

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
(Limited by Guarantee)

Annual report and financial statements for the year ended 31st March 2020

Registered number: 4603611

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BROMSGROVE DISTRICT HOUSING TRUST LIMITED
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COMPANY INFORMATION

EXECUTIVE DIRECTORS

Mark Robertson CPFA MBA (Chief Executive)
Graeme Anderson BSc Hons MCIH (Director of Housing & Communities)
Abigail Holland ACMA CGMA (Director of Finance and ICT)
Barry Stevens (Director of Asset Management and Development)

BOARD MEMBERS

Barry Thompson – Resigned July 2019
Alison Fisher
Vikki Holloway
Mary Miller (Chair)
Liz Nembhard – Appointed July 2019
Hannah Purdie – Appointed July 2019
Mohan Sandhar
Adam Wagner
Rachel Ward
Emma Windsor
Peter Worthington - Resigned July 2019

SECRETARY

Mark Robertson CPFA MBA

REGISTERED OFFICE

Buntsford Court
Buntsford Gate
Bromsgrove
B60 3DJ

REGISTERED UNDER THE COMPANIES ACT 2006: 4603611

REGISTERED CHARITY: 1111423

RSH REGISTRATION: LH4415

AUDITORS & TAX ADVISORS

Mazars LLP
45 Church Street
Birmingham
B3 2RT

SOLICITORS: Trowers & Hamlins and Anthony Collins

BANKERS: Barclays Bank

HMRC CHARITY REFERENCE: XR92206

VAT REGISTRATION: 833 9760 00

Chair's Statement

This being my first year as Chair of the Board it gives me great pleasure to be reporting on another successful year for bdht. I will return to this later in my statement.

At the time of writing this statement, the world remains in the grip of the coronavirus pandemic and my deepest sympathies go out to all those people who have lost loved ones to the virus. Coronavirus continues to have a considerable impact on all our daily lives and will do for some time yet.

Here at bdht the challenge of delivering a range of housing and support services has been unprecedented. For us, the safety and welfare of our customers, staff and contractors has been the number one priority since the Government's lockdown measures were introduced. As a social housing landlord with nearly 10,000 customers, I am proud to say that bdht has continued to deliver both emergency and essential services throughout this period. This has only been possible due to the fabulous commitment and care for customers provided by staff at bdht. In times of high anxiety for staff and their families I would like to recognise what staff at bdht have achieved since March. For those on the front-line this has been especially challenging, with the need to operate to new working practices and processes such as the wearing of personal protective equipment whilst in the homes of customers. These new working practices have also been crucial in reassuring our customers that we take their health and safety seriously when they need us to visit their home. I would therefore also like to thank our customers who have recognised the challenges we have faced at bdht and acknowledged our need to suspend routine repairs and services. Coronavirus will be a challenge for many more months to come but bdht will continue to adapt and the Board is closely monitoring the operational and financial impact for customers and the business alike.

Returning to the reporting period to 31st March 2020, the Strategic Report provided with the financial statements sets out another year of excellent financial and operational performance. There are two areas worthy of special recognition.

Firstly, relates to our landlord health and safety responsibilities which has been a major focus for the Board and bdht during 2019/20. Back in April 2019, the Board initiated a full review of how bdht ensures and delivers on its obligation to protecting the safety of tenants in their homes. Working with leading health and safety consultants I am pleased to say bdht has put in place improved policies, procedures and embedded these into operating practices. This has been backed with increased health and safety investment into homes during 2019/20, such as more than £1 million into electrical testing and upgrades. For this reporting period, bdht health and safety compliance is excellent and even with the coronavirus challenge, continues to be so as I write this statement.

The second area relates to the delivery of new affordable homes for those on the growing waiting list, particularly in Bromsgrove where the housing shortfall is immense. The Board continues to be committed to tackling the problem of housing supply, so it is really pleasing to report that for 2019/20 we delivered a further 109 new affordable homes outperforming our target of 100 new homes. To reinforce this commitment the Board has set a target of providing another 500 new affordable homes by March 2025.

Finally I would like to thank all my fellow board members and the senior management team who have all provided much valued leadership support over the last 12 months and I am confident that bdht can meet the challenges that lie ahead and continue to build excellent communities with passion and pride.

Mary Miller
Chair
21st July 2020

Principal Activities

bdht has principal activities which include the development and management of affordable housing in Bromsgrove and Redditch and the surrounding areas.

bdht is a company limited by guarantee and a registered charity. Its main business streams consist of the management of housing for people in need of affordable housing and a number of related services.

bdht develops new affordable housing both with and without grant from Homes England.

Objectives and Strategy

Our mission is “Building excellent communities with passion and pride”.

The achievement of this mission is underpinned by outcomes against the four following Corporate Themes. Under each theme we have highlighted some of the key targets from our Corporate Plan. For 2019/20 we state our achievement against this. For 2020/21 these are the targets approved by the Board.

- **Governance and Value for Money**

We aim to deliver our Corporate plan through effective governance and use of resources. We identify, manage and mitigate risk through strong systems. Our people are one of our greatest assets and we will support future success through maintaining our cultures and values. We will continue to operate with Value for Money embedded in our organisation, to achieve maximum results from available resources. We embrace Equality and Diversity, and will work to continually do better.

Key targets 2019/20:

- Maintain G1/V1 rating from IDA (in depth assessment) – *Achieved (July 2019)*
- Investors in People accreditation – *Achieved (Silver)*
- Operating margin >27% - *Achieved (33%)*

Key targets 2020/21:

- Triennial Review of Governance Arrangements
- Board review of Risk Management
- Implement Resident Involvement Action Plan
- Operating Margin >25%

- **Housing & Communities**

We will engage with customers and partners to build successful communities by helping customers to sustain their homes and create genuine pathways to employment. We focus on core, customer-centred activities. We will continue to embed a Rent First culture to manage arrears. We will increase our visibility in our communities.

Key targets 2019/20:

- Community Hub relaunched as The Pod – *Achieved (Sep 2019)*
- Reduction in early tenancy failure <11% - *Achieved (8.97%)*
- Increase the number of people helped into stable employment 15 – *Achieved (23)*
- Achieve the overall arrears target 1.9% - *Missed (2.68%)*

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Key targets 2020/21:

- Implement partnership and stakeholder working action plan
- Implement Star Survey Action Plan
- Achieve the overall arrears target (to be reviewed for Covid impact)
- Implement Financial Inclusion Initiatives

- Service Excellence

We will deliver service excellence to support customer retention and help sustain communities. We will put customers first, respecting their rights and understanding their needs and views.

Key targets 2019/20:

- Customer Satisfaction with bdht overall 95% - *Missed (89.9%)*
- Homes with a valid gas certificate 100% - *Achieved (100%)*
- Completing gas repairs “Right First Visit” 90% - *Missed (87.0 %)*
- Completing non-gas repairs “Right First Visit” 90% - *Missed (89.38%)*

Key targets 2020/21:

- Revised Framework for resident engagement in service design
- Compliance across all Health & Safety strands 100%
- Implement Customer Service Team Scrums
- Completing gas repairs “Right First Visit” 90%
- Completing non-gas repairs “Right First Visit” 90%

- Housing Solutions

We will offer a range of housing solutions to meet our customer housing needs and will provide high quality homes for the communities we work in. We will develop and acquire new homes. We will work to reduce homelessness and support sustainable communities. We will provide homes of choice.

Key targets 2019/20:

- Number of new homes developed or acquired 100 – *Achieved (109)*
- Housing Needs Preventions 90 per annum – *Missed 82*
- Homes meeting the Decent Homes Standard 100% - *Achieved (100%)*

Key targets 2020/21:

- Number of new homes developed or acquired 100
- Housing Needs Preventions 95 per annum
- Homes meeting the Decent Homes Standard
-

The delivery against these themes is monitored by the Board as part of its overall Corporate Plan.

Business and Financial Review

The Board is pleased to report a surplus for the year of £5.6 million (2019: £6.9 million) in what has been a successful year.

We have continued to invest in our existing housing stock in order to maintain homes at and above the Decent Homes Standard. The cost of this investment during the year was approximately £2.4 million. A further £1.1 million was spent on non-Decent Homes Standard improvements, to enhance or protect our existing properties

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and communities.

During the year we completed 109 new affordable homes, and commenced on site or are in contract with another 111 new homes at a cost of £11.5 million.

During the year our in-house repairs and maintenance operations (day to day repairs, roofing, voids and gas) performed well in terms of customer satisfaction, target times and efficiency measures.

The support services provided for more vulnerable tenants including the Sheltered Living Service, Tenancy Sustainment Service and 360 Support have demonstrated really positive results for our customers.

The Association produces 30 year financial forecasts which are reviewed on an annual basis. The following table sets out the position for the next 5 years:

| Forecast Financial Performance | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
|--|----------------|----------------|----------------|----------------|----------------|
| | £m | £m | £m | £m | £m |
| <u>Statement of Comprehensive Income</u> | | | | | |
| Turnover | 24.4 | 25.1 | 26.3 | 27.7 | 28.9 |
| Operating Surplus | 6.3 | 6.2 | 6.7 | 7.2 | 7.8 |
| Transfer to Reserves | 4.3 | 3.2 | 3.3 | 3.3 | 2.7 |
| | | | | | |
| <u>Statement of Financial Position</u> | | | | | |
| Total Assets less Current Liabilities | 180.6 | 184.0 | 193.2 | 202.2 | 198.8 |
| Creditors over one year | 114.3 | 114.6 | 120.7 | 126.3 | 120.2 |
| Reserves/Provisions | 59.1 | 62.3 | 65.5 | 68.8 | 71.5 |

This forecast was approved by the Board before the full scale of the Covid-19 pandemic was understood. A range of stress testing has already taken place to review the position and the Board will be reviewing the reforecasts throughout the year to track performance against the original forecast, and adjustments will be made where necessary to ensure we broadly meet the key headline numbers.

Strategic Performance Indicators

bdht monitors and benchmarks its on-going performance using a Strategic Balanced Scorecard presented monthly to Board and scrutinised on a quarterly basis by the Compliance Committee. This enables us to identify areas for improvement and take corrective action where necessary. The following results were achieved in 2018/19 and 2019/20:

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| Indicator | 2018 / 19 | | | 2019/20 | |
|--|-----------|-------------|--------------|---------|-------------|
| | Target | Performance | Top Quartile | Target | Performance |
| Rent Collected | 99.86% | 100.20% | No | 99.81% | 99.38% |
| Rent Loss | 0.65% | 0.54% | Yes | 0.60% | 0.73% |
| Decent Homes | 100% | 100% | Yes | 100% | 100% |
| Valid Gas Certificate | 100% | 99.97% | No | 100% | 100% |
| Valid Electrical Inspection Condition Report | 100% | 78% | No | 100% | 99.84% |

Following an internal review in April 2019, a full action plan was approved by Board which set out how we would achieve 100% compliance in respect of Electrical Inspection Condition Reports during 2019/20. The action plan was executed well, and great progress was made. The target of 100% was missed by just 2 properties.

