

**Broadacres Housing Association Limited**  
**Annual report and financial statements**  
**for the year ended 31 March 2021**

Registered number: 27656R

# Broadacres Housing Association Limited

## Contents

	<b>Page</b>
Board Members, Management Team, Advisors & Bankers	1-2
Chairs statement	3-4
Chief Executive's statement	5
Strategic Report	6-20
Report of Board	21-32
Independent auditors' report	33-36
Consolidated Statement of Comprehensive Income	37
Association Statement of Comprehensive Income	38
Consolidated Statement of Financial Position	39
Association Statement of Financial Position	40
Consolidated Statement of Changes in Reserves	41
Association Statement of Changes in Reserves	42
Consolidated Statement of Cash Flows	43
Notes to the financial statements	44-82

# Broadacres Housing Association Limited

## Group Board Members

Helen Simpson (Chair - Appointed 10 August 2020)  
Colin Wilkie (Chair - Resigned 10 August 2020)  
Jacqui Bateson  
Ian Foy  
Luke Gallagher  
Keith Holloway  
June Mulroy  
Ann O'Hanlon  
Gordon Perry (Resigned 10 August 2020)  
Ruth Snell  
Victoria Tolmie-Loverseed (Appointed 24 September 2020)  
Martin Warhurst

## Co-opted Board Member

Justin Ives

## Independent Members

Gail Monnickendam	Group Audit & Risk Committee
Nigel Bell	Group Asset & Development Committee
Ruth Dent	Group Asset & Development Committee
Peter Hammond	Group Customer Experience Committee
Robin Norton	Group Customer Experience Committee

## Customer Members

Colin Fisher	Group Customer Experience Committee
Glyn Mucklow	Group Customer Experience Committee
David Dumbleton	Group Customer Experience Committee

## Executive Directors

Gail Teasdale	Chief Executive
Chris Fawcett	Director of Business Transformation
Andy Powell	Director of Customer Experience
David Smith	Director of Resources
Joy Whinnerah	Director of Development and Investment

## Company Secretary

Chris Fawcett

# Broadacres Housing Association Limited

## Registered office

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

## Solicitors

Devonshire's Solicitors LLP  
No1. Whitehall Riverside  
Whitehall Road  
Leeds  
LS1 4BN

Bevan Brittan  
Toronto Square – 7th Floor  
Toronto Street  
Leeds  
LS1 2HJ

## Independent Auditor

Grant Thornton UK LLP  
No1. Whitehall Riverside  
Whitehall Road  
Leeds  
LS1 4BN

## Internal Auditor

BDO LLP  
Central Square  
29 Wellington Street  
Leeds  
LS1 4DL

## Banker

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

# Broadacres Housing Association Limited

## Chair's statement



I am pleased to present our annual report to you.

I took over as Chair in July 2020 four months into the pandemic and probably did not expect to be still in some form of lockdown a year later. Inevitably the pandemic has dominated everything. It is an extraordinary experience we have all shared but at the same time everyone's experience has been unique to them.

For our customers, colleagues and partners this year has tested emotions and finances and sadly some customers have died.

We are very proud of our response to Covid-19 and would like to say a huge thank you to our customers and partners who worked with us as we adapted our services in response to government guidance. Throughout the pandemic we were guided by the principle of keeping customers and colleagues safe. This included customers who needed a little extra support which we did in partnership with our partners and volunteers. During the initial lockdown we were able to contact every customer over 65 and many below 65 ensuring those that needed support received it either from us, our partners or volunteers. We invested an additional £300k to deliver that safety in the form of PPE, cleaning and additional resources.

I am also immensely proud of my colleagues at Broadacres who responded positively to the pandemic and continued to show what **great people** they are. Frontline colleagues adapted to different ways of working and continued to deliver all our services so that at the end of the year there are no backlogs. At the same time back office colleagues embraced working from home which was made possible by previous investment in technology. Agile working was already part of our approach, but this has been accelerated by the pandemic which will benefit customers and colleagues alike.

Our focus during the year continued to be delivering a **great customer experience** despite the challenges.

During 2020/21 we continued to rollout the 'affordable warmth' programme which will ultimately improve the energy efficiency of all your homes. The programme focusses on making your homes energy efficient using the latest environmentally friendly technology. This continues our commitment to delivering **great homes** which are affordable to live in. We are also preparing for the future by making five homes as close to zero carbon as possible so we can do our bit for the climate emergency.

In 2020/21 we invested £16.7m in our existing homes. This investment included 106 air source heat pumps, replacing worn out insulation in 170 homes and new kitchens, bathrooms and windows in line with our replacement policy. We continued to deliver our responsive repair programme deliver only slightly fewer repairs than in previous years.

Broadacres once again showed we offer a **great customer experience** by increasing our score in the Annual Customer Satisfaction Survey to a very impressive 81.9. This is an incredible result as generally satisfaction across the country declined both for housing associations and more widely. This was backed up by 234 compliments we received in 2020/21. We think we've done well, but we recognise there's always room for improvement and continue to use our customers' feedback to improve services. During the year over 600 new lets were made including some to support those who found themselves homeless in the pandemic. We were proud to work with Hambleton District Council to deliver new homes specifically for those fleeing domestic violence and those that find themselves homeless. These homes will be invaluable in the future.

## **Broadacres Housing Association Limited**

We have also been an early adopter of **'Together with Tenants'** which focusses on strengthening the relationship between customers and housing associations. Together with Tenants requires Broadacres to be accountable to customers and make us customer focused something which we really believe in.

In 2019/20 we took the difficult but right decision to transfer Rockcliffe Court, our only CQC registered care scheme, to St John of God Hospitaller Services. St John of God HS were the original owners of Rockcliffe and going forward are best placed to invest in the care of those customers and support the colleagues with their training. The transfer took place in June 2021.

Our finances are strong. We have a new financing package in place and the Board recently approved our five-year financial plan, and we are looking forward to a positive and successful 2021-22. The deficit of £784k in 2020/21 reflects the increased investment in our homes but is as planned.

Finally, I would like to say thank you to the Board and customers for being so welcoming in my first year and I look forward to meeting more of you as the lock down eases.

Helen Simpson  
Chair

# Broadacres Housing Association Limited

## Chief Executive's statement



As I write this statement the plan is to come out of lockdown in July. Our view is that the pandemic will continue to influence and impact on Broadacres and our customers, colleagues, and partners for the foreseeable future in many different ways. As a consequence, we have reflected on whether our Corporate Strategy still makes sense and concluded that it does. If anything, the pandemic has demonstrated more starkly the importance of a SAFE, SECURE and WARM home.

So, in 2021/22 we will continue to focus on our three corporate objectives:

### **Great Homes**

- ✓ Invest a further £2.1m in affordable warmth which will raise another 130 homes to SAP C or above. Our plan remains that all our homes will be SAP C or better by 2028 two years ahead of the government policy.
- ✓ We will install at least 200 new air source heat pumps so that by the end of the year more than 1 in 9 of our homes are heated in this way.
- ✓ Invest £18m in our existing homes to ensure they meet our new home standard
- ✓ Build 122 new homes

### **Great Customer Experience**

- ✓ Continue to focus on customer feedback and to use this to improve our customer experience. We received fantastic information from our annual survey of customers and will be using this and other feedback to make our customer journey's more personalised.
- ✓ Continue to invest in our mobile technology and our digital offer so our services are more flexible.
- ✓ Deliver our new responsive repair policy.

### **Great Places**

- ✓ Continue to implement our Care and Support strategy expanding our mental health and learning disability services.
- ✓ Build on our partnerships which have been strengthened by the pandemic.
- ✓ Build an ECHO scheme in partnership with the NHS and NYCC for adults with profound learning disabilities.
- ✓ Continue with our successful apprenticeship programme.

Overarching all these plans is our new Sustainability Strategy. We must like every organisation change our approach to everything we do as we contribute to a sustainable future for all. This will involve us building new homes to even higher standards, retrofitting our existing homes and re-inventing how we work to ensure we are part of the solution not the problem.

Our principle is to

**Think Big, Act Small, Start Now**

As we continue to focus on our vision of being 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 Corporate Strategy that takes us from 2018 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. In 2020/21 we continued to deliver our Corporate Strategy.

Our mission is:

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

Our vision is to be:

**The best rural housing association in the country**

Broadacres is a proud member of the Rural Housing Alliance whose pledge is to ensure there are high quality, low carbon affordable homes with great services in rural areas. All that we do is focussed on this pledge, with more details available at [www.ruralhousingalliance.net/our-pledge/](http://www.ruralhousingalliance.net/our-pledge/). As an early adopter of the Sustainability Reporting Standard you can see our annual Streamlined Energy and Carbon Reporting (SECR) on our website later in 2021. In June 2021 Broadacres was ranked 17th in the top Sustainable Housing Providers by Housing Digital Magazine. This reflects our great progress to date but clearly we're not done yet!

The Association's objectives are set out in our 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 Broadacres colleagues.

Broadacres Corporate Strategy has three objectives:

### **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 investment in our existing homes focusing on actions that will improve the energy efficiency for all. We will look to ensure a minimum SAP C rating is achieved so it is affordable for customers to keep warm in our homes,
- Ensure the highest standards of health and safety are maintained.

### **Great Customer Experience**

- Change our approach to an experience focussed service, ensuring the service experience meets our customers new expectations,
- Develop a new digital strategy to ensure our customers can take advantage of the benefits new technology brings,
- Deliver a great repair service.

### **Great Places**

- Support our rural communities,
- Continue to invest in independent living for our more vulnerable customers including working with health and LA partners,
- Support retirement living as well as family housing.



## **Broadacres Housing Association Limited Strategic Report**

These will only happen if we have:

**Great people** - In 2020/21 we updated our terms and conditions for colleagues, in light of the pandemic, to ensure they all align and continue to meet the needs of a modern workforce. We have and will continue to invest in our people with a focus on enabling everyone to embrace digital opportunities, be confident delivering a great customer experience and be safe at work.

### **Great governance**

During the year we were delighted to maintain our G1/V1 status from the Regulator for Social Housing.

### **Great finances**

A comprehensive review of our treasury strategy was commenced in 2020/21 and concluded in 2021/22 with the support of a Board Working Group and external advisors. Legacy terms and conditions were updated with existing lenders and new funding put in place. Broadacres will soon introduce a new lender to its treasury portfolio securing a second tranche of additional funding from the market. We are looking to ensure we have the optimum treasury arrangements to deliver our corporate strategy going forward and beyond.

