

Broadacres Housing Association Limited
Annual report and financial statements
for the year ended 31 March 2018

Registered number: 27656R

Broadacres Housing Association Limited

Contents

	Page
Board Members, Management Team, Advisors & Bankers	1-2
Chairs statement	3
Chief Executive's statement	4
Strategic Report	5-17
Report of Board	18-27
Independent auditors' report	28-29
Consolidated Statement of Comprehensive Income	30
Association Statement of Comprehensive Income	31
Consolidated Statement of Financial Position	32
Association Statement of Financial Position	33
Consolidated Statement of Changes in Reserves	34
Consolidated and Association Statement of Changes in Reserves	34
Consolidated Statement of Cash Flows	35
Association Statement of Cash Flows	36
Notes to the financial statements	37-68

Broadacres Housing Association Limited

Group Board Members:

Colin Wilkie, Chair	
Jacqui Bateson	
Nigel Bell	Resigned 31 October 2017
Maurice Cann	Resigned 31 October 2017
David Dumbleton, Tenant	Resigned 20 November 2017
Catherine Milbank	Resigned 25 September 2017
June Mulroy	Appointed 20 November 2017
Peter Ottowell	
Lee Parkinson	Resigned 25 September 2017
Gordon Perry	
Gareth Roberts	Resigned 31 October 2017
Philip Summers	
Martin Warhurst	Appointed 25 September 2017
Hilary Wintersgill, Tenant	Resigned 22 January 2018

Independent Advisors

Gail Monnickendam	Audit
Nigel Bell	Asset & Development
Peter Hammond	Customer Experience

Executive Directors

Gail Teasdale	Chief Executive	Appointed 02 January 2018
Steve Towers	Chief Executive	Retired 14 July 2017
Chris Fawcett	Business Support Director	
Alison Grainger	Finance Director	
Paul Lightfoot	Property Services Director	Retired 30 November 2017
Andy Powell	Customer Services Director	

Company secretary

Chris Fawcett

Registered office

Broadacres House
Mount View
Standard Way
Northallerton
North Yorkshire
DL6 2YD

Broadacres Housing Association Limited

Independent Auditors 2017/18

PricewaterhouseCoopers LLP
Central Square South
Orchard Street
Newcastle upon Tyne
NE1 3AZ

Internal Auditors 2017/18

BDO LLP
55 Baker Street
London
W1U 7EU

Bankers

Barclays Bank plc
193 High Street
Northallerton
North Yorkshire
DL7 8LJ

Broadacres Housing Association Limited

Strategic Report

Chair's statement



I am pleased to present our annual report to you.

Housing and the challenges people in the UK find securing a home that meets their needs is centre stage in political discussions. However, unfortunately the debate focusses on the issues in cities and rarely mentions the issues facing rural communities. We operate across the whole of North Yorkshire, a stunning area but one where house prices and rents are very high compared to incomes. Research by the National Housing Federation showed that this area had one of the highest unaffordability rates in the North. As a consequence, we have joined the Rural Housing Alliance and contributed to the HAPPI report (Rural Housing for an Ageing Population) on "Preserving Independence".

2017/18 has been a successful year for Broadacres. We have:

- Built 112 homes and have secured delivery of at least another 200 homes for next year.
- Invested £5.8m in our existing homes. It is important that we continue to invest in our existing homes.
- Continued to deliver a wide range of services in partnerships, including mental health and care and support.

Our financial performance in 2017/18 was a significant improvement on 2016/17. The group made a surplus of £6m (last year £0.6m), including an association surplus of £5.5m (last year a deficit of £3.1m). It is important that we make a surplus as this enables us to support our borrowing without which we would not be able new homes.

Strong governance is vital to responding to the challenges facing Broadacres. An important part of that is the strength of the board so during this year we have strengthened the board by recruiting four new members. We now have a board with a breadth of skills and experience which can take Broadacres forward.

At the same time, we have reviewed and refreshed our governance structures. We bought the minority shareholding in our subsidiary, Mulberry Homes so that we now own 100% of the company. We established coterminous board membership so all companies across the group have the same membership. This has improved decision making and accountability. We reviewed our committee structure and terms of reference and now have four committees; Audit and Risk, Asset and Development, Customer Experience and Governance.

During the last year the tragedy at Grenfell happened. This reminded us all that the most important role we play in our communities is keeping our customers safe. As a consequence, we have independently reviewed our approach to health and safety, and whilst we are content with our approach we will be implementing some changes next year.

As I look forward, 2018/19 will be an important year for us. We will celebrate 25 years by launching our new corporate strategy but also by celebrating what we have achieved in that time.

Broadacres Housing Association Limited

Strategic Report

Chief Executive's statement



I joined Broadacres in January this year. I am lucky to have joined such a vibrant organisation with **Great People** which is firmly based in its communities.

Our new **Corporate Strategy** to take us to 2023 was developed in consultation with our customers and colleagues. The Corporate Strategy supports the Vision for 2023 created by our board during the year. During the consultation it became clear that our customers and colleagues were proud of the **rural** nature of Broadacres. It is also becoming clear that the rural aspect influences all our decision making.

We will be accompanying the new Corporate Strategy with a rebranding in our 25th year. Our colleagues are proud of Broadacres and wanted the branding to be modernised to reflect our forward-thinking attitudes.

We are acutely aware of the challenge of finding an affordable home in North Yorkshire, one of the least affordable areas in the country. Consequently, we are committed to developing 1,250 new homes over the next five years. We believe our local knowledge is vital to delivering the right homes in the right areas.

The board has asked us to set out to lead the sector in three areas:

Customer Experience – the expectations of the experience customers believe they should receive when interacting with organisations is undergoing a seismic shift driven by Amazons, Uber, Lush etc. Housing is no different. Our customers want and deserve a **Great Customer Experience** and our board want to ensure we are leading the change from a service to an experience culture. To do this we are investing in an organisational development programme in 2018/19 and are working with experts in transformation.

Affordable warmth – This is the number one concern of our customers as being warm in your home is vital to living well. It is also vital to the long-term success of Broadacres; homes that are difficult to keep warm will increasingly become difficult to let. This year we will be developing an affordable warmth strategy. It will set out our vision for our new homes and our existing homes and how we will invest in those homes over the next 10 years to deliver **Great Homes** that are affordable to live in.

Digital transformation – our customers and people are part of the fourth industrial revolution as digital changes affect everything we do. Broadacres have invested in our digital infrastructure. We will be setting out how our digital agenda will support **Great Places**.

With our new strategy and our great people, I am confident that we can be the **Best Rural housing association**.

Broadacres Housing Association Limited

Strategic Report

Corporate Strategy

In 2017, the Board began consulting with customers, colleagues and our key stakeholders on the future direction of Broadacres. The outcome is our new Corporate Strategy to take us to 2023.

It is clear our customers and colleagues want Broadacres to focus on the rural, market and coastal towns of North Yorkshire. It is our area of expertise and where our customers aspirations are.

Our new mission is:

Great people, providing great homes and great customer experiences across our rural communities

Our new vision is to be:

The best rural housing association in the country

The Association's objectives are set out in our new 2018-2023 Corporate Plan. Progress against the objectives is reviewed regularly by the Board. The strategy was formulated by the Board and the delivery targets involve all of Broadacres staff.

Broadacres Corporate Plan objectives are to create:

Great homes

- Deliver 1,250 new homes by 2023 with 60% being for social/affordable rent, 30% for shared ownership and 10% for outright sale. Where appropriate we will work in partnerships with key stakeholders to achieve this;
- Deliver £20m significant investment in our existing homes focusing on actions that will improve the energy efficiency of all our homes to a minimum C rating ensuring our homes are affordable to keep warm;
- Ensure the highest standards of health and safety are maintained.

Great Customer Experience

- Moving our approach to experience focussed from service ensuring our experience meets our customers new expectations
- Develop a new digital strategy to ensure our customers can take advantage of the benefits new technology brings;
- Good quality repair service;

Great Places

- Rural communities
- Continue to invest in independent living for our more vulnerable customers including working with health and LA partners
- Retirement living as well as family housing

Broadacres Housing Association Limited Strategic Report

And these will only happen if we have:

Great people – During 2018/19 we will revisit our reward and recognition package to colleagues and look at how we invest in our teams to ensure they are able to embrace the digital agenda, customer experience agenda

Great governance

Our focus for 2018/19 is regaining our G1 status

Great finances

Regain our V1 status prior to borrowing new money ensuring that by actively managing our asset base we have gradually grown the rate of return.

Our corporate plan will be reviewed for progress regularly by the Board.

Broadacres Housing Association Limited

Strategic Report

Association highlights, five-year summary

For the Year Ended	2018	2017	2016	2015	2014
	£'000	£'000	£'000	£'000	£'000
Statement of Comprehensive Income					
Total turnover	35,376	36,036	33,942	31,723	32,140
Income from lettings	10,085	11,912	10,871	9,563	10,662
Surplus for the year before taxation	5,459	(3,114)	5,177	5,444	7,966
Statement of Financial Position					
Intangible and tangible fixed assets at valuation or cost net of depreciation	302,078	299,745	289,619	277,621	239,997
Investments	1,147	3,326	5,515	4,354	4,016
Net current assets	15,393	16,984	16,244	12,356	13,162
	318,618	320,055	311,378	294,331	257,175
Long term liabilities	136,706	143,795	132,126	120,634	106,427
Pension liability	4,764	6,155	6,163	6,057	3,237
Provision for liabilities					
	141,470	149,950	138,289	126,691	109,664
Reserves:					
Revaluation	42,501	42,501	42,501	42,616	88,669
Restricted	(4,762)	(6,153)	(6,160)	(6,054)	(1,806)
Accumulated surplus	139,409	133,757	136,748	131,078	60,648
	177,148	170,105	173,089	167,640	147,511
	318,618	320,055	311,378	294,331	257,175
Accommodation (dwellings at 31st March)					
	2018	2017	2016	2015	2014
	No.	No.	No.	No.	No.
General Needs	5,705	5,629	5,488	5,361	5,189
Supported Housing	342	344	291	291	291
Shared Ownership	114	98	77	72	69
	6,161	6,071	5,856	5,724	5,549
Statistics					
Operating Surplus for the year as a % of turnover	15%	-9%	15%	17%	25%
Rent arrears (net arrears as % of rent and service charges receivable)	1.8	2.1	2.3	2.2	2.1
Liquidity (current assets divided by current liabilities)	4.1	4.2	4.2	0.7	1.0

Broadacres Housing Association Limited

Strategic Report

Financial Review

The year to 31 March 2018 has resulted in a group surplus before tax of £5,975k (2017: £1,012k). The core business of providing affordable housing has produced a financial result in line with expectations. The principal reasons for the surplus are as follows:

- The Group's core affordable housing business made an operating surplus of £10,085k (2017: £11,912k). Other activities made an operating deficit of £906k (2017: deficit £267k).
- Property sales generated a surplus of £1,392k (2017: £948k),
- The housing stock is shown at gross cost net of depreciation at a value of £298,276,000 (2017: £295,854,000) and the Directors consider that this valuation remains appropriate as at 31 March 2018.
- The Group also conducted its annual impairment review of the value at which it is carrying assets in its balance sheet. This review has resulted in a total impairment of £490k (2017: £45k).
- During the year the Group invested £6.0m (2017: £5.4m) in maintenance reflecting the continued focus of the Group on improving our existing homes.
- During the year housing properties amounting to £3,490k (2017: £3,334k) were completed reflecting the Group's continued focus on development.
- Interest payable reduced to £6,477k (2017: £8,836k) as result of the treasury management strategy.

After the transfer of the total comprehensive surplus for the year of £5,415k (2017: deficit £3,132k), the Association's reserves amounted to £177,148k (2017: £170,105k).

The pension fund liability has reduced to £4.8m. (2017: £6.2m)

Statement of Comprehensive Income

The main elements of the Association's financial results are:

Key Elements	2018 £'000's	2017 £'000's	Increase / (Decrease) £'000's
Turnover on social housing lettings	31,246	30,298	948
Turnover from property sales	8,931	2,672	6,259
Supporting Peoples services income	955	940	15
Home Improvement Agency	146	611	(465)
ABLE	128	132	(4)
Broadacres Support Service & Telecare	580	588	(8)
Operating costs (including depreciation)	25,291	24,124	1,167
Housing depreciation	6,499	5,421	1,078
Impairment of housing properties	490	45	445
Impairment of investment	-	7,372	(7,372)
Interest payable and other financing costs	6,341	8,600	(2,259)

Key information about the results is explained as follows:

Broadacres Housing Association Limited

Strategic Report

- Turnover from social housing lettings increased by £0.9m (despite the rent reduction) due to the number of available units for letting increasing through the completion of development projects.
- Turnover from property sales increased by £6.3m, we sold 21 low cost home ownerships / shared equity properties, compared to 28 in the previous year. We expect to sell around 40 in 2018/19.
- Supporting People services include extra care, sheltered, women's refuge, mental health, physical disability, young homeless and learning disability schemes.
- Home Improvement Agency – this continued to operate in the Stockton area, however in May 2017 we were unsuccessful in retaining the tender.
- Broadacres Support Service and Telecare includes Lifeline which is our 24-hour response service for vulnerable members of our communities and enables them to call for assistance via pendants or by telephone. We also monitor fall detectors and fire alarms. ABLE is our successful Activity Based Learning Environment which provides diversionary craft activities for disabled people. Both are valued greatly by the communities and customers they assist.
- Operating costs increased due to our ongoing repairs programme and the timing of our major repairs to properties.

The majority of the Association's operating surplus continues to be sourced from property rentals. It is important to note that we need to continue to make a surplus to enable us to repay our loans. The timing of payments is shown on page 11.

Statement of Financial Position

At 31 March 2018, Broadacres' Statement of Financial Position showed total assets less current liabilities of £319m (2017 £321m). This is an increase from last year and the main points are:

- Expenditure on developments to deliver new social homes was £8.7m
- At 31 March 2018 our current assets include £3.4m of properties/land available for sale compared to £6.1m last year.
- Broadacres holds £0.8m of land and properties in its land bank which is classified as an investment property.

The Board consider that the results for the year have been as expected and that Broadacres has adequate resources to achieve the objectives set out in its Corporate Plan and Business Plan.

Capital structure and treasury policy

Broadacres has a formal board approved treasury policy which follows the revised CIPFA Code of Practice. Our approach is that treasury management is a function to allow us access to funds to carry on our business; it is not a separate activity that is expected to produce surpluses. As such, whilst we endeavour to borrow at as low a cost as possible, we primarily aim to manage cash flow effectively and monitor the inherent risks in treasury activities by maintaining a reasonable split of fixed and variable loans. We only borrow or invest with financial institutions that meet strict criteria and aim to keep our fixed rate loan balances to at least 70%.

