

**BROMSGROVE DISTRICT HOUSING TRUST LIMITED**  
**(Limited by Guarantee)**

**Annual report and financial statements for the year ended 31st March 2022**

**Registered number: 4603611**

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**BROMSGROVE DISTRICT HOUSING TRUST LIMITED**  
**(Limited by Guarantee)**  
**COMPANY INFORMATION**

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**EXECUTIVE DIRECTORS**

Graeme Anderson BSc Hons MCIH (Chief Executive)  
Abigail Holland ACMA CGMA (Director of Finance and ICT)  
Barry Stevens (Director of Asset Management and Development)  
John Whitwam (Director of Housing and Communities)

**BOARD MEMBERS**

Alison Fisher  
Mary Miller (Chair)  
Liz Nembhard  
Hannah Purdie  
Mohan Sandhar  
Adam Wagner  
Rachel Ward  
Emma Windsor  
Andrew Kilby (co-optee)  
Dean Gill

**SECRETARY**

Abigail Holland ACMA CGMA

**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  
Two Chamberlain Square  
Birmingham  
B3 3AX

**SOLICITORS:** Trowers & Hamlins and Anthony Collins

**BANKERS:** Barclays Bank

**HMRC CHARITY REFERENCE:** XR92206

**VAT REGISTRATION:** 833 9760 00

### **Chair's Statement**

2021/22 was a year of significant change for all of us. As lock-down restrictions eased, life has started to return to "normal", but perhaps not the same "normal" that we experienced pre-covid.

At bdht we have adapted the way that we work and how we deliver services, combining pre-covid consistency with the agility learnt through Covid restrictions.

During the last year we have been able to deal with a backlog of service requests that built up during periods of lockdown. Performance in service delivery, for example, the time to complete repairs, has improved. Nevertheless, our ability to deliver services against pre-pandemic targets has continued to be affected by the need for both staff and customers to self-isolate. Our services have also been impacted by the overall economic situation, in particular supply chain issues. These have meant some repairs have taken longer than usual to complete and the handover of some new homes have been delayed.

Despite these challenges the Strategic Report provided with the financial statements shows that our performance over the 12 months to 31<sup>st</sup> March 2022, when measured by the usual financial and business indicators, was once again excellent, given the operating circumstances and uncertainties faced by bdht over the period.

It is clear that the operating environment will not get any easier over the coming 12 months.

- Covid has not disappeared and will continue to impact
- Inflation is at a 40-year high and expected to rise further
- Global supply chain issues persist, and
- Recruitment is an issue across sectors.

Our strong financial performance provides bdht with the resilience to cope with these threats and meet our corporate objectives. As set out in the Strategic Report the Board has set a clear 5-year vision for the organisation based around our

- Customers
- Colleagues
- Communities, and
- Culture

As a society we are facing the toughest financial crunch in a generation. We know our customers will be amongst the hardest hit. Our financial strength and unwavering commitment to our customers set out within our corporate strategy will allow us to support our customers through these difficult times. We are committed to

- Delivering excellent customer service, listening to our customers and learning from feedback
- Delivering 100 new homes every year to meet desperate local housing need
- Improving and maintaining our existing housing stock to provide safe and secure homes
- Maintaining financial viability and providing value for money services
- Improving the energy efficiency of our homes to help protect the environment and our customers from the increases in energy costs
- Building viable and vibrant communities where customers want to live, and
- Retaining and attracting the best staff to deliver our promises by being an excellent employer.

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**STRATEGIC REPORT (INCORPORATING THE OPERATING AND FINANCIAL REVIEW)**

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On behalf of the Board I would like to recognise the contribution of our new Chief Executive and his seamless transition into his new role. He has led from the front throughout and worked tirelessly with the senior management team supporting our staff and guiding the business through these challenging times.

Finally, I would also like to thank the Executive and my fellow board members who have provided valued leadership support over the last 12 months. 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 of the Board**

**18<sup>th</sup> July 2022**

### **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”.***

During 2021/22 a new bdht Strategy for 2022-2027 has been written. This strategy has been prepared in collaboration with our Board, our staff, and our partners, and by listening to our customers. It sets out what we want to do for the next five years. Of course, things will change, and new pressures and opportunities appear, but our core principles will remain.

The culture of the organisation is the foundations on which everything else is built. It's the undefinable way in which we talk and treat each other, regardless of whether they're a colleague, a customer, or a partner. It's about having a shared set of values, which we all own. It's about keeping our promises and admitting our mistakes. It's about acting with integrity and honouring our commitments. It's about being kind, and friendly. It's who we are at bdht.

The achievement of the mission is underpinned by outcomes against the six following Corporate Themes. Under each theme we have highlighted some of the key targets from our Corporate Plan. For 2021/22 we state our achievement against this. For 2022/23 these are the targets approved by the Board. Previously there were four different themes, so the previous targets have been realigned to the new Strategic Corporate themes.

- **Be an excellent landlord**

It's vital that we stay a landlord that people want to stay with. We need to ensure we offer first class services to them. If people want to stay with bdht it improves communities, lowers turnover, and provides better value for money. We need to continue to improve our offer and embed the new Customer Charter in 2022. We need to evolve our formal and informal forums for customer feedback, to ensure we're listening to understand. We need to learn from our complaints and change as a result of them.

Key targets 2021/22:

- Develop Housing First model for homelessness - *Completed*
- Provide specialist accommodation – *In progress and on track*
- Achieve the overall arrears target – *Achieved 2.34% against target of 2.32%*
- Gain DAHA Accreditation – *In progress and on track*
- Housing Needs Preventions 95 per annum – *missed due to lower level of cases*

Key targets 2022/23:

- Launch and embed new bdht Charter and Values
- Embed new Tenant Satisfaction measures
- Provide debt management support

- **Be an excellent employer**

It's very important that we maintain our reputation as an excellent and inclusive place to work. We can only deliver excellent customer services if we have a well-motivated and empowered team. We know we make better decisions as an organisation when we have a breadth of opinions, generated from different backgrounds, experiences and lifestyles. Therefore, we welcome colleagues whatever their personal circumstances. We want to be a modern and progressive employer, who set our own agenda regarding our colleague offer.

Key targets 2021/22:

- ED&I Recruitment Strategy in Place – *completed*
- Implementation of fair pay policy and structure – *completed*

Key targets 2022/23:

- Increase HR headcount to support further projects
- Implementation of fair pay policy and structure
- Launch and embed new bdht Charter and Values
- Agile working review

- **Build and support viable and vibrant communities**

bdht have always taken pride in building communities with passion and pride. Our commitment to these spaces, the neighbourhoods people live in, makes us special. We want communities to thrive, not just survive, and we will invest time and money to help this happen. We don't do this on our own. We work with the communities themselves, and strategic partners to help provide better outcomes for everyone. Wherever we have our homes, we will make a commitment to support their communities. We need to ensure we continue to nurture and develop the strategic partnerships we currently have, while developing new ones. We want to be a proactive and cooperative partner across Worcestershire.

Key targets 2022/23:

- Further roll out of Community Coaches
- Develop a digital inclusion strategy
- Improved mental health service for bdht tenants
- Burcot estate regeneration

- **Be an environmentally and socially responsible landlord**

As an organisation, ensure we are aware of the issues around de-carbonisation and the wider green agenda, and put into place plans to reduce the impact our customers, colleagues, and communities make on the environment. Ensure we support wider initiatives to make our spaces greener and improve their biodiversity. We need to increase our use of renewable energy and be careful how we use our resources. We need to ensure our actions and behaviours always match our values, so we not only do the right things, but we do them in the right way. We should continue to be a voice for people who don't always have one, helping to bring awareness to issues such as homelessness and poverty.