**Our Corporate Strategy is reviewed regularly for progress by the Board.**

# Broadacres Housing Association Limited

## Strategic Report

### Association highlights, five-year summary

For the Year Ended (March)	2021	2020	2019	2018	2017
	£000	£000	£000	£000	£000
<b>Statement of Comprehensive Income</b>					
Total turnover	39,230	37,890	38,538	43,563	36,036
Operating Surplus from Lettings	6,217	6,407	8,944	11,687	11,912
(Deficit)/Surplus for the year before taxation	(784)	500	2,868	5,699	(3,144)
<b>Statement of Financial Position</b>					
Intangible and tangible fixed assets at valuation or cost net of depreciation	340,717	334,830	313,110	302,078	299,745
Investments	484	484	514	822	3,326
Net current assets	5,608	5,538	17,931	15,174	16,984
	346,809	340,852	331,555	318,074	320,055
Long term liabilities	162,070	155,254	146,789	137,736	143,795
Pension liability	9,686	5,423	7,247	3,516	6,155
	171,756	160,677	154,036	141,252	149,950
Reserves:					
Revaluation	42,176	42,176	42,176	42,176	42,501
Accumulated surplus	132,877	137,999	135,343	134,646	127,604
	175,053	180,175	177,519	176,822	170,105
	346,809	340,852	331,555	318,074	311,378
<b>Accommodation (dwellings at 31 March)</b>					
	No.	No.	No.	No.	No.
General Needs **	5,997	5,884	5,812	5,705	5,629
Supported Housing **	274	344	342	344	344
Shared Ownership	245	187	162	114	98
	6,516	6,415	6,316	6,161	6,071
** 70 Properties recategorised in 2020/21 from Supported Housing to General Needs					
<b>Statistics</b>					
(Deficit)/Surplus for the year as a % of turnover	(2%)	1%	7%	13%	(9%)
Rent arrears (net arrears as % of rent and service charges receivable)	2.5%	2.6%	1.8%	1.8%	2.1%
Liquidity (current assets divided by current liabilities)	1.8	1.8	4.2	4.2	4.2

# Broadacres Housing Association Limited

## Strategic Report

### Group Financial Review

The year to 31 March 2021 has resulted in a group deficit before tax of (£1,660k) (2020: (£977k)). The core business of providing affordable housing has produced a financial result in line with expectations for the Group. The principal reasons for the deficit are as follows:

- The Group's core affordable housing business made an operating surplus of £6,217k (2020: £6,407k).
- Sale of housing properties generated a surplus of £747k (2020: £816k).
- The implications of the pandemic saw rental income on empty homes reduced and operating costs increase, through additional necessary resource and extra equipment to keep our customers and colleagues safe.
- The housing stock is shown at gross cost net of depreciation at a value of £335,924k (2020: £329,653k) and the Board consider that this valuation remains appropriate as at 31 March 2021.
- The Group also conducted its annual impairment review of the value at which it carries its assets in its Statement of Financial Position. This review has resulted in a total impairment of £1,406k (2020: £397k).
- During the year the Group invested £7,083k (2020: £8,755k) in maintenance, improvements and enhancements, reflecting the continued focus on improving our existing homes.
- During the year new homes, costing £15,625k (2020: £10,634k), were completed, with a further £18,630k held in work in progress (2020: £21,943k) reflecting the Group's continued focus on development.
- Interest payable increased marginally to £6,849k (2020: £6,812k) reflecting our additional borrowing in line with the treasury management strategy.

After the transfer of the total comprehensive surplus for the year, the Group's reserves amounted to £172,911k (2020: £178,866k).

The pension fund liability has increased to £9,686k (2020: £5,432k) following an actuarial loss on both the SHPS and LPFA schemes resulting from increased future liabilities based on actuarial assumptions.

### Statement of Comprehensive Income

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

Key Elements	2021 £000	2020 £000	Movement £000
Turnover on social housing lettings	33,372	32,279	1,093
Turnover from property sales	4,005	3,165	840
Supporting Peoples services income	985	916	69
Ability Based Learning Environment (ABLE)	112	133	(21)
Broadacres Support Service	-	127	(127)
Operating costs (including depreciation and impairment)	38,053	33,869	(4,184)
Housing depreciation	7,073	6,823	(250)
Impairment of housing properties	1,406	350	(1,056)
Interest payable and other financing costs	6,849	6,812	(37)

# Broadacres Housing Association Limited

## Strategic Report

Key information about the results is explained as follows:

- Turnover from social housing lettings increased by £1,093k due to the annual rental increase and the number of available homes for letting increasing through the completion of development projects.
- Turnover from property sales increased by £814k, despite the impact of COVID-19 slowing down sales in the early part of the year.
- Supporting People services include extra care, sheltered, women's refuge, mental health, physical disability, young homeless and learning disability schemes.
- ABLE is our Activity Based Learning Environment which provides daytime accommodation and diversionary craft activities for disabled people.
- Operating costs increased due to additional costs associated with COVID-19, as well as the recognition of impairment on specific housing assets due to voids and aborted past development schemes.
- Broadacres Housing Association opted not to furlough any colleagues through the pandemic lockdowns but instead redeployed resources to a variety of front-line or back-office roles if their normal duties were impacted. Additionally, the Association increased headcount by 10% as less work was sub-contracted during the period and instead delivered from recruited inhouse resource.

The majority of the Association's operating surplus (£5,677k) continues to be sourced from property rentals.

### Statement of Financial Position

At 31 March 2021, the Association's Statement of Financial Position showed total assets less current liabilities of £347m (2020: £341m). This is an increase from last year and the main points are:

- Expenditure on developments to deliver new social homes was £12,893k.
- At 31 March 2021 our current assets include £847k of properties/land available for sale compared to £2,448k last year.

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 Strategy and Business Plan.

### Capital structure and treasury policy

Broadacres has an 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% of total portfolio.

Our existing loan facilities and borrowings are set out in the table on the following page.

## Broadacres Housing Association Limited Strategic Report

<b>Loan Portfolio March 2021</b>	<b>Nationwide</b>	<b>NatWest</b>	<b>Barclays</b>	<b>HDC/ HC</b>	<b>Total Borrowing</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Fixed</b>					
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				34,000	34,000
Housing Corporation				64	64
<b>Total Fixed Loans (75%)</b>	<b>-</b>	<b>30,000</b>	<b>55,000</b>	<b>34,064</b>	<b>119,064</b>
<b>Revolvers average annual interest rate</b>					
Facility B Revolvers	8,750	15,000			23,750
Facility C Revolvers		5,000			5,000
<b>Total Variable Loans (25%)</b>	<b>8,750</b>	<b>20,000</b>	<b>-</b>	<b>-</b>	<b>28,750</b>
<b>Total loans utilised</b>	<b>8,750</b>	<b>50,000</b>	<b>55,000</b>	<b>34,064</b>	<b>147,814</b>
<b>Total Available Facilities</b>	<b>8,750</b>	<b>50,000</b>	<b>55,000</b>	<b>34,064</b>	<b>150,064</b>

The NatWest 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 2038 and will thereafter be paid in ten equal instalments. The HDC loan repayments commenced in October 2020 and are repayable between five 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. £7.0m was drawn down from NatWest in April 2020, in advance of need, to ensure the Group was able to respond to any financial pressures generated by the global pandemic. A majority of these funds were unused as at 31 March 2021.

The repayment profile of our current loan balance is

<b>Current Loan Portfolio</b>	<b>£000</b>
Repayments within 1 year or less	2,250
Repayments beyond 1 year but less than 2 years	2,000
Repayments within 2 years but less than 5 years	7,700
Repayments over 5 years	<u>135,864</u>
	<u>147,814</u>

Our average fixed interest rate is 5.27%.

## Broadacres Housing Association Limited Strategic Report

In May 2021, Broadacres restated loan agreements with Barclays and NatWest. These provided improved terms on covenants, including carve outs for expenditure relating to fire safety compliance and investment in the energy efficiency of our homes. The agreement with NatWest provides access to £30m of additional funding to invest in our existing homes and develop new properties.

### Cashflows

Cash inflows and outflows for the year ended 31 March 2021 are set out in the cashflow statement on page 43. The net cash inflow from operating activities was £11.6m (2020: £12.6m). At the year end the Group had £6m cash available (including an overdraft facility).

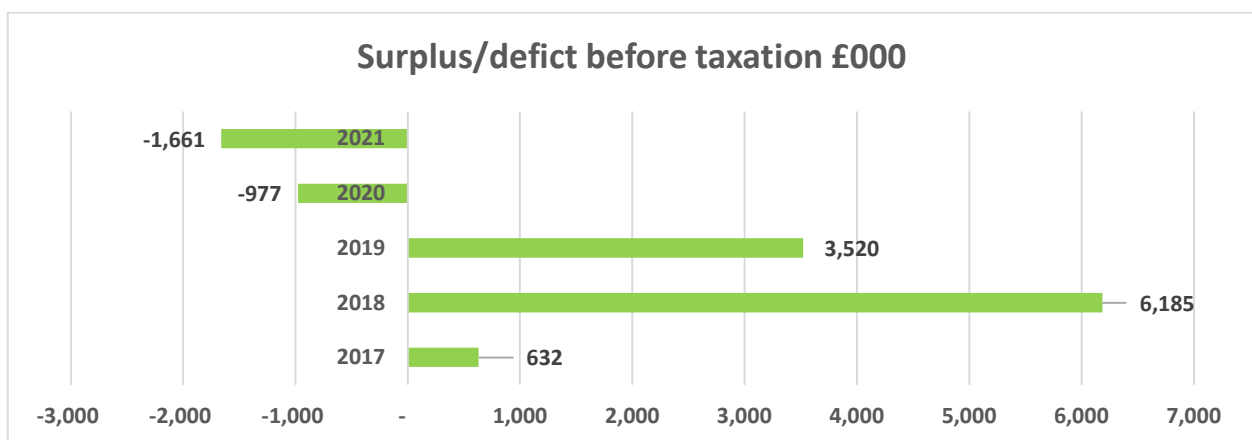
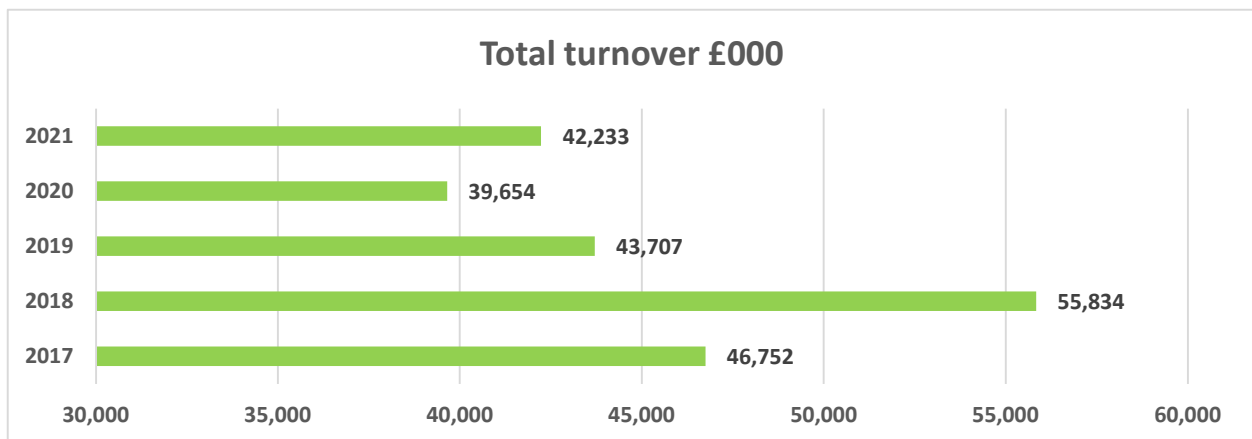
Group bank balances as at 19th July 2021 are £4m.