Our existing loan facilities and borrowings are set out in the following table:

Broadacres Housing Association Limited

Strategic Report

Loan Portfolio March 2018	Nationwide	RBS Syndicate	Barclays	HDC/HC	Total Borrowing
	£000's	£000's	£000's	£000's	£000's
Fixed					
Facility A 30 Jun 2036	-	21,250	-	-	21,250
Facility C 30 Jun 2036	-	8,750	-	-	8,750
Facility 10 Oct 2048	-	-	55,000	-	55,000
Hambleton DC	-	-	-	26,200	26,200
Housing Corporation	-	-	-	66	66
Total Fixed Loans (75%)	-	30,000	55,000	26,266	111,266
Revolvers average annual interest rate					
Facility B Revolvers	12,500	1,000	-	-	13,500
Facility C Revolvers	-	5,000	-	-	5,000
Total Variable Loans (25%)	12,500	6,000	-	-	18,500
Total loans utilised	12,500	36,000	55,000	26,266	129,766
Total Facilities	12,500	50,000	55,000	35,066	152,566

The RBS loan will be repaid on a gradual basis commencing 2022. The Barclays loan, taken out in 2009, was a 40-year loan and repayments will not commence until 2040 and will thereafter be paid in 10 equal instalments. The Hambleton District Council loan repayments commence in 2020 and are repayable between 5 and 25 years. Our Treasury Policy also dictates that we should have access to at least 24 months of funds to meet our operating requirements and this is monitored on a quarterly basis. Current funding arrangements with HDC and RBS require that we drawdown funds prior to forecast need. Depending on the proposed development plan these funds may not be drawn.

The repayment profile of our current loan balance is

Current Loan Portfolio	£'000s
Repayments within 1 year or less	1,250
Repayments beyond 1 year but less than 2 years	1,250
Repayments within 2 years but less than 5 years	7,400
Repayments over 5 years	119,866
	129,766

Our fixed rates vary from 2.21% to 9.5% (excluding margin).

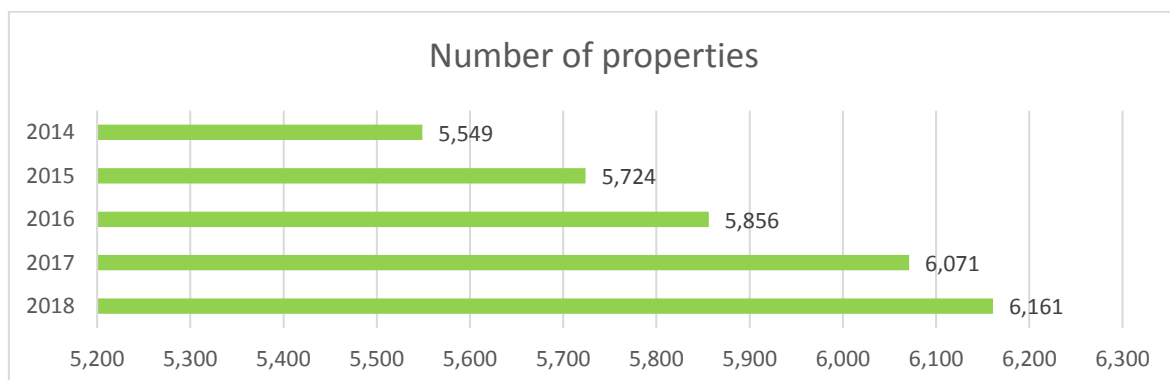
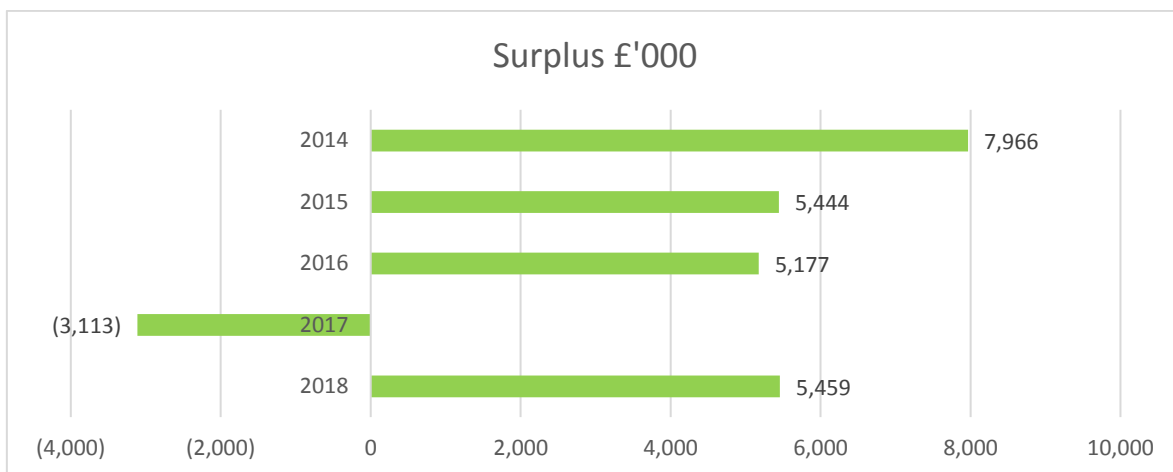
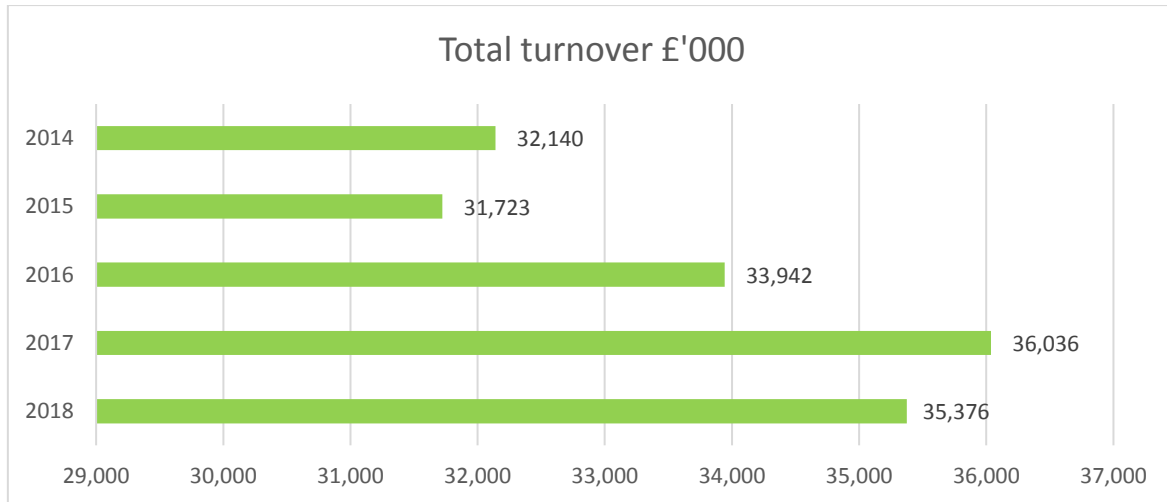
Broadacres Housing Association Limited

Strategic Report

Cashflows

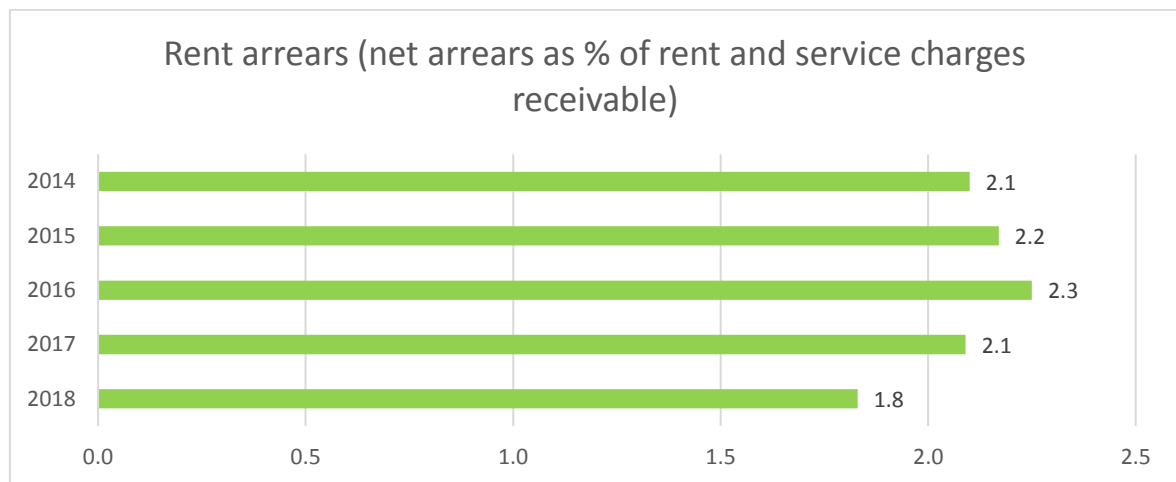
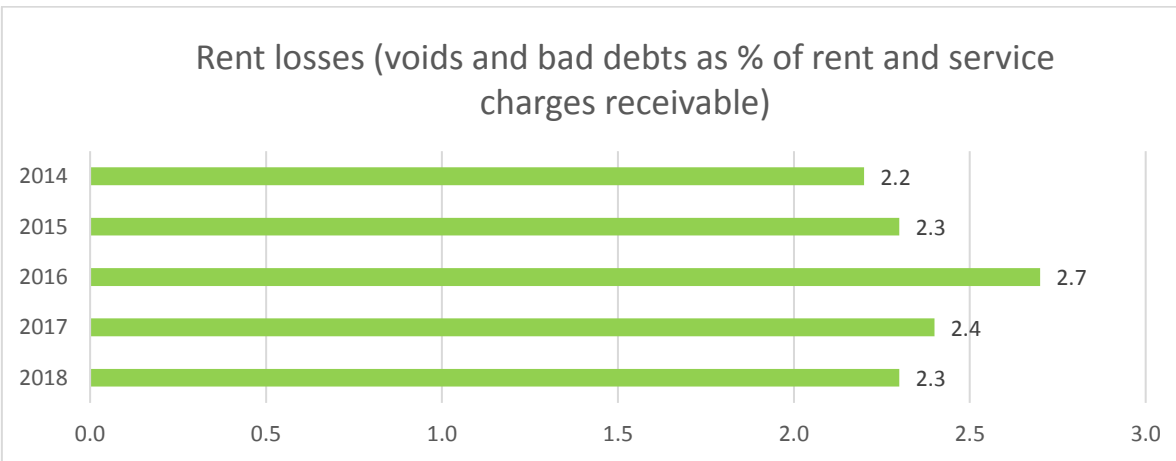
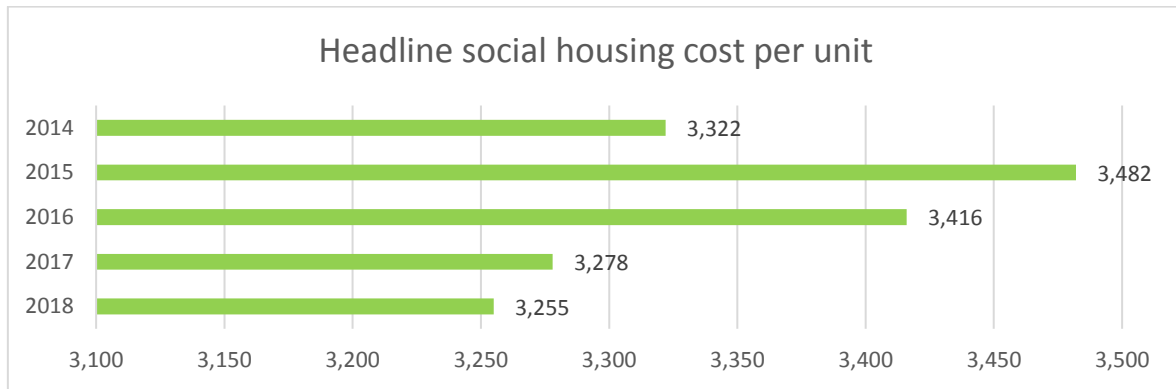
Cash inflows and outflows for the year ended 31 March 2018 are set out in the cashflow statement on page 36. The net cash inflow from operating activities was £11.9m (2017: £16.2m). At the year-end the group had £22.8m of undrawn facilities and an overdraft facility of £0.5m. These will be required over the next 3 years to fund our on-going development programme. During the year investments in financial assets have been limited to short term deposits in line with our treasury policy.

Association highlights, five-year summary (continued)



Broadacres Housing Association Limited

Strategic Report



Performance of subsidiaries

Broadacres Services Limited (BSL) made a loss before tax of £266,699 (2016/17 – loss of £130,008) – The loss in year is largely due to an abortive scheme at Old Malton, we only have one scheme currently under construction, with the first sales from this scheme forecast in 2018/19, when the subsidiary will return to profit.

Mulberry Homes Yorkshire Limited (MHYL) as previously reported the loss of the main contractor on MHYL’s 2 ongoing development sites led to financial trading difficulties. As a result of this loss, MHYL has sold land options at a profit as planned. In 2017/18 Mulberry has made a profit of £1.4m.

The Richmond & Hambleton Furniture Store (RHFS) has made a loss of £1,201 (2016/17 loss £4,829). The loss is due to lower income from furniture sales. The store successfully diverted 42,363kg (2016/17 53,235kg) from landfill and provided a much-needed low cost furniture service to those in need. This small charity currently has reserves covering nearly 9 months operating costs.

Broadacres Housing Association Limited

Strategic Report

Tenant Involvement

Residents from across the Association got involved through various activities and groups as detailed below: -

<i>Activity</i>	<i>No of involved customers</i>
Performance and Improvement Panel:	7
Maintenance Focus Group	11
Diversity Development Team	1
Value for money working group	1
Local Monitors	105
Journey mapping	11
Tenants on the board	2
Community Development Fund Group	4
Focus Groups in supported housing	103
Customer Feedback Group:	11
Community projects	35
Oswaldene Residents Association – Customers and Residents	33
Training, conferences etc	51

During 2017/18 the Performance Improvement Panel has monitored the progress on previous reviews, including repairs appointments kept, undertaken a review on the customer experience of living with storage heaters, helped in the recruitment process of the Chief Executive, Environmental Officer and Housing Management Trainee and helped to deliver a workshop on resident scrutiny at the NHC Tenant Panels Conference.

Services to tenants and residents – how are we performing?

Over the past 12 months we have continued to improve the services we provide to our 6,161 households. We completed 112 new homes and re-let 366 properties. We have improved the quality of our homes, with a total investment in repairs and maintenance of £6.0m.

The following table sets out the performance of the Association against the key resident focussed performance indicators from our last Survey of Tenants and Residents (STAR) carried out in September 2016.