Key targets 2021/22:

- Develop anti-stigmatisation training – *completed for managers*

Key targets 2022/23:

- Explore and implement Modern Methods of Construction

- All properties to have a valid EPC
- Complete decarbonisation strategy
- Anti-stigmatisation training for all staff

- **Develop and maintain excellent safe places to live**

It's important that as the primary social landlord in Bromsgrove we continue to develop new homes. The affordability gap is increasing, and we need to provide genuinely affordable solutions to that issue. We also have a commitment to supporting the local authority by managing homelessness, and we must continue to help those most in need. We must also ensure there is a balance between developing new homes and investing in existing homes and communities. We must ensure we tackle issues around damp and mould and affordable warmth for example, ensuring we keep customer confidence. We need to ensure we continue to focus on our obligations to their safety and put in place processes and procedures to ensure that. We must inform our customers of our work and ask for their help to create safe spaces.

Key targets 2021/22:

- Implement Responsive Repairs action plan – *action plan in progress and on track*
- Compliance across all Health & Safety strands 100% - *achieved 99.9%*
- All homes meeting the Decent Homes Standard – *achieved*
- Number of new homes developed or acquired 105 – *60 developed*

Key targets 2022/23:

- Complete the Responsive Repairs action plan
- Compliance across all Health & Safety strands 100%
- All homes meeting the Decent Homes Standard
- Number of new homes developed or acquired 107

- **Be financially secure and provide value for money**

To achieve all our other strategic objectives, we need to be financially secure. Our customers need to know we're around for the long term, and our colleagues need to be confident in their financial security. We need to spend customers rent wisely and make decisions considering value for money.

Key targets 2021/22:

- Triennial Review of Governance Arrangements – *completed*
- Develop new VfM Strategy - *completed*
- Operating Margin >25% - *achieved*
- Implement Electronic Document Management – *in progress*

Key targets 2022/23:

- Achieve annual budget and business plan
- Complete initial Electronic Document Management phase
- Achieve Phase 2 of Finance System improvements
- Implement improved VfM reporting

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



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**STRATEGIC REPORT (INCORPORATING THE OPERATING AND FINANCIAL REVIEW)**

**Business and Financial Review**

2021/22 continued to be a difficult year for many of bdht's customers and other stakeholders. As we started the year, Covid-19 restrictions and concerns continued to influence the way we worked. The health and safety of our team members, contractors and customers has been of the utmost importance, as has the needs of our customers in this difficult time. In managing our usual financial and business indicators we have balanced these issues with the need to maintain our strong financial position, so that we may continue to build communities for many years to come. Success can be measured in many ways, and the business and financial review is just one part of this.

Despite the difficulties that have been faced the Board is pleased to report a surplus for the year of £5.4 million (2021: £5.8 million) in what has been a financially successful year. This success is important to ensure that bdht can continue its upper quartile performance in reinvestment, both through new homes and improved homes and communities.

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 £3.7 million. A further £2.8 million was spent on non-Decent Homes Standard improvements, to enhance or protect our existing properties and communities.

During the year we completed 60 new affordable homes, and commenced on site or are in contract with another 84 new homes at a cost of £11.9 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 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	2025/26	2026/27
	£m	£m	£m	£m	£m	£m	£m
	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
<u>Statement of Comprehensive Income</u>							
Turnover	24.8	25.4	25.9	27.5	30.3	31.4	36.2
Operating Surplus	5.8	5.4	6.2	7.2	8.2	9.0	10.3
Transfer to Reserves	4.9	7.1	3.6	4.0	4.1	4.5	5.0
<u>Statement of Financial Position</u>							
Total Assets less Current Liabilities	181.2	186.7	191.8	214.4	229.9	238.8	242.4
Creditors over one year	114.3	114.2	116.6	135.2	146.5	150.9	149.5
Reserves/Provisions	59.8	66.9	67.5	71.6	75.7	80.1	85.2

**Strategic Performance Indicators**

bdht monitors and benchmarks its on-going performance using a Strategic Balanced Scorecard presented monthly to Board. This enables us to identify areas for improvement and take corrective action where necessary. The following results were achieved in 2020/21 and 2021/22:

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Indicator	2020/21			2021/22		2022/23
	Target	Performance	Top Quartile	Target	Performance	Target
Rent Collected	100.55%	100.90%	Yes	99.92%	100.38%	99.91%
Rent Loss	0.70%	1.10%	Yes	1.00%	1.06%	1.00%
Decent Homes	100%	100%	Yes	100%	100%	100%
Valid Gas Certificate	100%	100%	Yes	100%	100%	100%
Valid EICR	100%	99.92%	No	100%	99.98%	100%

The target of 100% for valid Electrical Inspection Condition Reports was missed by just 1 property, which was in the relevant proceedings.

The rent collected was above target, despite the Covid-19 pandemic, due to the positive approach of the Income Team, in conjunction with the wider organisation, in supporting customers during a difficult period, with a focus on support and guidance. 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.

**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
1. Inflation, economic & welfare factors negatively impact customer ability to pay their rent	<ul style="list-style-type: none"> <li>• Embedded Rent First Culture</li> <li>• Welfare Reform Action Plan</li> <li>• Regular reports to Board and EMT</li> <li>• Budget Coaches to support customers</li> <li>• Good relationship with local authority and DWP</li> <li>• Internal and external audit</li> </ul>
2. Recruitment & Retention – Inability to recruit or retain leads to disruption to plans, poor customer service and issues reaching consumer standards	<ul style="list-style-type: none"> <li>• Embedded applicant tracking</li> <li>• Increased focus and resource for HR</li> <li>• Committee focus</li> <li>• Agile working plan</li> <li>• New pay structure and fair pay policy</li> <li>• Improved communications</li> </ul>
3. Development programme not delivered due to external policy or market conditions	<ul style="list-style-type: none"> <li>• Strategic focus on the types of schemes being sought</li> <li>• Increased resources for the development area</li> </ul>

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<p>4. Economic and Political Risk results in an adverse macro-economic environment</p>	<ul style="list-style-type: none"> <li>• Business Plan reviewed in line with latest economic forecasts</li> <li>• VFM embedded within the business</li> <li>• Stress testing and contingency planning</li> <li>• Treasury strategy and advice provided by external advisors</li> <li>• NHF provide political interface for the sector</li> </ul>
<p>5. ICT Security risks result in disruption to the network, data loss or impact upon service delivery</p>	<ul style="list-style-type: none"> <li>• KPI monitoring</li> <li>• Penetration Testing</li> <li>• Annual strategy review</li> <li>• Office 365 implemented</li> <li>• SharePoint implemented</li> <li>• Phishing testing</li> </ul>
<p>6. Decent Homes Standard not maintained due to inadequate data or poor investment</p>	<ul style="list-style-type: none"> <li>• Asset Management strategy approved by Board</li> <li>• KPIs for Stock Condition Surveys and all Health and Safety Strands</li> <li>• External review and validation</li> <li>• SMG and Board Reporting</li> <li>• Cloned data reduced to less than 1%</li> <li>• Robust investment in the 2022 Business Plan</li> </ul>
<p>7. Customer Voice is not heard by the Board resulting in safety and service quality issues</p>	<ul style="list-style-type: none"> <li>• Resident Scrutiny Panel (RSP)</li> <li>• New roles in customer resolution and engagement</li> <li>• RSP Chair attends all board meetings</li> <li>• Move to more frequent surveying underway</li> <li>• External review</li> <li>• Engagement in NHF Together with Tenants</li> <li>• Focus Groups</li> <li>• Mystery Customer scheme</li> </ul>
<p>8. Health &amp; Safety Landlord Responsibilities are not met</p>	<ul style="list-style-type: none"> <li>• Monthly report to Board and SMG</li> <li>• Full landlord Health &amp; Safety policies and procedures reviewed</li> <li>• Compliance software implementation</li> <li>• Compliance surveyor recruitment</li> <li>• Exception Reports</li> <li>• EICR Action Plan</li> <li>• Internal Audit</li> <li>• External scrutiny</li> </ul>
<p>9. Pension costs increase alongside increased regulatory burden</p>	<ul style="list-style-type: none"> <li>• External health-check review</li> <li>• 6-monthly Governance Report covering key risks.</li> <li>• Reporting to Remuneration &amp; Resources Committee</li> <li>• Committee and officer training</li> <li>• Attendance at seminars</li> <li>• Pension policy review at Remuneration Committee</li> </ul>
<p>10. Regulation or approach changes for the sector are not responded to appropriately resulting in intervention and sanctions</p>	<ul style="list-style-type: none"> <li>• Action plan in response to the White Paper</li> <li>• Monthly updates to Board and SMG</li> <li>• Attendance at seminars and webinars</li> <li>• Engagement with external experts</li> <li>• Staff and Board training</li> <li>• EMT and Committees oversee our compliance with regulatory matters</li> <li>• Monitoring of RSH releases</li> </ul>