Rent collected was affected in the latter part of the year by the Covid-19 pandemic. Prior to March 2020 we had been on course to achieve this target. The rent loss indicator was adversely affected throughout the year by a number of difficult void properties that required extensive work and were therefore out of letting for longer periods.

These indicators have been revisited for 2020/21 with equally testing targets set.

The Covid-19 pandemic has brought challenge to the business in being able to achieve our objectives, due being unable to access all customers' homes at the required time. bdht management are monitoring the situation carefully, with Gas and EICR inspection numbers being monitored more regularly throughout 2020/21. At the end of March 2020 we were 100% compliant for Gas and had only 2 properties out of date for EICR.

Risk Management

bdht has a comprehensive system of risk management. During the year, the Board reassessed its risk appetite position. This resulted in a clear level of risk appetite being assigned to business activities and a set of risk appetite metrics are in place to monitor the position. The highest risks in terms of their impact and probability are discussed quarterly by the Compliance Committee and reported through to the Board. The report identifies action taken to manage the risks as well as new and emerging risks.

The latest assessment of the major risks to successful achievement of the Association's objectives is set out below:

| Strategic Risk | Controls and Actions |
|---|---|
| <p>1. Covid-19 Pandemic</p> <p>The business is unable to operate on a business as normal basis due to the Covid-19 pandemic</p> | <ul style="list-style-type: none"> • Resources reallocated • KPI monitoring • Increased use of technology and homeworking • Increased frequency of tactical management meetings • Office reorganisation • Increased staff and customer communication • Risk Assessments in place |

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|---|--|
| <p>2. Welfare Reform</p> <p>The reforms including Universal Credit create a risk to increased arrears, bad debts and extra cost of support, rent collection and tenancy failure</p> | <ul style="list-style-type: none"> • Embedded Rent First Culture • Welfare Reform Action Plan • Regular reports to Board and SMG • Budget Coaches to support customers • Good relationship with local authority and DWP • Internal and external audit |
| <p>3. Economic and Political Risk</p> <p>Economic Risk results in an adverse macro-economic environment at the same time as Brexit implementation</p> | <ul style="list-style-type: none"> • Business Plan reviewed in line with latest economic forecasts • VFM embedded within the business • Stress testing and contingency planning • Treasury strategy and advice provided by external advisors • NHF provide political interface for the sector |
| <p>4. ICT Risk</p> <p>Ineffective ICT plans, project delivery and operations could lead to reduced business effectiveness & potential disruption.</p> | <ul style="list-style-type: none"> • Head of ICT appointment • KPI monitoring • Penetration Testing • Annual strategy review • Implementation of Office 365 underway |
| <p>5. Government policies create unsupportive environment for the social housing sector</p> | <ul style="list-style-type: none"> • Monitoring of emerging issues through the Business Assurance Report • Board review of the annual sector risk profile published by the RSH • Annual strategic event to review positioning and plans • Policy response to Green Paper • Additional monitoring in light of Covid-19 |
| <p>6. Health & Safety Landlord Responsibilities</p> <p>There is a risk to tenants where landlord responsibilities are not up to date or in place</p> | <ul style="list-style-type: none"> • Monthly report to Board and SMG • Full landlord Health & Safety policies and procedures reviewed • Exception Reports • EICR Action Plan • Internal Audit • External scrutiny |
| <p>7. Customer Voice</p> <p>Safety of tenants and service quality could be at risk if the Tenant's Voice is not heard by Board</p> | <ul style="list-style-type: none"> • Resident Scrutiny Group (RSG) • RSG Chair attends all board meetings • STAR Survey every 2 years • External review • Engagement in NHF Together with Tenants • Focus Groups • Mystery Customer scheme |
| <p>8. Decent Homes Standard</p> <p>Not maintaining DHS due to inadequate data and investment priorities</p> | <ul style="list-style-type: none"> • Asset Management strategy approved by Board • KPIs for Stock Condition Surveys and all Health and Safety Strands • External review and validation • SMG and Board Reporting • Cloned data reduced to 2% • Programmes rephased to account for Covid-19 delays • Increased in investment in the 2020 Business Plan |

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| <p>9. Changes to the system and structure of Regulation</p> <p>Not responding appropriately to the approach for the sector could lead to intervention and possible sanctions</p> | <ul style="list-style-type: none"> • Action plan in response to the Green Paper • Monthly updates to Board and SMG • Attendance at seminars and webinars • Engagement with external experts • Staff and Board training • EMT and Committees oversee our compliance with regulatory matters • Monitoring of RSH releases • Implementation of RSH Covid-19 returns |
| <p>10. Pensions</p> <p>The increase in costs and increased regulatory burden</p> | <ul style="list-style-type: none"> • External health-check review • 6-monthly Governance Report covering key risks. • Reporting to Remuneration & Resources Committee • Attendance at seminars • Pension policy review at Remuneration Committee |
| <p>11. Controlling Operating Costs</p> <p>Operating costs being significantly higher than other RPs could indicate resources are not being effectively deployed</p> | <ul style="list-style-type: none"> • Culture of VFM embedded within the organisation • Budget review and monitoring • VFM metrics reported as KPIs • Compliance Committee oversight of VFM targets and performance • Housemark benchmarking reported to Board • Global Accounts analysis • Covid-19 cost saving initiative |

Covid-19 Pandemic

This risks presented by the Covid-19 Pandemic and the after effect it may have are being robustly reviewed and scrutinised by the Board and Executive Management Team. The most significant concerns are around the financial risks, staff and customer safety and business continuity.

With regards to the financial risks we believe there will be a financial impact due to reduced income and customers' ability to pay. The government Coronavirus Job Retention scheme means that while there are already customers' facing financial hardship due to job losses, there are a large number of people who are protected and receiving pay while furloughed. Further financial impact may be faced once the scheme is closed later in 2020.

Additional stress-testing has been carried out testing a range of scenarios that could occur over the coming periods. Currently while we expect there to be a level of impact this is within the headroom of our Business Plan. The situation is being monitored closely by the Board and the Executive on an ongoing basis.

bdht has been responsive in adapting to the current situation and ensuring the safety of staff and customers alike. Additional tactical and strategic meetings have been put in place, alongside additional reporting measures, to monitor the impact of the pandemic and mitigate additional costs that may be incurred. Human resource has been focused onto gaining access to homes for health and safety checks, in a safe and respectful way, to ensure that these critical tasks are carried out to keep our customers safe.

For business continuity the risk is around our ability to carry out normal day to day business. Significant technological advances have been made within bdht to allow us to break away from the office. The staff have adapted well and home working has become a norm within our business. The use of technology has ensured that we have kept all critical services operating in some way, and we are focussed upon bringing all

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services back into action.

Value for Money

Role of the Board

The Board is fully committed to delivering Value for Money (VFM) in support of delivering the organisation's approved objectives. The Board appraises VFM performance throughout the year and performance reports are scrutinised by the Compliance Committee. The year-end position for 2018/19 was scrutinised by the Compliance Committee at its meeting on 24th June 2020 and approved by Board at its meeting on 20th July 2020. The Board is compliant with the Regulator's VFM Standard.

Regulator's VFM Metrics

The Regulator of Social Housing requires registered providers to report their performance against a suite of metrics with the intention of facilitating sector-wide comparisons. The table below sets out the position, together with some comparators and followed by a brief commentary.

| VFM Metric | bdht Target 2020/21 | bdht Target 2019/20 | bdht Actual 2019/20 | bdht Actual 2018/19 | Sector Scorecard Median 2018/19* | Global Accounts Median 2018/19** |
|--|---------------------------|---------------------------|---------------------------|---------------------------|---|---|
| Reinvestment % | 13.9% | 11.3% | 12.0% | 12.3% | 5.4% | 6.2% |
| New Supply Delivered %: | | | | | | |
| • Social Housing Units | 3.3% | 2.6% | 2.7% | 3.2% | 1.0% | 1.5% |
| • Non-social Housing Units | - | - | - | - | 0.0% | 0.0% |
| Gearing % | 51.4% | 52.3% | 49.0% | 50.1% | 33.8% | 43.4% |
| EBITDA MRI Interest Cover % | 120% | 209% | 253% | 321% | 198% | 184% |
| Headline Social Housing Cost per unit (excludes leaseholder units) | £4,277 | £3,373 | £3,526 | £3,047 | £3,725 | £3,690 |
| Operating margin %: | | | | | | |
| • Overall | 29.9% | 27.0% | 30.6% | 34.8% | 25.5% | 25.8% |
| • Social Housing Lettings only | 27.8% | 28.9% | 26.1% | 32.3% | 27.2% | 29.2% |
| Return on Capital Employed (ROCE) | 4.1% | 4.4% | 5.4% | 6.0% | 3.2% | 3.8% |

* Housemark Sector Scorecard

** RSH Global Accounts Report

Reinvestment – Reflects £11.5m invested in the development of 109 new properties and £3.5m expended on major improvements of existing properties. This has reduced from 2018/19 as there were less new properties delivered during the year, but this is in line with the corporate objectives.

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New supply delivered – Reflects 109 new social housing units delivered which is above the internal target of 100 per annum. There were no non-social housing units developed or acquired during the year.

Gearing – Reflects the higher gearing position of being both a LSVT and developer. This gearing ratio is deemed appropriate in the context of bdht’s other financial indicators, priorities and future commitments.

EBITDA MRI Interest Cover – Reflects robust financial position and good capacity to secure future additional loan funding for development and to cope with uncertainties such as rising interest rates.

Headline Social Housing Cost per Unit – Reflects continued position of being placed just outside the lowest cost quartile for the sector. Nevertheless for 2019/20 there were cost pressures in respect of building safety, with additional activity and investment being approved during the year to significantly improve the level of valid EICR certificates. This led to a variance against the original target. In 2020/21 there is another increase in cost due to further planned investment in homes and communities.

Operating Margin % - Overall this reflects a robust financial position for bdht. The Social Housing Lettings value has not met the target because of additional costs being approved during the year to improve homes and landlord health and safety.

Return on Capital Employed - Reflects the utilisation by bdht of capital and debt to generate healthy financial returns.

