capitalising development overheads and interest on loans. The committee was satisfied with the outcomes of the audit which noted no issues of concern.

Focus areas in 2021/22.

The committee has an extensive agenda focusing on the audit, risk and assurance processes within Bromford. Some key areas for discussion for the committee during 2021 to 2022 included:

Internal audit.

Considered internal audit reports presented to the committee and satisfied itself that management resolved or was in the process of resolving any outstanding issues or actions.

Satisfied itself that management has adequate controls over the process for resolving issues and actions arising.

Reviewed and approved the internal audit plan and approach for 2022 to 2023.

External audit.

Reviewed the proposed audit plan for the 2021 to 2022 audit, including the key audit risks, audit report from Beever and Struthers on the financial statements and the areas of particular focus for the 2021 to 2022 audit.

Assessed the effectiveness of the external auditor and made a recommendation to the board for the reappointment of Beever and Struthers as the external auditor.

Transformation governance.

With an ongoing transformation programme underway, the committee continues to receive regular updates in relation to the governance and risk management in the programme.

Financial crime.

Approved the revised anti-money laundering (AML) policy.

Approved the AML officer appointment.

Monitored fraud reporting and incidents of whistleblowing, including a review of the adequacy of the whistleblowing processes and procedures, prior to reporting to the board on this activity.

Landlord compliance.

The committee continues to receive regular updates in relation to landlord compliance performance.

Oversight of the completion of the landlord compliance controls framework, including data reconciliations.

Information security and resilience.

Received updates throughout the year on the outcomes of penetration and vulnerability testing, the committee noted that good progress had been made.

Risk management and internal reviews.

Endorsed the risk management policy prior to recommending board approval. The committee noted ongoing improvements to the internal controls and risk management systems.

Reviewed the risk appetite statement.

Reviewed the second line assurance reports and had oversight of the closure of material actions.

Internal review plan.

Reviewed and approved the schedule of internal review activity being undertaken by the risk and health and safety business assurance function.

Trading updates.

Received and approved Bromford market trading updates.

Internal audit.

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

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

Risk management.

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

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

Step 1

Risk identification.
- Consider strategy and business plan

Step 2

Risk assessment.
- Estimate likelihood risks will occur
- Consider impact across the wider business

Step 3

Risk analysis.
- Compare assessment to established risk appetite
- Agree to treat, tolerate, transfer or terminate the risk

Step 4

Risk response.
- Put in place effective strategies to remediate defective controls or implement additional controls
- Determine further action that may be necessary

Step 5

Risk reporting.
- Operational risks to business, forum and committee
- Strategic risks to forum, committee and board

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

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

The board.

- sets the risk culture
- makes risk informed decisions
- sets and regularly reviews the risk appetite
- undertakes annual assessment of strategic risks

Report

Delegated authority

Audit and risk committee.

Supports the board in monitoring significant risk, tracking progress of risk management and tracking of internal audit activity and outputs

Report

Delegated authority

Executive committee, risk and compliance forum.

Supports the board in the management of risk

Report

Report

Report

Report

First line of assurance.

Business units

- day to day management of risks in line with the frameworks and risk appetite set
- identify, assess and respond to risk identified
- define, implement and monitor key controls
- activities are embedded with the teams that are responsible for the activity so that colleagues with the right expertise are carrying out checks

Second line of assurance.

Governance, risk and assurance

- define the risks frameworks
- ensure adequate first line has been undertaken through a business partnering model
- quality checks and review of systems and controls
- provide advice and challenge to business units
- risk team complete ad hoc risk reviews to test risks are being managed in line with our risk appetite

Third line of assurance.

Internal audit

- provide independent and objective challenge
- conduct control testing across first and second line
- assesses effectiveness of the risk programmes by analysis of key controls
- evaluates internal control environment
- highlight areas of risk not being managed within appetite or where we may need to recalibrate our appetite in the context of internal or external change

Inform and improve

Inform and improve

Risk appetite.

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

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

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

In addition to managing the inherent risks for Bromford, we focus on the health and wellbeing of our customers, communities and colleagues as our priority and have an averse risk appetite for any health and safety risk caused. We are committed to our sustainability agenda and continue to focus on our journey to net zero carbon. More detail is found on page 19 and this is supported by our sustainability key strategic risk (see below for further information).

Our principal risks.

The board reviews the principal risks, appetite and tolerances annually and the last review was in November 2021. The risks and associated indicators are monitored monthly by the board. Business risks are monitored for emerging threats and operational trends, with escalation through executive forums, audit and risk committee and then to board.

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

Death, injury or harm

Direction of travel: Improving

Link to strategy: Future ready

Risk: Our approach to health and safety lacks robust controls and oversight. This results in death, injury or harm caused to colleagues, customers, contractors or the public.

Risk mitigations

- A well-established health and safety policy and framework sets out no one should be harmed by what we do.
- Audit and risk committee and board receive independent assurance from technical experts throughout the year.
- Monitoring our supply chain to ensure safe practice.

Changes in year

- ISO45001 accreditation received for all geographical areas within Bromford.
- Continued covid secure measures to keep colleagues and customers safe.
- Refreshed our approach to monitoring, training, documentation and assurance.
- 100% legal compliance achieved for landlord compliance.

Environment and sustainability

Direction of travel: New

Link to strategy: Future ready

Risk: Responding to our 2028 carbon reduction requirements. This may result in material financial implications, regulatory intervention and reputational damage.

Risk mitigations

- Delivering EPC rating C by 2028 ahead of the government 2035 requirement.
- Roadmap to 2050 net zero carbon developed which is monitored through the sustainability group.

Changes in year

- Overall net zero carbon strategy developed and endorsed by the board.
- Full costs for delivery now embedded in 30 year business plan.

Financial pressures for customers

Direction of travel: Worsening

Link to strategy: Our relationship with customers

Risk: Uncertainty within the external environment leads to increased financial pressure for customers.

Risk mitigations

- Our coaching approach is designed to support our customers.
- The customer and communities model is subject to an annual effectiveness review, reported to board.
- Income management policies in place to support colleagues and customers.

Changes in year

- We continue to evaluate the benefits and hardship funds made available from the government and how this can support customers.
- 'Money Matters' launched online for Bromford customers to offer help and advice on managing your money.

Cyber security and network controls

Direction of travel: Improving ▶▶▶▶

Link to strategy: Future ready

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

Mitigation strategies

- Dedicated Information Security Team and Data Protection Officer responsible for monitoring information security and cyber threat.
- Information security management systems aligned to ICO/EIC 27000 standards, with oversight through business forums and audit and risk committee reporting.

Changes in year

- Working closely with third-party IT service partners to manage risk and improve technical standards.
- Cyber security assessed as part of the Internal Audit programme.
- Ongoing vulnerability and penetration testing.

Third parties and supply chains

Direction of travel: Static ●●●●

Link to strategy: Future ready

Risk: Failure of third parties and supply chains.
This results in adverse cost impact, quality or delays to Bromford.

Mitigation strategies

- Strategic suppliers have been identified and we are working with them to ensure they have fit for purpose business continuity plans.
- Business stability of suppliers is tracked through a variety of methods.
- Contingency supplier capability assessed for single supply/ strategic goods or services.

Changes in year

- Regular contract review and performance meetings, including Key Performance Indicators ('KPIs') review and proactive supplier and market assessments.
- Internal Audit on Procurement completed.
- Close monitoring of inflation and working closely with suppliers to manage cost.

Development and market sales

Direction of travel: Static ●●●●

Link to strategy: Growing the business

Risk: We fail to deliver our new homes and market sales aspirations. Rising costs, market downturn, competition in the market and/or a lack of opportunity could impact our ability to deliver against plan.

Mitigation strategies

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

Changes in year

- Despite ongoing covid restrictions throughout the year, we delivered 1,224 new homes.
- Working with suppliers to negotiate and hold prices for key materials needed to construct new homes.
- We have set up a dedicated land forum, to discuss and approve land led opportunities.

Financial planning and performance

Direction of travel: Static ●●●●

Link to strategy: Future ready

Risk: Our financial and resilience planning and/or monitoring fails to mitigate substantial macroeconomic or political events.

Mitigation strategies

- Robust financial planning, stress testing scenarios and resilience plans are in place, incorporating plausible macroeconomic and political impacts, with close tracking at forum, committee and board level against the financial framework and golden rules.

Changes in year

- 30-year business plan updated to reflect sustainability strategy.
- Ongoing assessment and monitoring of impact of inflation and interest rate changes.
- Moody's confirmed our credit rating as A2 stable.
- Standard & Poor's confirmed as A+, outlook upgraded to 'stable'.
- Moody's ESG credit impact score confirmed as CIS-2 Neutral to Low.

People

Direction of travel: Static ●●●●

Link to strategy: Enabling colleagues to thrive

Risk: A lack of skilled colleagues who are thriving in their role will impact our ability to achieve our objectives. This may be due to a failure to recruit, retain and/or motivate engaged colleagues.

Mitigation strategies

- The embedding of our performance management process and both core and leadership competencies to support the ability of colleagues to achieve our objectives.
- Continuation of our leadership 50 development programme including 360 feedback to raise the level of leadership capability.
- Improving leadership capability for recruitment with the use of unconscious bias training, e-learning for recruitment and workshops to improve the quality of candidates appointed.

Changes in year

- The launch of our graduate programme to provide a pipeline of future talent to support succession planning.
- Implementation of a 4% pay award to help with increasing cost of living and pressure in the recruitment market.
- The development of career pathways to assist in the retention of colleagues and to improve the performance of colleagues in role while also providing a route for career development.

Emerging risks.

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

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

Board compliance statements.

Statement of compliance with the regulatory standards.