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11. Data integrity compromised resulting in poor data and reporting	<ul style="list-style-type: none"> <li>• Compliance surveyor role introduced</li> <li>• Data quality KPIs</li> <li>• Continuous improvement around data quality</li> <li>• In house expertise</li> <li>• Internal audit</li> <li>• Specialist health &amp; safety auditing</li> </ul>
12. Operating Costs not being controlled and being higher than other RPs could indicated resources are not effectively deployed	<ul style="list-style-type: none"> <li>• Culture of VFM embedded within the organisation</li> <li>• Budget review and monitoring</li> <li>• VFM metrics reported as KPIs</li> <li>• Compliance Committee oversight of VFM targets and performance</li> <li>• Housemark benchmarking reported to Board</li> <li>• Global Accounts analysis</li> </ul>
13. A Decarbonisation strategy and plans are ineffective leading to poor use of funds and possible fuel hardship for customers	<ul style="list-style-type: none"> <li>• Full set of EPCs to be achieved</li> <li>• Decarbonisation costs evaluated</li> <li>• External consultancy engaged with</li> <li>• Attendance and course and seminars</li> <li>• Board engagement</li> </ul>

The risks above are the present risks, that are being actively managed or mitigated by the Executive and the Board.

A key part of the Risk Management process is scanning for emerging risks, so that early management or mitigation may be taken. Current emerging risk areas such as communication, consumer regulations, counterparty risk, cost increases, development legislation and changes to Health & Safety regulation are being closely monitored by the Board.

Covid-19 Pandemic

The risks presented by the pandemic are now less of concern with regards to the financial risks, staff and customer safety and business continuity. Normal ways of working have predominantly returned and on a day to day basis the pandemic is very much a thing of the past.

bdht has been responsive in adapting to the situation and ensuring the safety of staff and customers alike throughout the pandemic. The leadership has been agile in managing incoming issues as well as horizon scanning and have had additional meetings, 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 services back into action. We believe that we have an effective new way of working, with improvements in technology, communication and stress testing some of the positive take aways from the past 2 years.

Economic Pressure

The cost of living crisis and the situation in Ukraine bring risks of economic pressures outside of normal expectations. The Board are carefully monitoring the situation and have stress tested the Business Plan to ensure that bdht continues to maintain sufficient levels of financial headroom, with resilience to manage

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through any situations that arise.

Customers are likely to face additional hardships in the coming years and bdht is committed to delivering services that support our customers in the best way possible at this time. We are focussed on support and delivering sustainable tenancies through a range of measures, most importantly through the culture of how we operate.

Cost increases need to be managed carefully and good contract management and constant review will ensure that we are aware of pressures ahead of time and can adjust the working plan along the way.

**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 2021/22 was scrutinised by the Compliance Committee at its meeting on 29<sup>th</sup> June 2022 and approved by Board at its meeting on 18<sup>th</sup> July 2022. 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 2022/23	bdht Target 2021/22	bdht Actual 2021/22	bdht Actual 2020/21	Sector Scorecard Median 2020/21*	Global Accounts Median 2020/21**
Reinvestment %	9.79%	13.86%	7.57%	10.1%	5.1%	5.8%
New Supply Delivered %:						
• Social Housing Units	3.17%	2.6%	1.49%	2.14%	0.9%	1.3%
• Non-social Housing Units	-	-	-	-	0.0%	0.0%
Gearing %	40.3%	50.6%	37.0%	47.7%	33.8%	43.9%
EBITDA MRI Interest Cover %	127%	159%	134%	228%	216%	183%
Headline Social Housing Cost per unit (excludes leaseholder units)	£4,602	£4,280	£4,465	£3,789	£3,891	£3,730
Operating margin %:						
• Overall	23.9%	29.1%	25.8%	32.3%	23.5%	23.9%
• Social Housing Lettings only	20.0%	24.4%	22.4%	26.8%	25.5%	26.3%
Return on Capital Employed (ROCE)	3.6%	4.0%	4.0%	4.4%	3.1%	3.3%

\* Housemark Sector Scorecard

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\*\* RSH Global Accounts Report

**Reinvestment** – Reflects £7.8m invested in the development of 60 new properties and £7.0m expended on major improvements of existing properties. This has reduced from 2019/20 as there were less new properties delivered during the year, and was below the corporate objectives. This was driven by developers delivering at a slower pace than expected.

**New supply delivered** – Reflects 60 new social housing units delivered which is below the internal target of 100 per annum due to the impact of the Covid-19 pandemic. 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. This was lower than target due to the higher costs of response repairs in the year due to the backlog created by the pandemic.

**Headline Social Housing Cost per Unit** – Reflects continued position of being placed just outside the lowest cost quartile for the sector. During 2021/22 cost pressures continued in some areas. Repairs and major works overspent against original forecast and while they negatively affect the cost, they represent a successful year in getting back in line with service standards and delivering the planned programme. In 2022/23 there is an expected increase in cost due to further planned investment in homes and communities, along with the impact of cost increases.

**Operating Margin %** - Overall this reflects a reduction in performance but a continued robust financial position for bdht. Costs came under pressure due to the repairs volume and cost impact as discussed above. This was expected from partway through the financial year, and the outturn was slightly above the mid year forecast.

**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 2022/23	Target 2021/22	Actual 2021/22	Actual 2020/21
Excellence in Governance	Governance and Viability ratings from regulator	G1/V1	G1/V1	G1/V1	G1/V1
	90% Attendance at meetings	90%	90%	96%	96%
Importance of culture and values in promoting staff engagement, driving business performance and customer satisfaction	% of staff responding to the quarterly pulse survey	=>85%	=>80%	86%	75%
	Gender pay gap reduction	16%	Reduction	19.9%	20.2%

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	% of managers receiving Mental Health Skills training	100%	100%	97.3%	n/a
Delivering VFM, compliance with the regulator's VFM Standard and transparency to tenants and other stakeholders	Current rent arrears as a % of rent debit	2.32%	2.32%	2.34%	2.28%
	Income collection as a % of debit raised	99.91%	99.92%	100.38%	100.90%
	Void rent loss as a % of debit raised	1.00%	1.00%	1.06%	1.1%
	ICT efficiency projects/systems delivered	3	3	4	n/a
	Cost savings annual target	£100,000	£140,000	£170,000	£149,000
Mitigate the impact of Universal Credit and supporting customers into employment	% of customers with an improved rent arrears status after intervention by the driving futures project	100%	80%	100%	80%
	Number of people helped into paid employment	n/a	30	15	11
Supporting the elderly and vulnerable	% of households engaging with the Independent Living Service	>=88%	>=83%	86%	85%
	Number of homelessness preventions	95	95	57	40
	Number of New Affordable Homes	136	108	60	86
Customer satisfaction with overall services provided by bdht	The % of tenants "very satisfied" with the overall service provided by bdht	65%	65%	50.9%	n/a
	bdht's Net Promoter Score	+40	+40	+34	+42
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%	99.98%	99.92%

Overall, the table above demonstrates fair performance against bdht's bespoke VFM metrics. 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. However the continuation of meetings online meant that the attendance was maintained at the same level as 2020/21. With a return to meetings in person the attendance may drop, which is why the target has been maintained at 90%.