The following table shows the main key indicators:

Performance Indicator	2017/18	2016/17	2015/16	2014/15	2013/14
Overall satisfaction with landlord services	88.0%	88.0%	88.3%	88.3%	88.3%
Satisfaction with views taken into account	67.0%	67.0%	72.0%	72.0%	72.0%
Satisfaction with area as place to live	88.9%	88.9%	89.0%	89.0%	89.0%
Satisfaction with value for money for rent	86.4%	86.4%	86.9%	86.9%	86.9%

Repairs and maintenance

The following table shows the main key indicators:

Performance Indicator	2017/18	2016/17	2015/16	2014/15	2013/14
Average Time to complete a repair (days)	13.4	13.4	9.5	10.7	7.2
Percentage Appointments kept	96.41%	96.33%	92.61%	94.10%	99.51%
Percentage Satisfied with responsive repairs	98.15%	98.70%	95.00%	96.40%	96.20%
Percentage Gas Serviced	100.00%	100.00%	100.00%	100.00%	99.99%

Broadacres Housing Association Limited

Strategic Report

Customer Service and Digital Inclusion

Customer compliments continue to be reported to provide a more balanced view of customer service and service delivery. In 2017/18 203 compliments have been received. None of the complaints escalated to the Local Government Ombudsman (LGO) level.

The following table shows the main key indicators:

Performance Indicator	2017/18	2016/17	2015/16	2014/15	2013/14
Customer Contacts - telephone	71,339	78,777	81,296	86,739	80,916
Calls Answered %	94.69%	95.69%	95.84%	94.4%	95.0%
Average time to answer a call – seconds	50	38	28	32	28
Customer contacts – website hits	97,186	55,428	N/A	N/A	N/A
Users Registered for online services	3,630	2,910	2,605	N/A	N/A
Complaints	34	48	50	63	93
Compliments	203	256	252	237	N/A

Housing Management

Pressure on income collection due to the financial climate and welfare reform changes remain noticeable but through improved performance management year on year we have achieved a decrease in current net arrears of £67k.

The following table shows the main key indicators:

Performance Indicator	2017/18	2016/17	2015/16	2014/15	2013/14
Current tenant rental arrears Gross %	3.5%	4.0%	4.2%	3.5%	3.5%
Total Net Arrears £'000s	566	633	671	602	578
Former rental arrears	260	290	317	380	425
Debts written off – Former Arrears	163	210	244	134	150
Voids loss	566	519	588	505	437
Average re-let times (days) Net re-lets days	28.5	28.2	40.0	28.9	28.0
Empty properties	1.1%	0.9%	1.0%	1.1%	0.6%
Evictions due to rent arrears	7	7	7	14	15
ASB Cases	130	112	77	97	104

Health and Safety

During the year there have been 71 incidents (2017:94) 1 (2017:3) of which was RIDDOR reportable. The group board has set a risk appetite for Health and Safety which is risk averse. Reflecting this, the board commissioned an external audit of our property based health and safety policy and practice by Pennington Choices to ensure that the approach to compliance reflect current best practice within the sector. At the 31 March 2018, 100% of properties where this is required had a valid gas certificate. In March 2018 internal validation found that there were 17 properties which had not received an electrical inspection in the previous 10 years, which breaks Electrical Safety Council guidance. As a result, a self-referral was made to the Regulator for Social Housing. All properties had been electrically inspected within the last 10 years as at 31st March 18. Broadacres operates a property based Health and Safety “dashboard” which is real time.

Broadacres Housing Association Limited

Strategic Report

Growth Strategy

An ambitious growth strategy was approved by the board in November 2017. This is based upon clearly demonstrated housing need and the financial viability of investment proposals and focusses on developments principally within North Yorkshire. Through our development programme we have provided 112 new properties in 2017/18 as follows:

Lime Gardens, Sowerby	9	Stokesley Grange	8
Woodside Chase, Colburn	22	Oxenby Place	3
Mowbray View, Sowerby	15	Moorfields, Crakehall	2
Marne Grange, Stokesley	13	Melmerby	2
Sowerby Gateway	5	Hockley Croft, Milby	6
Leeming Gate	2	Beckfields, Colburn	11
New Lane, Huntington	1	85 South Parade (Platform for Life)	1
Morton on Swale	10		
Common Room conversions	2		

Broadacres has a target to build or acquire a further 170 units in 2018/19 and a long-term business plan of around 1,250 units over the next 5 years. We continue to have limited numbers of disposals through Right to Buy (6 properties were sold during the year).

Performance indicators	2018	2017	2016	2015	2014
Unit completions	112	232	165	173	144
Right to Buy properties sold	6	5	9	8	13

The proposed introduction of the Voluntary Right to Buy scheme (VRTB) has generated significant interest from customers and with approximately 151 customers requesting more information when it becomes available. As yet no confirmation of a start date has been received and therefore no sales are included in the business plan. The impact of VRTB has been included in the stress test work reviewed by the board. We continue to have excellent relationships with local house builders and have been successful in receiving properties under S106 requirements and we expect that this will continue where planning arrangements require such provision.

We sold 21 properties via various low-cost home ownership schemes.

Broadacres Services Limited and Mulberry Homes Yorkshire Limited continued to develop houses for private sale. Mulberry Homes sold 33 properties in the year (2017:36) and, in line with the strategy to de-risk, sold land options generating an income of £12,543k (2017: £10,714k). Only 11 properties remain for sale (2017: 44), of which 8 are reserved. Broadacres Services Limited is in the process of completing 20 properties at Richmond House for sale in 2018/19.

The board has established an Asset and Development Committee to scrutinise and challenge proposals for development and major asset investment across the Group. The committee makes recommendations to the Board. In November 2017, the board approved an ambitious growth strategy.

Asset Management

In 2018 Broadacres has reviewed its approach to asset management and adopted a new Asset Management Strategy. The strategy centres upon a core purpose which is:

- To maximise the whole life value of the assets we keep in line with our charitable objectives, including by minimising whole life costs.
- To support the business to maximise its balance sheet capacity, for example in terms of security valuations.

Broadacres Housing Association Limited

Strategic Report

- To identify those assets that are not performing, so that action can be taken to our, improve/re-develop the asset, dispose of the asset or address problematic tenant behaviour.
- To identify the appropriate standards for our homes, and ensure that those standards are met.
- To ensure our assets remain compliant, safe, meet legal and regulatory requirements and remain an attractive, value for money option to our current and future tenants/residents.

In implementing the Asset Strategy, we have also reviewed our approach to surveying our stock to give us a more accurate, real time view of decent home compliance. Due to this Broadacres will not report 100% compliance but will survey and replace any component which fails within 12 months of the decent homes lifetime. As at 31st March, we had 169 properties that did not meet the standard, meaning that we were over 97% compliant.

As a Registered provider we fund minor (disability) aids and adaptations for our customers up to a value of £2,000. Simple fixings such as lever tap handles, grab rails, small step adaptations and handrails. These are normally done on a self-assessment/referral basis direct from the customer. Anything other would have to be supported or referred by an Occupational Therapist. During 2017/18 we spent £138,000 (2017 - £216,000) on these adaptations.

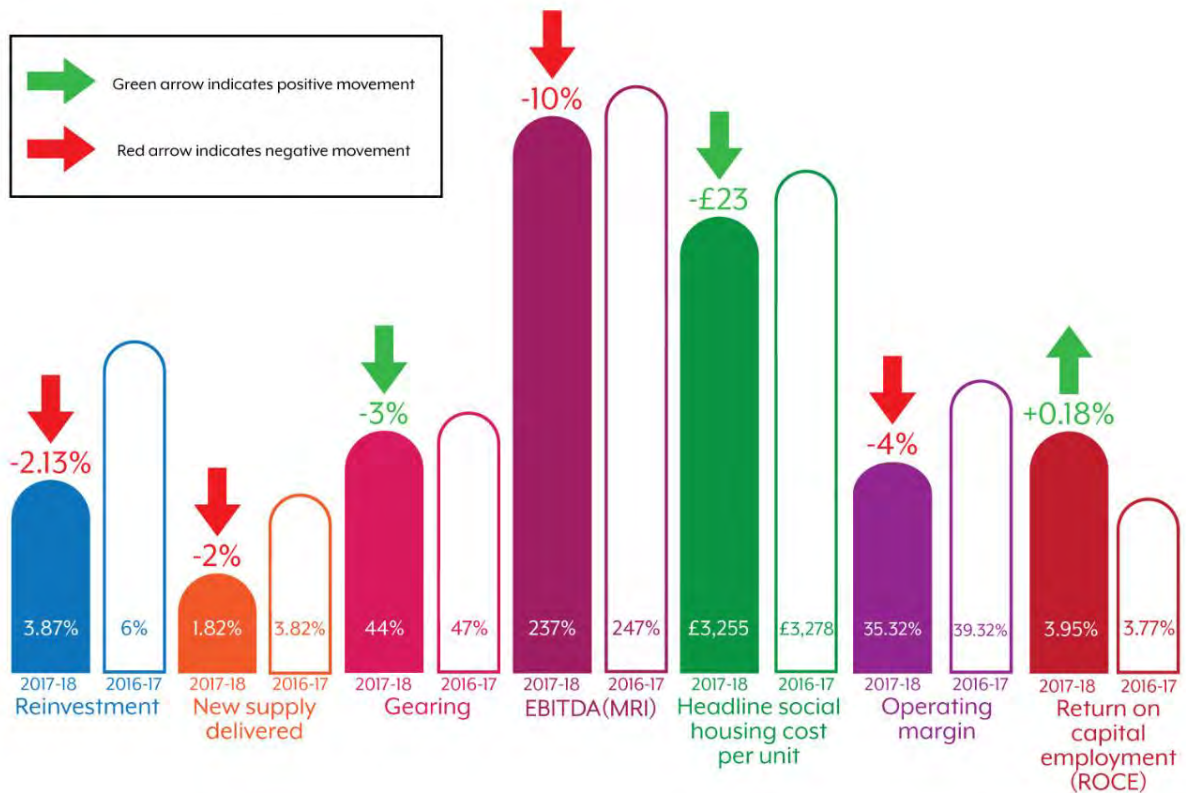
As part of our Asset Management Strategy we have disposed of assets which have a low return. We currently have 7 properties that have been identified. In 2017/18 we sold 11 properties, which brought in £768k income which will be used for future developments.

Value for Money Report

The new Regulator of Social Housing value for money standard has been introduced in the last twelve months and this has resulted in 7 new Metric measures as detailed below:

	Metric	2016/17	2017/18	Commentary
1	Reinvestment	6.06%	3.87%	We delivered 112 units in 2017/18. Our higher figure in 2016/17 (232) included a large supported scheme
2 a	New Supply Delivered Social Housing Units	3.82%	1.82%	
2 b	New Supply Delivered Non Social Housing Units	0%	0%	
3	Gearing	47%	44%	Gearing reduced as we used income from land sales to repay debt
4	Earnings Before Interest, Taxes, Depreciation and Amortization (Major Repairs Included) - EBITDA (MRI)	247%	237%	Our turnover reduced due to the impact of the rent reduction on our operating surplus
5	Headline Social Housing Cost per Unit	£3,278	£3,254	This reduced in 2018 as we continued to find savings to offset the impact of the rent cut
6 a	Operating Margin Social Housing Lettings	39%	35%	Our turnover reduced due to the impact of the rent reduction on our operating surplus
6 b	Operating Margin Overall	33%	29%	
7	Return on Capital Employed	3.77%	3.95%	

Broadacres Housing Association Limited Strategic Report



Overall the board believes it fully complies with the value for money standard. It has continued to deliver improved value for money; however, it remains sufficiently challenging of itself to know there are opportunities to further improve in 2018/19. The key areas for 2018/19 will be:

- Improving our Customer Experience
- Delivering the Growth Strategy
- Improving the standard of our homes through the Affordable Warmth project

More detailed analysis of our value for money performance and our future plans can be found on our website www.broadacres.org.uk

Broadacres Housing Association Limited

Report of Board

The board presents its report and the audited financial statements for the year ended 31 March 2018.

Definitions

Broadacres Housing Association Limited is the ultimate holding entity into which the results of all subsidiary companies are consolidated. The term 'Group' in the report and financial statements refers to the consolidation of Broadacres Housing Association Limited and all its subsidiaries. The term 'Association' refers to the statutory entity, Broadacres Housing Association Limited.

Legal Status

The Association is registered under the Co-operative and Community Benefit Societies Act 2014. It is also registered with The Regulator of Social Housing (RSH), registration no LH4014. The Association has charitable rules registered with HM Revenue and Customs.

Principal Activities

The principal activity of the Association is to provide well managed and maintained homes for those in housing need including the elderly, the infirm, people with special needs and those that are financially unable to secure a home in the private market. The Association is one of the largest Registered Providers based in North Yorkshire with 6,161 units in management at 31 March 2018. The Association also has an ongoing development programme to provide additional housing stock, with 112 new properties developed in 2017/18. Other services operated by the Association are Hambleton Lifeline, an emergency call service for elderly and vulnerable customers both tenants' and other members of the community, together with a cleaning service.

The Association has four subsidiaries: Mulberry Homes Yorkshire Limited, which develops homes for private sale; Broadacres Services Limited, which provides development services; The Richmond and Hambleton Furniture Store, a charity that recycles donated furniture for resale; and Market Gate Residential Management Company Limited which provides a property management service to the schemes at Blossomgate and Marshall Way, Ripon. Together these companies make up the Broadacres Group.

Management judgements and estimates

The preparation of the financial statements requires management to make significant judgements and estimates. The areas in the financial statements where these judgements and estimates have been made include:

- Property valuations – review of any trigger for impairment
- Repayment of intercompany loans – loans are determined to be recoverable
- The ability of the organisation to continue trading
- Recognition of the pension liability
- Provision for bad and doubtful debts
- Recognition of costs or income – determining if debtors are required for income or provisions for costs
- Loss on the acquisition of a subsidiary

Risks and uncertainties

In accordance with the RSH's Governance and Financial Viability Standards, the Board has responsibility for ensuring an effective risk management framework is in place. The Board receives an update at every meeting on key risks facing the organisation, takes risk into account when making key decisions, and reviews the effectiveness of the risk management framework on an annual basis.

The Audit and Risk Committee takes an active role in scrutinising the Group's Strategic Risk Register, considering the adequacy of controls in place to manage the risks identified.