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

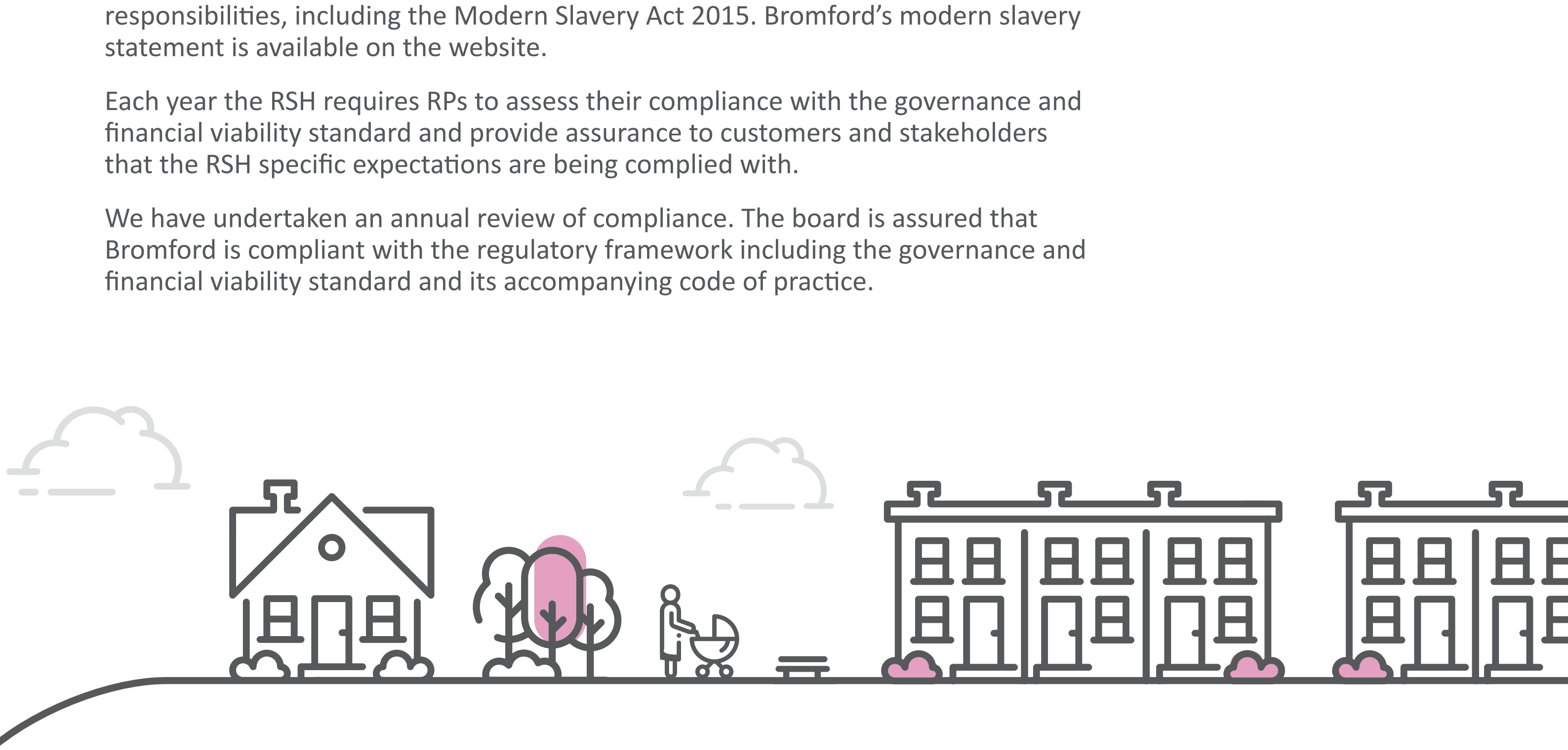
One of the core economic standards is governance and financial viability. This requires Registered Providers (RPs) to have effective governance arrangements in place that deliver their aims, objectives and intended outcomes for tenants and potential tenants in an effective, transparent and accountable manner. It also requires RPs to manage their resources effectively, to make sure their viability is maintained whilst ensuring that social housing assets are not put at undue risk. As part of being regulated by the RSH, Bromford has been given a rating for governance, as assessed against the governance and financial viability standard.

Following an In-Depth Assessment carried out by the RSH in 2019, Bromford maintained a G1 governance and V1 financial viability rating, the highest ratings on the scale throughout the financial year ended 31 March 2022.

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

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

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



Statement of compliance with our code of governance.

We have voluntarily adopted the UK Corporate Governance Code 2018 (the code). The code reflects our commercial outlook, focus on achieving the highest possible standards of accountability and transparency and our desire to position ourselves alongside other high-achieving organisations, regardless of sector. As we do not have shareholders in a conventional sense, some aspects of the code do not apply to us. However, we strongly support the objectives that this section aims to achieve and this is reflected in the open and transparent way we deal with our partners and stakeholders. Merlin Housing Society does have legacy shareholders and continues to hold an annual general meeting. The code applies for our financial year 2021 to 2022. Each year the board reviews compliance with the code and during the financial year ended 31 March 2022, we consider that Bromford has complied with all relevant principles and provisions of the code. We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for stakeholders to assess the group's position, performance, business model and strategy.

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

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

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

The financial statements are required by law to give a true and fair view of the state of affairs of the group and the association and of the income and expenditure of the group and the association for that period.

In preparing these financial statements, the board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and assess the group and the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the group or the association or to cease operations, or has no realistic alternative but to do so.

The board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the group and the association and enable them to ensure that its financial statements comply with the Cooperative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (group accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

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

Going concern.

The board, after reviewing the group and association's budget for 2022 to 2023 and the group's medium term financial position as detailed in the 30-year business plan is of the opinion that, taking account of severe but plausible downsides, the group and association have adequate resources to continue in business for the foreseeable future.

Accordingly, the financial statements set out on pages 87 to 134 have been prepared on a going concern basis.

Viability statement.

As required by the provisions of the UK Corporate Governance Code, the board has undertaken an assessment of the future prospects of Bromford taking into account its current position and principal risks. The assessment includes changes arising from the challenges to the sector as the covid pandemic and associated restrictions come to an end including rapidly increasing energy prices, supply chain shortages and rising material costs.

This assessment was made using the following core business processes:

Thirty year business plan (the 'plan') – the board reviews each iteration of the plan during the year as part of its strategic planning process, the most recent business plan was approved in May 2022. This process includes detailed stress testing of the plan which involves flexing a number of assumptions underlying the forecast both individually and together under particular scenarios.

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

Liquidity – based on the output of the plan and regular reforecasting of cashflows the board reviews the liquidity position of the group ensuring funding is secured in accordance with Bromford's treasury policy. Current available cash and unutilised loan facilities are over £500m which gives significant headroom for committed spend and other forecast cash flows that arise.

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

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

Appointment of auditors.

Beever and Struthers have indicated their willingness to continue in office and will be proposed for re-appointment in accordance with the Companies Act 2006 s.485.

Information for auditors.

We, the members of the board who held office at the date of approval of these Financial Statements as set out above confirm, so far as we are aware, that there is no relevant audit information of which the group's auditors are unaware. We have taken all the steps that we ought to have taken as board members to make ourselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The board and strategic report was approved on 26 July 2022 and signed on its behalf by:

Steve Dando, chair
26 July 2022

Bromford annual accounts 2021 to 2022

Independent auditor’s report.

Independent Auditor's Report to Bromford Housing Group Limited.

Opinion.

We have audited the financial statements of Bromford Housing Group Limited (the association) and its subsidiaries (the group) for the year ended 31 March 2022 which comprise the statement of comprehensive income – group and association, the statement of financial position – group and association, changes in reserves – group and association and the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies in note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the association's affairs as at 31 March 2022 and of the group's income and expenditure and the association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion.

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

We were first appointed as auditor of Bromford Housing Group Limited by the board for the period ending 31 March 2021. The period of total uninterrupted engagement for the group is for two financial years ending 31 March 2022. We have fulfilled our ethical responsibilities under, and we remain independent of the association in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

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

Materiality for the group financial statements as a whole was set at £5,674,500, determined with reference to a benchmark of group turnover (of which it represents 2%). We consider group turnover to be the most appropriate benchmark and more appropriate than a profit-based benchmark as the group is a not-for-profit organisation and the focus is on turnover rather than any surpluses, which are reinvested in the group.

Materiality for the parent association financial statements as a whole was set at £3,825,540, determined with reference to a benchmark of association turnover (of which it represents 2%).

We agreed to report to the audit and risk committee any corrected or uncorrected identified misstatements exceeding £283,725, in addition to other identified misstatements that warranted reporting on qualitative grounds.

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

Key Audit Matters.

Recoverability of stock and work in progress - group only.

The risk – significant risk medium value

The group recorded turnover from properties developed for first tranche shared ownership sale of £37.0m (2021: £26.7m) and properties built for outright sale of £13.6m (2021 £11.6m). Other property sales (such as staircasing, RTB and asset disposals) generated a surplus of £23.8m (2021: £15.8m). At 31 March 2022, the group held within current assets unsold properties with cost value of £3.4m (2021: £8.3m). Work in progress in relation to properties being developed for sale but still under construction at 31 March 2022 totalled £21.0m (2021: £30.4m).

Refer to page 100 (accounting policies) and page 114 (financial disclosures).

Our response

Our procedures included the following tests of detail:

- **Test of detail:** Agreeing the calculation of the surplus on sale for a sample of sales in the period.
- **Assessment of recoverability:** For a sample of development schemes, we reviewed the carrying value of the group's stock and work-in-progress at the year-end including the financial appraisals of each scheme. This included testing on a sample basis the expected profitability of the current schemes and reviewing post year-end sales of properties held in stock at 31 March 2022.

Our results

We found no evidence that the year-end balance of stock and work in progress is overstated at the year end.

Our review of schemes under development did not identify any indication of work in progress that required provision or impairment write down.

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

Valuation of defined benefit pension obligations - group only.

The risk – significant risk high value

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

- The Staffordshire County Council Pension Scheme: an asset of £4,894k (2021: a liability of £878k).
- The Avon Pension Fund: a liability of £4,120k (2021: a liability of £11,287k).
- The Bromford Pension Scheme: an asset of £11,153k (2021: a liability of £4,043k).

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

Refer to page 100 (accounting policies) and pages 126 - 133 (financial disclosures).