Bespoke bdht VFM Metrics

To enhance our approach to VFM, the Board have set a suite of bespoke VFM metrics linked to the delivery of the approved corporate objectives in the Corporate Plan. The table below sets out the position, followed by a brief commentary.

| Strategic Objective | Measures of Success | Target 2020/21 | Target 2019/20 | Actual 2019/20 | Actual 2018/19 |
|--|---|----------------|----------------|----------------|----------------|
| Excellence in Governance | Governance and Viability ratings from regulator | G1/V1 | G1/V1 | G1/V1 | G1/V1 |
| | 90% Attendance at meetings | 90% | 90% | 87% | 81% |
| Importance of culture and values in promoting staff engagement, driving business performance and customer satisfaction | % of staff members responding to the annual staff culture audit | =>90% | =>95% | 89% | 95% |
| Delivering VFM, compliance with the regulator’s VFM Standard and transparency to tenants and other stakeholders | Current rent arrears as a % of rent debit | 1.90% | 1.90% | 2.68% | 1.76% |
| | Income collection as a % of debit raised | 100.55% | 99.81% | 99.38% | 100.22 |
| | Void rent loss as a % of debit raised | 0.70% | 0.65% | 0.79% | 0.66% |
| | Cost savings annual target | £145,000 | £150,000 | £150,000 | £181,000 |

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|--|---|---------------|---------------|---------------|--------------|
| Mitigate the impact of Universal Credit and supporting customers into employment | Rent arrears of those in receipt of Universal Credit after 12 months | =<1% increase | =<5% increase | 8.4% decrease | 20% decrease |
| | Number of people helped into paid employment | 30 | 15 | 23 | 13 |
| Supporting the elderly and vulnerable | % of households engaging with the Independent Living Service | >=80% | >=77% | 80% | 78% |
| | Number of homelessness preventions | 95 | 90 | 82 | 109 |
| | Number of New Affordable Homes | 100 | 100 | 109 | 127 |
| Customer satisfaction with overall services provided by bdht | The % of tenants “very satisfied” with the overall service provided by bdht | 65% | 65% | 94% | 96% |
| | bdht’s Net Promoter Score | +40 | +40 | +88 | +93 |
| The health and safety of our tenants | % of homes meeting the Decent Homes Standard | 100% | 100% | 100% | 100% |
| | % of homes with a valid Gas Safety Certificate | 100% | 100% | 100% | 100% |
| | % of homes with a valid Electrical Inspection Condition Report | 100% | 100% | 99.84% | 77% |

Overall, the table above demonstrates good performance against bdht’s bespoke VFM metrics. The Covid-19 pandemic played a part in arrears and income collection narrowly missing the target, with collections affected because of the financial impact upon customers. The 0.16% miss on the EICR target represents just 2 properties, where we have been unable to gain access.

Strong governance is important to the bdht Board. To this end we have a diverse Board with varied backgrounds and other roles, which may sometimes affect Board attendance. During the 2019/20 year a number of meetings were missed due to maternity leave, which has affected the attendance result by 2%. A result of 89% would still have missed the target of 90%, but is a significant improvement upon last year.

Homelessness preventions are a difficult area in which to aim for a target, as the result is affected by the cases presented to us. We set a target of 90, but only achieved 82. A range of other KPI’s around Housing Options are tracked such as the number of households in temporary accommodation. If the temporary accommodation KPI was to rise it would suggest that there is a failure in homelessness preventions. In 2019/20 the average number of households in temporary accommodation reduced significantly from 2018/19, and therefore we can be comfortable with the outcome of the homelessness preventions metric.

bdht continues to hold a high target for customer satisfaction. For services delivered we achieved 94% for “very satisfied”, which is above our target.

Non-Social Housing

As part of a “landlord of choice” approach approved by the Board in 2016, two market rent schemes have

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been purchased with a total of 87 homes. For 2019/20 the operating margin generated for non-social housing was 53% compared to 26% for social housing respectively.

Looking forward to 2020/21

The Board recognises the challenges it faces in delivering an ambitious repairs and regeneration programme together with providing excellent services to tenants and delivering a good supply of new affordable homes. Overlaying over the ambition set in the business plan are the additional challenges that Covid-19 pandemic has brought. For 2020/21 bdht will focus on VFM deliverables in the following key areas:

- Reduction of costs in identified areas;
- Increased monitoring of arrears and cash collections to carefully manage the impact brought by the Covid-19 pandemic;
- Adopt a flexible but rigorous approach to managing costs, reforecasting and reprioritising as we continue through the impact of the Covid-19 pandemic;
- Further develop the measurement of performance against the Regulator's VFM metrics;
- Increased engagement in benchmarking exercises, especially understanding the impact of the Covid-19 pandemic;
- Maximising the repairs service to bring further efficiencies and improve customer satisfaction;
- Capture additional business efficiencies from the QL Housing Management System;
- Continue to assist tenants into paid employment and support the elderly and vulnerable in line with bespoke bdht VFM metrics;
- Continue to focus on efficiencies and digital working through the improved use of technology;
- Investment of £6m and £15m in the Home Improvements and Affordable Homes Programmes respectively in 2020/21, with a planned delivery of 122 new homes; and
- Continuous improvement of daily checks and automated exception reporting to ensure all Health and Safety Landlord responsibilities are carried out effectively and on time and follow-up repairs are completed in a timely manner.

Further VFM Information

A more in-depth explanation of the VFM story at bdht is available on request from the Company Secretary.

RSH Governance and Financial Viability Standard

The Compliance Committee in June 2020 considered a detailed compliance self-assessment in respect of the Governance and Financial Viability Standard. The Committee reported its findings to Board at its July 2020 meeting and at which Board approved a compliance position statement.

The Board's oversight and control of the business is enhanced by the monthly Strategic Balanced Scorecard which contains a number of financial and other trigger points which have been designed to act as an early warning system for the Board. The Board has approved a Trigger Point process which would determine the route of response if a trigger point is reached.

NHF Code of Governance and NHF Code of Conduct

bdht complies with the recommendations of the NHF Code of Governance (2015) and a self-assessment was scrutinised by the Compliance Committee in April 2020 and reported to the Board in May 2020 as fully compliant. bdht has adopted the NHF Code of Conduct (2012) and a self-assessment confirming compliance was presented to the Compliance Committee in November 2019.

Future Priorities

The Board has developed a number of key priorities as part of the review of the Corporate Plan. These include:

- Driving forward the Equality, Diversity and Inclusivity Policy;
- Continued improvement to resident Involvement Structures;
- Steering the business through the Covid-19 pandemic and resulting impact;
- Delivering and demonstrating continued Value for Money;
- Mitigating the impact of Universal Credit to the business and customers;
- Supporting the achievement of the 95% customer satisfaction target;
- Improving the communities we operate in;
- Ensuring the homes we provide are safe;
- Making services easier to access;
- Delivering over 500 new homes by 2025;
- Continued investment in our community activities.

These key priorities have been broken down into action plans and their performance will be tracked through the year by the Board.

Finally the Board has approved plans to spend more than £12 million during the next financial year to complete much needed homes in Bromsgrove and Redditch and the surrounding areas.

Statement of Compliance

In preparing this Strategic Report (incorporating Operating and Financial Review) and Board Report, the Board has followed the principles set out in the Housing SORP 2018.

The Strategic Report (incorporating the Operating and Financial Review) was approved by the Board on 20th July 2020 and signed on its behalf by:

Mary Miller
Chair of the Board

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
(Limited by Guarantee)

REPORT OF THE BOARD

The Board is pleased to present its report together with the audited financial statements for the year ended 31 March 2020.

Principal Activities, Business Review and Future Developments

Details of the Association's principal activities, its performance during the year and future development are contained within the Strategic Report, which precedes this report.

Board Members

The Board of bdht consists of 9 members appointed on a skills and experience basis. Additionally the Chair of the Tenant Panel has an open invitation to attend. The Board has overall responsibility for the control and direction of the Association. The Board relies upon the Compliance Committee to scrutinise audit, risk and internal controls assurance and report thereon.

The following Board Members have served office during the year:-

Barry Thompson (Chair to July 2019)
Mary Miller (Chair)
Alison Fisher
Vikki Holloway
Liz Nembhard (from July 2019)
Hannah Purdie (from July 2019)
Mohan Sandhar
Adam Wagner
Rachel Ward
Emma Windsor
Peter Worthington (to July 2019)

The following Board Members received payment from the Association during the year:-

Alison Fisher (£3,000), Vikki Holloway (£4,053), Mary Miller (£7,986), Liz Nembhard (£2,250), Hannah Purdie (£2,250), Mohan Sandhar (£3,000), Barry Thompson (£3,230), Adam Wagner (£4,580), Rachel Ward (£4,580), Emma Windsor (£3,000) and Peter Worthington (£1,526).

In addition the Chair of the Tenant Panel, Edwina Evans received a payment of £1,604 during the year.

Total payments made to Board Members from the Association during the year were £41,059.

Board Members (and officers) are indemnified through insurance against liability when acting for the Association.

Going Concern

The Association's business activities, its current financial position and future development are set out within the Operating and Financial Review. The Association has adequate resources to finance committed development schemes, along with day to day operations. The Association also has a long-term business plan which shows that it is able to service its debt facility.

On this basis, the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements. While the Covid-19 pandemic has brought additional challenge, the board is has stress tested the cash flows of the business and are confident that in light of this exercise, the company remains a going concern.

REPORT OF THE BOARD

Internal Controls Assurance

The Board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. This is set out in the Internal Control Framework adopted by the Board and overseen by the Compliance Committee.

The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives and expected outcomes will be achieved.

It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Association's assets and interests.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls that are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Association is exposed.

The process adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework includes:

➤ *Identification and evaluation of key risks*

The Board has clearly set out its Risk Appetite position in respect of governance, regulation and operational activities and this is reviewed at least once a year. Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and on-going process of management review in each area of the Association's activities. The executive team regularly reports to the Compliance Committee and Board any significant changes affecting key risks.

➤ *Monitoring and corrective action*

Regular management reporting on control issues provides assurance to the Board. This includes a rigorous procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those with a material impact on the financial statements.

➤ *Control environment and control procedures*

The Board retains responsibility for issues such as strategic, operational, financial and new investment projects. The Board has adopted the NHF's *Code of Governance 2015*. This sets out policies with regard to the quality, integrity and ethics. It is supported by a framework of policies and procedures with which employees must comply covering issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data protection and fraud prevention and detection.

➤ *Sources of Assurance*

The Board has adopted a "5-lines of defence" approach in order to categorise assurances and source. The 5-lines of defence are: Cultural Leadership; People, Policy and Procedures; Internal Quality Checks; External Expert Reviews; and Corporate Oversight and Direction. The Compliance Committee are responsible for assessing the reliability and any limitations to sources of assurance on an annual basis.

➤ *Information and financial reporting systems*

Financial reporting procedures include detailed budgets for the year ahead and 30 year forecasts in the Business Plan. These are reviewed and approved by the Board on an annual basis. Quarterly management accounts are reported to the Board. The Performance and Review Committee and Board also monitors key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes. The Board has adopted a Stress Testing approach and developed a system of early-warning triggers and a response plan.

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
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REPORT OF THE BOARD

The internal control framework and the risk management process are subject to regular review by Internal Audit who are responsible for providing independent assurance to the Board via the Compliance Committee. The Compliance Committee considers internal control and risk at each meeting.

The Board has received the Executive Management Team's annual report, has conducted its annual review of the effectiveness of the system of internal control and has taken account of any changes needed to maintain the effectiveness of the risk management and control process.

The Board confirms that there has been in place for the year under review, and up to the date of approval of the annual report and accounts, an on-going process for identifying, evaluating and managing the significant risks faced by the Association.