Our risk framework is made up of the following elements:

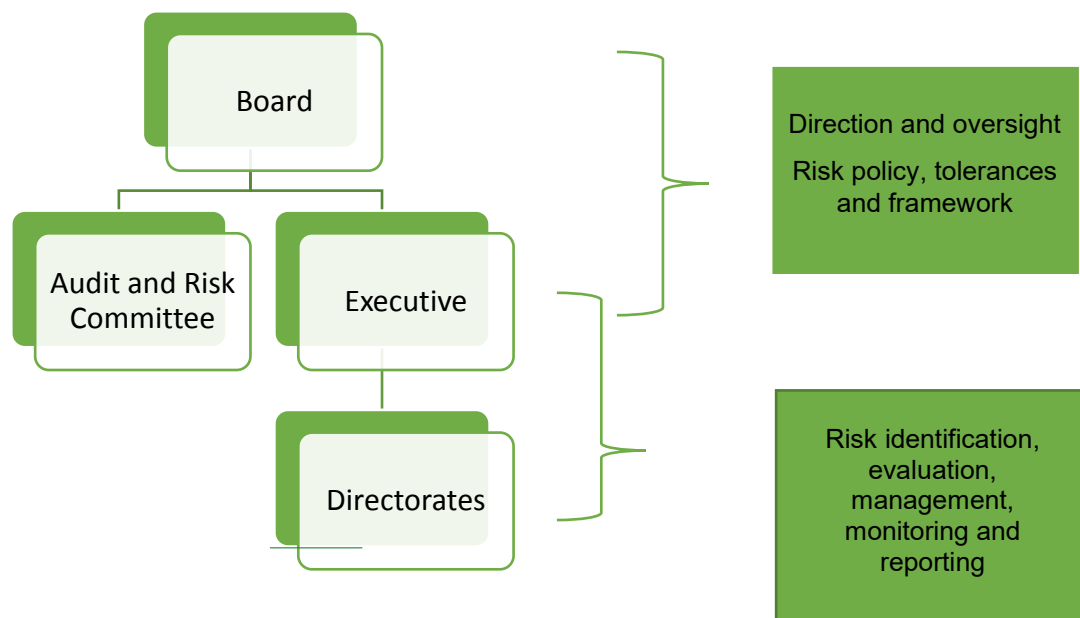
Managing our Organisational Risks: We define risk as anything that can adversely affect our ability to deliver the organisation's vision and corporate strategy and our compliance with regulatory standards.

Our Approach to Risk: Risk is inherent in our operations and the decisions we make to deliver our vision. The board is responsible for the principal risks that we are willing to take. It has undertaken a robust assessment of the principal risks to Broadacres achieving its vision and corporate strategy. The board is also responsible for ensuring that risk is effectively managed through our governance structure (see below) in accordance with our

Broadacres Housing Association Limited Report of Board

risk appetite. It is also key that everyone at Broadacres is aware of the risks in their area of responsibility and manage those risks intelligently in their day to day activities. To enable this Broadacres has an active training programme tailored to each individuals' responsibilities.

Governance: The risk management governance structure is shown below.



Risk Appetite: The organisation's risk appetite is set by the board, which clearly articulates the amount of acceptable risk within which Broadacres operates. The risk is set across four risk areas faced by Broadacres; *Strategic, Operational, Financial and Compliance.*

Our appetite for risk provides direction and boundaries for consistent, measured, risk aware decision making throughout the organisation, and guides the right level and type of risk to accept.

A scale of "risk averse" to "risk open" defines the range of risk appetite for each type of risk. For example, we will take more risk to deliver our strategic objectives but will take a minimal risk tolerance to compliance with regulatory standards.

It is important that *risks can also present opportunities* to the organisation to grow and have a sustainable future.

With its strong asset base, the overall financial position of Broadacres remains healthy and significant resources continue to be available to the organisation to facilitate the further development of its services.

Broadacres' external auditors, having conducted their review of our financial statements, have not identified any material internal control issues, which require to be addressed.

Our internal auditors', "Annual Opinion" in 2017/18 is as follows:

"In our opinion, Broadacres Housing Association has in place an appropriate framework for identifying, evaluating and managing the significant risks faced by the Association.

In respect of the areas of activity which we reviewed, and subject to the weaknesses identified and reported in our internal audit reports, Broadacres Housing Association has an adequate, effective and reliable framework of internal control and effective risk management and governance processes which provides reasonable assurance regarding the effective and efficient achievement of the Association's objectives.

No instances of actual or suspected fraud have been encountered during our audit work"

Broadacres Housing Association Limited

Report of Board

Principal Strategic Risks

Key risk	Key controls in place, and actions being undertaken
Financial Implications of Welfare Reform	<p>We continue to carefully monitor the impact of Welfare Reform; the numbers of tenants claiming Universal Credit continues to increase, and we are working to help tenants impacted by reductions to their income.</p> <p>The controls we have in place include:</p> <ul style="list-style-type: none"> • Specialist staff able to provide welfare benefits and debt advice. • Automated digital services tracking rent agreements and payments. • Dedicated Rent Collection Team
Changes to the economic environment	<p>Key controls include:</p> <ul style="list-style-type: none"> • Stress testing the business plan • Regular review of treasury management • 80% of lending is at fixed interest rates.
Local Authority Care Provision	<p>We continue to work with the local authorities to understand their challenges plan for the required changes.</p> <p>Key controls include:</p> <ul style="list-style-type: none"> • Care and Support Strategy • Financial performance monitoring
Growth Plan and Property Development	<p>The Board has learned lessons from the previous year's events, the Asset & Development Committee challenge all current and future schemes.</p> <p>Key controls include:</p> <ul style="list-style-type: none"> • Asset & Development Committee • Independent Specialist Committee Members • Financial and Performance Reporting Framework
Ineffective Corporate Governance and Regulatory Standards	<p>Broadacres works closely with the Regulator to provide a clear understanding of the standards required by both organisations.</p> <p>Key controls include:</p> <ul style="list-style-type: none"> • Annual self-assessment of NHF Code of Governance • Annual Board Appraisal • Annual recruitment of Board Members • Annual review of internal and external audit
Health and Safety – landlord obligations	<p>Broadacres has conducted a full root and branch review of its health and safety compliance.</p> <p>Key controls include:</p> <ul style="list-style-type: none"> • Compliance Manager • External Assessments by qualified people • ROSPA accreditation

Broadacres Housing Association Limited

Report of Board

Key risk	Key controls in place, and actions being undertaken
IT resilience, including cyber attack	Key controls include: <ul style="list-style-type: none"> • Business Continuity Plan • Daily penetration testing • Compliance with ISO27001
Employee skills	Key controls include: <ul style="list-style-type: none"> • Human Resource Strategy • Effective and competitive recruitment • Learning and Development Framework • Performance and appraisal scheme • Apprentice scheme

Financial risk management objectives and policies

The Group's activities expose it to financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Group's policies approved by the Board, which provide written principles on the use of financial derivatives to manage these risks. The Group does not use derivative financial instruments for speculative purposes.

Cash flow risk

The Group only holds basic financial instruments. The loans held by the Association are largely at fixed interest rates.

Credit risk

The Group's principal financial assets are bank balances and cash, rent arrears and other receivables, and investments.

The Group's credit risk is primarily attributable to its rent arrears. The amounts presented in the Statement of Financial Position are net of allowances for bad debts. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over several counterparties and tenants.

Liquidity risk

To maintain liquidity to ensure that sufficient funds are available for on-going operations and future developments, the Group uses a mixture of long-term and short-term debt finance.

Further details regarding liquidity risk can be found in the statement of accounting policies in the financial statements.

Performance for the year and future developments

The board, in consultation with our customers, sets out its review of the year in an Annual Report made available to all tenants and stakeholders. This includes information about customer services, support services, responsive and planned maintenance, together with development progress, performance and our delivery of Value for Money. Our current Corporate Plan runs until Dec 2023

Details of the Group's performance for the year and future plans are set out in the Strategic Report on pages 7 to 17.

Broadacres Housing Association Limited

Report of Board

Board members and co-opted board member

The present board members are shown on page 3.

The Board currently comprises the Group Chair, nine non-executive board members plus one co-opted board member. The experience and skills of the Board is reviewed annually to ensure that they are sufficient for the Group's needs. The biographies of the individual board members are available on the Group's website.

Board members are drawn from a wide background bringing together housing, development, local community and professional experience. Group insurance policies indemnify board members and officers against liability when acting in their professional capacity on Group business.

The Chief Executive and other executive directors are employed on the same terms as other staff. Senior members of staff attend board meetings, which are held on a two-monthly cycle. Remuneration was last reviewed in 2016 and considered external independent benchmarking of pay.

The principal responsibilities of the Board to the Group are to:

- Demonstrate commitment to the values and objectives of the Group;
- Develop the Group's strategy;
- Uphold the National Housing Federation Code of Governance; and
- Represent the Group.

The performance of the Board, both individually and collectively, is formally appraised on an annual basis. The review process for individual board members involves self-assessment prior to a meeting with the Group Chair. This meeting appraises contribution, attendance, training and development needs. The Board Chair is appraised by the Chair of the Governance Committee. The appraisal process produces an action plan and is reported back to the Governance Committee. All board members and committee members are required to provide an annual governance declaration, including declarations of interest, to ensure on-going independence.

Day to day management and implementation of policy and strategic direction is delegated to the Chief Executive and the executive directors who meet regularly and attend board and committee meetings. The Board meets formally at least six times a year for regular business and once a year has a strategic session about future direction of the Group. The Board has four committees each of which has formal terms of reference which have been reviewed during 2017/18.

Committees

The Board has four committees:

- Audit and Risk Committee responsible for overseeing management's financial reporting responsibilities and maintenance of an appropriate system of risk management. The committee meets the external auditors to discuss the financial statement, the adequacy of the Group's internal control framework and makes formal recommendations as required. There are annual private meetings with the external and internal auditors.
- Asset and Development Committee considers and provides recommendations on investment and asset decisions to the Group board.
- Customer Experience Committee is responsible for considering whether Broadacres is providing a customer experience in accordance with Broadacres ambition and strategic targets.
- Governance Committee is responsible for ensuring the governance structure is effective and remuneration is appropriate.

Broadacres Housing Association Limited

Report of Board

Board member attendance and total remuneration

	Appointed	Resigned	Board Meetings	Asset & Development	Audit	Governance	Fees £	Expenses £	TOTAL £
Colin Wilkie (Chair)	17 Mar 14		7/7			1/1	10,932	488	11,420
Jacqui Bateson	27 Mar 17		5/7		2/3	1/1	4,019	702	4,721
June Mulroy	20 Nov 17		2/3	2/2	1/2		1,343	-	1,343
Peter Ottowell	22 Sep 14		6/7	2/2		1/1	3,695	1,047	4,742
Gordon Perry	27 Mar 17		6/7			1/1	3,947	360	4,307
Phil Summers	27 Mar 17		7/7	1/2			3,953	1,530	5,483
Martin Warhurst (Audit Chair)	25 Sep 17		4/4		3/3	1/1	3,085	300	3,385
Gail Monnickendam					3/3		1,400	114	1,514
Nigel Bell		31 Oct 17	4/4	2/2			3,410	555	3,965
Maurice Cann		31 Oct 17	4/4				2,153	-	2,153
David Dumbleton		20 Nov 17	1/4		2/2		2,487	-	2,487
Catherine Milbank		25 Sep 17	1/3		1/2		1,522	116	1,638
Lee Parkinson		25 Sep 17	2/3		1/2		1,846	115	1,961
Gareth Roberts		31 Oct 17	4/4				3,076	163	3,239
Hilary Wintersgill		22 Jan 18	4/5				2,769	-	2,769
							49,637	5,490	55,127

Board Diversity

Category	Under 65	Over 65	Category	No Disability	Disability
Age	6	1	Disability	7	0
Gender	Male	Female	Ethnicity	White Irish	White British
	5	2		1	6

Broadacres Housing Association Limited

Report of Board

Pensions

The Group participates in three pension scheme arrangements:

1. Employees across the Group are eligible to join the Social Housing Pension Scheme (SHPS) a defined benefit scheme operated by The pensions Trust for Housing Associations. Retirement benefits to the Group's employees are funded by contributions from all participating employers and employees in the scheme.
2. The Group also participates in the Social Housing Pension Scheme (SHPS) defined contribution (money purchase) scheme.
3. The Group also participates in the London Local Government Pension Scheme, a defined benefit scheme. The scheme is closed to new admission and has X members (2017: X members). The Group and employees contribute to the scheme.

Employee, diversity and inclusion

The successful delivery of the Group's Strategy is reliant on having Great People. The Group provides information through regular meetings and detailed one to one meetings for staff members with their line managers. The Group is an equal opportunities employer and complies with all current legislation with regard to equal opportunities.

In 2016, Broadacres' Investors in People award was reviewed and the Association achieved the silver standard, this is due to be reviewed in September 2019. The Association also currently holds the Customer Service Excellence award and the Housing Diversity Accreditation award. In 2018 we were rated as 53rd in the "Sunday Times Top 100 not for profit companies to work for".

Health and Safety

The board is aware of its responsibilities on all matters relating to health and safety and detailed health and safety policies have been produced together with staff training and education on health and safety matters. Health and safety performance is reported to every board meeting.

Payments to creditors

Broadacres Housing Association has a policy to pay all suppliers and contractors in the next available payment run following the transaction being approved. This minimises the risk of the Association incurring additional charges in respect of interest on late payment but more importantly treats contractors fairly. The creditor days were on average 23 days (2017: 19 days).

Charitable donations

In addition to the time and support given by staff to local charities via our volunteering policy, donations of £12,220 (2017: £12,866) were made during the year to local groups. The donations were overseen by the Performance Improvement Panel within criteria agreed by the Board. The group does not make political donations of any kind.

Regulatory compliance

RSH Regulatory Standard: Governance and Financial Viability

Following a review under taken by the regulator in 2016, Broadacres was found to be non-compliant in terms of the governance of its subsidiary, Mulberry Homes Yorkshire. It was therefore downgraded to G3.

To regain a compliant status, Broadacres agreed a voluntary under taking with the RSH. This involved several actions to specifically reduce the risk associated with subsidiary companies. As of May 2018, most of these actions are complete, and the regulator is satisfied that Broadacres is making progress towards compliant status. The board and management team have been independently reviewed and refreshed, and Broadacres now controls 100% of its subsidiaries.

The Group has maintained a compliant V2 rating from the regulator for its financial viability.

Broadacres Housing Association Limited

Report of Board

Corporate Governance

The National Housing Federation (NHF) 2015 Code of Governance has been adopted by the Board as a formal framework to underpin its governance arrangements. This particular code of governance was selected as it is bespoke to the housing sector and it is a widely recognised example of best practice. Broadacres regularly reviews its governance arrangements and takes independent assurance to ensure it has an appropriate board comprising of the right composition, skills, duties and responsibilities. The Audit Committee reports directly to the Board. It manages the internal auditors and external auditors and monitors the effectiveness of controls designed to manage the risks of the business in accordance with the risk appetite, set by the Board. Clear working arrangements between the Board and Chief Executive ensure the effective discussions and decisions takes place at board level. The Board sets the strategic direction with appropriate external advice to align the remuneration and recruitment of board members and executive directors within the objectives of Broadacres. This all works together to provide an environment and culture where all board members, directors and employees operate to the highest ethical standards of probity and conduct. As at 31 March 2018 Broadacres board of management comprised 7 non-executive board members. Competence of the board and its individual members are appraised annually. Any training and development identified as part of the assessment is then arranged.