Our response

Our procedures included the following:

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

Our results

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

Treasury management and going concern - group and association.

The risk – significant risk high value

The group posted a full year surplus of £79.2m (2021: £62.1m) before actuarial movements on pension schemes (refer to pages 92 - 93 (accounting policies) and page 87 (financial disclosures)).

At 31 March 2022 the group had borrowings of £1,434.9m (2021: £1,254.9m) (refer to page 101 (accounting policies) and pages 117 - 118 (financial disclosures)).

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

The association posted a full year surplus of £200k (2021: £77K) before actuarial movements on pension schemes (refer to pages 92 - 93 (accounting policies) and page 87 (financial disclosures)).

At 31 March 2022 the association had borrowings of £767.1m (2021: £531.5m) (refer to page 101 (accounting policies) and pages 117 - 118 (financial disclosures)).

Our response

Our procedures included the following:

- **Assessment of recoverability:** Reviewed the group's and association's 2022/23 budget and longer-term financial forecasts, and the underlying assumptions, to assess the group's ability to service and repay the debt. We also reviewed the stress testing performed by the group on its long-term financial plan.
- **Confirmation of value:** Agreed loan balances to the accounting records and to external confirmation from the funders.
- **Test of detail:** Tested the detailed calculations for loan covenant compliance prepared by management, both for the year ended 31 March 2022 and projected future performance.

Our results

Our audit work concluded that all loan covenants were comfortably met at 31 March 2022. We confirmed that the group held cash reserves of £302.9m at 31 March 2022 (2021: £169.1m) and had undrawn loan facilities of £337.7m (2021: £337.7m). This available funding is sufficient to meet committed capital expenditure at 31 March 2022.

The association held cash reserves of £175.5m at 31 March 2022 (2021: £76.9m). There was £nil committed capital expenditure as at 31 March 2022 (2021: nil).

Forecast performance at 31 March 2023 shows a similar position, with gearing and interest cover forecast to be 39% and 180% respectively, against covenant limits of 67% and 110% respectively.

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

Recoverability of long-term debtor in Bromford Housing Group Limited - association only.

The risk – significant risk high value

The association's principal activity is to act as principal borrower from third parties and to lend funds to group entities in order to meet the objectives of the association. Long-term debtors in relation to this activity are reported as £582.4m at 31 March 2022 (2021: £441.6m).

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

Our response

Our procedures included the following:

- **Assessment of recoverability:** Reviewed the budgets and longer-term financial forecasts, including the underlying assumptions, to assess the ability of each subsidiary to service and repay the debt. We also reviewed the stress testing performed by each subsidiary on their respective long-term financial plans.
- **Confirmation of value:** Agreed all intercompany balances to the accounting records of the group and each subsidiary.
- **Test of detail:** Tested the detailed calculations for loan covenant compliance prepared by management for each subsidiary, both for the year ended 31 March 2022 and projected future performance.

Our results

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

Conclusions relating to going concern.

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

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

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

Other information.

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception.

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

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

Corporate governance disclosures.

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

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

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 76;
- Directors' explanation as to their assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on page 76;
- Director's statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on page 76;
- Directors' statement on fair, balanced and understandable set out on page 75;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 70 to 73;
- Section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 67 to 69 and;
- Section describing the work of the audit and risk committee set out on page 50.

Responsibilities of the board.

As explained more fully in the statement of board's responsibilities set out on page 75, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

- We obtained an understanding of laws and regulations that affect the group and association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the board and reviewed correspondence and board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the board have in place to prevent and detect fraud. We enquired of the board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the nature of the group's activities and the regulated nature of the group's activities.

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

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

Use of our report.

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

Beever and Struthers
Chartered Accountants
Statutory Auditor

The Colmore Building
20 Colmore Circus Queensway
Birmingham
B4 6AT

Date:

Bromford annual accounts 2021 to 2022

Finance statements.

Statement of comprehensive income – group and association

		Group		Association	
		2022	2021	**2022**	2021
		Total	Total	**Total**	Total
	Notes	**£'000**	£'000	**£'000**	£'000
Turnover	**2**	**283,725**	266,128	**23,289**	29,074
Cost of sales	**2**	**(40,851)**	(30,827)	**-**	-
Operating costs	**2,3**	**(153,598)**	(153,318)	**(23,121)**	(28,845)
Gain on disposal of property assets	**34**	**23,763**	15,807	**-**	-
Increase in valuation of investment properties	**13**	**2,089**	748	**-**	-
Operating surplus	**5**	**115,128**	**98,538**	**168**	**229**
Interest receivable	**6**	**243**	191	**15,685**	13,580
Interest and financing costs	**7**	**(44,823)**	(42,251)	**(15,653)**	(13,728)
Movement in fair value of financial instruments		**8,736**	5,540	**-**	-
Movement in fair value of investments	**19**	**(87)**	(74)	**-**	-
Surplus before tax		**79,197**	**61,944**	**200**	**81**
Taxation	**10**	**-**	187	**-**	(4)
Surplus for the year after tax		**79,197**	62,131	**200**	77
Actuarial gain/(loss) relating to pension scheme	**36**	**28,687**	(15,010)	**-**	-
Total comprehensive income for the year		**107,884**	47,121	**200**	77

All amounts relate to continuing activities.

The notes on pages 91 to 134 form an integral part of these financial statements.

The financial statements on pages 87 to 134 were approved and authorised for issue by the board on 26 July 2022 and were signed on its behalf by:

Steve Dando
chair

Robert Nettleton
chief executive

Sarah Beal
company secretary

Statement of financial position – group and association

	Notes	Group 2022 Total £'000	Group 2021 Total £'000	Association 2022 Total £'000	Association 2021 Total £'000
Fixed Assets					
Tangible fixed assets - housing properties	11	**2,575,529**	2,425,015	**-**	-
Investment properties	13	**26,647**	22,474	**-**	-
Tangible fixed assets - other	14	**21,517**	17,970	**-**	-
Intangible fixed assets	15	**43,280**	29,738	**-**	-
Homebuy loans receivable	16	**431**	570	**-**	-
Investment in subsidiaries	12	**-**	-	**150**	-
		2,667,404	2,495,767	**150**	**-**
Assets: amounts receivable after more than one year					
Debtors	18	**10**	10	**582,379**	441,620
Pension asset	36	**16,047**	-	**-**	-
		16,057	10	**582,379**	441,620
Current Assets					
Stocks	17	**27,746**	48,661	**-**	-
Trade and other debtors	18	**16,838**	16,811	**30,004**	28,827
Investments	19	**26,756**	24,435	**-**	-
Cash and cash equivalents	20	**302,869**	169,115	**175,464**	76,938
		374,209	259,022	**205,468**	105,765
Creditors: amounts falling due within one year	21	**(87,976)**	(80,372)	**(21,949)**	(15,434)
Net current assets		**286,233**	178,650	**183,519**	90,331
Total assets less current liabilities		**2,969,694**	2,674,427	**766,048**	531,951
Creditors: amounts falling due after more than one year					
Loans	22	**(1,419,724)**	(1,238,219)	**(765,037)**	(531,472)
Interest rate swaps	22	**(12,009)**	(20,182)	**-**	-
Deferred capital grant	23	**(476,407)**	(451,050)	**-**	-
Other creditors	22	**(11,630)**	(12,850)	**(332)**	-
		(1,919,770)	(1,722,301)	**(765,369)**	(531,472)
Provisions for liabilities					
Pension liability	36	**(4,120)**	(16,208)	**-**	-
Other provisions	26	**(3,559)**	(2,831)	**-**	-
Total net assets		**1,042,245**	933,087	**679**	479
Reserves					
Called up share capital	27	**-**	-	**-**	-
Income and expenditure reserve		**961,652**	852,303	**679**	479
Revaluation reserve		**78,617**	78,808	**-**	-
Restricted reserves		**1,976**	1,976	**-**	**-**
Total reserves		**1,042,245**	933,087	**679**	479

The notes on pages 91 to 134 form an integral part of these financial statements. The financial statements on pages 87 to 134 were approved and authorised for issue by the board on 26 July 2022 and were signed on its behalf by:

Steve Dando
cchair

Robert Nettleton
chief executive

Sarah Beal
company secretary

Changes in reserves – group and association

	Group			
	Revaluation reserve £'000	Income and expenditure reserve £'000	Restricted reserves £'000	Total £'000
Balance at 1 April 2020	80,212	803,778	1,976	885,966
Surplus from statement of comprehensive income	-	62,131	-	62,131
Other comprehensive income:				
Actuarial losses	-	(15,010)	-	(15,010)
Total comprehensive income for the year	-	47,121	-	47,121
Reserve transfers:				
Transfer in respect of depreciation	(1,404)	1,404	-	-
Transfer in respect of disposal	-	-	-	-
Balance at 31 March 2021	78,808	852,303	1,976	933,087
Surplus from statement of comprehensive income	-	79,197	-	**79,197**
Other comprehensive income:				
Revaluation in year	1,274	-	-	**1,274**
Actuarial gains	-	28,687	-	**28,687**
Total comprehensive income for the year	1,274	107,884	-	**109,158**
Reserve transfers:	-	-	-	-
Transfer in respect of depreciation	(1,337)	1,337	-	-
Transfer in respect of disposal	(128)	128	-	-
Balance at 31 March 2022	**78,617**	**961,652**	**1,976**	**1,042,245**

	Association	
	Income and expenditure reserve £'000	Total £'000
Balance at 1 April 2020	402	**402**
Surplus from statement of comprehensive income	77	**77**
Balance at 31 March 2021	479	**479**
Surplus from statement of comprehensive income	200	**200**
Balance at 31 March 2022	**679**	**679**

The notes on pages 91 to 134 form an integral part of these financial statements.