Broadacres Treasury Strategy is entering a second phase, looking to secure funding over the medium term to support planned investment.

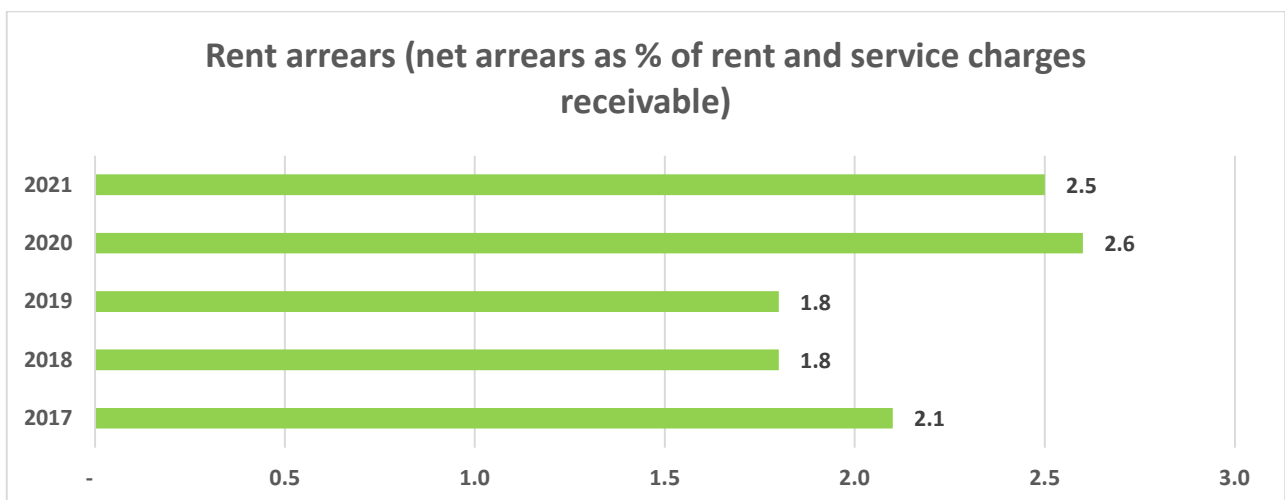
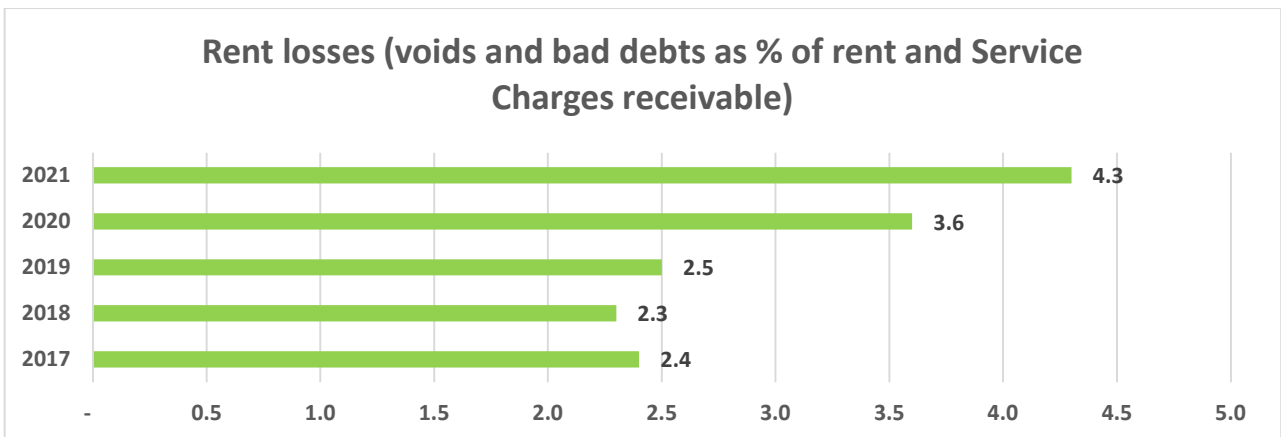
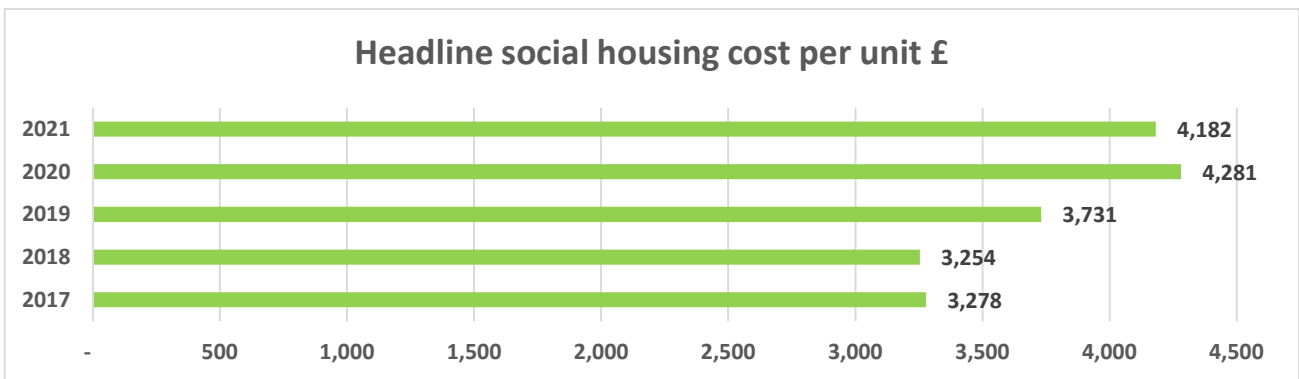
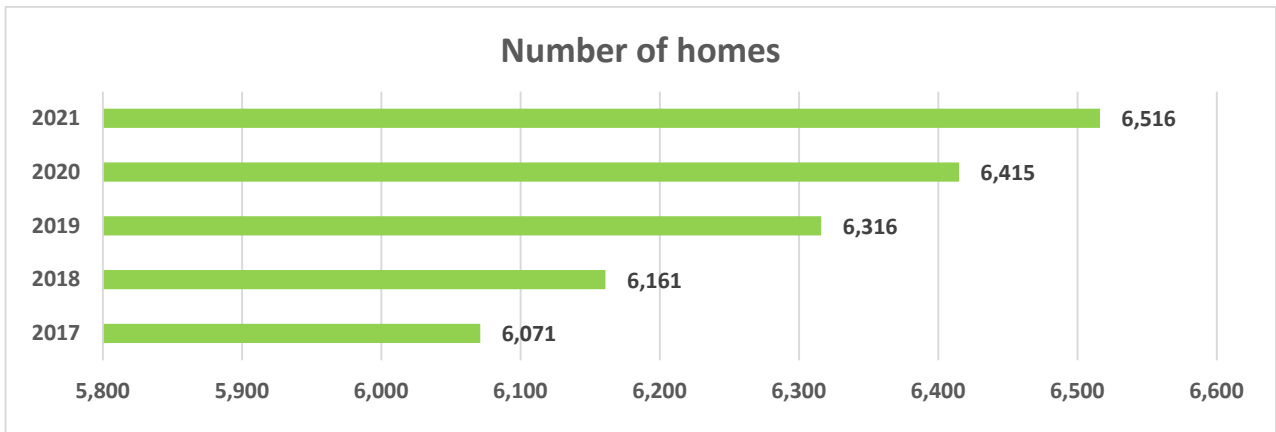
Broadacres Treasury Strategy is entering a second phase, looking to secure funding over the medium term to support planned investment. Broadacres Treasury Strategy 2020/21 is reviewing existing funding facilities and any future need to fund development and meet the objectives of the Corporate Plan. During the year investments in financial assets have been limited to short term deposits in line with our treasury policy.

### Group Performance

The following graphs show the year on year comparison for the main KPI's that look at the performance of the Group.



# Broadacres Housing Association Limited Strategic Report



# Broadacres Housing Association Limited

## Strategic Report

### Performance of subsidiaries

Broadacres Services Limited (BSL) recorded a deficit of £314,708 for the year (2019-20: deficit of £461,842). The financial performance in year was in line with expectations, with the sale scheme at The Orchard completing except for one property. The remaining property sold on 1 April 2021.

Mulberry Homes Yorkshire Limited (MHYL) also made a deficit of £453,063 for the year (2019-20: deficit of £290,432). The financial performance in year has been in line with expectations as the year end position has occurred between scheme developments. New development schemes have commenced.