Merger code

The Board has adopted the National Housing Federation's voluntary code; "Mergers, Group Structures and Partnerships". As a result, the Board is informed of merger, group structure or partnership opportunities at the earliest opportunity. A record is also kept of activity including any proposals reviewed or submitted along with outcome.

Statement of compliance

In preparing this Strategic Report and Board report, the Group Board has followed the principles set out in the Statement of Recommended Practice (SORP) 2014.

Internal controls assurance

This is a summary of our 2017/18 internal controls self-assessment. The annual assessment considers strengths and areas for improvement in our strategic approach, risk management, internal controls and assurance.

These four elements combine to provide the basis for strong financial and governance control. Our strategic approach to the internal control framework is robust with governance and financial viability strengthened this year through a new governance framework. A new group-wide coterminous board is supported by four board sub-committees bringing additional scrutiny, challenge and support across the organisation and its subsidiaries.

There have been some considerable changes in our governance structure, with the retirement of the Chief Executive and the recruitment of an almost entirely new board. This level of leadership change had potential to disrupt the organisation, but the recruitment process was well managed and operational business continued to run smoothly.

The Asset & Development Committee is mitigating risks and bringing specialist skills to those major investment decisions related to property development and asset management. Consequently, the Board's risk appetite was reviewed with a move away from development schemes that provide solely open market sale properties. The Board is now confident that Broadacres operate within the risk appetite and that risks are correctly assessed and managed.

Broadacres Housing Association Limited

Report of Board

Statement of responsibilities of the board for the report and financial statements

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

The Co-operative and Community Benefit Societies Act 2014 requires the board to prepare financial statements for each financial year. Under that legislation the board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under the Co-operative and Community Benefit Society legislation the board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Association and of the surplus or deficit of the Group and Association for that period. In preparing these financial statements, the board is required to:

- select suitable accounting policies and then apply them consistently; and
- make judgments and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers 2014, have been followed, subject to any material departures disclosed and explained in the financial statements;

The board is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing (April 2015). It is also responsible for safeguarding the assets of the Group and Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Disclosure of information to auditors

At the date of making this report each of the Association's members as set out on page 3, confirm the following:

- So far as each member is aware, there is no relevant information needed by the Group's auditors in connection with preparing their report of which the Group's auditor is unaware; and
- Each member has taken all the steps that they ought to have taken as a member in order to make themselves aware of any relevant audit information needed by the Association's auditors in connection with preparing their report and to establish that the Group's auditors are aware of that information.

Going concern

The Group's business activities, and its current financial position including its financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to credit, liquidity and cash flow risk are set out in the Strategic Report and the Report to the Board.

The Group has considerable financial resources consequently, the Board believes that the group is well placed to manage its business risks successfully despite current uncertainties in the social housing sector.

After making enquiries, the board have a reasonable expectation that the Association and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. These resources include considerable treasury resources together with long-term income streams in the form of rental income from properties. The Group has maintained a compliant V2 rating from the regulator.

In addition, the decision to de-risk investments in subsidiaries and the actions already taken mean that subsidiaries business plans see them repaying intercompany debt over the next 2 years and entering a net asset position.

Based upon these financial projections the board members have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Broadacres Housing Association Limited Report of Board

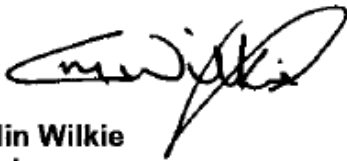
Annual general meeting

The Annual General Meeting (AGM) will be held on 13 August 2018.

Independent external auditors

A proposal to re-appoint PricewaterhouseCoopers LLP, as auditors of the Group will be proposed at the forthcoming AGM.

The report of the Board was approved by the Board on 30 July 2018 and signed on its behalf by:



**Colin Wilkie
Chairman
30 July 2018**

Broadacres Housing Association Limited

Independent Auditor's report

Independent auditors' report to the members of Broadacres Housing Association Limited

Report on the audit of the financial statements

Opinion

In our opinion, Broadacres Housing Association Limited's Group financial statements and Association financial statements (the financial statements):

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2018 and of the Group's and Association's surplus, and of the Group's and Association's cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing from April 2015.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Association Statement of financial position as at 31 March 2018; the Consolidated and Association Statement of comprehensive income; the Consolidated and Association Statement of changes to reserves; the Consolidated and Association Statement of cash flow for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group and Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Association's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial

Broadacres Housing Association Limited

Independent Auditor's report

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 based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the Board for the financial statements

As explained more fully in the Statements of Responsibilities of the board set out on page 26, the Board is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Board is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the Association's members as a body in accordance with Section 87 (2) and Section 98(7) of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

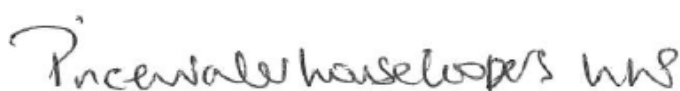
Co-operative and Community Benefit Societies Act 2014 exception reporting

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

The engagement partner on the audit resulting in this independent auditors' report is Richard Lingwood.



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
31 July 2018

Broadacres Housing Association Limited
Consolidated Statement of Comprehensive Income
For the year ended 31 March 2018

	Notes	2018 £'000	2017 £'000
Turnover		47,647	46,752
Operating expenditure		(35,784)	(35,464)
Operating surplus		11,863	11,288
Gain on disposal of property, plant and equipment	4	1,392	165
Finance income	5	5	14
Interest and finance costs	6	(6,594)	(8,864)
Impairment of investment	14	-	(1,971)
(Loss) on acquisition of subsidiary	14/25	(691)	-
Surplus / before tax		5,975	632
Taxation	10	-	-
Surplus in year attributable to the minority	25	-	380
Surplus for the year		5,975	1,012
Net transfers from pension scheme		236	141
Total comprehensive income for the year		6,211	1,153

All activities derive from continuing operations.

The notes numbered 1 to 27 form part of these financial statements.

Broadacres Housing Association Limited
Association Statement of Comprehensive Income
For the year ended 31 March 2018

	Notes	2018 £'000	2017 £'000
Turnover	3	35,376	36,036
Operating expenditure	3	(25,291)	(24,124)
Operating surplus		10,085	11,912
Gain on disposal of property, plant and equipment	4	1,392	165
Finance Income	5	459	1,017
Interest and financing costs	6	(6,477)	(8,836)
Exceptional items arising from restructure of transactions with subsidiary	14	-	(7,372)
Surplus / (deficit) before tax		5,459	(3,114)
Taxation	10	(44)	(18)
Surplus for the year		5,415	(3,132)
Net transfers from pension scheme		236	141
Total comprehensive income / (deficit) for the year		5,651	(2,991)



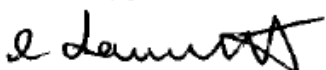
All results derive from continuing operations.

The notes numbered 1 to 27 form part of these financial statements

Broadacres Housing Association Limited
Consolidated Statement of Financial Position
For the year ended 31 March 2018

	Notes	2018 £'000	2017 £'000
Fixed assets			
Housing properties	11	298,276	295,854
Other property, plant and equipment	12	3,820	3,918
Fixed Asset Investments	13	1,002	2,819
		303,098	302,591
Current assets			
Inventories	15	305	275
Debtors	16	6,704	3,183
Housing properties for sale	17	11,883	21,176
Cash		3,963	1,756
		22,855	26,389
Creditors: Amount falling due within one year	19	(7,361)	(7,785)
Provision for the onerous contract	19	(458)	(1,791)
Net current assets		15,036	16,813
Total assets less current liabilities		318,134	319,404
Creditors: Amounts falling due after more than one year	20	(136,706)	(144,877)
Defined benefit pension liability	21	(4,764)	(6,155)
Net assets		176,664	168,372
Capital and reserves			
Called-up share capital	23	-	-
Revenue reserve		138,925	132,715
Revaluation reserve		42,501	42,501
Restricted reserve		(4,762)	(6,153)
Minority reserve	25	-	(691)
Total reserves		176,664	168,372


The notes numbered 1 to 27 form part of these financial statements. The financial statements for Broadacres Housing Association Ltd (registered number 27656R); on pages 30-68 and their related notes were approved by the Board on 30 July 2018 and were signed on its behalf by:


C Wilkie		Chairman
M Warhurst		Board Member
C Fawcett		Secretary

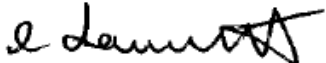
Broadacres Housing Association Limited
Association Statement of Financial Position
For the year ended 31 March 2018

	Notes	2018 £'000	2017 £'000
Fixed assets			
Housing properties	11	298,276	295,854
Other property, plant and equipment	12	3,802	3,891
Fixed Asset Investments	13	1,147	3,326
Investments in subsidiaries	14	-	-
		<u>303,225</u>	<u>303,071</u>
Current assets			
Inventories	15	305	275
Debtors	16	14,508	14,211
Housing properties for sale	17	3,490	6,148
Cash		1,577	1,662
		<u>19,880</u>	<u>22,296</u>
Creditors: Amounts falling due within one year	19	<u>(4,487)</u>	<u>(5,312)</u>
Net current assets		<u>15,393</u>	<u>16,984</u>
Total assets less current liabilities		<u>318,618</u>	<u>320,055</u>
Creditors: Amounts falling due after more than one year	20	<u>(136,706)</u>	<u>(143,795)</u>
Defined benefit pension liability	21	<u>(4,764)</u>	<u>(6,155)</u>
Net assets		<u>177,148</u>	<u>170,105</u>
Capital and reserves			
Share capital	23	-	-
Revenue reserve		139,409	133,757
Revaluation reserve		42,501	42,501
Restricted reserve		(4,762)	(6,153)
		<u>177,148</u>	<u>170,105</u>
Total reserves		<u>177,148</u>	<u>170,105</u>

The notes numbered 1 to 27 form part of these financial statements. The financial statements for Broadacres Housing Association Ltd (registered number 27656R); on pages 30-68 and their related notes were approved by the Board on 30 July 2018 and were signed on its behalf by:

C Wilkie  Chairman

M Warhurst  Board Member

C Fawcett  Secretary

Broadacres Housing Association Limited
Statement of Changes to Reserves
For the year ended 31 March 2018

Consolidated	Income and expenditure reserve £'000	Revaluation reserve £'000	Restricted reserve £'000	Minority reserve £'000	Total £'000
At 1 April 2017	132,714	42,501	(6,153)	(691)	168,372
Surplus for the year	5,975	-	-	-	5,975
Loss attributable to the minority	-	-	-	691	691
Other comprehensive income	236	-	(236)	-	-
Revision of value of pensions	-	-	1,627	-	1,627
At 31 March 2018	138,925	42,501	(4,762)	-	176,665

Association	Income and expenditure reserve £'000	Revaluation reserve £'000	Restricted reserve £'000	Total £'000
At 1 April 2017	133,757	42,501	(6,153)	170,105
Surplus for the year	5,415	-	-	5,415
Other comprehensive income	236	-	(236)	-
Revision of value of pensions	-	-	1,627	1,627
At 31 March 2018	139,409	42,501	(4,762)	177,148

Broadacres Housing Association Limited
Consolidated Statement of Cash Flows
For the year ended 31 March 2018

		2018 £'000	2017 £'000
Net cash generated from operating activities	18	11,915	16,213
Cash flows from investing activities			
Purchase of property, plant and equipment		(10,635)	(21,869)
Purchase of Other Assets		(269)	(154)
Proceeds from sale of fixed assets		14,290	1,326
Grants received (SHG & other)		441	1,234
Interest received		5	14
Net cash generated from inflows / (outflows) from investing activities		3,832	(19,449)
Cash flows from financing activities			
Interest paid		(6,750)	(9,030)
New loans		2,460	21,610
Repayments of borrowings		(9,250)	(11,506)
Net cash (outflows) / inflows from investing activities		(13,540)	1,074
Net increase/(decrease) in cash and cash equivalents		2,207	(2,162)
Cash and cash equivalents at beginning of year		1,756	3,918
Cash and cash equivalents at end of year		3,963	1,756

Broadacres Housing Association Limited
Association Statement of Cash Flows
For the year ended 31 March 2018

		2018 £'000	2017 £'000
Net cash generated from operating activities	18	15,776	12,799
Cash flows from investing activities			
Purchase of property, plant and equipment		(9,829)	(21,470)
Purchase of Other Assets		(279)	(136)
Proceeds from sale of fixed assets		7,885	1,316
Purchase of investment property		-	(50)
Grants received (SHG & other)		441	1,234
Interest received		165	810
Net cash (outflows) from investing activities		(1,616)	(18,296)
Cash flows from financing activities			
Interest paid		(6,496)	(7,803)
New loans		1,500	20,720
Repayments of borrowings		(9,250)	(9,250)
Net cash inflows / (outflows) from investing activities		(14,246)	3,667
Net (decrease) in cash and cash equivalents		(86)	(1,830)
Cash and cash equivalents at beginning of year		1,663	3,493
Cash and cash equivalents at end of year		1,577	1,663

Broadacres Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2018

1. Accounting policies

The Registered Provider (RP) is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Homes and Communities Agency as an RP as defined by the Housing and Regeneration Act 2008.

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

General information and basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with the Statement of Recommended Practice for registered social housing providers 2014 (SORP), the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2015. Broadacres Housing Association Limited is a public benefit entity, as defined in FRS 102 and applies the relevant paragraphs prefixed 'PBE' in FRS 102.

Going Concern

In preparing these financial statements the directors have continued to adopt the going concern basis. Further details regarding the adoption of the going concern basis can be found in the Report of the Board on page 26.

Statement of compliance

This is the third year the Group has prepared its financial statements in accordance with FRS 102.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Association and its subsidiary undertakings drawn up to 31 March each year.

Details of the subsidiary undertakings are included on pages 13 in the report of the board, and details of transactions between the group are given in note 26 to the financial statements. Intra-group turnover, surpluses and balances are eliminated fully on consolidation.

The association also has a subsidiary undertaking Market Gate Residential Management Company Limited, a wholly owned subsidiary incorporated in the UK. The principal activity of Market Gate Residential Management Company Limited is the provision of property services, limited to a scheme containing 21 properties. The net assets as at 31 March 2018 were less than £9,000. This subsidiary has not been consolidated as it is not material for the purposes of giving a true and fair view.

Property, plant and equipment - housing properties

Housing properties are stated at cost (and at deemed cost for assets held at valuation at the date of transition to FRS 102) less accumulated depreciation and accumulated impairment losses. Cost includes the cost of acquiring land and buildings, directly attributable development costs and borrowing 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.

Development on-costs

Staff costs and all other directly attributable costs of development incurred in the year are capitalised and treated as a deduction from operating costs. All other development costs are charged to operating costs in the period they are incurred.

Depreciation

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.

Broadacres Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2018

1. Accounting policies (continued)

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	75-100 years
Roofs	50 years
Doors and windows	30 years
Kitchens	15 years
Bathrooms	20 years
Heating systems	30 years
Boilers	10 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 the Statement of Comprehensive Income.