**STRATEGIC REPORT (INCORPORATING THE OPERATING AND FINANCIAL REVIEW)**

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The Covid-19 pandemic played a part in several metrics where targets have been missed, as the impact upon services was still apparent in the early part of the year. An explanation of the most significant adverse variances is below:

**Void Rent Loss** – The Void Rent Loss performance reflects that while void and lettings processes continued throughout the Covid-19 pandemic, there were times when operations slowed down, as processes were adapted and safety was maintained. Cost reductions in the void process, as a result of process improvement, more than offset the increase in void rent loss.

**Homelessness Preventions** – This is 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 98, but only achieved 57. This is due to the impact of the private rental market reducing and a reduction of turnover in bdht properties. 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 2021/22 the average number of households in temporary accommodation remained consistent with 2020/21 and also well within KPI performance. Therefore, we can be comfortable with the outcome of the homelessness preventions metric. It should be remembered that 57 cases of homelessness prevention is a positive result for those 57 households.

**Number of people helped into employment** - were also adversely impacted by the Covid-19 pandemic. The opportunities to support customers into paid employment were reduced because of both the impact of restrictions and a worsening economic position.

**Number of New Affordable Homes** - With the number of new homes this was reduced due to the movement of developer building programme, in part due to the pandemic.

**The % of Tenants “very satisfied” with the Overall Service Provided by bdht** - bdht continues to hold a high target for customer satisfaction. For services delivered we achieved reduced % for “very satisfied”, and missed our target. Increased surveying is now in place, following reductions during the pandemic, with more detailed analysis and information becoming available.

**% of homes with a valid Electrical Inspection Condition Report** - The 0.0% miss on the EICR target represents just 1 properties, where we have been unable to gain access.

### Non-Social Housing

As part of a “landlord of choice” approach approved by the Board in 2016, two market rent schemes have been purchased with a total of 87 homes. For 2021/22 the operating margin generated for non-social housing was 55% compared to 26.8% for social housing respectively.

### Looking forward to 2022/23

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. For 2022/23 bdht will focus on VFM deliverables in the following key areas:

- Delivery of the Business Plan;
- Increased monitoring and review of the arrears position.
- Detailed workforce planning to ensure roles are operating effectively
- 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;



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**STRATEGIC REPORT (INCORPORATING THE OPERATING AND FINANCIAL REVIEW)**

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- Investment of £6m and £17m in the Home Improvements and Affordable Homes Programmes respectively in 2022/23, with a planned delivery of 107 new homes; and
- Implementation of Compliance software to enable more efficient and accurate reporting

**RSH Governance and Financial Viability Standard**

The Compliance Committee in June 2022 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 2022 meeting and at which Board approved a compliance position statement that bdht is fully compliant with the standard.

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 (2020) and a self-assessment confirming compliance was scrutinised and presented to the Board in January 2022. bdht has adopted the NHF Code of Conduct (2012) and a self-assessment confirming compliance was presented to the Board in September 2021.

**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;
- Delivering and demonstrating continued Value for Money;
- Supporting customers through the Cost of Living Crisis
- 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 2026;
- 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 £17 million during the next financial year to complete much needed homes in Bromsgrove and Redditch and the surrounding areas.

**BROMSGROVE DISTRICT HOUSING TRUST LIMITED**  
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**STRATEGIC REPORT (INCORPORATING THE OPERATING AND FINANCIAL REVIEW)**

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**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 18<sup>th</sup> July 2022 and signed on its behalf by:



Mary Miller  
Chair of the Board

**BROMSGROVE DISTRICT HOUSING TRUST LIMITED**  
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**REPORT OF THE BOARD**

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The Board is pleased to present its report together with the audited financial statements for the year ended 31 March 2022.

**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 Resident Scrutiny 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:-

Mary Miller (Chair)  
Alison Fisher  
Dean Gill (appointed July 2021)  
Vikki Holloway (retired July 2021)  
Liz Nembhard  
Hannah Purdie  
Mohan Sandhar  
Adam Wagner  
Rachel Ward  
Emma Nicklin

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

Alison Fisher (£3,400), Vikki Holloway (£1,297), Mary Miller (£9,690), Liz Nembhard (£3,400), Hannah Purdie (£3,400), Mohan Sandhar (£3,989), Adam Wagner (£4,580), Rachel Ward (£3,990), Emma Nicklin (£3,400) and Dean Gill (£2,550)

In addition to the full Board Members above, a co-opted Board Member Andrew Kilby also received payments (£2,550) during the year.

In addition the Chairs of the Resident Scrutiny Panel received payments during the year: Patricia Horseley (£567) and Anne-Marie Hulley (£1,713)

Total payments made to Board Members from the Association during the year were £44,526.

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

**Board Member Interests**

In compliance with the Code of Governance and good governance practice, board member declarations are a standing item for all governance meetings and these are recorded in a publicly available register held by the Company Secretary. This is scrutinised by the Chair of the Compliance Committee on a quarterly basis and reported annually to the Board.

## **REPORT OF THE BOARD**

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### **Diversity, Skills and Attributes of the Board Members**

The Board considers that diversity of membership together with the right balance of skills and attributes is key to sustaining a high performing governance team.

The Board aims to represent the communities it serves. Currently the Board consists of a mix of:

- Male and female members
- Disabled and able-bodied
- Ethnicity
- Social housing customers and non-customers
- Housing and non-housing professionals
- Job role backgrounds
- Economic backgrounds

There are groups of people who are not represented and the Board are aware of these gaps when recruiting new members.

bdht has in place a Board “Skills Statement” setting out the collective skills and knowledge required by members of the Board based on the current and future needs of the business, taking into account :

- Size of the organisation
- Scale of the organisation
- Business Complexity
- Business Objectives, and
- Business Risks.

The Statement is reviewed annually by the Board following an annual self-assessment of Board Member skills, knowledge and experience. This is used to identify training and development needs as well as succession and recruitment planning. The 2021 assessment identified that the current Board has “expert” or “strong” knowledge in all of the 33 assessment areas. The assessment did identify the need to strengthen skills in regard to response repairs and asset management as well as a future need to recruit to replace the loss of financial skills on retirement of a current Board Member in 2022. This recruitment has taken place with the successful applicant co-opted to the Board until the retirement. The assessment also identified specific training and development needs and these are incorporated into the board member training programme.

### **Equality, Diversity & Inclusivity (EDI) Progress**

The Code of Governance quite rightly puts issues around Equality, Diversity and Inclusivity front and centre and it is vital that Board and the Executive Team work closely together on awareness and action to improve the current situation. We also recognise that there isn’t a fixed point to get to and that there will always be new initiatives and changing priorities. Some of these can simply be changed by awareness and understanding. As an organisation, we want to provide excellent customer service, continue to support thriving communities, and be an employer of choice. Our commitment to EDI can help us to achieve these goals.

During 2021/22, our achievements included:

- The regular use of Equality Impact Assessments (EIAs) on core services.
- Progress made on health inequalities in partnership with Bromsgrove District Council and Public Health.
- Introduction of a fair pay policy and new pay structure
- Commitment to targets to improve the gender pay gap (GPG) position at bdht.
- Trialling of the Rooney Rule
- A bdht Pride week with staff activities

**BROMSGROVE DISTRICT HOUSING TRUST LIMITED**  
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**REPORT OF THE BOARD**

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- The introduction of the Halo Code
- Policy reviews throughout the year removing barriers

Looking forwards to 2022/23 we plan to:

- Increased impact of the ED&I staff group
- Increased communication around our offering
- Improvements in customer engagement, taking account of the diversity of those interacting with us
- Office improvements to support a more diverse workforce
- Continued review of policies

**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. This plan is stress tested to ensure that the Board is aware of any sensitivities and are able to maintain resilience and headroom.

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.

**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.

**REPORT OF THE BOARD**

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- *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. During 2020/21 the Board adopted the NHF's *Code of Governance 2020*. This sets out policies with regard to 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 "3-lines of assurance" approach in order to categorise assurances and source. The 3-lines of assurance are: People, Policy and Procedures; Internal Quality Checks, and; External Expert Reviews. These lines of defence are supported by good cultural and corporate leadership. 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 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.