### 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 6,516 households.

Last year we changed the focus of Customer Service Performance Indicators to benchmark our performance against the UK all sector average and the Public Service (local) average. The figures below show our performance for 2020/21:

Performance Indicator	Broadacres	UK all Sector Jan 2020	Public Sector (Local)
Overall Satisfaction	81.9	76.8	74.4
Net promoter Score – “Likelihood a customer would recommend us to someone”	50.0	21.2	14.5
Customer Effort – “How much effort the customer had to make to complete transaction” out of 10	3.5	4.9	5.3

Customer Involvement / Community Investment KPIs	
Number of customers involved in informal/ formal consultation activities (including digital)	4,621
Number of residents affected by community investment activities	21,519

During 2020/21, assisted by the HQN customers from the Group Customer Experience Committee and the Performance Improvement Panel undertook a remote review of the consumer standards. They identified areas where improvements could be made to exceed compliance. The recommendations for improvement were accepted and are being implemented.

### Repairs and maintenance

The following table shows the main key indicators:

Performance Indicator	2020/21	2019/20	2018/19	2017/18	2016/17
Average Time to complete a repair (days)	9.2	14.9	15.8	13.4	13.4
Percentage Appointments kept	97.16%	98.00%	97.96%	96.41%	96.33%
Percentage Satisfied with responsive repairs	88.1%	98.25%	98.19%	98.15%	98.70%
Percentage Gas Serviced	100.00%	100.00%	100.00%	100.00%	100.00%

Our focus on Customer Experience is seeing these measures improve over time. The decreases in 2020/21 were due to colleague availability during the periods of self-isolation.



# Broadacres Housing Association Limited

## Strategic Report

### Customer Service and Digital Inclusion

Customer compliments continue to be reported alongside complaints to provide a more balanced view of customer service and service delivery. In 2020/21 we received 203 complaints which is slightly less than last year. A huge success this year has been the commitment by all colleagues to learn from complaints and put in place new processes or improvements to avoid issues re-occurring. Three of the complaints escalated to the Housing Ombudsman (HO) level. No maladministration was found in all three cases although we were fined for one case due to a service failure in respect of our complaint handling.

The following table shows the indicators for complaints and compliments:

Performance Indicator	2020/21	2019/20	2018/19	2017/18	2016/17
Complaints	203	206	66	34	48
Compliments	181	224	274	203	256

### Housing Management

Void loss has grown due to voids requiring more work and the decision to undertake more intrusive work when homes are empty to improve the energy efficiency of our homes during the void period.

The following table shows the main key indicators:

Performance Indicator	2020/21	2019/20	2018/19	2017/18	2016/17
Current tenant rental arrears Gross %	3.88%	4.4%	3.4%	3.5%	4.0%
Total Net Arrears £000	849	878	816	566	633
Former rental arrears £000	295	362	337	230	290
Debts written off – Former Arrears	57	143	174	163	210
Voids loss £000	1,346	1,137	731	566	519
Average re-let times (days) Net re-lets days	110	71.7	39.4	28.5	28.2
Empty properties	3.5%	3.5%	1.9%	1.1%	0.9%
Evictions due to rent arrears	1	7	8	7	7
ASB Cases	201	161	140	130	122
Relets	610	662	654	366	583

### Health and Safety

During the year there have been 47 incidents (2020:62), seven (2020: five) of which were reportable to the Health & Safety Executive (RIDDOR classifications). None of the incidents had a material impact on Broadacres. The Group Board has set a risk appetite for Health and Safety which is risk averse.

### Growth Strategy

An ambitious growth strategy was approved by the Board in November 2017, for the period 2018 through to 2023. 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 homes in 2020/21 as follows:

## Broadacres Housing Association Limited Strategic Report

Purchase & Repair	15	The Furlongs	54
Bullamoor Road	4	Forge Lane	6
Hockley Croft	8	Rough Sleepers	3
Leeming Lane Dishforth	6	White House Farm	8
Mowbray Houses	7	Move on Fund	1

We continue to have disposals through Right to Buy, six homes were sold during the year. (2020: One). There were also an additional five properties which were disposed during the year through discount for sale and outright sales.

Performance indicators	2021	2020	2019	2018	2017
Unit completions	112	126	171	112	232
Right to Buy properties sold	6	1	4	6	5

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 47 properties via various low-cost home ownership schemes (2020: 61).

Broadacres Services Limited and Mulberry Homes Yorkshire Limited continued to develop houses for private sale. Mulberry Homes did not sell any properties in the year (2020: three). Broadacres Services Limited had one property remaining for sale (2020:10) at the Richmond House site which sold post year end.

Broadacres are now in year four of a five-year Growth Strategy (2018-23). The Growth Strategy targets 1,250 new homes to be delivered by March 2023. Broadacres is currently undertaking a wide range of development activities which are contributing to this aim but the impact of Covid-19 has affected this target. In 2021/22 we are forecasting to deliver a further 122 new homes with 100% of those homes already contracted for or being developed on land in the ownership of Broadacres.

The current programme includes a number of tenure types which will provide quality housing across a number of communities and customer categories. Alongside our programme of Affordable and Socially rented properties we are offering a range of home ownership options to customers across North Yorkshire with shared ownership and discount market sale home available to own from as little as a 25% share. We have a ground-breaking passive house scheme which will enable adults with learning difficulties the opportunity to live independently in homes which are highly efficient leading to lower energy bills and a bespoke property type which suits their individual needs.

We also continue to offer a purchase and repair programme which allows Broadacres to improve the standards and energy efficiency of existing homes within our key communities. These are re-let as Affordable rented homes.

The Group Asset and Development Committee regularly scrutinises and challenges proposals for development and major asset investment across the Group. The Committee makes recommendations to the Board.

### Asset Management

The Asset Management Strategy was updated in 2020/21. Broadacres survey and replace any component which fails and is due for replacement within 12 months of the decent homes lifetime. As a consequence, Broadacres will not achieve 100% compliance. This approach is driven by value for money. As at 31 March 2021, we had 42 properties that did not meet the standard as they had components that were older than the replacement cycle, meaning that we were 98.5% compliant. However, this caused no detrimental experience to the customers involved.

## Broadacres Housing Association Limited Strategic Report

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 2020/21 we spent £97k (2020 - £157k) on these adaptations.

As part of our Asset Management Strategy we have disposed of assets which have a low return. In 2020/21 we sold seven properties, which raised a surplus of £359k which will be used for future developments. (2019/20 eight properties sold generating £371k surplus)

### Value for Money (VfM) Report

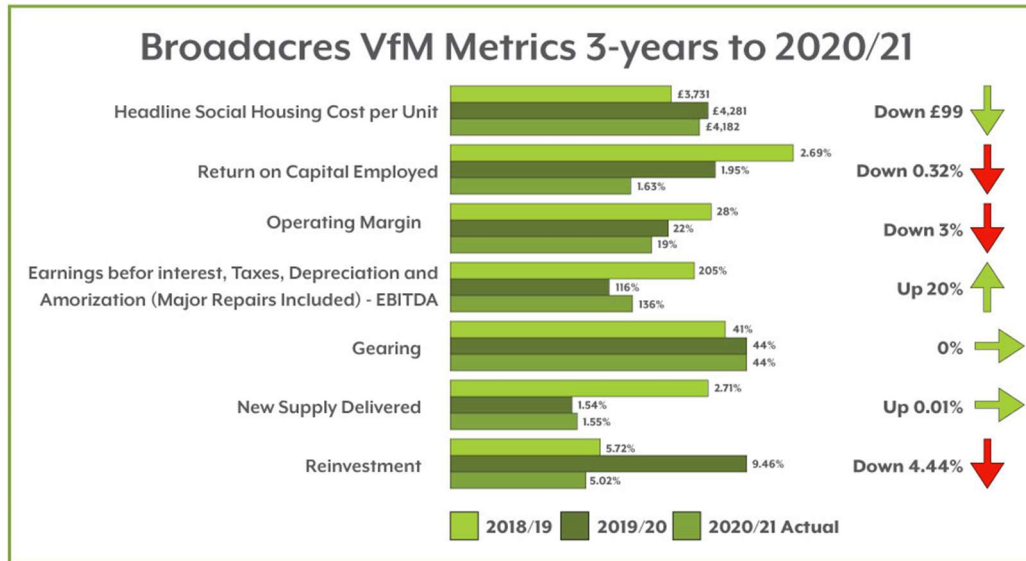
#### Regulator of Social Housing Technical Metrics

The measures included here, as well as the charts that follow, show our performance progress over the three years between 2018/19 and 2020/21 for the Group as a whole, consisting of Broadacres plus its subsidiaries, Broadacres Services Limited and Mulberry Homes Yorkshire Limited. Our subsidiaries contribute to VfM through generating their own returns on properties developed for sale as well as land sales.

VfM Area	Metric	2018/19	2019/20	2020/21 Target	2020/21 Actual
Economy	Headline Social Housing Cost per Unit	£3,731	£4,281	£3,888	£4,182
Efficiency	Return on Capital Employed	2.69%	1.95%	2.83%	1.63%
Efficiency	Operating Margin - SHL	28%	22%	28%	19%
Efficiency	Operating Margin – Overall	23%	16%	23%	14%
Efficiency	Earnings Before Interest, Taxes, Depreciation and Amortization (Major Repairs Included) - EBITDA (MRI)	205%	116%	159%	133%
Efficiency	Gearing	41%	44%	42%	44%
Effectiveness	New Supply Delivered	2.71%	1.54%	1.96%	1.55%
Efficiency	Reinvestment	5.72%	9.46%	4.57%	5.01%

# Broadacres Housing Association Limited

## Strategic Report



This chart shows Broadacres' performance against the Regulator's VfM technical metrics for the past three years. The arrows on the right-hand side illustrate our direction of travel between last year and this.

### Headline Social Housing Cost per Unit

The total cost of our services by each home we manage.

As we build new homes and reinvest in existing homes this number will increase and has done since delivery of our Corporate Strategy began in 2018/19. This is entirely within expectation and reflects our programme of investment in existing homes as much as new developments. Some of the activities we will be providing will be grant funded, but this is not taken into account in the calculation. This year's value is £4,182 representing a decrease on last year's figure by £99. Broadacres believes the investment in affordable warmth for instance is a year or two ahead of the sector and expects the measure to plateau over the coming years and align with peers in due course. Peers are, remember, one year behind with their benchmarks. The SHCPU 2020/21 is less than the target as more funds than anticipated were allocated to managing the pandemic, ensuring our customers and colleagues all remained safe.