Shared ownership properties

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

Non-housing property, plant and equipment

Non-housing property, plant and equipment are 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 investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold offices	50 years
Furniture, fixtures & fittings	5 years
Vehicles	4 years
Computer equipment	3-4 years

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.

Land is accounted for based on its intended use. Where land is acquired speculatively with the intention of generating a capital gain and/or a commercial rental return it is accounted for as investment property. Where land is acquired for use in the provision of social housing or for a social benefit it is accounted for as property, plant and equipment. Broadacres currently holds sites in its land bank valued at £0.8m. (£2.8m 2017) These properties are included in investments. A decision was made to market a site for sale towards the year end and the sale is progressing, resulting in the transfer out of the land bank to current assets.

Broadacres Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2018

1. Accounting policies (continued)

Investment properties are measured at fair value annually with any change recognised in surplus or deficit in the Statement of Comprehensive Income. The accounts this year include a charge of £500k relating to the costs incurred above the valuation of 2 sites.

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.

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. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is taken as a suitable measurement model

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and included in the Statement of Comprehensive Income.

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

Donation or acquisition of land or other asset at below market value

Where a donation of land and/or other assets is received or land and/or other assets are acquired at below market value from a government source, this is accounted for as a non-monetary government grant. The difference between the fair value of the asset donated or acquired and the consideration paid for the asset is recognised as a government grant and included in the Statement of Financial Position as a liability.

Where a donation of land and/or other assets is received or acquisitions of land and/or other assets at below their market value from a third party that does not meet the definition of a government source the transaction is recognised as an asset in the Statement of Financial Position at fair value, taking account of any restrictions on the use of the asset and income equivalent to the difference between any amounts paid or payable for the asset and the fair value of the asset is recognised in surplus or deficit in the Statement of Comprehensive Income as a donation when future performance-related conditions are met.

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.

Broadacres Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2018

1. Accounting policies (continued)

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 is not to 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.

Restricted reserves

Where reserves are subject to an external restriction they are separately recognised within reserves as a restricted reserve. Revenue and expenditure is included in surplus or deficit in the Statement of Comprehensive Income and a transfer is made from the general reserve to the restricted reserve.

Leased assets

At inception the Group 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.

Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

The Association does not currently hold any such leases.

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 the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Properties for outright sale

Properties developed for outright sale and land held for sale are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes materials, direct labour and an attributable proportion of overheads based on normal levels of activity.

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

Taxation

The association has charitable rules with effect from 9 June 1998, when charitable status was obtained; the association is not liable to Corporation Tax except for specific transactions (outright sale of properties for profit, Renewable Heating Incentives and Feed-in – Tariffs).

The Association's subsidiaries Broadacres Services Limited and Mulberry Homes Yorkshire Limited are liable to taxation within the UK. Current UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Statement of Financial Position date.

Broadacres Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2018

1. Accounting policies (continued)

Timing differences are differences between the Group's taxable surpluses and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date that are expected to apply to the reversal of the timing difference.

Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Value added tax (VAT)

The association is registered for VAT but a large proportion of its income, including rents, is exempt from VAT. The majority of expenditure is subject to VAT which cannot be reclaimed, and expenditure is therefore shown inclusive of VAT. Partial exemption has been obtained for some business activities and the VAT recovered is credited to the income and expenditure account in the year in which they occur.

Restricted reserves

The association maintains restricted reserves for specific purposes where their use is subject to external restrictions.

Designated reserves - Service charge sinking funds and service costs

The association previously maintained one designated reserve which was set aside for a use which prevents it, in the judgement of the board, from being regarded as part of the free reserves of the association. This services reserve (which is specifically designated to reflect the association's duty to replace certain equipment in supported housing schemes) is treated as a creditor.

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.

Pensions

Multi-employer defined benefit pension scheme – Social Housing Pension Scheme

The Group participates in an industry wide multi-employer defined benefit pension scheme where the scheme assets and liabilities cannot be separately identified for each employer. This is accounted for as a defined contribution scheme as there is insufficient information available to account for the scheme as defined benefit. For this multi-employer scheme, there is a contractual agreement between the scheme and the Group that determines how the deficit will be funded and a liability is recognised in the Statement of Financial Position and the resulting expense in surplus or deficit in the Statement of Comprehensive Income for the present value of the contributions payable that arise from the agreement to the extent that they relate to the deficit.

Local Government Pension Scheme

The Group participates in a local government pension scheme which is a multi-employer scheme where it is possible for individual employers as admitted bodies to identify their share of the assets and liabilities of the pension scheme. For this scheme 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. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, 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.

Broadacres Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2018

1. Accounting policies (continued)

Defined contribution scheme

The Group 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. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

Turnover

Turnover comprises:

- Rental income from tenants and leaseholder's receivable in the year is recognised as it becomes due and payable.
- Revenue grants recognised at the earlier of when due under a relevant contract or when received.
- Income from other services included at the invoice date (excluding VAT) of goods and services supplied in the year are recognised when they become due and payable.
- Income from the sale of shared ownership or other properties developed for sale is recognised when received.

Support income and costs including supporting people income and costs

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

Investments

Investments in the Group balance sheet are held at the lower of cost and net realisable value and represent an equity share of properties sold by Broadacres Services Limited at less than 100%.

Financial instruments

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

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.

Bad and doubtful debts

Provision is made against rent arrears of current and former tenants as well as other miscellaneous debts to the extent that they may be irrecoverable

Onerous Contracts

Where a loss is deemed to be certain in a contract, the Association will recognise this loss as outlined in FRS102. This will lead to a cost in the Statement of Comprehensive Income as well as a provision in the Statement of Financial Position relating to the estimated loss. This will then be unwound as the actual loss is realised.

Broadacres Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2018

1. Accounting policies (continued)

Financial liabilities carried at amortised cost – “basic loans”

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.

Financing transactions – rent arrears – arrangements to pay

For rent arrears where the arrangement constitutes, in effect, a financing transaction because of extended credit arrangements the arrears are derecognised as a financial asset and a new financial asset measured at the present value of the future payments discounted at an appropriate market rate of interest. The present value adjustment is recognised in the Statement of Comprehensive Income.

Public benefit entity concessionary loans

Loans between the group are made at market rates and therefore classified as “basic loans” above.

Cash and cash equivalents

Cash and cash equivalents comprise cash in 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.

Gift aid payments

Gift aid payments are charged as distributions of reserves in accordance with the guidance included in the Institute of Chartered Accountants technical release ‘Guidance on donations by a company to its parent charity’.

Significant management judgements and key sources of estimation uncertainty

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

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

Significant management judgements

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

Impairment of social housing properties

The Group have 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.

From 1 April 2016, Broadacres Housing Association reduced social housing rents by one per cent per annum and will continue to do so in each year until 2019/20 in accordance with Welfare Reform and Work Act 2016. Despite cost efficiency savings and other changes to Broadacres Housing Association’s business, compliance with the new rent regime has resulted in a loss of net income for certain social housing property. This is a trigger for impairment.

Broadacres Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2018

1. Accounting policies (continued)

In accordance with paragraphs 14.43 to 14.45 of the Housing SORP 2014, Broadacres is required to make the following disclosure:

- a) Judgements made in defining the CGU
- b) Estimation technique and judgement used in measuring recoverable amount
- c) When VIU-SP is used to estimate the recoverable amount, the key assumptions used and details of the method used

Broadacres estimated the recoverable amount of its housing properties as follows:

- (a) Determined the level at which the recoverable amount is to be assessed (ie the individual asset level or at cash-generating unit (CGU) level. The CGU was determined to be at a scheme level
- (b) Estimated the recoverable amount of the CGU
- (c) Calculated the carrying amount of the CGU and
- (d) Compared the carrying amount to the recoverable amount to determine if an impairment loss had occurred.

Based on this assessment, Broadacres calculated the Depreciated Replacement Cost (DRC) of each social housing property scheme, using appropriate construction costs and land prices. Comparing this to the carrying amount of each scheme, there was no impairment of social housing properties.

Impairment of Investment Properties

Broadacres held 3 properties in its land bank relating to planned future schemes. On review of the value of these properties against the cost of the land and scheme start costs, a decision was made to impair these properties to in line with the valuation.

Estimation uncertainty

The Group 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 a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Fair value measurement

Management uses valuation techniques to determine the fair value of assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management base the assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual process that would be achievable in an arm's length transaction at the reporting date.

Defined benefit pension scheme

The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of 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.

Onerous Contract

The group has estimated a likely loss arising on schemes being completed by Mulberry Homes. This loss has arisen due to difficult trading conditions following the liquidation of the contractor, Southdale Homes. In estimating the potential loss, the Association has relied on 3rd party estimates and agreed contract sums where available, and projected the expected outturn position of the existing schemes. As the schemes near completion, contractors accounts have been agreed and the final figures reflected in the Mulberry and consolidated accounts.

Broadacres Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2018

2. Particulars of turnover, cost of sales, operating costs, operating surplus and disposal of property

Association	2018		
	Turnover	Operating costs	Operating surplus
	£'000	£'000	£'000
Social housing lettings	31,247	(20,256)	10,991
Other social housing activities			
Shared ownership and low-cost home ownership sales	1,705	(898)	807
Supported and Extra Care Schemes	954	(1,412)	(458)
Older persons services	580	(713)	(133)
Home improvement agency	146	(183)	(37)
Able day care	128	(192)	(64)
Cleaning services	108	(201)	(93)
Development services	100	(901)	(801)
Other	409	(536)	(127)
Turnover	35,376	(25,291)	10,085
Activities other than social housing activities:			
Property Sales	8,931	(7,539)	1,392
Interest receivable / (payable)	459	(6,341)	(5,882)
Other finance costs	-	(136)	(136)
	9,390	(14,016)	(4,626)
Total	44,766	(39,307)	5,459

Association	2017		
	Turnover	Operating costs	Operating surplus
	£'000	£'000	£'000
Social housing lettings	30,298	(18,118)	12,180
Other social housing activities			
Shared ownership and low-cost home ownership sales	2,672	(1,535)	1,137
Supported and Extra Care Schemes	940	(1,531)	(591)
Older persons services	588	(838)	(250)
Home improvement agency	611	(683)	(72)
Able day care	132	(185)	(53)
Cleaning services	133	(186)	(53)
Development services	253	(813)	(560)
Other	409	(234)	175
Turnover	36,036	(24,123)	11,913
Activities other than social housing activities:			
Property Sales	784	(619)	165
Interest receivable / (payable)	1,018	(6,195)	(5,178)
Investment expenses		(2,406)	(2,406)
Investment impairment		(7,372)	(7,372)
Other finance costs		(236)	(236)
	1,802	(16,829)	(15,027)
Total	37,838	(40,952)	(3,114)

Broadacres Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2018

3. Particulars of Income and Expenditure from social housing lettings –Association

The income from lettings in respect of shared ownership properties is included within General Needs. The association has 114 shared ownership properties (2017:98) generating £235k (2017: £186k) per annum in rent.

	General Needs (and Sheltered Housing) £'000	Supported Housing £'000	2018 Total £'000	2017 Total £'000
Income				
Rents receivable	27,985	1,586	29,571	28,927
Service charge income	479	1,767	2,246	1,905
Amortised government grant:				
Government grants taken to income	62	-	62	47
Void losses	(466)	(166)	(632)	(581)
	<u>28,060</u>	<u>3,187</u>	<u>31,247</u>	<u>30,298</u>
Turnover from social housing lettings				
Expenditure				
Services	476	1,664	2,140	2,189
Management	2,219	261	2,480	2,281
Routine maintenance	3,941	296	4,237	4,365
Planned maintenance	874	155	1,029	936
Major repairs expenditure	3,040	220	3,260	2,676
Rent loss from bad debts	105	16	121	205
Depreciation of housing properties	6,139	360	6,499	5,421
Impairment of housing properties	490	-	490	45
	<u>17,284</u>	<u>2,972</u>	<u>20,256</u>	<u>18,118</u>
Operating costs				
	<u>10,776</u>	<u>215</u>	<u>10,991</u>	<u>12,180</u>
Operating surplus social housing lettings				

During the year the association made £11,700 (2017: £12,000) grants from the Community Development Fund, small donations of £520 (2017: £866) to local groups and raised £3,000 for Parkinson's Association (2017: £4,250 for Matrix Neurological) through its annual charity golf day.

Broadacres Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2018

4. Gain on disposal of property, plant and equipment

	2018	2017
	£'000	£'000
Right to buy sales	377	280
Cost of Sales	(290)	(232)
Sale of other properties	8,555	505
Costs of sale	<u>(7,250)</u>	<u>(388)</u>
Surplus on disposal	<u>1,392</u>	<u>165</u>

The increase in the surplus arises from the sale of land at Boroughbridge that was originally planned for development

5. Finance Income

	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Intercompany loan interest	-	-	454	1,008
Bank interest receivable	5	14	5	9
	<u>5</u>	<u>14</u>	<u>459</u>	<u>1,017</u>

6. Interest and financing costs

	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	6,546	6,368	6,429	6,341
Net interest on defined benefit liability	136	237	136	236
Overage costs	-	2,406	-	2,406
	<u>6,682</u>	<u>9,011</u>	<u>6,565</u>	<u>8,983</u>
Borrowing costs capitalised	<u>(88)</u>	<u>(147)</u>	<u>(88)</u>	<u>(147)</u>
	<u><u>6,594</u></u>	<u><u>8,864</u></u>	<u><u>6,477</u></u>	<u><u>8,836</u></u>

Borrowing costs have been capitalised based on a capitalisation rate of 1.58 per cent (2017 1.56 per cent) which represents the variable cost of funds available to the association.

Broadacres Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2018

7. Surplus on ordinary activities before taxation

Surplus on ordinary activities before taxation is stated after charging/ (crediting):

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Depreciation of housing properties (Note 11)	6,499	5,421	6,499	5,421
Impairment of housing properties (Note 11)	10	45	10	45
Depreciation of other fixed assets (Note 12)	367	525	358	518
Government grants (Note 20)	62	47	62	(47)
(Gain) loss on disposal of fixed assets (Note 4)	(1,392)	(165)	(1,392)	(165)
Audit fees:				
- Statutory audit	26	40	26	25
- Taxation compliance services	6	6	6	4
- Other consultancy services	13	43	13	43
Operating lease rentals	119	101	114	96

8. Staff costs

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Wages and salaries	8,181	8,139	8,049	7,973
Social security costs	706	682	696	666
Other pension costs (see note 21)	907	828	906	826
	9,794)	9,649	9,651	9,465

Salary band including pension £

	2018 Number	2017 Number
50,000 – 59,999	6	6
60,000 – 69,999	6	6
70,000 – 79,999	1	1
80,000 – 89,999	1	1
90,000 – 99,999	1	1
100,000 – 109,999	1	1
110,000 – 119,999	2	2
120,000 – 129,999	-	-
130,000 – 139,999	-	-
140,000 – 149,999	-	1
150,000 – 159,999	-	-
160,000 – 169,999	1	1

The average full time equivalent number of employees was:

Broadacres Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2018

2018 Number	2017 Number
268	261

The calculation of the full-time equivalents was on an average basis throughout the year

9. Directors' remuneration and transactions

Key management personnel remuneration - Association

	2018 £'000	2017 £'000
Directors who are executive staff members		
Wages and salaries	569	506
Social security costs	64	64
Other pension costs	94	77
Estimated money value of any other benefits otherwise than in cash	6	9
Board members		
Wages and salaries	50	48
Expenses	5	3
	788	707

Directors are defined as the members of the Board, the Chief Executive and any other person who is a member of the Senior Management team.