Statement of cashflows

		Group			
	Note	**2022**		**2021**	
Net cash generated from operating activities	29		204,676		181,577
Cashflow from investing activities					
Purchase of tangible fixed assets - new housing properties		**(175,390)**		(115,585)	
Purchase of tangible fixed assets - other		**(5,588)**		(4,214)	
Purchase of tangible fixed assets - existing housing properties		**(35,696)**		(31,257)	
Purchase of intangible fixed assets		**(15,449)**		(14,693)	
Purchase of tangible asset investments		**(9)**		-	
Transfers from current asset investments		**(2,402)**		2,448	
Grants received		**31,070**		9,906	
Interest received		**147**		191	
Net cashflow from investing activities			**(203,317)**		(153,204)
Cashflow from financing activities					
Interest paid		**(51,547)**		(49,854)	
New secured loans		**200,652**		50,000	
Repayment of borrowings		**(16,710)**		(27,467)	
Tax paid		**-**		(112)	
Net cashflow from financing activities			**132,395**		(27,433)
Net change in cash and cash equivalents			**133,754**		940
Cash and cash equivalents at the beginning of the year			**169,115**		168,175
Cash and cash equivalents at the end of the year			**302,869**		169,115

The notes on pages 91 to 134 form an integral part of these financial statements.

Notes to the financial statements.

Legal status

Bromford Housing Group Limited is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing (RSH) as a Private Registered Provider of Social Housing.

The group comprises the following entities:

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

1. Principal accounting policies

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

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

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

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

Measurement convention

The financial statements are prepared on the historical cost basis except for derivative financial instruments and investment property which are stated at fair value.

Parent company disclosure exemptions

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

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

Basis of consolidation

The consolidated financial statements incorporate the results of Bromford Housing Group Limited and its subsidiary undertakings as at 31 March 2022. Intercompany transactions and balances between group companies are eliminated in full on consolidation. The list of the subsidiary undertakings appears in the legal status section preceding this.

Going concern

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

The group prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in May 2022 by the board. As well as considering the impact of a number of scenarios on the business plan the board subjected the business plan to rigorous stress testing. The stress test impacts were measured against the financial framework, loan covenants and peak borrowing compared to agreed loan facilities with potential mitigating actions identified to reduce expenditure.

As the covid pandemic and associated restrictions come to an end, the sector faces numerous challenges including rapidly increasing energy prices, supply chain shortages and rising material costs, the combined impact of which is to increase inflation to levels not seen in the last 30 years. The business plan has been modified to include the impact of this. In addition, the business plan now includes the estimated full cost of the group achieving net zero carbon output by 2050 in line with current government targets.

The board, after reviewing the group and company budget for 2022 to 2023 and the group's medium term financial position as detailed in the 30-year business plan is of the opinion that, taking account of severe but plausible downsides, the group and company have adequate resources to continue in business for the foreseeable future. In reaching this conclusion, the board considered:

- the property market - budget and business plan scenarios have taken account of delays in handovers, lower numbers of property sales and reduction in sales values;
- adverse scenarios - the group's ability to withstand adverse scenarios such as higher interest rates and other adverse movements;
- rents and service charge receivable – budget and business plan scenarios have taken into account increases in arrears and bad debts for customer difficulties in making rent payments and scenarios to take into account potential future reduction in rents; and
- liquidity - current available cash and unutilised loan facilities of over £500m which gives significant headroom for committed spend and other forecast cash flows that arise.

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

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

Judgements and key sources of estimation uncertainty

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

- development expenditure - the group capitalises development expenditure in accordance with the accounting policy described on page 97. Initial capitalisation of costs is based on management's judgement that the development scheme is likely to proceed. Costs capitalised in this way are regularly reviewed and any costs identified as abortive are charged in the statement of comprehensive income.
- capitalisation of software - the group capitalises software and attributable project costs in intangible assets when it has been identified that these costs can be reliably measured and will provide future economic benefit to the group. These assets are regularly reviewed for impairment with any reduction in value charged to the statement of comprehensive income. Further details are provided in note 15.
- categorisation of housing properties - the group has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the group has considered if the asset is held for social benefit or to earn commercial rents. The group has determined that market rented properties and commercial properties are investment properties.
- impairment - the group has identified a cash generating unit for impairment assessment purposes during development and construction at a programme level, with subsequent impairment assessment once under management at a property scheme level.

Other key sources of estimation and assumptions

- tangible fixed assets - other than investment properties, tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- revaluation of investment property - the group carries its investment property at fair value, with changes in fair value being recognised in the statement of comprehensive income. The group engaged independent valuation specialists to determine the fair value at the reporting date. The valuer used a valuation technique based on a discounted cash flow model. The determined fair value of the investment property is most sensitive to the estimated yield as well as the long-term vacancy rate. The key assumptions used to determine the fair value of investment property are further explained in note 13.

- categorisation of debt - the group's loans have been treated as 'basic' in accordance with paragraphs 11.8 and 11.9 of FRS 102. The group has fixed rate loans which have a two-way break clause which means, in addition to compensation being payable by a borrower to a lender if a loan is prepaid where the prevailing fixed rate is lower than the existing loan's fixed rate, compensation could be payable by the lender to the borrower in the event that a loan is prepaid and the prevailing fixed rate is higher than the existing loan's fixed rate. On 2 June 2016, The Financial Reporting Council (FRC) issued a statement in respect of such loans and gave no prescriptive direction as to whether they should be classified as 'basic' or 'non-basic'. The group believes the recognition of each loan liability at cost provides a transparent and understandable position of the group's financial position and that each loan still satisfies the requirements of paragraphs 11.8 and 11.9 of FRS 102, therefore, the group has retained its 'basic' treatment of its fixed rate loans following the FRC announcement.
- intangible fixed assets - these are amortised over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account.
- interest rate SWAPs - uncertainties in the valuation of interest rate SWAPs include future interest rates and counterparty credit risk. The group uses a debt and derivative advisory company, regulated by the Financial Conduct Authority, to support the valuation of its derivatives, which are valued by the relevant lender.
- pension and other post-employment benefits - the cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, the actuary considers the interest rates of corporate bonds in the respective currency with at least an AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific sector. Future salary and pension increases are based on expected future inflation rates for the respective sector. Further details are given in note 36.
- impairment of non-financial assets - reviews for impairment of housing properties and intangible assets are carried out when a trigger has occurred and any impairment loss in a cash generating unit is recognised by a charge to the statement of comprehensive income.

  Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified.

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

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

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

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

- leases - a review of all leases has been carried out to classify leases as either operating or finance. These decisions depend upon an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- rent arrears and bad debt provisions - the amount of arrears that will not be collected is estimated on experience of collection of different types of debt. The impact of changes in welfare reform including universal credit and benefit caps have been estimated based on data provided from pilot studies and the group's experience based on a small population.
- property investments of £31.4m in the group are based on open market value from independent valuers (£26.6m of investment properties and £4.8m of pension assets). The directors consider these to be the best estimate of the property investment values. A 10% increase/(decrease) in the valuation would increase/(reduce) the group asset valuation by £3.1m.

Turnover and revenue recognition

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

Bromford Housing Group generates the following material income streams:

Rental income receivable

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

Shared ownership first tranche sales

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

Service charge income

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

Until these are returned or recovered, they are held as creditors or debtors in the statement of financial position.

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

Supporting people

Supporting people contract income received from administering authorities is accounted for as income in turnover as per note 2. The related support costs are matched against this income in the same note. Support charges included in the rent are included in the statement of comprehensive income from social housing lettings (note 3) and matched against the relevant costs.

Properties developed for outright sales

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

Grants

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

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

Other income

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

Loan interest costs

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

Loan finance issuance costs

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

Taxation

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

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except where a tax charge arises as a result of an item recognised as other comprehensive income or recognised directly in equity. In such cases, the tax charge is also recognised in other comprehensive income or directly in equity as appropriate.

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

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

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

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

Value Added Tax

The group charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. All amounts disclosed in the accounts are inclusive of VAT to the extent that it is suffered by the group/association and is not recoverable. The balance receivable or payable at the year-end is included in current assets or current liabilities.

Tangible fixed assets and depreciation

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

Housing properties

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

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

Freehold land is not depreciated.

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

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

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

The group depreciates housing properties held on long leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

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

	Years
Motor vehicles	6 (20% residual value*)
Fixtures, fittings, plant and equipment	5
Computer hardware	3
Office buildings	50

*revised from 3-6 years as reported previously

Works to existing properties

Works to existing properties have been capitalised when:

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

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

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

Non-component works to existing properties

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

Low cost home ownership properties

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

Capitalisation of interest and administration costs

Interest on loans financing development is capitalised up to the date of the completion of the scheme and only when development activity is in progress. The interest capitalised is either on borrowings specifically taken to finance a scheme or on net borrowings to the extent that they are deemed to be financing a scheme. This treatment applies irrespective of the original purpose for which the loan was raised. For the period ending 31st March 2022, interest has been capitalised at an average rate of 3.74% (2021: 3.96%) that reflects the weighted average effective interest rate on the group's borrowings required to finance housing property developments.

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

Intangible fixed assets

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

	Years
Architect fees	3
Computer software	2-7
Business Transformation costs	10*

*revised from 7 years as reported previously

Property managed by agents

Where the group carries the majority of the financial risk on property managed by agents, the total income and costs arising from the property are included in the statement of comprehensive income.

Where the agency carries the majority of the financial risk, only the income and costs solely attributable to the group are included in the statement of comprehensive income.

In both cases, the assets and associated liabilities are included in the group's statement of financial position.

Leasing and hire purchase

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

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

Other leases are treated as operating leases and payments are charged to the statement of comprehensive income on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives received on leases to enter into operating lease agreements are released to statement of comprehensive income over the term of the lease.

Investment property

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

HomeBuy

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

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

- the grant is recyclable up to the value of the original grant
- if there has been a fall in value of the property, the shortfall in proceeds can be offset against the grant
- the group can keep any surplus

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

Equity loans purchased from house builders

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

Valuation of investments

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

Current asset investments

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

Stock and properties held for sale

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

Properties developed for outright sale are included in current assets as they are intended to be sold, at the lower of cost or estimated selling price less costs to complete and sell.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income statement in other operating expenses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits which mature within 30 days. Bank overdrafts that are repayable on demand and form an integral part of the group's and association's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Social housing and other government grants

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

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

SHG must be recycled by the group if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by the Homes England. However, SHG may have to be repaid if certain conditions are not met. In that event, the amount repayable is shown in the statement of financial position as a subordinated unsecured repayable debt.