### Return on Capital Employed

A measure of 1.63% compares to 1.95% for 2019/20 and 2.69% in 2018/19. The decrease reflects downward pressure on our Operating Margin against a modest increase in our total asset base. The fall in Operating Margin is explained by increased costs from continuing investment as well as the additional costs of operating through the pandemic.

### Operating Margin

This measure reflects our surplus, or profitability, of total income over expenditure.

Broadacres took the year of lockdowns to review both non-core services and dated development sites. Their write-downs impacted the margin and Board fully expect returning to pre-pandemic levels in 2021/22. An operating margin of 25% is forecast for 2021/22.

### Earnings Before Interest, Tax, Depreciation, Amortisation (Major Repairs Included): EBITDA (MRI)

This represents interest cover for Broadacres and is a key indicator for liquidity (access to money) and our investment capacity.

This increased in 2020/21 to 133% illustrating the targeted improvement from 2019/20 when it reached a low of 116%. (2018/19: 205%).

# Broadacres Housing Association Limited

## Strategic Report

### Reinvestment

This measures our spend on new homes and capital investment on existing homes. We invested £7.1m (2019/20: £8.7m; 2018/19: £6.9m and 2017/18: £5.8m) in our existing homes reflecting our focus on making warmth affordable for our customers alongside rewiring and improving compliance in our properties. Our spend on completed new social homes increased from £10.6m in 2019/20 to £15.2m in 2020/21, properties under construction is £19.3m (2019/20 £22.2m).

### New supply delivered

This represents the number of new homes we have provided in the year.

In 2019/20, we provided 126 new homes against a plan of 135 and although this number decreased in 2020/21 to 112, against a plan of 120, we have been preparing larger sites throughout 2019/20 and 2020/21 to meet our five-year plan. We expect to deliver 480 homes over 2021/22 and 2022/23.

### Gearing

This measure shows how our borrowing compares to our assets (homes) and our degree of dependence on debt finance.

This remained consistently at 44% in 2020/21 (2019/20: 44%). Our new borrowings this year will increase the gearing although we compare favourably with peers. Our history of low gearing provides us with additional headroom to borrow more in the future to support increased investment, while minimising our interest costs.

### Understanding our costs and how we compare

As well as reviewing our performance over time against the metrics determined by the regulator Broadacres is a member of a number of benchmarking groups. We recognise that these organisations vary considerably in terms of size and scope and this year we continue to benchmark our performance with an additional peer group that fits with our vision to be the best rural housing association. Below we compare ourselves to 15 rural housing associations of similar scale and geographical constraints (National Parks, AONBs etc).

Broadacres					Rural Housing	
VfM Area	Metric	2018/19	2019/20	2020/21	2018/19	2019/20
Economy	Headline Social Housing Cost per Unit	£3,731	£4,281	£4,182	£3,085	£4,114
Efficiency	Return on Capital Employed	2.69%	1.95%	1.63%	5.5%	3.7%
Efficiency	Operating Margin - SHL	28%	22%	19%	24%	26.5%
Efficiency	Operating Margin – Overall	23%	16%	14%	24%	23.5%
Efficiency	Earnings Before Interest, Taxes, Depreciation and Amortization (Major Repairs Included) - EBITDA (MRI)	205%	116%	133%	197%	180.2%
Efficiency	Gearing	41%	44%	44%	38%	45.1%
Effectiveness	New Supply Delivered	2.71%	1.54%	1.55%	1.0%	1.7%
Efficiency	Reinvestment	5.72%	9.46%	5.01%	8.2%	7.8%

## **Broadacres Housing Association Limited Strategic Report**

We have looked at how we compare on the seven regulatory VfM metrics, against the information available from 85 members of the Placeshapers benchmarking group using the 2019/20 Global Accounts for the Group as well as 14 rural housing associations, of similar size and scale that also have to work within the confines of either a National Park, Areas of Outstanding Natural Beauty or renowned rural areas.

When conducting VfM exercises and reporting to the Board, the SHCPU has become a focus of attention for Broadacres. We have been an outlier for two years and the benchmarking against the 2019/20 measure reassures the Board that peers will start to catch up with Broadacres. The increased average for the Rural Housing benchmark, up some 33% on the prior year figure, demonstrates that other RP's are now significantly investing in their homes. ROCE has also reduced and belatedly followed the Broadacres trend. EBIDA (MRI) follows suit in these rural peers, down 10% on the previous year. Conversations with our rural and other peers reaffirm that investment in energy efficiency is now becoming the norm for them as 2030 and 2050 deadlines approach.

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 2021/22. Specifically, procurement of materials will be a focus for VfM this year with a number of contracts up for renewal.

Our investment in energy efficiency and affordable warmth for our customers has without doubt impacted our Social Housing Cost per Unit measure over the duration of our Corporate Strategy to date. We are now seeing peers and the sector benchmark increase more generally, aligning with our early investment whilst we, as forecast, begin to plateau. In 2020/21 Broadacres was ranked 17<sup>th</sup> in the list of Sustainable Housing Providers, compiled by Housing Digital, which cited both our Corporate Strategy and 30-year Sustainability Strategy as a means to achieving SAP C levels of energy efficiency for our homes in advance of the 2030 deadline and our 2050 carbon neutrality ambition.

More detailed analysis of our Value for Money performance and our future plans can be found on our website [www.broadacres.org.uk](http://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 2021.

### Definitions

Broadacres Housing Association Limited is the ultimate holding entity into which the results of all material subsidiary companies are consolidated. The term 'Group' in the report and financial statements refers to the consolidation of Broadacres Housing Association Limited, Broadacres Services Limited and Mulberry Homes Yorkshire Limited (its material 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 number 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 6,516 units under management as at 31 March 2021. The Association also has an ongoing development programme to provide additional housing stock, with 112 new properties developed in 2020/21 and a further 528 planned over the next two years.

The Association has three subsidiaries: Mulberry Homes Yorkshire Limited, which develops homes for private sale; Broadacres Services Limited, which provides development services and MarketGate 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. These are referenced in more detail within Note 1 to the financial statements 'Accounting Policies', pages 44 to 52. The areas in the financial statements where these judgements and estimates have been made include:

- Impairment of social housing properties
- Classification of loans
- Carrying value of properties held for sale
- Defined benefit pension scheme
- Provision for bad and doubtful debts

### 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 Group 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.

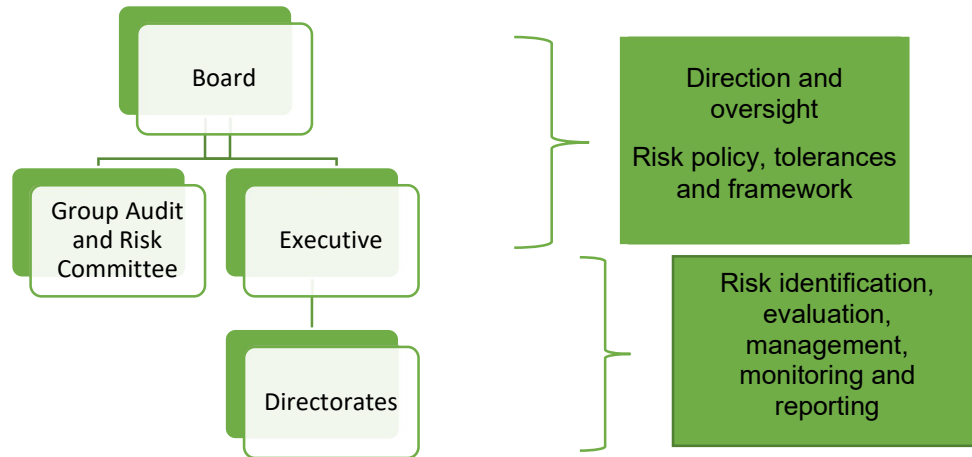
*Our Approach to Risk:* Risk is inherent in our operations and the decisions we make to deliver our vision. The Board is responsible for the principal risks that we are willing to take. It has undertaken a robust assessment of the principal risks to Broadacres achieving its vision and corporate strategy.

## Broadacres Housing Association Limited Report of Board

The Board is also responsible for ensuring that risk is effectively managed through our governance structure (see below) in accordance with our 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 Group'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 Group to grow and have a sustainable future.

With its strong asset base, the overall financial position of the Group 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 are required to be addressed.

Our internal auditors', "Annual Opinion" in 2020/21 reads:

"In our opinion, based on the reviews undertaken, the follow-up audits completed during the period, and in the context of materiality:

- The risk management activities and controls in the areas which we examined were found to be suitably designed to achieve the specific risk management, financial and internal control frameworks and governance arrangements for the period under review.
- Based on our sample testing, risk management, financial and internal control frameworks and governance arrangements were operating with sufficient effectiveness to provide reasonable, but not absolute assurance that the related risk management, control and governance objectives were achieved for the period under review."