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 18<sup>th</sup> July 2022, 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.

**BROMSGROVE DISTRICT HOUSING TRUST LIMITED**  
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**REPORT OF THE BOARD**

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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 18<sup>th</sup> July 2022 and signed on its behalf by:



Mary Miller  
Chair of the Board

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

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## **Opinion**

We have audited the financial statements of Bromsgrove District Housing Trust (the 'trust') for the year ended 31 March 2022, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash Flows and the related notes, 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 2022 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 Group 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.

## **Conclusions relating to going concern**

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

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

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



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

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**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information contained within the annual report. 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 course of 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 and 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 Board's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of Board**

As explained more fully in the Statement of the Board's Responsibilities set out on page 20, the Board are 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 determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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In preparing the financial statements, the Board are 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 intend 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the trust and its industry, we identified that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, Homes England regulations.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the trust is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the trust which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006, the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Registered Providers of Social Housing 2019.

In addition, we evaluated the Board's and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial

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

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performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Board and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

**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

First Floor, Two Chamberlain Square  
Birmingham

B3 3AX

Date 23/9/2022

**BROMSGROVE DISTRICT HOUSING TRUST LIMITED**  
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**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31st March 2022

	Note	2022 £'000	2021 £'000
<b>Turnover</b>	3	25,423	24,809
Operating expenditure	3	(17,895)	(16,785)
<b>Operating surplus</b>	3	7,528	8,024
Finance income	7	25	21
Interest and financing costs	6	(2,939)	(2,873)
Surplus on revaluation of investment properties	15	985	801
Other finance costs	20	(160)	(151)
<b>Surplus for the year</b>	8	5,439	5,822
Actuarial gain/(loss) in respect of pension schemes - LGPS	20	1,110	(291)
Actuarial gain/(loss) in respect of pension schemes - SHPS	20	601	(643)
<b>Total comprehensive income for the year</b>		7,150	4,888

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**STATEMENT OF FINANCIAL POSITION**  
**As at 31st March 2022**

	Note	2022 £'000	2021 £'000
<b>Fixed assets</b>			
Intangible assets	12	560	544
Housing properties	13	154,204	146,189
Other property, plant and equipment	14	1,696	1,835
Investment properties	15	11,740	10,595
		<u>168,200</u>	<u>159,163</u>
<b>Current assets</b>			
Inventories	16	1,252	1,169
Debtors	17	1,278	1,360
Cash	23	21,181	23,500
		<u>23,711</u>	<u>26,029</u>
<b>Creditors: Amounts falling due within one year</b>	18	<u>(5,191)</u>	<u>(4,026)</u>
<b>Net current assets</b>		<u>18,520</u>	<u>22,003</u>
<b>Total assets less current liabilities</b>		186,720	181,166
<b>Debtors: Amounts falling due after more than one year</b>	17	653	600
<b>Creditors: Amounts falling due after more than one year</b>	19	(114,178)	(114,314)
<b>Defined benefit pension liability</b>	20	(6,279)	(7,686)
<b>Net assets</b>		<u>66,916</u>	<u>59,766</u>
<b>Capital and reserves</b>			
Revenue reserve		<u>66,916</u>	<u>59,766</u>
<b>Total reserves</b>		<u>66,916</u>	<u>59,766</u>

**BROMSGROVE DISTRICT HOUSING TRUST LIMITED**  
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**STATEMENT OF FINANCIAL POSITION**  
**As at 31st March 2022**

The Financial statements of Bromsgrove District Housing Trust Limited were approved by the Board on 18<sup>th</sup> July 2022 and signed on its behalf by:



Mary Miller

**Member**



Elizabeth Ogbanufe-Nembhard

**Member**



Abigail Holland

**Secretary**

Company number: 4603611

**BROMSGROVE DISTRICT HOUSING TRUST LIMITED**  
**(Limited by Guarantee)**

**STATEMENT OF CHANGES IN RESERVES**  
**For the year ended 31st March 2022**

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	<b>2022</b>	<b>2021</b>
	<b>Revenue</b>	<b>Revenue</b>
	<b>reserve</b>	<b>reserve</b>
	<b>£'000</b>	<b>£'000</b>
<b>At 1st April</b>	59,766	54,878
Surplus for the year	5,439	5,822
Actuarial gain/(loss) in respect of pension schemes - LGPS	1,110	(291)
Actuarial gain/(loss) in respect of pension schemes - SHPS	601	(643)
Initial recognition of multi-employer defined benefit scheme	-	-
<b>At 31st March</b>	<u>66,916</u>	<u>59,766</u>

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**STATEMENT OF CASH FLOWS**  
For the year ended 31st March 2022

	Note	2022		2021	
		£'000	£'000	£'000	£'000
<b>Net cash generated from operating activities</b>	23	11,946		11,778	
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment		(13,257)		(13,438)	
Purchase of investment property		(162)		(75)	
Proceeds from sale of property, plant and equipment		2,077		1,117	
Grants received		339		893	
Interest received	7	<u>25</u>		<u>17</u>	
<b>Net cash flows from investing activities</b>			(10,978)		(11,486)
<b>Cash flows from financing activities</b>					
Interest paid	6	(2,939)		(2,882)	
New loans		(53)		14,970	
Loan issue costs		(295)		-	
Repayments of borrowings		<u>-</u>		<u>-</u>	
<b>Net cash flows from financing activities</b>			(3,287)		12,088
<b>Net increase in cash and cash equivalents</b>			<u>(2,319)</u>		<u>12,380</u>
<b>Cash and cash equivalents at beginning of year</b>			23,500		11,120
<b>Cash and cash equivalents at end of year</b>			<u>21,181</u>		<u>23,500</u>



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**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31st March 2022

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**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.

The risks presented by the Covid-19 pandemic are now less of a concern with regards to the financial risks, staff and customer safety and business continuity. Normal ways of working have predominantly returned and on a day to day basis the pandemic is very much a thing of the past. 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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For the year ended 31st March 2022

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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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For the year ended 31st March 2022

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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.

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For the year ended 31st March 2022

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**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.

**BROMSGROVE DISTRICT HOUSING TRUST LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**

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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.

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**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31st March 2022

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**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.

**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 2022

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

	2022			
	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus £'000
<b>Social housing lettings (note 4)</b>				
- General needs	12,655	-	(9,973)	2,682
- Supported housing	5,157	-	(4,324)	833
- Affordable rent	1,628	-	(1,028)	600
- Shared ownership	813	-	(382)	431
	20,253	-	(15,707)	4,546
<b>Other social housing activities</b>				
- 1 <sup>st</sup> tranche property sales	1,678	(980)	(27)	671
- Other social housing activities	401	-	(314)	87
	22,332	(980)	(16,048)	5,304
<b>Activities other than social housing activities</b>				
- Market rent	642	-	(250)	392
- Other activities	155	-	(29)	126
- Lettings (garages)	217	-	(12)	205
Surplus on disposal of PPE (note 5)	2,077	(53)	(523)	1,501
<b>Total</b>	25,423	(1,033)	(16,862)	7,528
	2021			
	Turnover £'000	Cost of Sales £'000	Operating costs £'000	Operating surplus £'000
<b>Social housing lettings (note 4)</b>				
- General needs	12,278	-	(9,116)	3,162
- Supported housing	5,023	-	(4,054)	969
- Affordable rent	1,626	-	(941)	685
- Shared ownership	739	-	(276)	463
	19,666	-	(14,387)	5,279
<b>Other social housing activities</b>				
- 1 <sup>st</sup> tranche property sales	2,613	(1,563)	(37)	1,013
- Other social housing activities	407	-	(304)	103
	22,686	(1,563)	(14,728)	6,395
<b>Activities other than social housing activities</b>				
- Market rent	634	-	(221)	413
- Other activities	157	-	(48)	109
- Lettings (garages)	215	-	(9)	206
Surplus on disposal of PPE (note 5)	1,117	(58)	(158)	901
<b>Total</b>	24,809	(1,621)	(15,164)	8,024