The annual review by the Board at its meeting on 20th July 2020, is conducted following the receipt of reports from the Executive Management Team, Internal Auditor, External Auditor and the Compliance Committee.

Statement of the Board's Responsibilities

The Board is required by legislation to prepare financial statements for each financial year, which give a true and fair view of the state of the Association as at the end of the financial year. In preparing these financial statements, suitable accounting policies have been used to the best of the Board's knowledge and belief, by reference to reasonable judgements and estimates and applied consistently. In doing so, applicable accounting standards have been followed. The Board is also required to indicate where the financial statements are prepared other than on the basis that the Association is a going concern.

The Board is responsible for ensuring that arrangements are made for keeping proper books of account with respect to the transactions and assets and liabilities and for maintaining a satisfactory system of control over the books of account and transactions. The Board is also responsible for ensuring that arrangements are made to safeguard the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board has reviewed the effectiveness of the system of internal control, and in addition, established a three year internal audit plan based on a risk assessment. The Board has established a Risk Strategy and implemented a comprehensive Risk Management approach.

Disclosure of Information to Auditors

In the case of each of the persons who are Board Members of the Association at the date when this report was approved:

- So far as each of the Board Members is aware, there is no relevant audit information of which the Association's auditors are unaware; and
- Each of the Board Members has taken all the steps that they ought to have taken as a Board Member to make them aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

The report of the Board was approved by the Board on 20th July 2020 and signed on its behalf by:

Mary Miller
Chair

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
(Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BROMSGROVE DISTRICT HOUSING TRUST

Opinion

We have audited the financial statements of Bromsgrove District Housing Trust (the 'trust') for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. 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 trust's affairs as at 31 March 2020 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006, 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 trust 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.

Emphasis of matter - Impact of the outbreak of COVID-19 on the financial statements

In forming our opinion on the trust's financial statements, which is not modified, we draw your attention to the Boards' view on the impact of the COVID-19 as disclosed on page 6, and the consideration in the going concern basis of preparation on page 14.

During the latter part of the financial year, there has been a global pandemic from the outbreak of COVID-19. The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The impact of COVID-19 is still evolving and, based on the information available at this point in time, the Board have assessed the impact of COVID-19 on the trust and reflected the Boards' conclusion that adopting the going concern basis for preparation of the financial statements is appropriate.

Emphasis of matter – valuation of investment properties

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 15 to the financial statements concerning the material valuation uncertainty statement made by the trust's valuer.

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
(Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BROMSGROVE DISTRICT HOUSING TRUST

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Board is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Board Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Board Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Board Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specific by law are not made; or
- we have not received all the information and explanations we require for our audit.

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
(Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BROMSGROVE DISTRICT HOUSING TRUST

Responsibilities of the Board

As explained more fully in the Statement of the Board's responsibilities set out on page 16, 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 trust'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 trust 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.

Use of the audit report

This report is made solely to the trust's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and Chapter 4 of Part 2 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the trust's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the trust and the trust's members as a body for our audit work, for this report, or for the opinions we have formed.

David Hoose (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Meridian Business Park

6 Dominus Way

Leicester

LE19 1RP

Date:

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
(Limited by Guarantee)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2020

| | Note | 2020 £'000 | 2019 £'000 |
|--|------|---------------|---------------|
| Turnover | 3 | 25,809 | 24,586 |
| Operating expenditure | 3 | (17,158) | (15,623) |
| Operating surplus | 3 | 8,651 | 8,963 |
| Finance income | 7 | 53 | 31 |
| Interest and financing costs | 6 | (3,000) | (2,837) |
| Surplus on revaluation of investment properties | 15 | 50 | 885 |
| Other finance costs | 20 | (167) | (146) |
| Surplus for the year | 8 | 5,587 | 6,896 |
| Actuarial gain/(loss) in respect of pension schemes - LGPS | 20 | 593 | (803) |
| Actuarial gain/(loss) in respect of pension schemes - SHPS | 20 | 367 | (160) |
| Initial recognition of multi-employer defined benefit scheme | 20 | - | (444) |
| Total comprehensive income for the year | | 6,547 | 5,489 |

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
(Limited by Guarantee)

STATEMENT OF FINANCIAL POSITION
As at 31st March 2020

| | Note | 2020 £'000 | 2019 £'000 |
|--|------|----------------------|----------------------|
| Fixed assets | | | |
| Intangible assets | 12 | 580 | 595 |
| Housing properties | 13 | 137,080 | 126,565 |
| Other property, plant and equipment | 14 | 1,904 | 1,884 |
| Investment properties | 15 | 9,719 | 9,542 |
| | | <u>149,283</u> | <u>138,586</u> |
| Current assets | | | |
| Inventories | 16 | 1,110 | 1,214 |
| Debtors | 17 | 1,893 | 1,392 |
| Cash | 23 | 11,120 | 9,955 |
| | | <u>14,123</u> | <u>12,561</u> |
| Creditors: Amounts falling due within one year | 18 | <u>(3,346)</u> | <u>(2,924)</u> |
| Net current assets | | <u>10,777</u> | <u>9,637</u> |
| Total assets less current liabilities | | 160,060 | 148,223 |
| Creditors: Amounts falling due after more than one year | 19 | (98,627) | (92,803) |
| Defined benefit pension liability | 20 | (6,555) | (7,089) |
| Net assets | | <u><u>54,878</u></u> | <u><u>48,331</u></u> |
| Capital and reserves | | | |
| Revenue reserve | | <u>54,878</u> | <u>48,331</u> |
| Total reserves | | <u><u>54,878</u></u> | <u><u>48,331</u></u> |

The financial statements of Bromsgrove District Housing Trust Limited were approved by the Board on and signed on its behalf by:

Mary Miller

Member

Member

Mark Robertson

Secretary

Company number: 4603611

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
(Limited by Guarantee)

STATEMENT OF CHANGES IN RESERVES
For the year ended 31st March 2020

| | 2020 | 2019 |
|--|----------------|----------------|
| | Revenue | Revenue |
| | reserve | reserve |
| | £'000 | £'000 |
| At 1st April | 48,331 | 42,842 |
| Surplus for the year | 5,587 | 6,896 |
| Actuarial gain/(loss) in respect of pension schemes - LGPS | 593 | (803) |
| Actuarial gain/(loss) in respect of pension schemes - SHPS | 367 | (160) |
| Initial recognition of multi-employer defined benefit scheme | - | (444) |
| At 31st March | <u>54,878</u> | <u>48,331</u> |

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
(Limited by Guarantee)

STATEMENT OF CASH FLOWS

For the year ended 31st March 2020

| | Note | 2020 | | 2019 | |
|---|------|----------|----------|----------|----------|
| | | £'000 | £'000 | £'000 | £'000 |
| Net cash generated from operating activities | 23 | 11,526 | | | 11,135 |
| Cash flows from investing activities | | | | | |
| Purchase of property, plant and equipment | | (14,963) | | (15,821) | |
| Purchase of investment property | | (127) | | (114) | |
| Proceeds from sale of property, plant and equipment | | 1,702 | | 1,647 | |
| Grants received | | 1,033 | | 469 | |
| Interest received | 7 | 48 | | 31 | |
| Net cash flows from investing activities | | | (12,307) | | (13,788) |
| Cash flows from financing activities | | | | | |
| Interest paid | 6 | (3,010) | | (2,785) | |
| New loans | | 4,959 | | 20,379 | |
| Loan issue costs | | (3) | | (448) | |
| Repayments of borrowings | | - | | (8,000) | |
| Net cash flows from financing activities | | | 1,946 | | 9,146 |
| Net increase in cash and cash equivalents | | | 1,165 | | 6,493 |
| Cash and cash equivalents at beginning of year | | | 9,955 | | 3,462 |
| Cash and cash equivalents at end of year | | | 11,120 | | 9,955 |

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2020

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

General information and basis of accounting

Bromsgrove District Housing Trust Limited is a company limited by guarantee (registered number: 4603611) and also a registered charity incorporated and domiciled in the United Kingdom. The address of its registered office and principal place of business are as disclosed on page 1 of these financial statements. The financial statements have been prepared under the historical cost convention, in accordance with Financial Reporting Standard 102 (FRS 102) (March 2018) issued by the Financial Reporting Council and comply with the Statement of Recommended Practice for registered social housing providers 2018 (SORP), the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2019. Bromsgrove District Housing Trust Limited is a public benefit entity, as defined in FRS 102 and applies the relevant paragraphs prefixed 'PBE' in FRS 102.

The March 2018 edition of FRS 102 includes amendments arising from the Financial Reporting Council's triennial review of the standard. There is no material effect on the amounts recognised in these financial statements as a result of adopting these amendments.

Statement of compliance

The Company has prepared its financial statements in accordance with FRS 102.

Going concern

The company's business activities, its current financial position and factors likely to affect its future development are set out within the report from the board. The company has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the company's day to day operations. The company also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

On this basis, the board has a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

While the Covid-19 pandemic has brought additional challenge, the board has stress tested the cash flows of the business and are confident that in light of this exercise, the company remains a going concern.

Property, plant and equipment - housing properties

Housing properties are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the cost of acquiring land and buildings, and development costs directly attributable to the construction of new housing properties during the development. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

Depreciation is charged so as to write down the net book value of housing properties to their estimated residual value, on a straight-line basis, over their useful economic lives. Freehold land is not depreciated.

New build 100 years

Major components

Major components of housing properties, which have significantly different patterns of consumption of economic benefits, are treated as separate assets and depreciated over their expected useful economic lives at the following annual rates:

Structure 100 years

Roofs 70 years

Windows 30 years

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2020

| | |
|--------------------|----------|
| Doors | 25 years |
| Kitchens | 20 years |
| Bathrooms | 30 years |
| Boilers | 15 years |
| Heating systems | 30 years |
| Electrical systems | 30 years |

Improvements

Where there are improvements to housing properties that are expected to provide incremental future benefits, these are capitalised and added to the carrying amount of the property. Any works to housing properties which do not replace a component or result in an incremental future benefit are charged as expenditure in surplus or deficit in the Statement of Comprehensive Income.

Leaseholders

Where the rights and obligations for improving a housing property reside with the leaseholder or tenant, any work to improve such properties incurred by the Association is recharged to the leaseholder and recognised in surplus or deficit in the Statement of Comprehensive Income along with the corresponding income from the leaseholder or tenant.

Investment properties

The classification of properties as investment property or property plant and equipment is based upon the intended use of the property. Properties held to earn commercial rentals or for capital appreciation or both are classified as investment properties. Properties that are used for administrative purposes or that are held for the provision of social housing are treated as property plant and equipment. Mixed use property is separated between investment property and property, plant and equipment.

Investment properties are measured at fair value annually with any change recognised in surplus or deficit in the Statement of Comprehensive Income.