## Broadacres Housing Association Limited

### Report of Board

#### Principal Strategic Risks

Key risk	Key controls in place, and actions being undertaken
Customers, colleagues and financial strength are adversely affected due to significant impact of Covid-19	<ul style="list-style-type: none"> <li>• Health &amp; Safety Risk Assessments undertaken for all customer repairs and maintenance, recording implications for customers and colleagues alike.</li> <li>• Government guidance on social distancing, shielding and prevention followed.</li> <li>• Agile working in place in accordance with Government directions and advice.</li> <li>• More onerous and regular financial monitoring performed, including stress-test scenario modelling being shared with Board.</li> </ul>
Significant increase in pension costs	<ul style="list-style-type: none"> <li>• External pension, actuarial and legal advice taken, and options appraisal developed.</li> <li>• Board subgroup setup to assess pension options.</li> <li>• To undertake peer groups benchmarking to manage a consistent approach with the sector.</li> </ul>
Over stretch finances through ambitions of development and affordable warmth investment	<ul style="list-style-type: none"> <li>• Financial Golden Rules reported to each Board meeting and used to build the business and financial plan.</li> <li>• Growth Strategy approved by Board September 2018 and within the 5-year business plan.</li> <li>• Asset and Investment strategy action plan reported to Group Asset &amp; Development Committee at each meeting</li> <li>• Asset &amp; Liabilities register monitors overall performance of homes.</li> <li>• External financial checks completed annually.</li> <li>• 5-year and 30-year Financial Plan approved by Board with prudent business assumptions externally verified in March 2021.</li> <li>• Stress testing reliance on sales</li> </ul>
Competition from developers impacts capacity and relevance of Broadacres	<ul style="list-style-type: none"> <li>• Group Asset &amp; Development Committee scrutinise all proposed developments appraisals before they are considered by Board.</li> <li>• Development and Investment Director appraises and reports all existing and future development schemes.</li> <li>• Updated procedures and appraisals process in place.</li> <li>• Broadacres' internal guidelines (Golden Rules) for development of 60% rented, 30% shared ownership and 10% outright sale is adhered to broadly across the portfolio.</li> <li>• Growth Strategy sets the framework and standards of Broadacres homes for the future.</li> <li>• Cotermious Board has control to development subsidiaries to maintain Golden Rules and protect social housing assets.</li> <li>• Regular stakeholder meetings. Chair and Chief Executive meet with local authority leaders and Chief Executives.</li> <li>• Chief Executive is a member of the regional housing board.</li> </ul>

## Broadacres Housing Association Limited

### Report of Board

Key risk	Key controls in place, and actions being undertaken
Cyber Attack	<ul style="list-style-type: none"> <li>• IT security awareness, confidentiality training, GDPR training given every 3 years and to all new starters.</li> <li>• Mandatory 'Ethics in the Workplace' training raises awareness around cyber fraud.</li> <li>• IT penetration test reports the risk to systems to offer opportunity to improve security measures.</li> <li>• CFC underwriting cyber support policy in place.</li> <li>• Change management procedures in place to ensure ICT changes are tested before made in the live environment.</li> <li>• Multi-factor authentication in place for remote access</li> <li>• ICT Data Breach Plan.</li> </ul>
Service transformation is not aligned to the customer satisfaction	<ul style="list-style-type: none"> <li>• Complaints monitoring and reporting, annual complaints report to Group Customer Experience Committee.</li> <li>• Contact Centre logging and review of service failures to understand root cause of poor services.</li> <li>• Annual review of consumer standards by customers to challenge customer involvement.</li> <li>• Membership of the Institute of Customer Service and benchmarking customer performance.</li> </ul>
There is a significant change within the economic climate (including the impact of Brexit) and Broadacres financial capacity becomes impaired.	<ul style="list-style-type: none"> <li>• Continue to monitor financial markets and validate business assumptions.</li> <li>• Lobby through the trade bodies to promote government support for social housing.</li> <li>• Financial Golden Rules.</li> </ul>
Harm or kill customers, employees and/or contractors.	<ul style="list-style-type: none"> <li>• Landlord H&amp;S Policy updated – October 2019.</li> <li>• H&amp;S Performance reported weekly to the Executive Team.</li> <li>• External review of H&amp;S policy - reported to Board January 2019.</li> <li>• Health and Safety training delivered at Induction and repeated every 3 years.</li> <li>• Accident and incident reporting to every Group Audit and Risk Committee.</li> <li>• Health and Safety Performance reporting to every Board meeting.</li> <li>• External appointment of specialist Principal Designer (PD) for property development.</li> <li>• H&amp;S Liaison Committee meet quarterly, three Directors on the committee to escalate issues.</li> <li>• Whistleblowing policy, last reviewed April 2020.</li> </ul>
Deliver poor quality homes that fail to meet customers' expectations	<ul style="list-style-type: none"> <li>• Stock condition survey completed every 5 years in all properties.</li> <li>• 30-year Financial Plan and schedule for component replacements.</li> <li>• Customer scrutiny panels, review customer surveys and complete customer journey maps to challenge standards.</li> <li>• Allocated funds to respond to unplanned issues that arise and need an immediate response.</li> <li>• Active review of defects in new homes</li> </ul>

## Broadacres Housing Association Limited

### Report of Board

Key risk	Key controls in place, and actions being undertaken
We do not achieve the necessary cultural change and therefore do not realise new objectives	<ul style="list-style-type: none"> <li>• New HR Policy supported by external HR specialists.</li> <li>• Learning and development programme in place.</li> <li>• Agile working policy</li> <li>• Annual performance reviews align to corporate objectives.</li> <li>• Exit interviews are held to assess any reasons for leaving.</li> <li>• Employee turnover is monitored as a KPI.</li> <li>• Apprentice programme, currently six apprentices, last year 100% went on to full time employment.</li> </ul>
We develop beyond the agreed growth strategy objectives and do not have capacity and resource to manage this effectively.	<ul style="list-style-type: none"> <li>• Group Asset &amp; Development Committee scrutinise all proposed developments appraisals before they are considered by Board.</li> <li>• Development and Investment Director appraises and reports all existing and future development schemes.</li> <li>• Golden Rules for development of 60% rented, 30% shared ownership and 10% outright sale.</li> <li>• Growth Strategy sets the framework and standards of Broadacres homes for the future.</li> <li>• Cotermious Board has control to development subsidiaries to maintain golden rules and protect social housing assets.</li> </ul>

#### 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 Strategy runs until July 2023.

Details of the Group's performance for the year and future plans are set out in the Strategic Report on pages 6 to 20. An overview is that over the next 5 years we aim to deliver over 1,000 new homes, spending £100m on affordable and low cost homeownership across North Yorkshire.

We will also spend £80m investing in our existing homes, with a particular focus on affordable warmth and improving the quality of our properties

Last year, we took the difficult but right decision to transfer Rockcliffe Court, our only CQC registered care scheme, to St John of God Hospitaller Services. St John of God HS were the original owners of Rockcliffe and going forward are best placed to invest in the care of those customers and support the colleagues with their training. The transfer took place in June 2021.

Both the Chair and the Chief Executive, in their introductions at the beginning of these annual accounts reference the onset of the Covid-19 pandemic, which began to severely inhibit the UK economy and Broadacres operations and service delivery from March 2020. The Board agreed to extend our Principal Strategic Risks with the inclusion of a specific pandemic response.

During the different phases of lockdown, we prioritised the safety of our customers and colleagues and maintained services where we could. At the time these accounts are being approved it is clear that the UK will face considerable economic uncertainty and the Board believe we are well placed to manage those risks as they affect the Group. Our services have returned to normality and our programmed spend on Developments, Affordable Warmth, cyclical maintenance, replacements are now at operational levels. The Board is content that we have prepared for potential falls in income, increases in costs and a greater focus on supporting our customers.

# Broadacres Housing Association Limited

## Report of Board

### Going Concern

The Board reviewed the future financial plans in March 2021, as part of their normal annual review, complementing periodic assessments of our finances at regular Board meetings. Having reviewed our principal financial risks, they were satisfied that the Group had sufficient resources to continue operating for the foreseeable future and accounts have been prepared in the reasonable expectation that the Group is a financially viable organisation. The outcome of the recent treasury review and the provision of additional funds by lenders reaffirms this view. Agreements were signed in May 2021 securing an additional £30m.

At the approval date of these accounts the Group holds £4m of cash in bank accounts with extensive forecasting and sensitivity analysis not highlighting a need for further funding in the foreseeable future, up to 31<sup>st</sup> March 2023.

Potential and extensive falls in income (sales and rent), increased costs and changes in inflation indices have all been stress-tested and scenario planned to provide Board with assurance over future finances and that sufficient resources exist to continue operations for the foreseeable future.

The effect of COVID-19 has been assessed by the Board and various Committees and the potential impact presented from April 2020, with revised financial plans reviewed and approved by Board in July 2020 and October 2020, January 2021 and March 2021 reviewing the organisation's ongoing forecasts and projections to ensure that the organisation remains financially viable. A going concern paper was presented to Group Audit and Risk Committee in July 2021. We have assessed the next three years with particular attention on the foreseeable future, being a period of at least 24 months following to the year ending 31 March 2021.

The most significant areas that are likely to affect Broadacres' future financial performance and going concern assessment are rental income, extended periods of homes being empty, sales programme underperformance and an increase in the liabilities of the defined benefit pension scheme. In 2020 the UK economy slumped by nearly 10%, unemployment increased by almost as much and by May 2020 nearly a quarter of the workforce had been furloughed. All as a result of the global pandemic. Our extensive planning and scenario stress testing, shared with the Board, illustrates that the Group can manage further economic shocks and the implications on our financial position, including the current planned end of the job retention scheme in September 2021 and its potential impact on our customers. This latter event is forecast to impact our arrears balance the most but we have maintained contact with customers likely to be most affected and will continue to support them, ensuring there is no detriment to our ongoing operations. Stress testing and sensitivity analysis have been carried out on an increase in empty homes and a reduction or delay in sales and Broadacres Board is confident in the continued robustness of Group finances in these scenarios.

As a key provider of affordable housing in North Yorkshire and beyond, the Board will ensure that we keep our customers safe by maintaining their homes and completing necessary health and safety works. We will work with our customers to enable them to pay their rent. This is an area of expertise for this organisation.

Broadacres is not over-burdened by its debt, reflected in its gearing measure being at, or even below, the sector median in 2020/21. Broadacres secured additional funding of £30m and improved terms with existing lenders in May 2021, despite being in the midst of a global pandemic. The Board are of the opinion that, as demonstrated in the forecasts and sensitivity analysis, the Group has sufficient funding available under the agreed facilities and that there are no anticipated breaches in loan covenants over the term of the plan.

As such, the Board conclude that the Group remains a going concern and remains satisfied that we can continue operating for the foreseeable future (a period of at least 12 months following the signing of these accounts and up to 24 months to 31<sup>st</sup> March 2023) and accounts have been prepared in the reasonable expectation that the Group is a financially viable organisation.

### 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.

## **Broadacres Housing Association Limited Report of Board**

### 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 customers.

### 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.

### Transition from LIBOR to SONIA

The basis for calculating loan rates (the reference rate) is changing from January 2022. Broadacres is proactively working with funders to ensure that the transition is achieved in an equitable manner.

## **Board members and co-opted board member**

The present Board members are shown on page 1.

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 colleagues. Executive Directors attend Board meetings, which are held at least six times a year for regular business.

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 Group Governance and Remuneration Committee and Chair of Group Audit and Risk Committee.

The appraisal process produces an action plan and is reported back to the Group Governance and Remuneration 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.