	2018 £'000	2017 £'000
Remuneration of the highest paid director, excluding pension contributions:	132	162
Pension contributions of the highest paid director	43	25
	175	187

During the year to 31 March 2018 the former Chief Executive received a salary and pension as noted in the table above. The pension arrangements of the Chief Executive are consistent with those offered to the group's other employees. No enhanced or special terms apply.

Broadacres Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2018

10. Tax on surplus on ordinary activities

	2018	2017
	£'000	£'000
UK corporation tax	44	18
Total current tax	<u>44</u>	<u>18</u>
Total tax per income statement	<u><u>44</u></u>	<u><u>18</u></u>

The charge for the year can be reconciled to the profit per the income statement as follows:

	2018	2017
	£'000	£'000
Profit / (Loss) for the period	<u>5,459</u>	<u>(3,114)</u>
Tax on loss at standard UK tax rate of 20.00% (2017:20.00%)	1,037	(623)
Effects Of:		
Expenses not deductible and income not taxable	<u>(994)</u>	<u>641</u>
Tax charge for the period	<u>44</u>	<u>18</u>
Income tax expense reported in the income statement	44	18

Notes to the accounts – Balance sheet amounts

	2018	2017
	£'000	£'000
Current liabilities:		
Group relief creditor	<u>44</u>	<u>18</u>
	<u><u>44</u></u>	<u><u>18</u></u>

The group has utilised tax losses in subsidiaries to offset income generated in the association that is subject to corporation tax. This relates to income from “Renewable Heating Incentive” and “Feed In Tariff” scheme income, as well as properties developed for outright sale.

Broadacres Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2018

11. Housing properties

Group and Association	Housing properties held for letting £'000	Housing properties under construction £'000	Total £'000
Cost			
At 1 April 2017	304,401	6,018	310,419
Additions	-	8,675	8,675
Components capitalised	2,768	-	2,768
Transferred on completion	8,229	(8,229)	-
Disposals	(2,760)	-	(2,760)
At 31 March 2018	<u>312,638</u>	<u>6,464</u>	<u>319,102</u>
Accumulated Depreciation			
At 1 April 2017	(14,565)	-	(14,565)
Charge for the year	(6,499)	-	(6,499)
Eliminated on disposal	248	-	248
Impairment	(10)	-	(10)
At 31 March 2018	<u>(20,826)</u>	<u>-</u>	<u>(20,826)</u>
Net book value			
At 31 March 2018	<u>291,812</u>	<u>6,464</u>	<u>298,276</u>
At 31 March 2017	<u>289,836</u>	<u>6,018</u>	<u>295,854</u>

Broadacres hold properties at cost less accumulated depreciation. Valuations of properties are still undertaken as a requirement of funding agreements, and are considered against the value of properties held for review purposes.

Under FRS102, following Broadacres adaption of the accrual method of accounting Social Housing Grant is held as a creditor and released to the Statement of Comprehensive Income over the useful life of the asset to which it relates. Properties have therefore been restated at gross (or deemed cost) less depreciation.

Housing property additions include £88k (2017: £147k) interest on development costs, based on 1.58% (2017: 1.56%) interest rate. Included within housing properties for letting are 114 (2017: 98) Shared Ownership properties with a net value of £3.4m (2017: £3.5m).

Depreciation has been charged on major components based on their useful economic lives, the replacement of major components totalling £2,768k (2017: £2,986k) were capitalised in the year.

Broadacres Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2018

11. Tangible fixed assets – freehold housing properties (continued)

Expenditure on works to existing properties

	Group and Association	
	2018	2017
	£'000	£'000
Components capitalised	2,768	2,986
Amounts charged to the income and expenditure account:	3,260	2,437
	<u>6,028</u>	<u>5,423</u>

Social Housing Grant

	Group and Association	
	2018	2017
	£'000	£'000
Total accumulated social housing grant received or receivable as at 31 March:		
Capital grant	<u>65,646</u>	<u>65,354</u>

Finance Costs

	Group and Association	
	2018	2017
	£'000	£'000
Aggregate amount of finance costs included in the cost of housing properties:	<u>2,432</u>	<u>2,344</u>

Housing Properties Held

	Group and Association	
	2018	2017
	Number of Units	Number of Units
General Needs & Sheltered housing	5,705	5,629
Supported housing	342	344
Shared Ownership	114	98
	<u>6,161</u>	<u>6,071</u>

Broadacres Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2018

12. Other property, plant and equipment

	Investment properties £'000	Freehold offices £'000	Computer & office equipment £'000	Furniture fixtures & fittings £'000	Vehicles £'000	Association Total £'000	Subsidiaries Total £'000	Group Total £'000
Cost or valuation								
At 1 April 2017	10	4,076	2,700	224	1,474	8,484	56	8,540
Additions	-	63	241	1	9	314	0	314
Disposals	-	(8)	(555)	(18)	(93)	(674)	(18)	(692)
At 31 March 2018	<u>10</u>	<u>4,131</u>	<u>2,386</u>	<u>207</u>	<u>1,390</u>	<u>8,124</u>	<u>38</u>	<u>8,162</u>
Depreciation								
At 1 April 2017	-	(724)	(2,303)	(211)	(1,356)	(4,594)	(29)	(4,623)
Charge for the year	-	(81)	(226)	(6)	(45)	(358)	(9)	(367)
Disposals	-	1	555	17	57	630	18	648
At 31 March 2018	<u>-</u>	<u>(804)</u>	<u>(1,974)</u>	<u>(200)</u>	<u>(1,344)</u>	<u>(4,322)</u>	<u>(20)</u>	<u>(4,342)</u>
Net book value								
At 31 March 2018	<u>10</u>	<u>3,327</u>	<u>412</u>	<u>7</u>	<u>46</u>	<u>3,802</u>	<u>18</u>	<u>3,820</u>
At 31 March 2017	10	3,353	397	13	118	3,891	27	3,918

The subsidiaries figures include a vehicle for the furniture store with a net book value of £18,315 (2017 £23,291), computer software in Broadacres Services Ltd with a net book value of £nil (2017 £588) and computer software in Mulberry Homes Yorkshire Limited with a net book value of £nil (2017 £3,156).

13. Fixed asset investments

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
01 April 2017	2,819	6,279	3,326	2,975
Additions	588	5,621	879	7,875
Disposals	-	-	(654)	(1,197)
Transfers	(1,925)	(5,941)	(1,925)	(6,327)
Impairment	(480)	(3,140)	(480)	-
31 March 2018	<u>1,002</u>	<u>2,819</u>	<u>1,146</u>	<u>3,326</u>

Commercial properties are held for rental generation purposes and held at market value. The transfer relates to property now being marketed for sale, moved to current assets at cost. Impairments arose following the assessment of site value against costs incurred to date.

Broadacres Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2018

14. Investment in Subsidiaries

As at 31 March 2018, the association has control of the following subsidiary organisations, the results of which are consolidated where required in these financial statements in accordance with Co-operative and Community Benefit Societies Act 2014. None of these subsidiaries are registered with the regulator of the Association.

The financial statements of the Market Gate Residential Management Company Limited are not required to be consolidated as per the requirements of FRS2 as it is deemed to be immaterial.

Subsidiary Name	Country of registration	Nature of Business	Registered Provider	Shares held by BHA	Basis of Control
Broadacres Services Limited	England	Development of building projects	No	£1	100% share ownership
Richmond and Hambleton Furniture Store	England	Retail	No	-	100% control of the board of trustees
Mulberry Homes Yorkshire Limited	England	Development of building projects	No	£100	100% share ownership
Marketgate Management Company	England	Renting and operating of Housing Association real estate	No	£0	86% ownership of properties in the scheme

The registered office of all subsidiaries is Broadacres House, Mount View, Standard Way, Northallerton, DL6 2YD.

In last years accounts, BHA reached the view that given the current position of MHYL, the investment should be valued at zero, and any potential value has been impaired (Note 13). As part of the de-risking decision, a loan adjustment of £6m was made.

	Association	
	2018 £'000	2017 £'000
b/f	-	2,540
Transfer from intercompany debtors (Note 16)	-	6,000
Transfers	-	-
Impairment	-	(8,540)
	-	-

The accounting treatment of this transaction also released a creditor back to income (removing £1,169k from deferred consideration). This resulted in a SOCI impact for the association of £7,372k.

In January 2018, Broadacres Housing Association purchased the minority shares of Mulberry Homes Yorkshire Limited for the nominal fee of £1. This resulted in the accumulated losses attributable to the minority shareholder of £691k, (see note 25) being recognised in the consolidated accounts on acquisition. This reflects the loss on acquiring the 25% share.

Broadacres Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2018

15. Inventories

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Materials for repairs and adaptations	297	266	297	266
Catering services food stock	8	9	8	9
	305	275	305	275

16. Debtors

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Amounts falling due within one year:				
Rent Arrears	1,467	1,506	1,467	1,505
Net present value adjustment	34	18	34	18
Provision for bad and doubtful debts	(463)	(481)	(463)	(481)
Amounts owed by Group undertakings	-	-	10,590	6,996
Other debtors	4,453	1,537	1,670	96
Prepayments and accrued income	525	603	522	419
	6,016	3,183	13,820	8,553
Amounts falling due after more than one year:				
Amounts owed by Group undertakings	-	-	688	5,658
Other debtors	688	-	-	-
	688	-	688	5,658
	6,704	3,183	14,508	14,211

17. Housing Properties for Sale

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Properties intended for resale				
Completed properties	3,490	6,148	3,490	6,148
Properties under construction / Land for sale	8,393	15,028	-	-
	11,883	21,176	3,490	6,148

Broadacres Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2018

18. Cash

Consolidated	2018	2017
	£'000	£'000
Cash flow from operating activities		
Surplus for the year	5,974	1,012
Adjustment for non-cash items:		
Depreciation of property, plant & equipment	6,989	5,421
Depreciation of other fixed assets	367	525
(Increase) in inventories	(31)	(19)
(Increase) in debtors	(3,521)	(273)
(Increase) in creditors	(970)	311
Pension costs less contributions payable	238	-
Carrying amount of property, plant & equipment disposals	18,824	2,253
Impairment loss on property, plant & equipment	480	45
Loss attributable to minority	-	(380)
Decrease in fair value of investment property	-	1,971
	22,376	9,854
Adjustments for investing or financing activities:		
Income from the sale of property, plant & equipment	(22,962)	(3,456)
Government grants utilised in the year	(62)	(47)
Interest payable	6,594	8,864
Interest received	(5)	(14)
	(16,435)	5,347
Cash generated by operations	11,915	16,213
Association	2018	2017
	£'000	£'000
Cash flow from operating activities		
Surplus for the year	5,459	(3,114)
Adjustment for non-cash items:		
Depreciation of property, plant & equipment	6,989	5,421
Depreciation of other fixed assets	367	518
(Increase) in inventories	(31)	(18)
(Increase) in debtors	(3)	(3,000)
(Decrease) / increase in creditors	(1,328)	1,656
Pension costs less contributions payable	236	(8)
Receipt of donated land	-	-
Carrying amount of property, plant & equipment disposals	8,422	2,252
Impairment loss on property, plant & equipment	480	45
Impairment of investment	-	7,372
	15,133	14,238
Adjustments for investing or financing activities:		
Income from the sale of property, plant & equipment	(10,636)	(3,456)
Government grants utilised in the year	(62)	(47)
Interest payable	6,341	6,195
Interest received	(459)	(1,017)
	(4,816)	1,675
Cash generated by operations	15,776	12,799

Broadacres Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2018

19. Creditors: amounts falling due within one year

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Bank loans and overdrafts (see note 20)	3,293	1,250	1,250	1,250
Rents, service & support charges received in advance	331	305	331	305
Amounts owed to Group undertakings	-	-	808	540
Other taxation and social security	298	507	298	459
Other creditors	206	497	206	274
Government grants	72	66	72	66
Accruals and deferred income	3,161	5,160	1,522	2,418
	7,361	7,785	4,487	5,312

Due to difficult trading conditions arising from the liquidation of Southdale Construction, Mulberry Homes are projecting a significant loss on ongoing schemes. Mulberry recognised a loss under onerous contract in 2015/16 and this is being released in line with sales. It currently stands at £458k (2017: £1,791k)

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

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Other creditors				
Loans	128,515	137,348	128,515	136,266
Government grants (RCGF)	124	97	124	97
Deferred consideration (See note)	-	-	-	-
Government Grants	7,134	6,567	7,134	6,567
Service charge sinking fund	933	865	933	865
	136,706	144,877	136,706	143,795

Bank, Building Society, Hambleton District Council and Housing Corporation loans are secured by way of a fixed charge over specified assets of the association.

Broadacres Housing Association has a facility of £55m with Barclays (with £55m utilised, 2017 £55m).

Broadacres Housing Association has a facility of £50m with RBS (with £36m utilised, 2017 £42.5m). In year Broadacres drew down £1.5m to cover cashflow and used income from land sales and repayments from subsidiaries to repay 8m. As at 31st March 2018, £14m (2017 £7.5m) remains undrawn and available through a revolving credit facility (2017 £7.5m)

Broadacres Housing Association has a facility of £35m with Hambleton District Council (with £26.2m utilised 2017 £26.2m). As at 31st March 2018, £8.8m remains undrawn and available until April 2019.

Broadacres Housing Association has a facility of £12.5m with Nationwide that is in a repayment phase, with £1m being repaid each year. (2017 £13.75m).

Broadacres Services Limited has a Builders Finance Fund loan from Homes England with a facility of £2.4m. As at 31st March 2018, £2m has been utilised (2017 £1m) with £0.4m available to draw (2017 £1.4m).

Broadacres Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2018

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

Borrowings are repayable as follows:

	Group		Association	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Bank loans				
Between one and two years	1,250	2,332	1,250	1,250
Between two and five years	7,400	4,750	7,400	4,750
After five years	<u>119,865</u>	<u>130,266</u>	<u>119,865</u>	<u>130,266</u>
	128,515	137,348	128,515	136,266
On demand or within one year	<u>3,293</u>	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>
	131,808	138,598	129,765	137,516

Of the borrowing repayable over 5 years, £67m is due over 20 years, £11m due over 30 years and the remainder due in periods ranging from 10 – 20years.