Non-housing property, plant and equipment

Non-housing property, plant and equipment is stated at historic cost less accumulated depreciation and any provision for impairment. Depreciation is provided on all non-housing property, plant and equipment, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

| | |
|--------------------------------|----------|
| Freehold office buildings | 25 years |
| Furniture, fixtures & fittings | 3 years |
| Computer equipment | 4 years |

Intangible assets

Intangible assets are stated at historic cost or valuation, less accumulated amortisation and any provision for impairment. Amortisation is provided on all intangible assets at rates calculated to write off the cost or valuation of each asset on a straight-line basis over its expected useful life, as follows:

| | |
|---------------------------|---------|
| Computer software | 3 years |
| Housing management system | 8 years |

Amortisation of intangible assets is charged to operating expenditure within the Statement of Comprehensive Income.

Impairment of social housing properties

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential.

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2020

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made.

After assessing for indicators of impairment, it is considered that no impairment provision is required.

Social Housing Grant and other Government grants

Where grants are received from government agencies such as Homes England, local authorities, devolved government agencies, health authorities and the European Commission which meet the definition of government grants they are recognised when there is reasonable assurance that the conditions attached to them will be complied with and that the grant will be received.

Government grants are recognised using the accrual model and are classified either as a grant relating to revenue or a grant relating to assets. Grants relating to revenue are recognised in income on a systematic basis over the period in which related costs for which the grant is intended to compensate are recognised. Where a grant is receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no future related costs, it is recognised as revenue in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised in income over the expected useful life of the housing property structure. Where a grant is received specifically for components of a housing property, the grant is recognised in income over the expected useful life of the component.

Grants received from non-government sources are recognised as revenue using the performance model.

Recycling of grants

Where there is a requirement to either repay or recycle a grant received for an asset that has been disposed of, a provision is included in the Statement of Financial Position to recognise this obligation as a liability. When approval is received from the funding body to use the grant for a specific development, the amount previously recognised as a provision for the recycling of the grant is reclassified as a creditor in the Statement of Financial Position.

For shared ownership stair-casing sales, when full stair-casing has not taken place, the recycling of the grant may be deferred if the net sales proceeds are insufficient to meet the grant obligation relating to the disposal and need not be recognised as a provision. On subsequent stair-casing sales, the requirement to recycle the grant becomes an obligation if sufficient sales proceeds are generated to meet the obligation and a provision is recognised at this point.

On disposal of an asset for which government grant was received, if there is no obligation to repay the grant, any unamortised grant remaining within liabilities in the Statement of Financial Position related to this asset is derecognised as a liability and recognised as revenue in surplus or deficit in the Statement of Comprehensive Income.

Leased assets

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases.

Payments under operating leases are charged to surplus or deficit in the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Interest payable

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are calculated using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument and is determined on the basis of the carrying amount of the financial liability at initial recognition. Under the effective interest method, the amortised cost of a financial liability is the present value of future cash payments discounted at the effective interest rate and the interest expense in a period equals the carrying amount of the financial liability at the beginning of a period multiplied by the effective interest rate for the period.

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2020

Taxation

The Trust has charitable status therefore its charitable activities are not subject to corporation tax.

Pensions

Defined Benefit Pension Schemes

The Company participates in defined benefit pension schemes which are multi-employer schemes where it is possible for individual employers as admitted bodies to identify their share of the assets and liabilities of the pension schemes. For these schemes the amounts charged to operating surplus are the costs arising from 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 revenue and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liabilities) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each Statement of Financial Position date.

Defined contribution scheme - Social Housing Pension Scheme (SHPS)

The Company participates in a defined contribution scheme where the amount charged to surplus or deficit in the Statement of Comprehensive Income in respect of pension costs and other post-retirement benefits is the contributions payable in the year.

Turnover

Turnover represents rent and service charges receivable (net of rent and service charge losses from voids), grants from local authorities, amounts invoiced in respect of the provision of services, and other income, such as shared ownership first tranche sales. Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids.

Shared ownership property sales

Shared ownership properties, including those under construction, are split between non-current assets and current assets. The split is determined by the percentage of the property to be sold under the first tranche disposal which is shown on initial recognition as a current asset, with the remainder classified as a non-current asset within property plant and equipment. Where this would result in a surplus on the disposal of the current asset that would exceed the anticipated overall surplus, the surplus on disposal of the first tranche is limited to the overall surplus by adjusting the costs allocated to current or non-current assets.

Proceeds from first tranche disposals are accounted for as turnover in the Statement of Comprehensive Income of the period in which the disposal occur and the cost of sale is transferred from current assets to operating costs. Proceeds from subsequent tranche sales are treated as disposals of fixed assets.

Service charge sinking funds and service costs

Unutilised contributions to service charge sinking funds and over-recovery of service costs which are repayable to tenants or leaseholders or are intended to be reflected in reductions to future service charge contributions are recognised as a liability in the Statement of Financial Position. The amount included in liabilities in respect of service charge sinking funds includes interest credited to the fund. Where there has been an under-recovery of leaseholders' or tenants' variable service charges and recovery of the outstanding balance is virtually certain, the balance is recognised in the Statement of Financial Position as a trade receivable. Debit and credit balances on individual schemes are not aggregated as there is no right of set-off.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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Financial assets carried at amortised cost

Financial assets carried at amortised cost comprise rent arrears, trade and other receivables and cash and cash equivalents. Financial assets are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced accordingly.

A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and reward are transferred.

If an arrangement constitutes a financing transaction, the financial asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial liabilities carried at amortised cost

These financial liabilities include trade and other payables and interest-bearing loans and borrowings.

Non-current debt instruments which meet the necessary conditions in FRS 102, are initially recognised at fair value adjusted for any directly attributable transaction cost and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in the Statement of Comprehensive Income. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

Inventories

Inventories are stated at the lower of cost and net realisable value and consist of raw materials and consumables, held as van stock, and an element of first tranche shared ownership costs, including those under construction, that are initially recognised as current assets. The cost element initially recognised as a current asset is determined by the percentage of the property to be sold under the first tranche disposal.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

2. Significant management judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant management judgements

The following are management judgements in applying the accounting policies of the Company that have the most significant effect on the amounts recognised in the financial statements.

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For the year ended 31st March 2020

Impairment of social housing properties

The Company has to make an assessment as to whether an indicator of impairment exists. In making the judgement, management considered the detailed criteria set out in the SORP. Reviews for impairment of housing properties are undertaken 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. After undertaking a review of prevailing conditions, the Company concluded that no conditions existed that would trigger a full impairment review.

Estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Tangible fixed assets.

Tangible fixed assets are depreciated over their estimated useful lives considering residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on several factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are considered. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. The carrying value of the company's tangible fixed assets, and the prior year comparatives, can be found in notes 13 and 14 of the financial statements.

Impairment of rent arrears and other short-term debtors

Rent arrears and other debtors, with no stated interest rate and receivable within one year, are recorded at their estimated transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses. An estimate of the collectible number of debtor is made when collection of the full amount is no longer probable. For amounts which are individually significant, this estimate is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a general provision applied according to the length of time past due, based on historical recovery rates. A 100% provision rate is applied to former tenant arrears and general provision rates of between 0% and 75% are applied to current tenant rent arrears. General provision rates of between 60% and 100% are applied to current tenant other lettings arrears. The carrying value of the company's rent arrears and other short-term debtors and the prior year comparatives, can be found in note 17 of the financial statements.

Defined benefit pension scheme

The Company has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on several factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. The carrying value of the company's defined benefit pension schemes, and the prior year comparatives, can be found in note 20 of the financial statements.

Investment properties

The company carries its investment properties at fair value and engages independent valuers to determine fair value using a valuation technique based on a discounted cash flow model. The calculated fair value of the investment property uses assumptions which are subject to judgement, such as the estimated yield and the long-term vacancy rate. The carrying value of the company's investment properties, and the prior year comparatives, including details of the key assumptions adopted in the valuation can be found in note 15 of the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2020

3. Particulars of turnover, cost of sales, operating costs and operating surplus

| | 2020 | | | |
|--|---------------------------|--------------------------------|--------------------------------------|--|
| | Turnover £'000 | Cost of sales £'000 | Operating costs £'000 | Operating surplus £'000 |
| Social housing lettings (note 4) | | | | |
| - General needs | 11,689 | - | (8,651) | 3,038 |
| - Supported housing | 4,884 | - | (4,027) | 857 |
| - Affordable rent | 1,574 | - | (916) | 658 |
| - Shared ownership | 631 | - | (284) | 347 |
| | <u>18,778</u> | <u>-</u> | <u>(13,878)</u> | <u>4,900</u> |
| Other social housing activities | | | | |
| - 1 st tranche property sales | 3,848 | (2,166) | (68) | 1,614 |
| - Other social housing activities | 487 | - | (319) | 168 |
| | <u>23,113</u> | <u>(2,166)</u> | <u>(14,265)</u> | <u>6,682</u> |
| Activities other than social housing activities | | | | |
| - Market rent | 609 | - | (240) | 369 |
| - Other activities | 148 | - | (41) | 107 |
| - Lettings (garages) | 237 | - | (13) | 224 |
| Surplus on disposal of PPE (note 5) | 1,702 | (384) | (49) | 1,269 |
| Total | <u><u>25,809</u></u> | <u><u>(2,550)</u></u> | <u><u>(14,608)</u></u> | <u><u>8,651</u></u> |

| | 2019 | | | |
|--|---------------------------|--------------------------------|--------------------------------------|--|
| | Turnover £'000 | Cost of Sales £'000 | Operating costs £'000 | Operating surplus £'000 |
| Social housing lettings (note 4) | | | | |
| - General needs | 11,427 | - | (7,657) | 3,770 |
| - Supported housing | 4,901 | - | (3,725) | 1,176 |
| - Affordable rent | 1,583 | - | (834) | 749 |
| - Shared ownership | 502 | - | (246) | 256 |
| | <u>18,413</u> | <u>-</u> | <u>(12,462)</u> | <u>5,951</u> |
| Other social housing activities | | | | |
| - 1 st tranche property sales | 3,034 | (1,814) | (36) | 1,184 |
| - Other social housing activities | 531 | - | (319) | 212 |
| | <u>21,978</u> | <u>(1,814)</u> | <u>(12,817)</u> | <u>7,347</u> |
| Activities other than social housing activities | | | | |
| - Market rent | 576 | - | (268) | 308 |
| - Other activities | 130 | - | (51) | 79 |
| - Lettings (garages) | 255 | - | (5) | 250 |
| Surplus on disposal of PPE (note 5) | 1,647 | (596) | (72) | 979 |
| Total | <u><u>24,586</u></u> | <u><u>(2,410)</u></u> | <u><u>(13,213)</u></u> | <u><u>8,963</u></u> |