## Broadacres Housing Association Limited Report of Board

### Board member attendance and total remuneration

	Appointed (to Group Board or Committees)	Board Meetings	Asset & Development	Audit & Risk	Governance	Customer Experience	Fees £	Expenses £	TOTAL £
Colin Wilkie (Chair)	17 Mar 14 Resigned 10 Aug 20	3/3			1/1		4,928	527	5,455
Helen Simpson (Chair)	Appointed 10 Aug 20	5/5			2/2		7,545	-	7,545
Jacqui Bateson (Governance Chair)	27 Mar 17	6/8			3/3	3/3	6,448	-	6,448
Gordon Perry (CEC chair)	27 Mar 17 Resigned 10 Aug 20	1/3			1/1	1/1	2,323	-	2,323
Martin Warhurst (Audit Chair)	25 Sep 17	7/8		6/6	3/3		6,448	-	6,448
June Mulroy	20 Nov 17	7/8		6/6			3,994	-	3,994
Ann O'Hanlon	21 May 18	7/8	4/4	6/6			3,994	76	4,070
Ruth Snell	21 May 18	8/8	4/4				3,994	-	3,994
Ian Foy (CEC chair)	21 May 18	8/8		6/6	2/2	2/2	5,222	-	5,222
Luke Gallagher	07 Oct 19	8/8	4/4				3,994	-	3,994
Keith Holloway (Asset & Dev Chair)	07 Oct 19	8/8	4/4		3/3		6,448	78	6,526
Victoria Tomlie-Loverseed	Appointed 24 Sep 20	5/5				1/2	2,074	-	2,074
Justin Ives (Co-opted Board member)	21 May 18	5/8		5/6		3/3	3,994	-	3,994
Gail Monnickendam (Independent Audit Advisor)	01 Jan 18			4/6			2,164	-	2,164
Nigel Bell (Independent Asset Advisor)	28 Sep 15		4/4				2,164	-	2,164
Ruth Dent (Independent Asset Advisor)	01 Sep 18		4/4				2,164	-	2,164
Glyn Mucklow (Independent CEC Advisor)	01 May 18					3/3	2,164	-	2,164
Stephen McKeogh (Independent CEC Advisor)	01 May 18 Resigned 02 Aug 20					0/1	739	-	739
David Dumbleton (Independent CEC Advisor)	28 Sep 15					3/3	2,164	-	2,164
Colin Fisher (Independent CEC Advisor)	Appointed 08 Feb 21					2/2	361	-	361
Pete Hammond (Independent CEC Advisor)	01 May 18					3/3	2,164	-	2,164
Robin Norton (Independent CEC Advisor)	Appointed 24 Sep 20					2/2	1,082	-	1,082
<b>Total</b>							<b>76,572</b>	<b>681</b>	<b>77,253</b>

# Broadacres Housing Association Limited

## Report of Board

### Committee Structure

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 were last reviewed during 2020/21.

- The Group Audit and Risk Committee is responsible for providing independent scrutiny and challenge over risk management, financial viability and adequacy of internal controls. The committee comprises five board members and an independent member. The Committee also oversees the work of the Performance & Improvement Panel; an independent panel of customers who provide scrutiny and challenge on key topics.
- The Group Asset and Development Committee is responsible for scrutinising, overseeing and recommending property development opportunities to the relevant boards, monitoring landlord health and safety compliance, overseeing empty properties and property sales. The committee comprises four board members and two independent committee members.
- The Group Customer Experience Committee is responsible for promoting customer experience on all services provided and for putting the customer at the heart of decision making. The committee comprises four board members, two independent committee members and three customer committee members.
- The Group Governance and Remuneration Committee is responsible for reviewing, and approving governance arrangements, remuneration policies, board member recruitment and board member training. The committee comprises the chairs of each of the board committees and the Broadacres Chair.

### Board Diversity

Category	Under 65	Over 65		No Disability	Disability
Age	14	5	Disability	19	0
	Male	Female		White British	Withheld
Gender	10	9	Ethnicity	19	0

### Employee, diversity and inclusion

At Broadacres we understand that it's great people, providing great homes and great customer experiences across our rural communities that will help us achieve our vision of being the best rural housing association in the country.

We aim to empower colleagues and do this by making sure we give all colleagues a voice to share what's important, enabling us to create a Broadacres where everyone is instrumental in achieving our mission and are contributing fully in the success of the Group.

We are an equal opportunities and disability confident employer who welcomes applicants from all sectors of the community, and we encourage applications from people who are underrepresented in areas of the Organisation.

### Health and Safety

The Board is aware of its responsibilities on all matters relating to health and safety and detailed policies pertaining to such have been produced.

Colleagues receive the training and support they require to fulfil their roles and understand their personal responsibilities in making the Group a safe and healthy place to work with health and safety performance being reported to every board meeting.

## 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 in their first year of employment. 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 six members (2020: 9 members). The Group and employees contribute to the scheme.

### Payments to creditors

The Group 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 Group incurring additional charges in respect of interest on late payment but more importantly treats contractors fairly. The creditor days were on average 38 days (2020: 30 days).

### Charitable donations and pledges

In addition to the time and support given by colleagues to local charities via our volunteering policy, donations of £10,266 (2020: £13,175) 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.

Broadacres Group signed up to adopt Harry's Pledge in 2020/21, showing our commitment to care in our communities. See [www.harrys-pledge.org.uk](http://www.harrys-pledge.org.uk) In 2020/21 we spent £245k adapting homes for disabled, elderly and infirm customers. We continue to work with family carers to meet their housing needs.

With our location in North Yorkshire and beyond being close to Defence establishments we are equally proud to pledge our ongoing support to the Armed Forces Covenant. The Armed Forces Covenant is a promise by the nation ensuring that those who serve or who have served in the armed forces, and their families, are treated fairly. We maintain our very high standards for customers and colleagues alike who have served in the nation's armed forces. In addition we have been working with the Careers Transition Partnership to raise awareness of employment opportunities at Broadacres for personnel leaving the armed forces.

### RSH Regulatory Standard: Governance and Financial Viability

The Group has the highest overall regulatory rating from the Regulator for Social Housing of G1 / V1 and this reflects the ongoing effort of the Board and colleagues to manage its risks and maintain optimum governance.

The Board confirms full compliance with the RSH regulatory standards on Governance and Financial Viability for the year 2020/21.

### Corporate Governance

The Group fully complies with the National Housing Federation's (NHF) Code of Governance 2015 and 2020. During this financial year in November 2020, the NHF published an updated Code of Governance. Broadacres played an active role in the NHF consultation and we were delighted to see the final outcome which gave increased prominence to resident focus and equality, diversity and inclusion. The Broadacres Board strive to set the highest standards of governance and on that basis the Board adopted the new NHF 2020 code on 22 March 2021. We were fully compliant with the NHF 2015 Code throughout the period to the adoption of the NHF 2020 code. A detailed review of the changes in the new code started in November 2020 and resulted in a self-assessment that, with scrutiny from our governance committee, reported to the Board that Broadacres fully complies with the new NHF 2020 Code as at 31 March 2021. The latest NHF code is adopted by the Board as a formal framework to underpin its governance arrangements going forwards.



## Broadacres Housing Association Limited

### Report of Board

This particular 2020 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 Group Audit and Risk 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 that effective discussions and decisions take 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 the Group. Together this provides an environment and culture where all board members, directors and colleagues operate to the highest ethical standards of probity and conduct. As at 31 March 2021 the Group Board of management comprised 11 non-executive board members (2020:11). 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. There has been no activity in this area in the financial year ended 31 March 2021.

#### Statement of compliance

In preparing this Strategic Report and Board report, the Board has followed the principles set out in the Statement of Recommended Practice (SORP) 2019.

#### Internal controls assurance

The Board is responsible for establishing and maintaining a system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives will be met. It also exists to provide reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Association’s assets and interests. The Board understands the system of internal control is designed to manage rather than eliminate all risks.

The Board delegates the review and independent scrutiny of internal controls to the Group Audit and Risk Committee. Activities of the Group Audit and Risk Committee are overseen by the Board, with an internal control report from the Group Audit and Risk Committee to the Board each year. The annual internal control report summarises the control activities and monitoring in operation, and assurances that have been obtained over the operation of key controls. Assurances include the Internal Audit reports, external specialist advice and support, and annual director certifications over internal control and compliance within their respective areas.

# Broadacres Housing Association Limited

## Report of Board

### Statement of Boards responsibilities

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

Co-operative and Community Benefit Society legislation requires the board to prepare financial statements for each financial year. Under that law the board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. 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 and surplus or deficit of the Association and Group for that period. In preparing these financial statements, the board are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers 2020, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The board is responsible for keeping proper 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 2019. It is also responsible for safeguarding the assets of the association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

### **Annual general meeting**

The Annual General Meeting (AGM) will be held on 9 August 2021.

### **Independent external auditors**

Grant Thornton UK LLP were appointed as auditors in January 2019.

The report of the Board was approved by the Board on 19 July 2021 and signed on its behalf by:

Helen Simpson

Chair

*Helen Simpson*

3/8/2021

June Mulroy

Board Member

*June Mulroy*

3/8/2021

Chris Fawcett

Secretary

*Chris Fawcett*

3/8/2021

## Independent auditor's report to the members of Broadacres Housing Association Limited

### Opinion

We have audited the financial statements of Broadacres Housing Association Limited (the 'parent society') and its subsidiaries (the 'group') for the year ended 31 March 2021, which comprise the Consolidated Statement of Comprehensive Income, Association Statement of Comprehensive Income, Consolidated Statement of Changes in Reserves, Association Statement of Changes in Reserves, Consolidated Statement of Financial Position, Association Statement of Financial Position, Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and parent society's affairs as at 31 March 2021 and of the group's and parent society's income and expenditure for the year then ended;
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, and the Accounting Direction for Private Registered Providers of Social Housing 2019.

### Basis for opinion

We have been appointed as auditor under the Co-operative and Community Benefit Societies Act 2014 and report in accordance with regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or parent society to cease to continue as a going concern.

In our evaluation of the board's conclusions, we considered the inherent risks associated with the group's and parent society's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the board and the related disclosures and analysed how those risks might affect the board's financial resources or ability to continue operations over the going concern period.

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

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

The responsibilities of the board with respect to going concern are described in the 'Responsibilities of board for the financial statements' section of this report.