Recycling of capital grant

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

Holiday pay accrual

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

Defined benefit pension

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

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

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

The group participates in the Bromford Defined Benefit Pension Scheme which is open to new employees and in the defined benefit local government pension schemes of Avon Pension Fund and Staffordshire County Council pension schemes both of which are closed to new employees. The amounts charged to operating surplus are the costs arising from the employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to surplus for the year and included within finance costs. Remeasurement of the net assets/defined liability are recognised in other comprehensive income. Defined benefit schemes are funded in separate trustee administered funds.

The actuarial valuations are obtained triennially and are updated at each reporting date.

Defined contribution pension

The association also provides a defined contribution stakeholder pension scheme for employees not included in the defined benefit pension schemes. The employer contribution to the scheme is charged to the statement of comprehensive income as it becomes payable. The assets of the scheme are kept separately from those of the association.

Revaluation reserve

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

Financial instruments

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

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

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

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

Financial instruments held by the group are classified as follows:

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

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

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

Impairment of financial assets

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

The following financial instruments are assessed individually for impairment:

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

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

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

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

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

Carrying amounts

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

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

Segmental reporting

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

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

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

2. Turnover and operating surplus - group

		2022					
	Notes	Turnover £'000	Cost of sales £'000	Operating costs £'000	Surplus on disposal £'000	Revaluation on investment property £'000	Operating surplus/ (deficit) £'000
Social housing lettings							
Housing accommodation	3	186,387	-	(116,924)	-	-	69,463
Supported housing accommodation	3	23,589	-	(16,617)	-	-	6,972
Shared ownership accommodation	3	15,357	-	(10,383)	-	-	4,974
		225,333	-	(143,924)	-	-	81,409
Other social housing activities							
First tranche shared ownership sales		36,975	(30,154)	-	-	-	6,821
Supported people contract income		1,578	-	(1,882)	-	-	(304)
Agency services		1,973	-	(1,366)	-	-	607
Sales and development		-	-	(3,596)	-	-	(3,596)
Other		295	-	(462)	-	-	(167)
Gain on disposal of property, plant and equipment		-	-	-	23,763	-	23,763
Non-social housing activities							
Market rents		1,919	-	(1,252)	-	-	667
Sewerage services		14	-	(134)	-	-	(120)
Commercial rents		1,746	-	(855)	-	-	891
Properties developed for outright sale		13,644	(10,558)	(127)	-	-	2,959
Property development/equity loan sales		248	(139)	-	-	-	109
Increase in valuation of investment properties		-	-	-	-	2,089	2,089
		283,725	(40,851)	(153,598)	23,763	2,089	115,128

2. Turnover and operating surplus - group (continued)

		2021					
	Notes	Turnover £'000	Cost of sales £'000	Operating costs £'000	Surplus on disposal £'000	Revaluation on investment property £'000	Operating surplus/ (deficit) £'000
Social housing lettings							
Housing accommodation	**3**	181,466	-	(112,712)	-	-	68,754
Supported housing accommodation	**3**	22,974	-	(17,552)	-	-	5,422
Shared ownership accommodation	**3**	14,363	-	(11,881)	-	-	2,482
		218,803	-	(142,145)	-	-	76,658
Other social housing activities							
First tranche shared ownership sales		26,706	(20,885)	-	-	-	5,821
Supported people contract income		2,268	-	(2,951)	-	-	(683)
Agency services		2,120	-	(2,100)	-	-	20
Sales and development		57	-	(3,319)	-	-	(3,262)
Other		790	-	(170)	-	-	620
Gain on disposal of property, plant and equipment		-	-	-	15,807	-	15,807
Non-social housing activities							
Market rents		1,779	-	(1,301)	-	-	478
Sewerage services		14	-	(203)	-	-	(189)
Commercial rents		1,732	-	(1,608)	-	-	124
Properties developed for outright sale		11,598	(9,777)	479	-	-	2,300
Property development/equity loan sales		261	(165)	-	-	-	96
Increase in valuation of investment properties		-	-	-	-	748	748
		266,128	(30,827)	(153,318)	15,807	748	98,538

3. Turnover and operating surplus - group

	2022				2021
	Housing accommodation £,000	Supported housing for older people and My Place £'000	Shared Ownership £'000	Total £'000	Total £'000
Income					
Rent receivable net of identifiable service charge	**176,889**	**15,368**	**11,913**	**204,170**	198,250
Service charge income	**5,707**	**7,044**	**2,813**	**15,564**	14,970
Charges for support services	**355**	**232**	**346**	**933**	575
Amortised government grants	**3,436**	**945**	**285**	**4,666**	5,003
Revenue grants from other sources	**-**	**-**	**-**	**-**	5
Turnover from social housing lettings	**186,387**	**23,589**	**15,357**	**225,333**	218,803
Expenditure					
Management	**27,347**	**4,276**	**4,507**	**36,130**	40,459
Service charge costs	**11,870**	**4,712**	**1,083**	**17,665**	16,216
Routine maintenance	**26,721**	**1,982**	**740**	**29,443**	35,227
Planned maintenance	**14,640**	**1,112**	**900**	**16,652**	9,680
Major repairs expenditure	**6,901**	**436**	**230**	**7,567**	4,988
Bad debts	**551**	**55**	**82**	**688**	606
Depreciation of housing properties	**28,894**	**4,044**	**2,841**	**35,779**	34,969
Operating expenditure on social housing lettings	**116,924**	**16,617**	**10,383**	**143,924**	142,145
Operating surplus on social housing lettings	**69,463**	**6,972**	**4,974**	**81,409**	76,658
Voids	**(1,915)**	**(929)**	**(9)**	**(2,853)**	(2,702)

The association does not have any housing stock for letting.

4. Accommodation - owned, managed and in development.

	Group	
	2022	2021
	Number	Number
Under management at the end of the year		
General needs housing - social rent	**30,609**	30,513
General needs housing - affordable/intermediate rent	**3,863**	3,554
Supported housing	**3,582**	3,610
Low-cost home ownership	**4,019**	3,821
Leasehold	**1,934**	1,845
Units to be remodelled	**227**	238
Total social housing units	**44,234**	43,581
Non-social housing		
Staff accommodation	**4**	7
Market rent	**279**	271
Commercial	**91**	91
Offices and resource	**102**	112
Retained freehold	**948**	900
Total non social housing units	**1,424**	1,381
Total Units	**45,658**	44,962
Owned and managed	**43,626**	43,114
Owned and managed by others	**518**	492
Managed for others	**1,287**	1,118
Units to be remodelled	**227**	238
Total Units	**45,658**	44,962
Under development at the end of the year		
General needs housing - social rent	**65**	304
General needs housing - affordable rent	**131**	380
Supported housing	**-**	-
Low-cost home ownership	**109**	334
Outright sale	**-**	24
Total units	**305**	1,042
Garages/parking spaces	**4,286**	4,479
Garages not lettable (under review)	**715**	799
Total garages	**5,001**	5,278

5. Surplus on ordinary activities

	Group		Association	
The surplus on ordinary activities is stated after charging	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000
Operating lease rentals				
- office land and buildings	**293**	357	**-**	-
- other	**1,391**	1,593	**-**	-
Current auditor's remuneration				
- audit of financial statements	**23**	20	**23**	20
- audit of subsidiaries	**108**	112	**-**	-
- service charge certification	**32**	32	**-**	-
- other services	**5**	8	**-**	-

6. Interest receivable and income from investments

	Group		Association	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Interest receivable from cash, deposits and intragroup loans	**243**	191	**15,685**	13,580

7. Interest payable and similar charges

	Group		Association	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Interest on loans, overdrafts and other financing				
Repayable wholly within five years	**1,601**	1,431	**222**	295
Repayable wholly or partly in more than five years	**45,515**	43,538	**18,870**	15,891
	47,116	44,969	**19,092**	16,186
Other finance charges	**650**	789	**244**	164
Amortised net finance costs/(premium)	**295**	417	**(3,683)**	(2,622)
	48,061	46,175	**15,653**	13,728
Interest payable capitalised on housing properties under construction 3.76% (2021: 3.93%)	**(3,584)**	(3,943)	**-**	-
	44,477	42,232	**15,653**	13,728
Interest on pension scheme liabilities	**4,814**	4,247	**-**	-
Expected return on employer assets	**(4,468)**	(4,228)	**-**	-
	44,823	42,251	**15,653**	13,728

8. Colleague costs

	Group		Association	
	2022	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000
Wages and salaries	**58,872**	61,208	**8,992**	11,197
Social security costs	**6,037**	5,640	**1,038**	1,277
Other pension costs	**4,938**	5,142	**1,019**	1,353
	69,847	71,990	**11,049**	13,827

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

	2022	2021	**2022**	2021
	No.	No.	**No.**	No.
Asset management	**672**	679	**-**	-
Central services	**366**	370	**195**	268
Development, construction and sales	**134**	114	**-**	-
Housing management and support	**593**	596	**-**	1
	1,765	1,759	**195**	269

A full-time equivalent employee is classed as working a 37.5 hour week. The 2021 association average number of fulltime equivalent employees have been amended to align reporting categories year on year.

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

	Group	
	2022	2021
	No.	No.
£60,001-£70,000	**47**	39
£70,001-£80,000	**30**	24
£80,001-£90,000	**17**	20
£90,001-£100,000	**11**	9
£100,001-£110,000	**10**	7
£110,001-£120,000	**3**	2
£120,001-£130,000	**2**	2
£130,001-£140,000	**4**	3
£140,001-£150,000	**3**	2
£150,001-£160,000	**1**	2
£160,001-£170,000	**2**	1
£170,001-£180,000	**1**	1
£180,001-£190,000	**-**	-
£190,001-£200,000	**1**	1
£200,001-£210,000	**1**	-
£210,001-£220,000	**-**	-
£220,001-£230,001	**-**	1
£230,001-£240,000	**1**	-
£280,001-£290,000	**-**	1
£290,001-£300,000	**1**	-
	135	115

9. Bromford Group Directors emoluments disclosure

Group consolidated numbers

Directors (key management personnel) are defined as the members of the board, the chief executive, other chief officers and executive directors.