Deferred Income - Government grants

	Group and Association	
	2018	2017
	£'000	£'000
As at 1 April 2017	(6,633)	(5,156)
Grants receivable	(635)	(1,524)
Amortisation of Statement of Comprehensive Income	62	47
	<u>(7,206)</u>	<u>(6,633)</u>
Due within one year	<u>(72)</u>	<u>(66)</u>
Due after one year	<u>(7,134)</u>	<u>(6,567)</u>

The total accumulated amount of capital grant received at the balance sheet date is £65.6m, the creditor of £7.2m relates to grant where the conditions have not yet been met.

Recycled Capital Grant Fund

	Group and Association	
	2018	2017
	£'000	£'000
As at 1 April 2017	97	301
Inputs	226	86
Recycling of grant	(199)	(290)
	<u>124</u>	<u>97</u>
31 March 2018	<u>-</u>	<u>-</u>
Grant due for repayment	<u>-</u>	<u>-</u>

Broadacres Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2018

21. Retirement benefit schemes

The Group participated in a two industry-wide funded defined benefit retirement final salary schemes and also a defined contribution retirement scheme during the financial year.

Defined benefit retirement schemes.

The group participates in two defined benefit retirement schemes for all qualifying employees. The schemes are operated by the London Pension Fund Authority (LPFA) and the Social Housing Pension Scheme (SHPS) and the assets of the schemes are held separately from those of the group under the control of Trustees. Where there are employees who leave the scheme prior to vesting fully in the contribution, the contributions payable by the group are reduced by the amount of the forfeited contributions. The total cost charged to the Statement of Comprehensive Income in the period ended 31 March 2018 was £0.2m (2017 £0.1m).

The London Pension Fund Authority Pension Fund (LPFA).

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefits based on career average revalued earnings.

The administering authority for the Fund is the London Pensions Fund Authority. The LPFA Board oversees the management of the Fund whilst the day to day fund administration is undertaken by the Local Pensions Partnership. Where appropriate some functions are delegated to the Fund's professional advisers.

As administering authority to the Fund, the London Pensions Fund Authority, after consultation with the Fund Actuary and other relevant parties, is responsible for the preparation and maintenance of the Funding Strategy Statement and the Investment Strategy Statement. These should be amended when appropriate based on the Fund's performance and funding.

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation of the Fund will be carried out as at 31 March 2019 and will set contributions for the period from 1 April 2020 to 31 March 2023. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

On the Employer's withdrawal from the Fund, a cessation valuation will be carried out in accordance with Regulation 64 of the LGPS Regulations 2013 which will determine the termination contribution due by the Employer, on a set of assumptions deemed appropriate by the Fund Actuary.

In general, participating in a defined benefit pension scheme means that the Employer is exposed to a number of risks:

- Investment risk. The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges;
- Interest rate risk. The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount future liability cashflows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way;
- Inflation risk. All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation; and
- Longevity risk. In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

In addition, as many unrelated employers participate in the London Pension Fund Authority Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

All of the risks above may also benefit the Employer e.g. higher than expected investment returns or employers leaving the Fund with excess assets which eventually get inherited by the remaining employers.

Broadacres Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2018

21. Retirement benefit schemes (continued)

Valuation data

Data sources

In completing our calculations for pension accounting purposes, we have used the following items of data, which we received from the London Pensions Fund Authority:

- The results of the valuation as at 30 November 2017 which was carried out for funding purposes and the results of the 31 March 2017 FRS102 report which was carried out for accounting purposes;
- Estimated whole Fund income and expenditure items for the period to 31 March 2018;
- Fund investment returns for the period to 31 January 2018 and market returns (estimated where necessary) thereafter for the period to 31 March 2018;
- Estimated Fund income and expenditure in respect of the Employer for the period to 31 March 2018; and
- Details of any new early retirements for the period to 31 March 2018 that have been paid out on an unreduced basis, which are not anticipated in the normal employer service cost.

Although some of these data items have been estimated, we do not believe that they are likely to have a material effect on the results of this report. Further, we are not aware of any material changes or events since we received the data. The data has been checked for reasonableness and we are happy that the data is sufficient for the purposes of this advice.

Employer membership statistics

The service cost for the year ended 31 March 2018 is calculated using an estimate of the total pensionable payroll during the year. From the contribution information provided by the employer, the estimated total pensionable payroll during the year is £624,000. The projected service cost for the year ended 31 March 2019 has been calculated assuming the payroll remains at this level over the year.

Scheduled contributions

The minimum employer contributions due from Broadacres Housing Association Limited to the Fund over this inter-valuation period remains at 22.7% until 1 April 2019 plus a £5k monetary amount.

Broadacres Housing Association Limited may pay further amounts at any time and future periodic contributions, or the timing of contributions may be adjusted on a basis approved by us.

Early retirements

We requested data on any early retirements in respect of the Employer from the administering authority for the year ended 31 March 2018.

It is our understanding that there were no new early retirements over the year which were not allowed for at the previous accounting date.

Actuarial methods and assumptions

Valuation approach

To assess the value of the Employer's liabilities at 31 March 2018, we have rolled forward the value of the Employer's liabilities calculated for the funding valuation as at 30 November 2017, using financial assumptions that comply with FRS102.

The full actuarial valuation involved projecting future cashflows to be paid from the Fund and placing a value on them. These cashflows include pensions currently being paid to members of the Fund as well as pensions (and lump sums) that may be payable in future to members of the Fund or their dependants. These pensions are linked to inflation and will normally be payable on retirement for the life of the member or a dependant following a member's death.

It is not possible to assess the accuracy of the estimated value of liabilities as at 31 March 2018 without completing a full valuation. However, we are satisfied that the approach of rolling forward the previous

Broadacres Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2018

21. Retirement benefit schemes (continued)

valuation data to 31 March 2018 should not introduce any material distortions in the results provided that the actual experience of the Employer and the Fund has been broadly in line with the underlying assumptions, and that the structure of the liabilities is substantially the same as at the latest formal valuation. From the information we have received there appears to be no evidence that this approach is inappropriate. To calculate the asset share we have rolled forward the assets allocated to the Employer at 30 November 2017 allowing for investment returns (estimated where necessary), contributions paid into, and estimated benefits paid from, the Fund by and in respect of the Employer and its employees.

Demographic/Statistical assumptions

We have adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2016. The post retirement mortality tables have been constructed based on Club Vita analysis. These base tables are then projected using the CMI 2015 Model, allowing for a long-term rate of improvement of 1.5% p.a. The assumed life expectations from age 65 are:

	Valuation at	
	2018	2017
	years	years
Retiring today:		
Males	22.8	22.7
Females	24.6	24.5
Retiring in 20 years:		
Males	25.1	25.0
Females	26.8	26.7

We have also assumed that:

- Members will exchange half of their commutable pension for cash at retirement;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age; and
- The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

	Valuation at	
	2018	2017
Key assumptions used:		
Discount rate	2.55%	2.6%
Future pension increases	2.35%	2.6%
Salary increases	3.85%	4.1%
CPI increases	2.35%	2.6%

These assumptions are set with reference to market conditions at 31 March 2018.

Amounts recognised in the Statement of Comprehensive Income in respect of these defined benefit schemes are as follows:

	2018	2017
	£'000	£'000
Current service cost	266	213
Net interest cost	120	154
Administration expenses	15	12
	<hr/>	<hr/>
	401	379
	<hr/>	<hr/>

Broadacres Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2018

21. Retirement benefit schemes (continued)

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

	2018 £'000	2017 £'000
Present value of defined benefit obligations	15,126	15,939
Fair value of scheme assets (bid value)	11,807	11,449
Deficit	3,319	4,490
Present value of unfunded obligation	197	208
Net liability recognised in the Statement of Financial Position	3,516	4,698

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

	2018 £'000	2017 £'000
At 1 April 2017	16,147	13,996
Service cost	266	213
Interest cost	414	484
Change in financial assumptions	(488)	2,435
Change in demographic assumptions	-	(213)
Experience (gain) on defined benefit obligation	(583)	(471)
Estimated benefits paid net of transfers in	(470)	(339)
Contributions by Scheme Participants	49	54
Unfunded pension payments	(12)	(12)
At 31 March 2018	15,323	16,147

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

	2018 £'000	2017 £'000
At 1 April 2017	11,449	9,422
Interest on assets	294	330
Other actuarial gains	9	91
Return on plan assets (excluding amounts included in net interest cost)	337	1,607
Administration expenses	(15)	(12)
Contributions from the employer	166	308
Contributions from scheme participants	49	54
Estimated benefits paid plus unfunded net of transfers in	(482)	(351)
At 31 March 2018	11,807	11,449

The total return on the fund assets for the year to 31 March 2018 is £631,000

Broadacres Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2018

21. Retirement benefit schemes (continued)

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

	Fair value of assets	
	2018	2017
	£'000	£'000
Equity instruments	7,220	6,784
Target return portfolio	2,646	2,419
Infrastructure	516	603
Property	850	584
Cash	575	1,059
	<u>11,807</u>	<u>11,449</u>

The Pensions Trust – Social Housing Pension Scheme

The Group participates in 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. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 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 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.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2014. This actuarial valuation was certified on 23 November 2015 and showed assets of £3,123m, liabilities of £4,446m and a deficit of £1,323m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

Deficit contributions

From 1 April 2016 to 30 September 2020:

£40.6m per annum (payable monthly and increasing by 4.7% each year on 1st April)

From 1 April 2016 to 30 September 2023:

£28.6m per annum (payable monthly and increasing by 4.7% each year on 1st April)

From 1 April 2016 to 30 September 2026:

£32.7m per annum (payable monthly and increasing by 3.0% each year on 1st April)

From 1 April 2016 to 30 September 2026:

£31.7m per annum (payable monthly and increasing by 3.0% each year on 1st April)

Where the scheme is in deficit and where the Group has agreed to a deficit funding arrangement the Group recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Broadacres Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2018

21. Retirement benefit schemes (continued)

Present values of provision

	2018	2017
	£'000	£'000
Present value of provision	<u>1,248</u>	<u>1,457</u>

Reconciliation of opening and closing provisions

	2018	2017
	£'000	£'000
Provision at start of period	1,457	1,589
Unwinding of the discount factor (interest expense)	17	31
Deficit contribution paid	(210)	(202)
Remeasurements – impact of any change in assumptions	(16)	39
Provision at end of period	<u>1,248</u>	<u>1,457</u>

Income and expenditure impact

	2018	2017
	£'000	£'000
Interest expense	17	31
Remeasurements – impact of any change in assumptions	(16)	205
Current Service Cost	<u>645</u>	
Costs recognised in income and expenditure account	<u>646</u>	<u>236</u>

Assumptions

	2018	2017
	% per annum	% per annum
Rate of discount	1.72	1.33

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The overall liability is reflected in the accounts as follows:

	2018	2017
	£'000	£'000
LPFA	3,516	4,698
SHPS	1,248	1,457
	<u>4,764</u>	<u>6,155</u>

Broadacres Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2018

22. Financial instruments

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

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Financial assets				
Measured at discounted amount receivable				
Rent arrears financing transactions (see note 16)	34	18	34	18
Measured at discounted amount receivable				
Rent arrears and other debtors (see note 16)	6,670	3,165	3,233	1,541
Amounts due from related undertakings (See note 16)	-	-	11,242	12,654
	<u>6,704</u>	<u>3,183</u>	<u>14,508</u>	<u>14,213</u>
Financial liabilities				
Measured at amortised cost				
Loans payable (see note 19 & 20)	131,808	138,598	129,765	137,516
Measured at undiscounted amount payable				
Trade and other creditors (see note 19 & 20)	12,260	14,064	10,620	11,052
Amounts owed to related undertakings (see note 19)			808	540
	<u>144,068</u>	<u>152,662</u>	<u>141,193</u>	<u>149,108</u>

The Group's income, expense, gains and losses in respect of financial instruments are summarised below:

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Interest income and expense				
Total interest income for financial assets (note 5)	(5)	(14)	(459)	(1,017)
Total interest expense for financial liabilities (note 5)	6,546	6,368	6,429	6,341
Net Cost	<u>6,541</u>	<u>6,354</u>	<u>5,970</u>	<u>5,324</u>

23. Called up share capital

	2018 Number	2017 Number
As at 01 April 2017	47	71
Issued during the year	5	2
Cancelled during the year	(7)	(26)
As at 31 March 2018	<u>45</u>	<u>47</u>

Shareholders are entitled right to vote at general meetings but do not have any right to receive dividends or distributions on winding-up, and are not redeemable.

Broadacres Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2018

24. Capital commitments

Capital commitments are as follows:

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Contracted for but not provided for	26,346	19,097	25,166	13,628
Approved by the Board but not contracted	8,004	13,812	8,004	13,812
	34,350	32,909	33,170	27,440
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
The capital commitments above are expected to be funded as follows:				
Grants	2,549	1,440	2,549	1,440
Sales	14,449	10,537	3,490	6,148
Repayments from subsidiaries	-	-	10,244	-
Borrowings	17,352	20,932	16,887	19,852
	34,350	32,909	33,170	27,440

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

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Payments due:				
– Within one year	84	55	78	55
– Within two to five years	41	8	19	8
– In five years or more	27	32	27	27
	152	95	124	90

25. Minority interest

	2018 £'000	2017 £'000
01 April 2017	(691)	(1,212)
Loss in year attributable to minority	-	(380)
Adjustment to reserve for loan restructuring	-	901
Loss recognised in general reserve on acquisition of minority	691	-
31 March 2018	-	(691)

As per note 14, Broadacres Housing Association acquired the minority interest in Mulberry Homes Yorkshire in the year. On acquisition, the group became responsible for 100% of the losses accumulated in Mulberry Homes Yorkshire, and recognises a cost of £691k in the group Statement of Comprehensive Income.

Broadacres Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2018

26. Related party transactions

The Key financial transactions between the group members are summarised below:

Intercompany Loans

As at 31st March 2018, Broadacres Housing Association Limited has loaned £6,994k (2017: £12,994k) to Mulberry Homes Yorkshire Limited and £3,250k (2017: £5,000k) to Broadacres Services Limited. In addition, Broadacres Services Limited has loaned £1,236k (2017: £4,436k) to Mulberry Homes Yorkshire Limited. These loans are excluded from the accounts on consolidation.

Intercompany Payments

In the year 31st March 2018, Broadacres Housing Association Limited purchased affordable homes from Mulberry Homes Yorkshire Limited for £217k (2017: £584k). On consolidation, the cost of the properties is retained in Broadacres Housing Association Limited statement of financial position.

Broadacres Housing Association Limited paid a recharge to Broadacres Services Limited of £54k (2017: £42k) for development services and recharge salary costs of £42k (2017: £106k).

Broadacres Housing Association Limited recharged Mulberry Homes Yorkshire Limited £48k (2017: £147k) for salary costs in the year.

27. Controlling party

The parent and the ultimate controlling party of the group is Broadacres Housing Association Limited.