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2020

4. Particulars of income and expenditure from social housing lettings

| | General needs housing | Supported housing and housing for older people | Affordable rent | Shared ownership | 2020 Total | 2019 Total |
|--|-----------------------------|---|--------------------|---------------------|-----------------------|---------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Income | | | | | | |
| Rents receivable | 11,172 | 3,854 | 1,560 | 491 | 17,077 | 16,737 |
| Service charge income | 390 | 983 | 0 | 129 | 1,502 | 1,479 |
| Amortised government grant | 127 | 47 | 14 | 11 | 199 | 197 |
| Turnover from social housing lettings | 11,689 | 4,884 | 1,574 | 631 | 18,778 | 18,413 |
| Expenditure | | | | | | |
| Service charge costs | 431 | 867 | 37 | 30 | (1,365) | (1,317) |
| Management | 2,808 | 1,654 | 474 | 166 | (5,102) | (4,549) |
| Routine maintenance | 2,153 | 398 | 106 | 0 | (2,657) | (2,112) |
| Planned maintenance | 676 | 160 | 24 | 2 | (862) | (861) |
| Development | 13 | 1 | 0 | 2 | (16) | (32) |
| Bad debts | 124 | 46 | 13 | 0 | (183) | (127) |
| Depreciation of housing properties | 2,446 | 901 | 262 | 84 | (3,693) | (3,464) |
| Operating costs | 8,651 | 4,027 | 916 | 284 | (13,878) | (12,462) |
| Operating surplus social housing lettings | 3,038 | 857 | 658 | 347 | 4,900 | 5,951 |
| Void losses | 76 | 43 | 14 | 0 | 133 | 96 |

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2020

5. Surplus on disposal of property, plant and equipment

| | 2020 | 2019 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Sale of subsequent tranche shared ownership properties | 384 | 609 |
| RTB sales proceeds | 975 | 702 |
| Voluntary property/land sale proceeds | 343 | 336 |
| Costs of sale (administration – legal and valuation) | (49) | (72) |
| Net book value of disposals | (384) | (596) |
| Surplus on disposal | <u>1,269</u> | <u>979</u> |

6. Interest and financing costs

| | 2020 | 2019 |
|-------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Bank loans and overdrafts | 3,010 | 2,785 |
| Amortisation of Premium on Issuance | (116) | (21) |
| Amortisation of borrowing costs | 106 | 73 |
| | <u>3,000</u> | <u>2,837</u> |

7. Finance income

| | 2020 | 2019 |
|--------------------------|--------------|--------------|
| | £'000 | £'000 |
| Bank interest receivable | 53 | 31 |
| | <u>53</u> | <u>31</u> |

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2020

8. Surplus on ordinary activities

| | 2020 | 2019 |
|---|-------------------|-------------------|
| | £'000 | £'000 |
| Surplus on ordinary activities is stated after charging/(crediting): | | |
| Depreciation of housing properties | 3,693 | 3,464 |
| Depreciation of plant and equipment | 203 | 191 |
| Amortisation of intangible assets | 141 | 125 |
| Government grants | (197) | (197) |
| (Gain) on disposal of fixed assets | (1,269) | (979) |
| Audit fees: | | |
| - for audit services | 20 | 20 |
| - other services | 1 | 5 |
| Operating lease rentals | 100 | 106 |
| | <u> </u> | <u> </u> |

9 Staff costs

| | 2020 | 2019 |
|-----------------------|-------------------|-------------------|
| | £'000 | £'000 |
| Wages and salaries | 4,138 | 3,891 |
| Social security costs | 421 | 382 |
| Pension costs | 602 | 524 |
| | <u> </u> | <u> </u> |
| | <u>5,161</u> | <u>4,797</u> |

Pension costs represent total payments made during the year, including SHPS deficit payments of £62,000 (2019: £39,000), SHPS closed scheme surcharges of £3,000 (2019: £8,000), SHPS expense charge of £9,000 (2019: £3,000) and LGPS service deficit contributions of £140,000 (2019: £135,000).

In addition, FRS 102 non-cash pension adjustments of £259,000 (2019: £93,000) were charged to the Statement of Comprehensive Income.

| | 2020 | 2019 |
|-------------------------------------|-------------------|-------------------|
| | Number | Number |
| Administration | 26 | 23 |
| Operational services - Office based | 64 | 63 |
| - Sheltered Living team | 12 | 12 |
| - Community repairs team | 17 | 16 |
| - Voids repairs team | 12 | 9 |
| - Gas servicing team | 6 | 6 |
| | <u> </u> | <u> </u> |
| Total | 137 | 129 |
| | <u> </u> | <u> </u> |

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2020

10. Directors' remuneration and transactions

The Directors are defined as the Executive Management Team which includes the Chief Executive and 3 other posts. The aggregate amount of emoluments (including pension contributions with respect to service as a Director) paid to or receivable by the Directors of the Company during the year was £419,000 (2019: £430,000). The aggregate amount of emoluments (excluding pension contributions) was £400,000 (2019: £414,000). In addition to the aggregate amount of emoluments (excluding pension contributions) cash payments in lieu of pension contributions were made of £21,000 (2019: £27,000).

Key management personnel remuneration

| | 2020 | 2019 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Directors who are executive staff members | | |
| Wages and salaries | 400 | 414 |
| Social security costs | 53 | 56 |
| Pension costs | 19 | 16 |
| Cash payment in lieu of pension contributions | 21 | 27 |
| Board members | | |
| Wages and salaries | 41 | 40 |
| Social security costs | - | - |
| Other pension costs | - | - |
| | <u>534</u> | <u>553</u> |

As at 31st March 2020, there is 1 director (2019: 1) for whom benefits are accruing under a defined benefit scheme and 2 directors (2019:2) for whom benefits are accruing under a defined contribution pension scheme.

| | 2020 | 2019 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Remuneration of the highest paid director, excluding pension contributions: | | |
| The emoluments paid during the year to the Chief Executive who was the highest paid Director were: | | |
| Emoluments | <u>130</u> | <u>121</u> |
| | <u>130</u> | <u>121</u> |

The emolument figure above of £121,000 is represented by payments to the current Chief Executive during the prior year and includes the period to 31st July 2018 at which point he was the Managing Director at bdht. The full year effect of emoluments to the current Chief Executive was £130,000 for the year to 31st March 2020.

The Employer and the Chief Executive made no contributions to the pension scheme during the year to 31st March 2020 and instead the Chief Executive received a cash payment in lieu of pension contributions of £21,472 (2019: £12,560, from the period 1st August 2018, the date of his appointment as Chief Executive). The number of full-time equivalent staff (based on 37 hours per week and including the Chief Executive) whose remuneration falls within each band of £10,000 from £60,000 upwards (excluding pension contributions and cash payment in lieu of pension contributions) is as follows:

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2020

10. Directors' remuneration and transactions (continued)

| | 2020 | 2019 |
|-------------------|---------------|---------------|
| | Number | Number |
| £60,000-£69,999 | 4 | - |
| £70,000-£79,999 | - | - |
| £80,000-£89,999 | 3 | 2 |
| £90,000-£99,999 | - | 1 |
| £100,000-£109,999 | - | - |
| £110,000-£119,999 | - | - |
| £120,000-£129,999 | - | 1 |
| £130,000-£139,999 | 1 | - |

11. Tax on surplus on ordinary activities

On 6th September 2005 the Company was accepted by the Charities Commission and HMRC as a charity for tax purposes. The Company is therefore not liable to tax charges on its charitable activities.

12. Intangible fixed assets

| | Computer software |
|------------------------------|------------------------------|
| | £'000 |
| Cost | |
| At 1st April 2019 | 1,130 |
| Additions | 126 |
| Disposals | - |
| As at 31st March 2020 | <u>1,256</u> |
| Amortisation | |
| At 1st April 2019 | 535 |
| Charge for the year | 141 |
| Eliminated on disposals | - |
| As at 31st March 2020 | <u>676</u> |
| Net book value | |
| As at 31st March 2020 | <u>580</u> |
| As at 31st March 2019 | <u>595</u> |

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2020

13. Tangible fixed assets – housing properties

| | Completed properties £'000 | Under construction £'000 | Completed Shared ownership £'000 | Shared ownership under construction £'000 | Total £'000 |
|------------------------------|---|---|---|--|------------------------|
| Cost or valuation | | | | | |
| At 1st April 2019 | 143,939 | 2,004 | 10,518 | 219 | 156,680 |
| Additions | 7,196 | 1,795 | 1,891 | 279 | 11,161 |
| Works to existing properties | 3,456 | - | - | - | 3,456 |
| Disposals | (390) | - | (257) | - | (647) |
| Transfers | 2,202 | (2,202) | 208 | (208) | - |
| At 31st March 2020 | <u>156,403</u> | <u>1,597</u> | <u>12,360</u> | <u>290</u> | <u>170,650</u> |
| Depreciation | | | | | |
| At 1st April 2019 | 29,639 | - | 476 | - | 30,115 |
| Charge for the year | 3,643 | - | 50 | - | 3,693 |
| Eliminated on disposals | (228) | - | (10) | - | (238) |
| At 31st March 2020 | <u>33,054</u> | <u>-</u> | <u>516</u> | <u>-</u> | <u>33,570</u> |
| Net book value | | | | | |
| At 31st March 2020 | <u>123,349</u> | <u>1,597</u> | <u>11,844</u> | <u>290</u> | <u>137,080</u> |
| At 31st March 2019 | <u>114,300</u> | <u>2,004</u> | <u>10,042</u> | <u>219</u> | <u>126,565</u> |

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2020

14. Property, plant and equipment - other

| | Freehold office building £'000 | Computer hardware £'000 | Furniture, fixtures and fittings £'000 | Total £'000 |
|--|---|--|---|------------------------|
| Cost | | | | |
| At 1st April 2019 | 3,001 | 714 | 187 | 3,902 |
| Additions | 34 | 171 | 17 | 222 |
| Disposals | - | - | - | - |
| At 31st March 2020 | <u>3,035</u> | <u>885</u> | <u>204</u> | <u>4,124</u> |
| Depreciation | | | | |
| At 1st April 2019 | 1,329 | 506 | 182 | 2,017 |
| Charge for the year | 104 | 95 | 4 | 203 |
| Disposals | - | - | - | 0 |
| At 31st March 2020 | <u>1,433</u> | <u>601</u> | <u>186</u> | <u>2,220</u> |
| Net book value At 31st March 2020 | <u>1,602</u> | <u>284</u> | <u>18</u> | <u>1,904</u> |
| At 31st March 2019 | <u>1,672</u> | <u>208</u> | <u>5</u> | <u>1,884</u> |

Freehold land and buildings with a carrying amount of £90.4 million (2019: £86.6 million) have been pledged to secure borrowings of the Association. The Association is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2020

15. Investment Properties

| | Investment properties £'000 |
|---------------------------|--|
| Cost | |
| At 1st April 2019 | 8,540 |
| Additions | 127 |
| Disposals | - |
| Adjustments | - |
| | <u>8,667</u> |
| At 31st March 2020 | <u>8,667</u> |
| Revaluation | |
| At 1st April 2019 | 1,002 |
| Revaluation for the year | 50 |
| | <u>1,052</u> |
| At 31st March 2020 | <u>1,052</u> |
| Net book value | |
| At 31st March 2020 | <u>9,719</u> |
| At 31st March 2019 | <u>9,542</u> |

Investment properties with a carrying value of £9.542 million at 1st April 2019 were revalued in April 2020 to a fair value of £9,719 million. The additions of £0.127 million relate to major improvement works undertaken during the financial year.