**BROMSGROVE DISTRICT HOUSING TRUST LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31st March 2022

**4. Particulars of income and expenditure from social housing lettings**

	General needs housing	Supported housing and housing for older people	Affordable rent	Shared ownership	<b>2022 Total</b>	2021 Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Income</b>						
Rents receivable	12,067	4,041	1,614	642	<b>18,364</b>	17,915
Service charge income	446	1,064	0	157	<b>1,667</b>	1,548
Amortised government grant	143	51	15	13	<b>222</b>	203
<b>Turnover from social housing lettings</b>	<b>12,656</b>	<b>5,156</b>	<b>1,629</b>	<b>812</b>	<b>20,253</b>	<b>19,666</b>
<b>Expenditure</b>						
Service charge costs	394	818	32	30	<b>(1,274)</b>	(1,239)
Management	3,382	1,824	518	191	<b>(5,915)</b>	(5,392)
Routine maintenance	2,408	481	135	0	<b>(3,024)</b>	(2,535)
Planned maintenance	811	148	36	3	<b>(998)</b>	(1,182)
Development	44	5	1	4	<b>(54)</b>	(34)
Bad debts	41	15	4	0	<b>(60)</b>	(119)
Depreciation of housing properties	2,894	1,032	302	154	<b>(4,382)</b>	(3,886)
<b>Operating costs</b>	<b>9,974</b>	<b>4,323</b>	<b>1,028</b>	<b>382</b>	<b>(15,707)</b>	<b>(14,387)</b>
<b>Operating surplus social housing lettings</b>	<b>2,682</b>	<b>833</b>	<b>601</b>	<b>430</b>	<b>4,546</b>	<b>5,279</b>
<b>Void losses</b>	<b>112</b>	<b>70</b>	<b>14</b>	<b>0</b>	<b>196</b>	<b>207</b>



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**5. Surplus on disposal of property, plant and equipment**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Sale of subsequent tranche shared ownership properties	830	160
RTB sales proceeds	1,247	627
Voluntary property/land sale proceeds	0	330
Costs of sale (administration – legal and valuation)	(53)	(58)
Net book value of disposals	(523)	(158)
Surplus on disposal	<u>1,501</u>	<u>901</u>

**6. Interest and financing costs**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans and overdrafts	2,923	2,883
Amortisation of Premium on Issuance	(116)	(116)
Amortisation of borrowing costs	132	106
	<u>2,939</u>	<u>2,873</u>

**7. Finance income**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Bank interest receivable	<u>25</u>	<u>21</u>
	<u>25</u>	<u>21</u>

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**8. Surplus on ordinary activities**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Surplus on ordinary activities is stated after charging/(crediting):</b>		
Depreciation of housing properties	4,140	3,833
Depreciation of plant and equipment	258	250
Amortisation of intangible assets	164	142
Government grants	(222)	(203)
(Gain) on disposal of fixed assets	(1,501)	(901)
Audit fees:		
- for audit services	26	25
- other services	3	0
Operating lease rentals	96	120
	<u>          </u>	<u>          </u>

**9 Staff costs**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	4,735	4,494
Social security costs	483	462
Pension costs	590	583
	<u>          </u>	<u>          </u>
	<u>5,808</u>	<u>5,539</u>

Pension costs represent total payments made during the year, including SHPS deficit payments of £64,814 (2021: £63,543), SHPS closed scheme surcharges of £2,352 (2021: £2,238), SHPS expense charge of £13,350 (2021: £12,413) and LGPS service deficit contributions of £61,500 (2021: £59,100).

In addition, FRS 102 non-cash pension adjustments of £144,000 (2021+: £46,000) were charged to the Statement of Comprehensive Income.

**Employee numbers by department**

	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>
Administration	29	28
Operational services		
- Office based	67	69
- Sheltered Living team	14	13
- Community repairs team	22	21
- Voids repairs team	12	12
- Gas servicing team	6	6
	<u>          </u>	<u>          </u>
Total	150	149
	<u>          </u>	<u>          </u>

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**10. Directors' remuneration and transactions**

The Directors are defined as the Executive Management Team (EMT) 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 £467,000 (2021: £430,000). The aggregate amount of emoluments (excluding pension contributions) was £437,000 (2021: £410,000). In addition to the aggregate amount of emoluments (excluding pension contributions) cash payments in lieu of pension contributions were made of £11,000 (2021: £22,000) to the out-going Chief Executive.

**Key management personnel remuneration**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Directors who are executive staff members</b>		
Wages and salaries	437	410
Social security costs	56	55
Pension costs	28	20
Cash payment in lieu of pension contributions	11	22
<b>Board members</b>		
Wages and salaries	44	42
Social security costs	-	-
Other pension costs	-	-
	<u>576</u>	<u>549</u>

As at 31<sup>st</sup> March 2022, there is 1 director (2021: 1) for whom benefits are accruing under a defined benefit scheme and 3 directors (2021:2) for whom benefits are accruing under a defined contribution pension scheme.

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Remuneration of the highest paid director, excluding pension contributions:</b>		
The emoluments paid during the year to the Chief Executive who was the highest paid Director were:		
Emoluments	110	133
	<u>110</u>	<u>133</u>

The Employer and the out-going Chief Executive made no contributions to the pension scheme during the year to 31<sup>st</sup> March 2022 and instead they received a cash payment in lieu of pension contributions of £11,109 (2021: £22,135). 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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For the year ended 31st March 2022

**10. Directors' remuneration and transactions (continued)**

	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>
£60,000-£69,999	7	6
£70,000-£79,999	1	-
£80,000-£89,999	-	-
£90,000-£99,999	2	3
£100,000-£109,999	1	-
£110,000-£119,999	-	-
£120,000-£129,999	-	-
£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**

	<b>Computer software</b>
	<b>£'000</b>
<b>Cost</b>	
At 1st April 2021	1,362
Additions	181
Disposals	(1)
<b>As at 31st March 2022</b>	<u>1,542</u>
<b>Amortisation</b>	
At 1st April 2021	818
Charge for the year	164
Eliminated on disposals	-
<b>As at 31st March 2022</b>	<u>982</u>
<b>Net book value</b>	
<b>As at 31st March 2022</b>	<u>560</u>
As at 31st March 2021	<u>544</u>

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**13. Tangible fixed assets – housing properties**

	Completed properties £'000	Under construction £'000	Completed Shared ownership £'000	Shared ownership under construction £'000	Total £'000
<b>Cost or valuation</b>					
At 1st April 2021	167,298	2,260	13,919	(32)	183,445
Additions	2,652	2,604	585	579	6,420
Works to existing properties	6,537	-	-	-	6,537
Disposals	(824)	-	(448)	-	(1,272)
Transfers	3,990	(3,990)	240	(240)	-
At 31st March 2022	<u>179,653</u>	<u>874</u>	<u>14,296</u>	<u>307</u>	<u>195,130</u>
<b>Depreciation</b>					
At 1st April 2021	36,556	-	700	-	37,256
Charge for the year	3,986	-	154	-	4,140
Eliminated on disposals	(441)	-	(29)	-	(470)
At 31st March 2022	<u>40,101</u>	<u>-</u>	<u>825</u>	<u>-</u>	<u>40,926</u>
<b>Net book value</b>					
At 31st March 2022	<u>139,552</u>	<u>874</u>	<u>13,471</u>	<u>307</u>	<u>154,204</u>
At 31st March 2021	<u>130,742</u>	<u>2,260</u>	<u>13,219</u>	<u>(32)</u>	<u>146,189</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31st March 2022