The highest paid director was Robert Nettleton (2021: Robert Nettleton), the chief executive. Robert Nettleton was an ordinary member of the Bromford defined benefit pension scheme funded by annual contributions from the employer and employee. No enhanced or special terms apply. There are no additional pension arrangements.

Emoluments (excluding pension contributions) payable to the highest paid Director

	2022	2021
	£'000	£'000
Robert Nettleton	**271**	259

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

			2022		
	Salaries	**Bonus**	**Taxable benefits**	**Pension**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Robert Nettleton	260	10	1	26	297
Other chief officers and executive directors	1,028	30	4	91	1,153
Non-executive board directors	125	-	-	-	125
Total executive and non-executive directors	**1,413**	**40**	**5**	**117**	**1,575**

			2021		
	Salaries	Bonus	Taxable benefits	Pension	Total
	£'000	£'000	£'000	£'000	£'000
Robert Nettleton	250	9	-	25	284
Other chief officers and executive directors	992	22	2	98	1,114
Non-executive board directors	103	-	-	-	103
Total executive and non-executive directors	1,345	31	2	123	1,501

The aggregate amount of any consideration payable to directors for loss of office was £94k (2021: £nil).

10. Taxation on surplus on ordinary activities

	Group		Association	
	2022	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000
Current tax				
UK corporation tax credit on ordinary activities	**-**	-	**-**	28
Over provision in previous years	**-**	(209)	**-**	(64)
Total current tax	**-**	(209)	**-**	(36)
Deferred tax				
Origination and reversal of timing differences	**-**	22	**-**	40
Tax on loss on ordinary activities	**-**	(187)	**-**	4
Total tax reconciliation				
Surplus on ordinary activities	**79,197**	61,944	**200**	81
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	**15,047**	11,769	**38**	15
Effects of				
Items not allowable for tax purposes	**8**	78	**-**	22
Income not taxable	**(86)**	(241)	**-**	-
Deferred tax not recognised	**94**	407	**-**	40
Adjustment in respect of prior years	**-**	(209)	**-**	(64)
Surplus relating to charitable entities	**(15,063)**	(11,991)	**(38)**	(37)
Group relief charge	**-**	-	**-**	28
	-	(187)	**-**	4

The UK tax rate is expected to increase to 25% from 1 April 2023 although this has not been substantively enacted, this could increase the group's and association's future current tax charge accordingly. The deferred tax liability at 31 March 2022 has been calculated at 19% (2021: 19%).

11. Tangible fixed assets - housing properties

	Group				
	Housing properties held for letting £'000	Housing properties under construction £'000	Completed shared ownership housing properties £'000	Shared ownership properties under construction £'000	Total £'000
Cost or valuation					
As at 1 April 2021	2,349,331	145,595	235,155	41,481	**2,771,562**
Additions	-	135,719	-	44,045	**179,764**
Replacement of components	42,422	-	6	-	**42,428**
Transferred on completion	71,681	(71,681)	21,227	(21,227)	**-**
Disposals	(6,934)	-	(11,702)	-	**(18,636)**
Components disposed	(5,483)	-	(19)	-	**(5,502)**
Transfers to another association	(19,744)	-	-	-	**(19,744)**
Revaluation	1,274	-	-	-	**1,274**
Transfer to investment properties	(2,225)	-	-	-	**(2,225)**
As at 31 March 2022	**2,430,322**	**209,633**	**244,667**	**64,299**	**2,948,921**
Depreciation					
As at 1 April 2021	339,547	-	7,000	-	**346,547**
Charge for the year	34,012	-	1,318	-	**35,330**
Disposals	(4,491)	-	(466)	-	**(4,957)**
Transfers to another association	(3,528)	-	-	-	**(3,528)**
As at 31 March 2022	**365,540**	**-**	**7,852**	**-**	**373,392**
Net book value					
As at 31 March 2022	**2,064,782**	**209,633**	**236,815**	**64,299**	**2,575,529**
As at 31 March 2021	2,009,784	145,595	228,155	41,481	2,425,015

	2022 £'000	2021 £'000
Housing property net book value in respect of long leaseholds	**85,209**	86,658
Housing property net book value in respect of freeholds	**2,490,320**	2,338,357
	2,575,529	2,425,015
Component depreciation within the depreciation charge	**23,434**	16,051
Development administration costs capitalised during the year	**3,963**	4,017
Aggregate amount of interest and finance cost included within the cost of housing properties	**32,212**	28,830
Expenditure on work to existing properties		
Replacement of components	**42,428**	30,035
Amounts charged to statement of comprehensive income	**7,567**	4,988
	49,995	35,023

Properties held for security

Bromford Housing Group - Registered Social Housing Provider - has property pledged as security existing use value for social housing (EUV – SH) and market value subject to tenancy (MV - STT) of £2,423m (2021: £2,227m).

The number of units on which security was pledged amounted to 31,858 (2021: 31,967).

12. Investments in subsidiaries

	Association	
	2022	2021
	£'000	£'000
Additions and at 31 March 2022	**150**	-

During the year Bromford Housing Group Investments Limited issued 150,000 shares of £1 each to Bromford Housing Group Limited.

13. Investment properties held for letting

	Group	
	2022	2021
	£'000	£'000
As at 1 April	**22,474**	21,710
Additions	**9**	-
Transfer from tangible fixed assets - housing properties	**2,225**	273
Gain on transfer of properties	**-**	41
Gain from adjustment in value		
Commercial investment properties	**222**	56
Market rent investment properties	**1,867**	651
Disposals		
Commercial investment properties	**(150)**	(257)
As at 31 March	**26,647**	22,474

Investment properties (commercial and market rent) were valued at market value using a discounted cashflow approach at 31 March 2022 by professional qualified external valuers. The valuation of the investment properties was undertaken by Jones Lang Lasalle in accordance with the Royal Institute of Chartered Surveyors Valuation Standards. In valuing the properties, the following significant assumptions were applied:

Discount rate	**7%-8.5%**
Level of long term rent increase	**1%**

14. Tangible fixed assets - other

	Group				
	Freehold offices £'000	Fixtures, fittings & equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost					
As at 1 April 2021	21,574	2,851	11,645	2,667	38,737
Additions	955	581	2,169	1,529	5,234
Reclassification	-	-	362	-	362
Disposals	(1,071)	(1,782)	(8,910)	(235)	(11,998)
As at 31 March 2022	**21,458**	**1,650**	**5,266**	**3,961**	**32,335**
Depreciation					
As at 1 April 2021	6,655	2,708	10,694	710	20,767
Charge for the year	461	128	1,060	400	2,049
Disposals	(1,071)	(1,782)	(8,910)	(235)	(11,998)
As at 31 March 2022	**6,045**	**1,054**	**2,844**	**875**	**10,818**
Net book value					
As at 31 March 2022	**15,413**	**596**	**2,422**	**3,086**	**21,517**
As at 31 March 2021	14,919	143	951	1,957	17,970

15. Intangible fixed assets

	Group		
	Software £'000	Architects' fees £'000	Total £'000
Cost			
As at 1 April 2021	37,783	148	37,931
Additions	16,109	-	16,109
Reclassification	(362)	-	(362)
Disposals	(2,326)	(148)	(2,474)
As at 31 March 2022	**51,204**	**-**	**51,204**
Depreciation			
As at 1 April 2021	8,045	148	8,193
Charge for the year	2,202	-	2,202
Disposals	(2,323)	(148)	(2,471)
As at 31 March 2022	**7,924**	**-**	**7,924**
Net book value			
As at 31 March 2022	**43,280**	**-**	**43,280**
As at 31 March 2021	29,738	-	29,738

Amortisation of intangible assets is included in operating costs in the statement of comprehensive income. Included within software are amounts capitalised for our software transformation project of £40.1m (2021: £27.3m), this asset includes various projects, some of which are complete and others that are in progress. Assets in progress of £26.0m (2021: £16.8m) have not yet been amortised as these assets are still being developed, once complete they will be amortised over the useful economic life of 10 years. The remaining amortisation period of the completed assets is between 7 – 10 years.

16. HomeBuy loans

	Group	
	2022	2021
	£'000	£'000
As at 1 April	**570**	735
Loans redeemed in the year	**(139)**	(165)
As at 31 March	**431**	570

17. Stocks and work in progress

	Group	
	2022	2021
	£'000	£'000
Consumable stock	**798**	763
Properties developed for outright sale	**1,522**	11,368
Land costs	**2,531**	9,169
Cost of first tranche element of shared ownership properties	**22,895**	27,361
	27,746	48,661
Shared ownership properties		
Completed	**1,848**	4,417
Under construction	**21,047**	22,944
	22,895	27,361
Properties in development for outright sale		
Completed	**1,522**	3,921
Under construction	**-**	7,447
	1,522	11,368

18. Trade and other debtors

	Group		Association	
	2022	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000
Amounts falling due within one year				
Rent arrears	**8,589**	7,225	**-**	-
Less: provision for bad debts	**(3,819)**	(3,293)	**-**	-
	4,770	3,932	**-**	-
Trade debtors	**825**	3,646	**-**	-
Amounts due from group companies	**-**	-	**21,397**	21,993
Deferred tax	**-**	-	**-**	-
Other debtors	**7,565**	6,990	**270**	244
Prepayments and accrued income	**3,678**	2,243	**8,337**	6,590
	16,838	16,811	**30,004**	28,827
Amounts falling due after more than one year				
Amounts due from group companies	**-**	-	**582,379**	441,620
Government grant debtor	**-**	-	**-**	-
Retentions	**10**	10	**-**	-
	10	10	**582,379**	441,620

19. Current asset investments

	Group	
	2022	2021
	£'000	£'000
Fair value at 1 April	**24,435**	26,877
Additions to investments	**2,448**	1,380
Withdrawals from investments	**(46)**	(3,828)
Interest	**6**	80
Losses on re-measurement to fair value	**(87)**	(74)
Fair value at 31 March	**26,756**	24,435