The valuation was carried out by Jones Lang LaSalle Limited using the Market Value Subject to Tenancies (MV-ST) methodology. There was increased valuation uncertainty around the balance sheet date due to the coronavirus pandemic, however, the Directors are of the opinion that the valuation conducted can be relied upon and produces a materially correct result, in respect of the fair value of the investments properties as at 31st March 2020.

The key and significant assumptions adopted within the valuation were:

- House price inflation - 0% years 1 -5 and 1% thereafter; and
- Rate of voids sale - 4% years 1 – 5 and 5% thereafter.

16. Inventories

| | 2020 £'000 | 2019 £'000 |
|---|-----------------------|-----------------------|
| First tranche shared ownership – completed | 764 | 943 |
| First tranche shared ownership – under construction | 290 | 219 |
| Raw materials and consumables | 56 | 52 |
| | <u>1,110</u> | <u>1,214</u> |

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
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For the year ended 31st March 2020

17. Debtors

| | 2020 | 2019 |
|---|---------------------|---------------------|
| | £'000 | £'000 |
| Amounts falling due within one year: | | |
| Rent arrears | 608 | 457 |
| Provision for bad debts | (359) | (290) |
| VAT | - | 5 |
| Other debtors | 405 | 234 |
| Prepayments | 478 | 454 |
| Accrued Income | 195 | 12 |
| | <u>1,327</u> | <u>872</u> |
| Amounts falling due after more than one year: | | |
| THFC Interest Service Reserve Fund | 566 | 520 |
| | <u>566</u> | <u>520</u> |
| Total Debtors | <u><u>1,893</u></u> | <u><u>1,392</u></u> |

18. Creditors – amounts falling due within one year

| | 2020 | 2019 |
|------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Rents received in advance | 490 | 460 |
| Other lettings prepayments | 65 | 53 |
| THFC Loan Premium on Issuance | 116 | 116 |
| Trade creditors | 291 | 108 |
| VAT | 38 | - |
| Government grants (note 19) | 197 | 197 |
| Other taxation and social security | 117 | 105 |
| Other creditors | 496 | 391 |
| Accruals | 1,374 | 1,494 |
| Deferred Income | 162 | - |
| | <u>3,346</u> | <u>2,924</u> |

19. Creditors – amounts falling due after more than one year

| | 2020 | 2019 |
|-------------------------------|---------------|---------------|
| | £'000 | £'000 |
| Other creditors | | |
| Loans | 78,300 | 73,300 |
| Capitalised refinancing costs | (1,170) | (1,273) |
| THFC loan premium on issuance | 2,646 | 2,762 |
| Government grants (note 19) | 18,851 | 18,014 |
| | <u>98,627</u> | <u>92,803</u> |

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2020

19. Creditors – amounts falling due after more than one year (continued)

The loans are secured on freehold housing properties. The loan portfolio comprises:

| Value | Fix Period | All-in Rate |
|----------------------|-------------------|--------------------|
| £5.0 million | Variable | 2.39% |
| £5.0 million | 10 years | 5.95% |
| £5.0 million | Variable | 2.39% |
| £5.0 million | 3 years | 2.83% |
| £3.3 million | 2 years | 2.76% |
| £5.0 million | 20 years | 5.07% |
| £5.0 million | 8 years | 4.05% |
| £30.0 million | 30 years | 3.60% |
| £10.0 million | 25 years | 5.20% |
| £5.0 million | Variable | 1.66% |
| £78.3 million | | |

A further loan facility of £20 million is in place but has not yet been drawn down.

| | 2020 | 2019 |
|---|---------------|---------------|
| | £'000 | £'000 |
| Deferred income - Government grants | | |
| At 1st April 2019 | 18,211 | 17,939 |
| Grants receivable | 1,033 | 469 |
| Amortisation to Statement of Comprehensive Income | (196) | (197) |
| | <u>19,048</u> | <u>18,211</u> |
| At 31st March 2020 | | |
| Due within one year | <u>197</u> | <u>197</u> |
| Due after one year | <u>18,851</u> | <u>18,014</u> |

The total accumulated gross, unamortised amount of capital grant received or receivable at the balance sheet date is £20.6m (2019: £19.7m)

| | 2020 | 2019 |
|------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Recycled Capital Grant Fund | | |
| At 1st April 2019 | 199 | 165 |
| Inputs to RCGF | 68 | 91 |
| Recycling of grant | (153) | (58) |
| Interest accrued | 1 | 1 |
| | <u>115</u> | <u>199</u> |
| Ai 31 st March 2020 | | |

The Recycled Capital Grant Fund is included within 'deferred income – government grants due after one year' above.

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2020

19. Creditors – amounts falling due after more than one year (continued)

Borrowings are repayable as follows:

| | 2020 | 2019 |
|----------------------------------|---------------|---------------|
| | £'000 | £'000 |
| Bank loans | | |
| Between one and two years | - | - |
| Between two and five years | 5,000 | - |
| After five years | 73,300 | 73,300 |
| | <u>78,300</u> | <u>73,300</u> |
| Less: transaction costs on issue | (1,170) | (1,273) |
| THFC loan premium on issuance | 2,646 | 2,762 |
| | <u>79,777</u> | <u>74,789</u> |

20. Retirement benefit schemes

Defined contribution schemes

The Company operates defined contribution retirement benefit schemes for qualifying employees. The total expense charged to Statement of Comprehensive Income in the period ended 31st March 2020 was £119,000 (2019: £67,000).

Defined benefit schemes

The Company operates defined benefit schemes for qualifying employees. Under the schemes, the employees are entitled to retirement benefits based on number of pensionable years' service and an accrual rate of 1/49th (LGPS) and 1/60th (SHPS) of final salary on attainment of a retirement age of 65 (LGPS) or 67 (SHPS). The most recent actuarial valuations of scheme assets and the present value of the LGPS defined benefit obligation were carried out at 31st March 2019 by Fellows of the Institute and Faculty of Actuaries who are employed by Mercer. The present value of the LGPS defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

| | Valuation at | |
|---------------------------------------|---------------------|-------------|
| | 2020 | 2019 |
| Key assumptions used for LGPS scheme: | | |
| Increase in salaries | 3.6% | 3.7% |
| Discount rate | 2.4% | 2.4% |
| Future pension increases | 2.3% | 2.3% |
| CPI Inflation | 2.1% | 2.2% |

Mortality assumptions:

Investigations have been carried out within the past three years into the mortality experience of the Company's LGPS defined benefit scheme. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2020

20. Retirement benefit schemes (continued)

| | Valuation at | |
|-----------------------|---------------------|--------------|
| | 2020 | 2019 |
| | years | years |
| Retiring today: | | |
| Males | 22.6 | 22.8 |
| Females | 25.0 | 25.8 |
| Retiring in 20 years: | | |
| Males | 24.2 | 25.1 |
| Females | 27.0 | 28.2 |

Amounts recognised in the Statement of Comprehensive Income in respect of the LGPS defined benefit scheme are as follows:

| | 2020 | 2019 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Current service cost | 503 | 484 |
| Net interest cost | 148 | 129 |
| Administration costs | 6 | 6 |
| Past Service cost | 172 | - |
| | <u>829</u> | <u>619</u> |
| Recognised in other comprehensive income | - | - |
| Total cost relating to defined benefit scheme | <u>829</u> | <u>619</u> |

The amount included in the Statement of Financial Position arising from the Company's obligations in respect of its LGPS defined benefit retirement benefit scheme is as follows:

| | 2020 | 2019 |
|---|----------------|----------------|
| | £'000 | £'000 |
| Present value of defined benefit obligations | (18,147) | (18,570) |
| Fair value of scheme assets | 12,025 | 12,300 |
| Deficit | <u>(6,122)</u> | <u>(6,270)</u> |
| Net liability recognised in the Statement of Financial Position | <u>(6,122)</u> | <u>(6,270)</u> |

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2020

20. Retirement benefit schemes (continued)

Movements in the present value of defined benefit obligations in respect of the LGPS scheme were as follows:

| | 2020 | 2019 |
|-------------------------|---------------|---------------|
| | £'000 | £'000 |
| At 1st April | 18,570 | 17,039 |
| Service cost | 675 | 484 |
| Interest cost | 446 | 438 |
| Actuarial (gain) / loss | (1,288) | 997 |
| Member contributions | 96 | 99 |
| Benefits/transfers paid | (352) | (487) |
| | <hr/> | <hr/> |
| At 31st March | <u>18,147</u> | <u>18,570</u> |

Movements in the fair value of LGPS scheme assets were as follows:

| | 2020 | 2019 |
|---|---------------|---------------|
| | £'000 | £'000 |
| At 1st April | 12,300 | 11,819 |
| Actuarial loss | (695) | 194 |
| Return on plan assets (excluding amounts included in net interest cost) | 298 | 309 |
| Contributions from the employer | 384 | 374 |
| Contributions from scheme participants | 96 | 108 |
| Benefits paid | (352) | (378) |
| Administration expenses | (6) | (6) |
| | <hr/> | <hr/> |
| At 31st March | <u>12,025</u> | <u>12,300</u> |

The analysis of the LGPS scheme assets at the Statement of Financial Position date was as follows:

| | Fair value of assets | |
|--------------------|-----------------------------|---------------|
| | 2020 | 2019 |
| | £'000 | £'000 |
| Equity instruments | 8,490 | 8,843 |
| Government Bonds | 878 | 996 |
| Other bonds | 601 | 603 |
| Property | 697 | 775 |
| Cash/liquidity | 72 | 283 |
| Other | 1,287 | 800 |
| | <hr/> | <hr/> |
| | <u>12,025</u> | <u>12,300</u> |

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2020

20. Retirement benefit schemes (continued)

The Pensions Trust – Social Housing Pension Scheme

The Company participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30th December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out at 30th September 2017. This valuation was carried out as at 30th September 2017. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026.

The scheme is classified as a 'last-man standing arrangement'. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

Initial recognition of multi-employer defined benefit scheme

For financial years ending on or after 31 March 2019, it has been possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme. Prior to this, there was insufficient information and therefore the company had accounted for the Scheme as a defined contribution scheme.