**14. Property, plant and equipment - other**

	<b>Freehold office building £'000</b>	<b>Computer hardware £'000</b>	<b>Furniture, fixtures and fittings £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 1st April 2021	3,045	1,011	249	4,305
Additions	4	108	7	119
Disposals	-	-	-	-
At 31st March 2022	<u>3,049</u>	<u>1,119</u>	<u>256</u>	<u>4,424</u>
<b>Depreciation</b>				
At 1st April 2021	1,538	730	202	2,470
Charge for the year	106	132	20	258
Disposals	-	-	-	0
At 31st March 2022	<u>1,644</u>	<u>862</u>	<u>222</u>	<u>2,728</u>
<b>Net book value</b>	<b>1,405</b>	<b>257</b>	<b>34</b>	<b>1,696</b>
<b>At 31st March 2022</b>	<u><u>1,405</u></u>	<u><u>257</u></u>	<u><u>34</u></u>	<u><u>1,696</u></u>
At 31st March 2021	<u>1,507</u>	<u>281</u>	<u>47</u>	<u>1,835</u>

Freehold land and buildings with a carrying amount of £90.4 million (2021: £90.4 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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**15. Investment Properties**

	<b>Investment properties £'000</b>
<b>Cost</b>	
At 1st April 2021	8,742
Additions	162
Disposals	(2)
Adjustments	-
At 31st March 2022	<u>8,902</u>
<b>Revaluation</b>	
At 1st April 2021	1,853
Revaluation for the year	985
At 31st March 2022	<u>2,838</u>
<b>Net book value</b>	
<b>At 31st March 2022</b>	<u><b>11,740</b></u>
At 31st March 2021	<u>10,595</u>

Investment properties with a carrying value of £10.595 million at 1<sup>st</sup> April 2021 were revalued in April 2022 to a fair value of £11.74 million. The additions of £0.162 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.

**16. Inventories**

	<b>2022 £'000</b>	<b>2021 £'000</b>
First tranche shared ownership – completed	843	1,159
First tranche shared ownership – under construction	308	(32)
Raw materials and consumables	101	42
	<u>1,252</u>	<u>1,169</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31st March 2022

**17. Debtors**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Amounts falling due within one year:		
Rent arrears	609	584
Provision for bad debts	(391)	(362)
Other debtors	493	352
Prepayments	567	453
Accrued Income	0	333
	<u>1,278</u>	<u>1,360</u>
Amounts falling due after more than one year:		
THFC Interest Service Reserve Fund	653	600
	<u>1,931</u>	<u>1,960</u>

**18. Creditors – amounts falling due within one year**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Rents received in advance	702	613
Other lettings prepayments	68	70
THFC Loan Premium on Issuance	116	116
Trade creditors	992	303
VAT	28	25
Government grants (note 19)	197	197
Other taxation and social security	120	131
Other creditors	679	653
Accruals	2,289	1,918
Deferred Income	0	0
	<u>5,191</u>	<u>4,026</u>

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

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Other creditors</b>		
Loans	93,300	93,300
Capitalised refinancing costs	(1,226)	(1,063)
THFC loan premium on issuance	2,414	2,530
Government grants (note 19)	19,690	19,547
	<u>114,178</u>	<u>114,314</u>



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For the year ended 31st March 2022

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

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

<b>Value</b>	<b>Fix Period</b>	<b>All-in Rate</b>
£5.0 million	10 years	3.33%
£10.0 million	5 years	2.15%
£5.0 million	3 years	1.60%
£3.3 million	3 years	1.92%
£5.0 million	20 years	5.07%
£5.0 million	5 years	1.87%
£30.0 million	30 years	3.60%
£10.0 million	25 years	5.20%
£5.0 million	Variable	1.54%
£5.0 million	Variable	1.55%
£10.0 million	Variable	1.64%
<b>£93.3 million</b>		

A further Revolving credit loan facility of £35 million is in place but has not yet been drawn down.

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Deferred income - Government grants</b>		
At 1st April 2021	19,744	19,048
Grants receivable	360	899
Amortisation to Statement of Comprehensive Income	(217)	(203)
At 31st March 2022	<u>19,887</u>	<u>19,744</u>
Due within one year	<u>197</u>	<u>197</u>
Due after one year	<u>19,690</u>	<u>19,547</u>

The total accumulated gross, unamortised amount of capital grant received or receivable at the balance sheet date is £21.8m (2021: £21.5m)

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Recycled Capital Grant Fund</b>		
At 1st April 2021	116	115
Inputs to RCGF	0	0
Recycling of grant	54	0
Interest accrued	1	1
At 31 <sup>st</sup> March 2022	<u>171</u>	<u>116</u>

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

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**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31st March 2022

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

Borrowings are repayable as follows:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Bank loans</b>		
Between one and two years	-	-
Between two and five years	10,000	10,000
After five years	83,300	83,300
	<u>93,300</u>	<u>93,300</u>
Less: transaction costs on issue	(1,226)	(1,063)
THFC loan premium on issuance	2,414	2,530
	<u>94,488</u>	<u>94,767</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 2022 was £156,000 (2021: £142,000).

**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 1/49<sup>th</sup> (LGPS) and 1/60<sup>th</sup> (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.

	<b>Valuation at</b>	
	<b>2022</b>	<b>2021</b>
Key assumptions used for LGPS scheme:		
Increase in salaries	4.8%	4.2%
Discount rate	2.8%	2.1%
Future pension increases	3.4%	2.8%
CPI Inflation	3.3%	2.7%

**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:

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**20. Retirement benefit schemes (continued)**

	<b>Valuation at</b>	
	<b>2022</b>	<b>2021</b>
	<b>years</b>	<b>years</b>
Retiring today:		
Males	22.6	22.7
Females	25.0	25.1
Retiring in 20 years:		
Males	24.1	24.4
Females	27.0	27.1

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

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost	515	439
Net interest cost	137	142
Administration costs	5	5
Past Service cost	0	0
	<u>657</u>	<u>586</u>
Recognised in other comprehensive income	-	-
Total cost relating to defined benefit scheme	<u>657</u>	<u>586</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:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Present value of defined benefit obligations	(21,819)	(21,600)
Fair value of scheme assets	15,934	14,937
Deficit	<u>(5,885)</u>	<u>(6,663)</u>
Net liability recognised in the Statement of Financial Position	<u>(5,885)</u>	<u>(6,663)</u>

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**20. Retirement benefit schemes (continued)**

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

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
At 1st April	21,600	18,147
Service cost	515	439
Interest cost	452	433
Actuarial (gain) / loss	(497)	2,810
Member contributions	86	90
Benefits/transfers paid	(337)	(319)
	<u>21,819</u>	<u>21,600</u>
At 31st March	<u>21,819</u>	<u>21,600</u>

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

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
At 1st April	14,937	12,025
Actuarial loss	613	2,519
Return on plan assets (excluding amounts included in net interest cost)	315	291
Contributions from the employer	325	336
Contributions from scheme participants	86	90
Benefits paid	(337)	(319)
Administration expenses	(5)	(5)
	<u>15,934</u>	<u>14,937</u>
At 31st March	<u>15,934</u>	<u>14,937</u>

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

	<b>Fair value of assets</b>	
	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Equity instruments	12,620	12,681
Government Bonds	0	0
Other bonds	478	15
Property	892	702
Cash/liquidity	0	0
Other	1,944	1,539
	<u>15,934</u>	<u>14,937</u>
	<u>15,934</u>	<u>14,937</u>

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For the year ended 31st March 2022

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**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 most recent triennial valuation of the scheme for funding purposes was carried out at 30th September 2020. This valuation revealed a deficit of £1,560m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

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.