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

20. Cash and cash equivalents

	Group		Association	
	2022	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000
Cash at bank	**301,985**	168,111	**175,464**	76,938
Cash equivalents	**884**	1,004	**-**	-
	302,869	169,115	**175,464**	76,938

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

21. Creditors: amounts falling due within one year

	Group		Association	
	2022	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000
Prepaid rental income	**9,730**	8,169	**-**	-
Loans	**15,197**	16,706	**2,024**	-
Local Authority RTB share of proceeds	**3,346**	2,213	**-**	-
Interest rate swaps	**2,130**	2,693	**-**	-
Trade creditors	**12,285**	10,363	**64**	-
Amounts due to group companies	**-**	-	**19,783**	15,305
Social security and other taxes	**1,668**	1,653	**-**	3
Balances with supported housing partners	**932**	1,061	**-**	-
Funds held on trust	**228**	233	**-**	-
Deferred capital grant	**5,124**	4,840	**-**	-
Recycled capital grant fund	**5,658**	2,506	**-**	-
Other creditors	**4,791**	4,426	**-**	-
Accruals and deferred income	**26,887**	25,509	**78**	126
	87,976	80,372	**21,949**	15,434

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

	Group		Association	
	2022	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000
Loans	**1,419,724**	1,238,219	**765,037**	531,472
Amounts due to group companies	**-**	-	**332**	-
Interest rate swaps	**12,009**	20,182	**-**	-
Leaseholder sinking funds	**5,112**	4,651	**-**	-
Balances with supported housing partners	**1,782**	2,132	**-**	-
Deferred capital grant	**476,407**	451,050	**-**	-
Recycled capital grant fund	**4,632**	5,962	**-**	-
Other creditors	**104**	105	**-**	-
	1,919,770	1,722,301	**765,369**	531,472
Loans repayment profile				
Repayable within one year	**15,197**	16,706	**2,024**	-
Repayable between one and two	**17,404**	15,201	**1,776**	-
Repayable between two and five years	**50,920**	50,263	**5,720**	-
Repayable after five years	**1,353,186**	1,175,598	**758,851**	533,467
Less: Loan finance costs	**(1,786)**	(2,843)	**(1,310)**	(1,995)
	1,434,921	1,254,925	**767,061**	531,472

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

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

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

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

The interest risk profile of loan liabilities are as follows

	Group		Association	
	2022	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000
Floating rate	**26,871**	34,418	**-**	-
Fixed rate	**1,409,836**	1,223,350	**768,371**	533,467
	1,436,707	1,257,768	**768,371**	533,467
Floating rate	**0.82%**	0.39%	**-**	-
Fixed rate (excluding swaps)	**3.55%**	3.96%	**2.82%**	2.93%

	Group	
Undrawn committed borrowing facilities (all secured) at 31 March were	**2022**	2021
	£'000	£'000
Expiring within one year	**-**	-
Expiring between one and two	**-**	-
Expiring between two and five years	**265,000**	265,000
Expiring after five years	**72,749**	72,749
	337,749	337,749

23. Deferred capital grant

	Group	
	2022	2021
	£'000	£'000
At 1 April	**455,890**	447,901
Grants received in year	**35,588**	22,111
Grants recycled from the Recycled Capital Grant Fund and disposal proceeds fund	**800**	2,953
Transferred to third party	**(4,518)**	(12,205)
Grants recycled to the recycled capital grant fund	**(2,605)**	(1,943)
Amortised in year	**(4,780)**	(4,841)
Amortised grant on disposal	**1,156**	1,914
As at 31 March	**481,531**	455,890
Amount due to be released within one year	**5,124**	4,840
Amount due to be released in more than one year	**476,407**	451,050
	481,531	455,890

24. Other capital grant funds

	Group	
	2022	2021
	£'000	£'000
At 1 April	**8,468**	9,469
Inputs to reserve		
Grants recycled	**2,605**	1,943
Interest accrued	**17**	9
Utilised		
New build	**(800)**	(2,953)
At 31 March	**10,290**	8,468
Amounts due within one year	**5,658**	2,506
Amounts due after more than one year	**4,632**	5,962
	10,290	8,468
Amount three years or older where repayment may be required*	**1,706**	714

* Consent has been given by Homes England for use in 2022/23

25. Deferred taxation

	Group	
	2022	2021
	£'000	£'000
As at 1 April	**-**	24
Amounts credited to surplus	**-**	(24)
As at 31 March	**-**	-

26. Provision for liabilities and charges

	Group
	Total
	£'000
At 1 April 2021	**2,831**
Charged to statement of comprehensive income	
Additions	**2,510**
Utilised in year	**(1,782)**
As at 31 March 2022	**3,559**

27. Share capital and reserves

Share capital	Group and association 2022 £	2021 £
Issued and fully paid		
At 1 April	**7**	6
Issued	**2**	2
Cancelled	**(2)**	(1)
	7	7

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

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

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

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

28. Analysis of changes in net debt

	Group				
	As at 1 April 2021 £'000	Cashflows £'000	Amortisation of premium/ loan costs £'000	Movement in creditors due within one year £'000	As at 31 March 2022 £'000
Cash at bank and cash equivalents	169,115	133,754	-	-	**302,869**
Short term investments	24,435	2,321	-	-	**26,756**
	193,550	136,075	-	-	**329,625**
Other loans					
Loans due within one year	(16,706)	16,710	-	(15,201)	**(15,197)**
Loans due after more than one year	(1,238,219)	(200,652)	3,946	15,201	**(1,419,724)**
Change in net debt resulting from cashflows	**(1,061,375)**	**(47,867)**	**3,946**	**-**	**(1,105,296)**

29. Cash flow from operating activities

	Group	
	2022	2021
	£'000	£'000
Surplus for the year	**79,197**	62,131
Adjustments for non-cash items		
Depreciation of tangible fixed assets - housing properties	**35,330**	35,330
Depreciation of tangible fixed assets - other	**2,049**	1,624
Amortisation of intangible assets	**2,202**	2,236
Amortisation of government grant	**(4,780)**	(4,841)
Decrease in stock	**20,915**	2,478
Decrease/(increase) in trade and other debtors	**63**	(720)
(Decrease)/increase in trade and other creditors	**(1,921)**	7,187
Pension costs less contributions payable	**206**	137
Increase in provisions	**728**	1,936
Carrying amount of tangible fixed assets disposals	**36,553**	37,998
Carrying amount of intangible asset disposals	**3**	-
Profit from sale of investments	**150**	257
Adjustments for investing or financing activities		
Movement on shared equity loans	**139**	165
Movement in value of swaps	**(8,736)**	(5,540)
Movement in value of investment property	**(2,002)**	(674)
Interest payable	**44,823**	42,251
Interest receivable	**(243)**	(191)
Taxation	**-**	(187)
Net cash generated from operating activities	**204,676**	181,577

30. Capital commitments

	Group	
	2022	2021
	£'000	£'000
Capital expenditure contracted for but not provided for in the financial statements	333,479	296,931
	333,479	296,931
Capital expenditure authorised but not yet contracted for in the financial statements	64,814	21,555
	64,814	21,555

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

Social housing grant	20,825	15,483
Proceeds from the sale of properties	59,568	60,942
Loans and reserves	317,900	242,061
Capital expenditure authorised by not yet contracted for	398,293	318,486

31. Other financial commitments

The minimum lease payments due under operating leases for the group are as follows

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

32. Grant and financial assistance

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

	Group	
	2022	2021
	£'000	£'000
Held as deferred capital grant	481,531	455,890
Recognised as income in statement of comprehensive income	124,294	120,670
	605,825	576,560

33. Financial instruments

Financial instruments may be analysed as follows

	Group	
	2022	2021
	£'000	£'000
Financial liabilities measured at fair value through the statement of comprehensive income		
Derivative financial instruments	**14,139**	22,875

Swap valuations are conducted using standard mark to market (MtM) methodology, where the MtM is the present value of all the future cashflows under the swap contract. They are measured at fair value at each reporting date, any increase or decrease is recognised in the statement of comprehensive income. The valuations used discount rates between 4.18% and 4.66%.

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

	Group			
	Proceeds of sales £'000	**Cost of sales £'000**	**Surplus £'000**	**Capital grant recycled £'000**
Further tranches of shared ownership	15,214	(8,870)	6,344	329
Right to buy	4,153	(4,261)	(108)	59
Right to acquire	3,021	(1,355)	1,666	426
Other property disposals	36,384	(20,509)	15,875	1,791
Other fixed asset disposals	-	(14)	(14)	-
Total 2022	**58,772**	**(35,009)**	**23,763**	**2,605**
Total 2021	44,483	(28,676)	15,807	1,943

35. Related party transactions

Transactions with non-regulated members of the group

	Group 2022					
	Bromford Developments Limited (BDL)	**Oakbrook Homes Limited (OAK)**	**Bromford Assured Homes Limited (BAH)**	**Street Services Limited (SSL)**	**Strand Services Limited (STR)**	**Riverside Mews Limited (RIV)**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Income						
Gift Aid	-	16	433	194	-	-
Management recharges	400	-	63	-	4	2
Administration recharges	-	55	48	-	-	-
Interest receivable	198	-	-	-	-	-
	598	**71**	**544**	**194**	**4**	**2**
Expenditure						
Construction services	39,328	2	-	-	-	-
Rental charges	-	-	-	204	-	-
	39,328	**2**	**-**	**204**	**-**	**-**

The administration recharges are calculated on a number of basis dependant upon the type of expenditure being recharged. Salary costs are recharged to BDL on a contract basis; insurance costs are recharged to BDL on a number of full-time equivalent colleagues (FTE) basis; administration fees are recharged to OAK/BAH on a FTE/unit number basis.