In regard to the initial recognition of the multi-employer defined benefit scheme, the following amounts were recognised in other comprehensive income in the year ending 31st March 2019:

| | |
|--|--------------|
| | 2019 |
| | £'000 |
| SHPS pension deficit funding liability | (233) |
| SHPS pension defined benefit liability | (667) |
| | <hr/> |
| Initial recognition of multi-employer defined benefit scheme | (444) |
| | <hr/> <hr/> |

| | Valuation at | |
|--------------------------------|---------------------|-------------|
| | 2020 | 2019 |
| Key assumptions used for SHPS: | | |
| Increase in salaries | 2.50% | 3.21% |
| Discount rate | 2.32% | 2.39% |
| RPI Inflation | 2.50% | 3.21% |
| CPI Inflation | 1.50% | 2.21% |

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2020

20. Retirement benefit schemes (continued)

Mortality assumptions:

The mortality assumptions adopted as at 31st March 2020 imply the following life expectancies:

| | Valuation at | |
|-----------------------|---------------------|--------------|
| | 2020 | 2019 |
| | years | years |
| Retiring today: | | |
| Males | 21.5 | 21.8 |
| Females | 23.5 | 23.5 |
| Retiring in 20 years: | | |
| Males | 22.9 | 23.2 |
| Females | 24.5 | 24.7 |

Amounts recognised in the Statement of Comprehensive Income in respect of the SHPS defined benefit scheme are as follows:

| | 2020 | 2019 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Current service cost | 54 | 59 |
| Net interest cost | 19 | 17 |
| Administration costs | 3 | 3 |
| Plan introductions, changes, curtailments and settlements | - | - |
| | <u>76</u> | <u>79</u> |
| Recognised in other comprehensive income | - | - |
| Total cost relating to defined benefit scheme | <u>76</u> | <u>79</u> |

The amount included in the Statement of Financial Position arising from the Company's obligations in respect of its SHPS defined benefit retirement scheme is as follows:

| | 2020 | 2019 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Present value of defined benefit obligations | (2,668) | (2,889) |
| Fair value of scheme assets | 2,235 | 2,070 |
| Deficit | <u>(433)</u> | <u>(819)</u> |
| Net liability recognised in the Statement of Financial Position | <u>(433)</u> | <u>(819)</u> |

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2020

20. Retirement benefit schemes (continued)

Movements in the present value of the SHPS defined benefit obligations were as follows:

| | 2020 | 2019 |
|----------------------------|--------------|--------------|
| | £'000 | £'000 |
| At 1st April | 2,889 | 2,544 |
| Service cost | 54 | 59 |
| Expenses | 3 | 3 |
| Interest cost | 70 | 67 |
| Actuarial losses | (361) | 214 |
| Member contributions | 19 | 28 |
| Benefits paid and expenses | (6) | (26) |
| | <hr/> | <hr/> |
| At 31st March | <u>2,668</u> | <u>2,889</u> |

Movements in the fair value of the SHPS scheme assets were as follows:

| | 2020 | 2019 |
|---|--------------|--------------|
| | £'000 | £'000 |
| At 1st April | 2,070 | 1,877 |
| Actuarial gain | 6 | 54 |
| Return on plan assets (excluding amounts included in net interest cost) | 51 | 50 |
| Contributions from the employer | 95 | 87 |
| Contributions from scheme participants | 19 | 28 |
| Benefits paid and expenses | (6) | (26) |
| Administration expenses | - | - |
| | <hr/> | <hr/> |
| At 31st March | <u>2,235</u> | <u>2,070</u> |

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2020

20. Retirement benefit schemes (continued)

The analysis of the SHPS scheme assets at the Statement of Financial Position date was as follows:

| | Fair value of assets | |
|-----------------------------|-----------------------------|--------------|
| | 2020 | 2019 |
| | £'000 | £'000 |
| Absolute return | 117 | 179 |
| Alternative risk premia | 156 | 119 |
| Corporate bond fund | 127 | 97 |
| Credit relative value | 61 | 38 |
| Distressed opportunities | 43 | 38 |
| Emerging market debts | 68 | 71 |
| Opportunistic liquid credit | 54 | - |
| Liquid credit | 1 | - |
| Fund of hedge funds | 1 | 9 |
| Global equity | 327 | 348 |
| Infrastructure | 166 | 109 |
| Insurance-linked securities | 69 | 59 |
| Liability driven investment | 742 | 757 |
| Long lease property | 39 | 30 |
| Net current assets | 10 | 4 |
| Private debt | 45 | 28 |
| Property | 49 | 47 |
| Risk sharing | 75 | 63 |
| Secured income | 85 | 74 |
| | <hr/> | <hr/> |
| | 2,235 | 2,070 |
| | <hr/> | <hr/> |

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

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2020

21. Financial Instruments

The carrying values of the Association's financial assets and liabilities are summarised by category below:

| | 2020 | 2019 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Financial Assets | | |
| Measured at undiscounted amount receivable | | |
| • Rent arrears and other debtors (see note 17) | 608 | 457 |
| • VAT (see note 17) | - | 5 |
| • Cash at bank | 11,120 | 9,955 |
| | <hr/> | <hr/> |
| | 11,690 | 10,417 |
| | <hr/> | <hr/> |
| Financial Liabilities | | |
| Measured at amortised cost | | |
| • Loans payable (see note 19) | 79,777 | 74,789 |
| Measured at undiscounted amount payable | | |
| • Trade creditors (see note 18) | 291 | 108 |
| • VAT (see note 18) | 38 | - |
| • Other taxation and social security (see note 18) | 117 | 90 |
| • Other creditors (see note 18) | 496 | 406 |
| | <hr/> | <hr/> |
| | 81,151 | 76,212 |
| | <hr/> | <hr/> |

22. Share capital

The Company is limited by Guarantee and therefore does not have any share capital.

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2020

23. Statement of Cash Flows

| | 2020 | 2019 |
|---|---------------|---------------|
| | £'000 | £'000 |
| Cash flow from operating activities | | |
| Surplus for the year | 5,587 | 6,896 |
| Adjustment for non-cash items: | | |
| Depreciation of property, plant and equipment | 3,895 | 3,655 |
| Amortisation of intangible assets | 141 | 125 |
| Decrease / (increase) in inventories | 104 | (483) |
| Decrease / (increase) in debtors | (415) | (145) |
| (Decrease) in creditors | 381 | 324 |
| Pension costs less contributions payable | 426 | 239 |
| Revaluation of investment properties | (50) | (885) |
| Carrying amount of property, plant & equipment disposals | 410 | 447 |
| Adjustments for investing or financing activities: | | |
| Proceeds from the sale of property, plant and equipment | (1,702) | (1,647) |
| Government grants utilised in the year | (197) | (197) |
| Interest payable | 2,893 | 2,764 |
| Interest received | (53) | (31) |
| Amortisation of refinancing costs | 106 | 73 |
| Cash generated by operations | <u>11,526</u> | <u>11,135</u> |
| Cash and cash equivalents | | |
| Cash at bank and in hand | 11,120 | 9,955 |
| Cash equivalents included in current asset investments | - | - |
| Cash and cash equivalents | <u>11,120</u> | <u>9,955</u> |

Analysis of changes in net debt

| | At 1st April | Cashflows | Other non-cash | At 31st March |
|--------------------------------------|---------------------|------------------|-----------------------|---------------------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Cash | 9,955 | 1,165 | - | 11,120 |
| Interest Service Reserve Fund | 520 | 41 | 5 | 566 |
| Bank loans due greater than one year | (73,300) | (5,000) | - | (78,300) |
| Loan premium on issuance | (2,762) | - | 116 | (2,646) |
| Total | <u>(65,587)</u> | <u>(3,794)</u> | <u>121</u> | <u>(69,260)</u> |

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2020

| 24. Financial commitments | 2020 | 2019 |
|--|---------------|---------------|
| | £'000 | £'000 |
| Capital commitments are as follows: | | |
| Contracted for but not provided for: | | |
| New dwellings | 11,485 | 17,647 |
| Approved by the directors but not contracted for: | | |
| New dwellings | 18,711 | 27,932 |
| Housing improvements | 6,407 | 3,284 |
| | <u>36,603</u> | <u>48,863</u> |

The above commitments will be financed from existing undrawn loan facilities that are already in place of £20.0m, sales receipts of £6.8m, grant of £0.9m and working capital £8.9m.

Total future minimum lease payments under non-cancellable operating leases are as follows:

| | 2020 | 2019 |
|------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Payments due: - | | |
| - within one year | 8 | 78 |
| - between one and five years | 44 | 4 |
| - after five years | 5 | - |
| | <u>57</u> | <u>82</u> |

25. Housing stock

| | 2020 | 2019 |
|-----------------------|--------------|--------------|
| | Units | Units |
| Owned: | | |
| General needs housing | 2,465 | 2,398 |
| Supported housing | 911 | 908 |
| Shared ownership | 210 | 182 |
| Leaseholder | 173 | 170 |
| Affordable rent | 265 | 266 |
| Intermediate rent | 8 | 8 |
| Market rent | 87 | 87 |
| Total | <u>4,119</u> | <u>4,019</u> |

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2020

25. Housing stock (continued)

| Owned Units | Opening Stock 1st April 2019 | New Build | RTBs | Voluntary Sales | 100% Staircasing | Closing Stock 31st March 2020 |
|-----------------------|--|------------------|-------------|------------------------|-------------------------|---|
| General needs housing | 2,398 | 75 | (7) | (1) | - | 2,465 |
| Supported housing | 908 | 3 | - | - | - | 911 |
| Shared ownership | 182 | 31 | - | - | (3) | 210 |
| Leaseholder | 170 | - | 1 | - | 2 | 173 |
| Affordable rent | 266 | - | (1) | - | - | 265 |
| Intermediate rent | 8 | - | - | - | - | 8 |
| Market rent | 87 | - | - | - | - | 87 |
| Total Owned | 4,019 | 109 | (7) | (1) | (1) | 4,119 |

Managed:

| | | |
|-----------------------|------------|------------|
| General needs housing | 41 | 41 |
| Supported housing | 8 | 8 |
| Shared ownership | 30 | 30 |
| Leaseholder | 35 | 35 |
| Affordable rent | 6 | 5 |
| Intermediate rent | 2 | 3 |
| Total | 122 | 122 |

| Managed Units | Opening Stock 1st April 2019 | New Build | RTBs | Voluntary Sales | 100% Staircasing | Closing Stock 31st March 2020 |
|-----------------------|--|------------------|-------------|------------------------|-------------------------|---|
| General needs housing | 41 | - | - | - | - | 41 |
| Supported housing | 8 | - | - | - | - | 8 |
| Shared ownership | 30 | - | - | - | - | 30 |
| Leaseholder | 35 | - | - | - | - | 35 |
| Affordable rent | 6 | - | - | - | - | 6 |
| Intermediate rent | 2 | - | - | - | - | 2 |
| Total Managed | 122 | - | - | - | - | 122 |

Total owned and managed

4,241 **4,141**

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2020

26. Related party transactions

The names of Board Members who are also tenants or shared owners are shown in the Board report and are listed below. All tenant and shared owner board members rent properties from the Trust under the same terms and conditions as all tenants in similar properties.

Rachel Ward – Hopwood, Bromsgrove

Hannah Purdie – Sidemoor, Bromsgrove (Board member from July 2019)

Peter Worthington – Catshill, Bromsgrove (ceased to be a Board member in July 2019)

The aggregate amount of rent received during the year, from related parties was £10,016 (2019: £10,533).

There were no rent arrears outstanding in relation to these properties as at 31st March 2020 (2019: £nil).