	Valuation at	
	2022	2021
Key assumptions used for SHPS:		
Increase in salaries	4.12%	3.87%
Discount rate	2.77%	2.22%
RPI Inflation	3.42%	3.20%
CPI Inflation	3.12%	2.87%

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**20. Retirement benefit schemes (continued)**

**Mortality assumptions:**

The mortality assumptions adopted as at 31<sup>st</sup> March 2022 imply the following life expectancies:

	<b>Valuation at</b>	
	<b>2022</b>	<b>2021</b>
	<b>years</b>	<b>years</b>
Retiring today:		
Males	21.1	21.6
Females	23.7	23.5
Retiring in 20 years:		
Males	22.4	22.9
Females	25.2	25.1

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

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost	45	30
Net interest cost	23	9
Administration costs	3	3
Plan introductions, changes, curtailments and settlements	-	-
	<u>71</u>	<u>42</u>
Recognised in other comprehensive income	-	-
Total cost relating to defined benefit scheme	<u>71</u>	<u>42</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:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Present value of defined benefit obligations	(3,583)	(3,649)
Fair value of scheme assets	3,189	2,626
Deficit	<u>(394)</u>	<u>(1,023)</u>
Net liability recognised in the Statement of Financial Position	<u>(394)</u>	<u>(1,023)</u>

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**20. Retirement benefit schemes (continued)**

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

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
At 1st April	3,649	2,668
Service cost	45	30
Expenses	3	3
Interest cost	82	62
Actuarial losses	(208)	876
Member contributions	18	16
Benefits paid and expenses	(6)	(6)
	<u>3,583</u>	<u>3,649</u>
At 31st March	<u>3,583</u>	<u>3,649</u>

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

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
At 1st April	2,626	2,235
Actuarial gain	393	233
Return on plan assets (excluding amounts included in net interest cost)	59	53
Contributions from the employer	99	95
Contributions from scheme participants	18	19
Benefits paid and expenses	(6)	(6)
Administration expenses	-	-
	<u>3,189</u>	<u>2,626</u>
At 31st March	<u>3,189</u>	<u>2,626</u>

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**20. Retirement benefit schemes (continued)**

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

	<b>Fair value of assets</b>	
	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Absolute return	128	145
Alternative risk premia	105	99
Corporate bond fund	213	155
Credit relative value	106	83
Distressed opportunities	114	76
Emerging market debts	93	106
Opportunistic liquid credit	107	67
High Yield	27	79
Opportunistic credit	11	72
Liquid credit	0	31
Currency hedging	(12)	0
Global equity	612	418
Infrastructure	227	175
Insurance-linked securities	74	63
Liability driven investment	890	667
Long lease property	82	51
Net current assets	9	16
Private debt	82	63
Property	86	55
Risk sharing	105	96
Secured income	119	109
Cash	11	0
	<u>3,189</u>	<u>2,626</u>

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.

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.



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**NOTES TO THE FINANCIAL STATEMENTS**

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**21. Financial Instruments**

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

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Financial Assets</b>		
Measured at undiscounted amount receivable		
• Rent arrears and other debtors (see note 17)	620	584
• VAT (see note 17)	-	-
• Cash at bank	21,181	23,500
	<u>21,801</u>	<u>24,084</u>
<b>Financial Liabilities</b>		
Measured at amortised cost		
• Loans payable (see note 19)	94,488	94,767
Measured at undiscounted amount payable		
• Trade creditors (see note 18)	782	303
• VAT (see note 18)	28	25
• Other taxation and social security (see note 18)	120	131
• Other creditors (see note 18)	679	653
	<u>96,097</u>	<u>95,879</u>

**22. Share capital**

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

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**23. Statement of Cash Flows**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cash flow from operating activities</b>		
Surplus for the year	5,439	5,822
<b>Adjustment for non-cash items:</b>		
Depreciation of property, plant and equipment	4,399	4,083
Amortisation of intangible assets	164	142
Decrease / (increase) in inventories	(83)	(59)
Decrease / (increase) in debtors	72	(33)
(Decrease) in creditors	1,174	680
Pension costs less contributions payable	304	197
Revaluation of investment properties	(985)	(801)
Carrying amount of property, plant & equipment disposals	806	209
<b>Adjustments for investing or financing activities:</b>		
Proceeds from the sale of property, plant and equipment	(2,077)	(1,117)
Government grants utilised in the year	(197)	(197)
Interest payable	2,823	2,767
Interest received	(25)	(21)
Amortisation of refinancing costs	132	106
<b>Cash generated by operations</b>	<u>11,946</u>	<u>11,778</u>
<b>Cash and cash equivalents</b>		
Cash at bank and in hand	21,181	23,500
Cash equivalents included in current asset investments	-	-
<b>Cash and cash equivalents</b>	<u>21,181</u>	<u>23,500</u>

**Analysis of changes in net debt**

	<b>At 1st April</b>	<b>Cashflows</b>	<b>Other non-cash</b>	<b>At 31st March</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash	23,500	(2,319)	-	21,181
Interest Service Reserve Fund	600	52	1	653
Bank loans due greater than one year	(93,300)	-	-	(93,300)
Loan premium on issuance	(2,530)	-	116	(2,414)
<b>Total</b>	<u>(71,730)</u>	<u>(2,267)</u>	<u>117</u>	<u>(73,880)</u>

**BROMSGROVE DISTRICT HOUSING TRUST LIMITED**  
**(Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31st March 2022

<b>24. Financial commitments</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Capital commitments are as follows:		
<b>Contracted for but not provided for:</b>		
New dwellings	8,352	11,255
<b>Approved by the directors but not contracted for:</b>		
New dwellings	29,700	17,952
Housing improvements	6,695	6,179
	<u>44,747</u>	<u>35,386</u>

The above commitments will be financed from sales receipts of £5.8m, grant of £1.4m and working capital and existing undrawn loan facilities of £37.6m.

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

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Payments due: -		
- within one year	154	123
- between one and five years	499	474
- after five years	9	0
	<u>662</u>	<u>597</u>

**25. Housing stock**

	<b>2022</b>	<b>2021</b>
	<b>Units</b>	<b>Units</b>
<b>Owned:</b>		
General needs housing	2,541	2,516
Supported housing	916	914
Shared ownership	242	235
Leaseholder	174	172
Affordable rent	280	265
Intermediate rent	6	8
Market rent	87	87
Total	<u>4,246</u>	<u>4,197</u>

**BROMSGROVE DISTRICT HOUSING TRUST LIMITED**  
(Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31st March 2020

**25. Housing stock (continued)**

Owned Units	Opening Stock 1 <sup>st</sup> April 2021	New Build	Conversion	RTBs	Voluntary Sales	Buy-backs	100% Staircasing	Closing Stock 31 <sup>st</sup> March 2022
General needs housing	2,516	36	(2)	(9)	-	-	-	2,541
Supported housing	914	-	2	-	-	-	-	916
Shared ownership	235	11	-	-	-	1	(5)	242
Leaseholder	172	-	-	1	-	(1)	2	174
Affordable rent	265	13	2	-	-	-	-	280
Intermediate rent	8	-	(2)	-	-	-	-	6
Market rent	87	-	-	-	-	-	-	87
<b>Total Owned</b>	<b>4,197</b>	<b>60</b>	<b>-</b>	<b>(8)</b>	<b>-</b>	<b>-</b>	<b>(3)</b>	<b>4,246</b>

**Managed:**

General needs housing	40	41
Supported housing	-	-
Shared ownership	30	30
Leaseholder	35	35
Affordable rent	7	6
Intermediate rent	2	2
<b>Total</b>	<b>114</b>	<b>114</b>

Managed Units	Opening Stock 1 <sup>st</sup> April 2021	Conversion	RTBs	Voluntary Sales	Decommis sioned	100% Staircasing	Closing Stock 31 <sup>st</sup> March 2022
<b>General needs housing</b>	41	(1)	-	-	-	-	40
<b>Supported housing</b>	0	-	-	-	-	-	0
<b>Shared ownership</b>	30	-	-	-	-	-	30
<b>Leaseholder</b>	35	-	-	-	-	-	35
<b>Affordable rent</b>	6	1	-	-	-	-	7
<b>Intermediate rent</b>	2	-	-	-	-	-	2
<b>Total Managed</b>	<b>114</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>114</b>

Total owned and managed

**4,360**      **4,311**

**BROMSGROVE DISTRICT HOUSING TRUST LIMITED**  
**(Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31st March 2020

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**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

The aggregate amount of rent receivable during the year, from related parties was £5,666 (2021: £9,292).

There were no rent arrears outstanding in relation to these properties as at 31<sup>st</sup> March 2022 (2021: £nil).