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

	Group 2021						
	Bromford Developments Limited (BDL)	Oakbrook Homes Limited (OAK)	Bromford Assured Homes Limited (BAH)	Street Services Limited (SSL)	Strand Services Limited (STR)	Riverside Mews Limited (RIV)	Igloo Insurance PCC Limited (Cell BR04) (IGL)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income							
Gift Aid	-	52	499	182	4	-	-
Management recharges	451	-	80	-	-	2	-
Administration recharges	-	55	57	-	-	-	-
Interest receivable	247	-	-	202	-	-	-
	698	107	636	384	4	2	-
Expenditure							
Construction services	24,661	792	-	-	-	-	-
Rental charges	-	-	-	202	-	-	-
Charge for group tax relief	-	-	-	-	-	-	59
Insurance fees	28	-	-	-	-	-	-
	24,689	792	-	202	-	-	59

35. Related party transactions (continued)

	Association			
	Bromford Developments Limited		**Bromford Assured Homes Limited**	
	2022	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000
Income				
Management recharges	400	451	63	80
Interest receivable	198	247	-	-
	598	**698**	**63**	**80**

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

	Group		Association	
	2022	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000
Bromford Developments Limited	**14,681**	18,511	**4,587**	7,160
Oakbrook Homes Limited	**(141)**	(251)	**-**	-
Bromford Assured Homes Limited	**215**	600	**215**	152
Street Services Limited	**1,276**	1,256	**1,341**	1,341
Riverside Mews Limited	**-**	1	**-**	-
Strand Services Limited	**-**	1	**-**	-
	16,031	20,148	**6,143**	8,653

Bromford Housing Group Limited and its subsidiaries has indemnified its board members, executive team, directors and employees for insurance cover no longer provided within its current directors' and officers' liability insurance for the year ending 31 March 2022 which was included in its previous policy. The maximum exposure across the group for this indemnity is £10 million and expires on 31 March 2023. This is described in more detail in note 37.

The balances noted above are unsecured. The association will provide further financial support and other support to Bromford Developments Limited until at least 30 September 2023, including not seeking repayment of the loan if it means that the company is unable to pay its creditors as they fall due for payment.

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

36. Pension obligations

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

The group also participates in two defined contribution (DC) schemes, the Social Housing Pension Scheme's defined contribution scheme and Royal London defined contribution scheme, to meet its obligations for auto-enrolment which applied from October 2013.

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

Summary of pension schemes balances (group)

	At 31 March 2022	At 31 March 2021
	£'000	£'000
Pension asset		
Bromford DB Scheme	11,153	-
Staffordshire (LGPS)	4,894	-
	16,047	-
Creditors due less than one year		
Royal London DC scheme	(21)	(33)
	(21)	(33)
Provisions for Pensions		
Staffordshire (LGPS)	-	(878)
Bromford DB Scheme	-	(4,043)
Avon pension fund (LGPS)	(4,120)	(11,287)
	(4,120)	(16,208)

Bromford DB scheme (BDBS)

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

The scheme holds the pension assets to meet long term pension liabilities. Scheme liabilities have been based on data provided for the actuarial valuation as at 30 September 2018 for the Bromford DB Scheme and 31 March 2019 for the Merlin SHPS element. These have been updated to 31 March 2022 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

The company has agreed a Schedule of Contributions with the Trustee that came into force following the completion of the first actuarial valuation, with an effective date of 30 September 2018.

Contributions for the year ended 31 March 2022

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

Principal actuarial assumptions

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

Mortality assumptions adopted	**At 31 March 2022**	**At 31 March 2021**
Life expectancy at age 65 (years)	**£'000**	**£'000**
Male retiring in 2022 (2021)	21.5	21.6
Female retiring in 2022 (2021)	22.5	23.6
Male retiring in 2040 (2039)	23.5	22.6
Female retiring in 2040 (2039)	24.7	24.8
Other Assumptions		
% per annum		
Discount Rate	2.75%	2.20%
Inflation (RPI)	3.50%	3.15%
Inflation (CPI)	3.10%	2.75%
Salary Growth	3.10%	2.75%
Allowance for revaluation of deferred pensions of RPI (max 5% p.a.)	3.50%	3.15%
Allowance for pensions in payment increases of CPI (max 5% p.a.)	3.00%	2.70%
Allowance for pensions in payment increases of CPI (max 2.5% p.a.)	2.05%	1.95%
Allowance for pensions in payment increases of CPI (max 3% p.a.)	2.35%	2.20%

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

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

The fair value of the assets:

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

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

Reconciliation of Assets and Liabilities

Reconciliation of assets at 31 March 2022:

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

Reconciliation of liabilities at 31 March 2022:

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

Analysis of the amount charged to operating costs in the statement of comprehensive income at 31 March 2022:

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

Analysis of gains and losses recognised in the statement of other comprehensive income at 31 March 2022:

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

Movement in surplus/(deficit) during the year:

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

Staffordshire County Council (SCC)

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

Principal actuarial assumptions

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

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

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

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

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

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

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

The fair value of the assets:

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

Reconciliation of Assets and Liabilities

Reconciliation of assets at 31 March 2022:

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

Reconciliation of liabilities at 31 March 2022:

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

Analysis of the amount charged to operating costs in the statement of comprehensive income at 31 March 2022:

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

Analysis of gains and losses recognised in the statement of other comprehensive income at 31 March 2022:

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

Movement in surplus/(deficit) during the year:

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

Avon Pension Fund

The Avon Pension Fund (APF) is a multi-employer defined benefit scheme administered by Bath and North East Somerset Council under the regulations governing the Local Government Pension Scheme.

The latest triennial actuarial valuation was carried out at 31 March 2019 and this has been updated to 31 March 2022 by a qualified independent actuary.

Contributions for year ended 31 March 2022:

	£'000
Employee	161
Employer	825
Total	**986**
Agreed contribution rates for future years:	
Employer	21.7% – 32.8%
Employee	In line with local government pension scheme regulations

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 March 2022 by a qualified independent actuary:

	At 31 March 2022	At 31 March 2021
	£'000	£'000
Rate of inflation - CPI	3.10%	2.95%
Rate of increase for pensions in payment	3.10%	2.95%
Rate of increase in salaries	3.10%	2.95%
Discount rate for scheme liabilities	2.75%	2.20%

The post retirement mortality assumptions used to value the benefit obligation for the four years are based on the S2PA CMI 2021 cohort series. The assumed life expectations on retirement at age 65 are:

	At 31 March 2022	At 31 March 2021
	£'000	£'000
Males		
Current pensioners (years)	21.5	21.9
Future pensioners retiring in 20 years (years)	22.5	23.2
Females		
Current pensioners (years)	23.5	23.8
Future pensioners retiring in 20 years (years)	24.8	25.4

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

	At 31 March 2022	At 31 March 2021
	£'000	£'000
Fair value of fund assets	54,323	51,805
Present value of defined benefits obligations	(58,443)	(63,092)
Pension deficit	**(4,120)**	**(11,287)**

The fair value of the assets:

	At 31 March 2022	At 31 March 2021
	£'000	£'000
Equities	14,015	12,278
Government bonds	4,237	4,611
Other bonds	22,490	21,810
Property	2,282	1,243
Cash	543	984
Other	10,756	10,879
Total fair value of assets	**54,323**	**51,805**

Reconciliation of Assets and Liabilities

Reconciliation of assets at 31 March 2022:

	£'000
Assets at start of period	51,805
Interest on plan assets	1,139
Remeasurements	1,444
Administration expenses	(15)
Employer contributions paid	825
Employee contributions	161
Benefits paid	(1,036)
Assets at end of period	**54,323**
Actual return on plan assets 1 April 2021 to 31 March 2022	4.8%

Reconciliation of liabilities at 31 March 2022:

	£'000
Liabilities at start of period	63,092
Current service cost	987
Interest cost	1,379
Employee contributions	161
Remeasurements	(6,351)
Curtailments	211
Benefits Paid	(1,036)
Liabilities at end of period	**58,443**

Analysis of the amount charged to operating costs in the statement of comprehensive income at 31 March 2022:

	£'000
Employer service cost (net of employee contributions)	987
Expenses (including service cost and curtailments)	226
Total operating charge	**1,213**
Analysis of pension finance income/(costs)	
Expected return on pension scheme assets	1,139
Interest on pension liabilities	(1,379)
Amounts charged to financing costs	**(240)**

Analysis of gains and losses recognised in the statement of other comprehensive income at 31 March 2022:

	£'000
Actuarial gains on pension scheme assets	1,444
Experience loss on pension scheme liabilities	(79)
Gains from changes in assumptions	6,430
Actuarial gains recognised	**7,795**

Movement in deficit during the year:

	£'000
Deficit in scheme at 1 April 2021	(11,287)
Employer service cost (net of employee contributions)	(987)
Employer contributions paid	825
Pension administration expenses	(15)
Curtailments	(211)
Net interest/return on assets	(240)
Remeasurements	7,795
Deficit in scheme at 31 March 2022	**(4,120)**

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

Guaranteed Minimum Pension (GMP) equalisation

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

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

There is a possibility that all public sector schemes will be required to index-link GMP benefits in respect of those members who reach their State Pension Age after April 2022. Government policy in this area is still to be determined, thus it was concluded that the most consistent/safest approach is to include the additional indexation liabilities in the accounting figures, therefore the figures above include the increase in past service liabilities as a "past service cost" (the schedule of figures will separately identify the element of the past service cost which relates to the GMP increases).

37. Contingent liabilities

A deed has been entered into by the board of Bromford Housing Group Limited to indemnify its board members, executive team, directors and employees across Bromford Housing Group Limited and its subsidiaries for insurance cover no longer provided within its current directors' and officers' liability insurance policy. Any claim made would be against the relevant entity with ultimate responsibility for reimbursement being through Bromford Housing Group Limited where required. The maximum exposure across the group for this indemnity is £10 million and it expires on 31 March 2023.

Registration Information

Co-operative and Community Benefit Society
Registration Number 29996R

Regulator of Social Housing
Registration Number L4449

Advisors:

External Auditors:

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20 Colmore Circus Queensway
Birmingham
B4 6AT

Business Assurance Providers:

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Bankers:

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Taxation Advisor:

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Midlands office

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