## **Independent auditor's report to the members of Broadacres Housing Association Limited**

### **Other information**

The board is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Matters on which we are required to report by exception**

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

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

### **Responsibilities of the board for the financial statements**

As explained more fully in the Statement of Board's Responsibilities set out on page 23, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

## Independent auditor's report to the members of Broadacres Housing Association Limited

### Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and parent society, and the sector in which it operates. We determined that the following laws and regulations were most significant; financial reporting legislation (Housing SORP 2018, United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102, the Accounting Direction for Private Registered Providers of Social Housing 2019), the Co-Operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, Social Housing Regulatory Standards, and the NHF Code of Governance 2015. The engagement team remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
- We understood how the group and parent society is complying with those legal and regulatory frameworks by, making inquiries of management and those responsible for legal and compliance procedures. We enquired of management and those charged with governance whether there were any instances of non-compliance with laws and regulations, or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of board minutes and papers provided to the Audit and Risk Committee, and through our legal and professional expenses review;
- To assess the potential risks of material misstatement, we obtained an understanding of:
  - The group and parent society's operations, including the nature of its revenue sources, expected financial statements disclosures and business risks that may result in a risk of material misstatement; and
  - The group and parent society's control environment including the adequacy of procedures for authorisation of transactions.
- We assessed the susceptibility of the group and parent society's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
  - Evaluating the processes and controls established to address the risks related to irregularities and fraud;
  - Testing manual journal entries, in particular journal entries relating to management estimates, revenue and journals entries deemed to relate to unusual transactions;
  - Challenging assumptions and judgement made by management in its significant accounting estimates;
  - Identifying and testing related party transactions; and
  - Completion of audit procedures to conclude on the compliance of disclosures in the financial statements with applicable financial reporting requirements.
- The audit engagement teams' communication in respect of potential non-compliance with laws and regulations and fraud including the potential for management override of controls.
- We assessed the appropriateness of the collective competence and capabilities of the engagement team, including consideration of the engagement team's knowledge and understanding of the industry in which the client operates in, and its practical experience through training and participation with audit engagements of a similar nature.
- From the procedures performed we did not identify any material matters relating to non-compliance with laws and regulation or matters in relation to fraud.

## **Independent auditor's report to the members of Broadacres Housing Association Limited**

### **Use of our report**

This report is made solely to the society's members, as a body, in accordance with regulations made under Sections 87 and 98(7) of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Leeds  
3/8/2021

**Broadacres Housing Association Limited**  
**Consolidated Statement of Comprehensive Income**  
**For the year ended 31 March 2021**

	Note	2021 £000	2020 £000
Turnover	2	43,233	39,654
Operating expenditure	2	(38,053)	(33,869)
<b>Operating surplus</b>		5,180	5,785
Finance income	2,5	8	50
Interest and finance costs	2,6	(6,849)	(6,812)
<b>(Deficit) before tax</b>	7	(1,661)	(977)
Taxation	10	-	-
<b>(Deficit) for the year</b>		(1,661)	(977)
Actuarial (loss)/gain in respect of pension schemes	21	(4,295)	2,156
<b>Total comprehensive (Loss) / Income for the year</b>		(5,956)	1,179

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 2021**

	Note	2021 £000	2020 £000
<b>Turnover</b>	<b>2</b>	39,230	37,577
Operating expenditure	<b>2</b>	(33,553)	(30,914)
<b>Operating surplus</b>		5,677	6,663
Finance Income	<b>2,5</b>	388	336
Interest and financing costs	<b>2,6</b>	(6,849)	(6,812)
<b>(Deficit) / Surplus before tax</b>	<b>7</b>	(784)	188
Taxation	<b>10</b>	(43)	-
Gift Aid from Subsidiary		-	312
<b>(Deficit) / Surplus for the year</b>		(827)	500
Actuarial (loss)/gain on pension schemes	<b>21</b>	(4,295)	2,156
<b>Total comprehensive (Loss) / Income for the year</b>		(5,122)	2,656

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**  
**As at 31 March 2021**

	Note	2021 £000	2020 £000
<b>Fixed assets</b>			
Housing properties	11	335,924	329,653
Other property, plant and equipment	12	4,794	5,177
Fixed asset investments	13	595	594
		341,313	335,424
<b>Current assets</b>			
Inventories	15	573	342
Debtors	16	2,564	3,194
Housing properties for sale	17	2,362	6,092
Cash	18	4,789	1,711
Cash held in trust		60	50
		10,348	11,389
<b>Creditors: Amount falling due within one year</b>	19	(6,994)	(7,270)
<b>Net current assets</b>		3,354	4,119
<b>Total assets less current liabilities</b>		344,667	339,543
<b>Creditors: Amounts falling due after more than one year</b>	20	(162,070)	(155,254)
<b>Defined benefit pension liability</b>	21	(9,686)	(5,423)
<b>Net assets</b>		172,911	178,866
<b>Capital and reserves</b>			
Share capital	23	-	-
Revenue reserve		130,735	136,690
Revaluation reserve		42,176	42,176
<b>Total reserves</b>		172,911	178,866

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 37 - 82 and their related notes were approved by the Board on 19 July 2021 and were signed on its behalf by:

Helen Simpson	3/8/2021	Chair
<i>Helen Simpson</i>		
June Mulroy	3/8/2021	Board Member
<i>June Mulroy</i>		
Chris Fawcett	3/8/2021	Secretary
<i>Chris Fawcett</i>		

**Broadacres Housing Association Limited**  
**Association Statement of Financial Position**  
**As at 31 March 2021**

		<b>2021</b>	<b>2020</b>
		<b>£000</b>	<b>£000</b>
	<b>Note</b>		
<b>Fixed assets</b>			
Housing properties	<b>11</b>	335,924	329,653
Other property, plant and equipment	<b>12</b>	4,794	5,177
Fixed asset investments	<b>13</b>	484	484
Investment in subsidiaries	<b>14</b>	-	-
		<hr/>	<hr/>
		341,202	335,314
<b>Current assets</b>			
Inventories	<b>15</b>	573	342
Debtors	<b>16</b>	8,669	11,515
Housing properties for sale	<b>17</b>	847	2,448
Cash	<b>18</b>	3,084	181
		<hr/>	<hr/>
		13,173	14,486
<b>Creditors: Amounts falling due within one year</b>	<b>19</b>	(7,566)	(8,948)
<b>Net current assets</b>		<hr/>	<hr/>
		5,607	5,538
<b>Total assets less current liabilities</b>		<hr/>	<hr/>
		346,809	340,852
<b>Creditors: Amounts falling due after more than one year</b>	<b>20</b>	(162,070)	(155,254)
<b>Defined benefit pension liability</b>	<b>21</b>	(9,686)	(5,423)
<b>Net assets</b>		<hr/>	<hr/>
		175,053	180,175
<b>Capital and reserves</b>			
Share capital	<b>23</b>	-	-
Revenue reserve		132,877	137,999
Revaluation reserve		42,176	42,176
<b>Total reserves</b>		<hr/>	<hr/>
		175,053	180,175

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 37 - 82 and their related notes were approved by the Board on 19 July 2021 and were signed on its behalf by:

Helen Simpson

Chair

*Helen Simpson* 3/8/2021

June Mulroy

Board Member

*June Mulroy* 3/8/2021

Chris Fawcett

Secretary

*Chris Fawcett* 3/8/2021

**Broadacres Housing Association Limited****Consolidated Statement of Changes in Reserves****As at 31 March 2021**

	<b>Income and Expenditure Reserve</b>	<b>Revaluation Reserve</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>At 31 March 2019</b>	<u><b>135,511</b></u>	<u><b>42,176</b></u>	<u><b>177,687</b></u>
Deficit for the year	(977)	-	(977)
Actuarial gain/(loss) on pension scheme	2,156	-	2,156
<b>At 31 March 2020</b>	<u><u><b>136,690</b></u></u>	<u><u><b>42,176</b></u></u>	<u><u><b>178,866</b></u></u>
Deficit for the year	(1,660)	-	(1,660)
Actuarial (loss) on pension scheme	(4,295)	-	(4,295)
<b>At 31 March 2021</b>	<u><u><b>130,735</b></u></u>	<u><u><b>42,176</b></u></u>	<u><u><b>172,911</b></u></u>

## Broadacres Housing Association Limited

### Association Statement of Changes in Reserves

As at 31 March 2021

	Income and Expenditure Reserve	Revaluation Reserve	Total
	£000	£000	£000
<b>At 31 March 2019</b>	<b>135,343</b>	<b>42,176</b>	<b>177,519</b>
Surplus for the year	500	-	500
Other comprehensive income:			
Actuarial gain/(loss) on pension scheme	2,156	-	2,156
<b>At 31 March 2020</b>	<b>137,999</b>	<b>42,176</b>	<b>180,175</b>
Deficit for the year	(827)	-	(827)
Other comprehensive income:			
Actuarial gain/(loss) on pension scheme	(4,295)	-	(4,295)
<b>At 31 March 2021</b>	<b>132,877</b>	<b>42,176</b>	<b>175,053</b>

**Broadacres Housing Association Limited**  
**Consolidated Statement of Cash Flows**  
**For the year ended 31 March 2021**

	Note	£000	2021 £000	£000	2020 £000
<b>Net cash generated from operating activities</b>	<b>18</b>		<b>11,553</b>		<b>12,646</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment		(17,179)		(31,190)	
Purchase of Other Assets		(459)		(1,636)	
Proceeds from sale of fixed assets		3,597		4,199	
Proceed of Sales of other fixed assets		4,217		2,155	
Proceeds from disposal of investment properties		-		72	
Grants received (SHG & other)		3,436		3,271	
Interest received		8		49	
<b>Net cash outflow from investing activities</b>			<b>(6,380)</b>		<b>(23,080)</b>
<b>Cash flows from financing activities</b>					
Interest paid			(6,845)		(6,812)
New loans			7,000		8,000
Repayments of borrowings			(2,250)		(1,250)
<b>Net cash (outflow) from financing activities</b>			<b>(2,095)</b>		<b>(62)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>			<b>3,078</b>		<b>(10,496)</b>
<b>Cash and cash equivalents at beginning of year</b>			<b>1,711</b>		<b>12,207</b>
<b>Cash and cash equivalents at end of year</b>			<b>4,789</b>		<b>1,711</b>

# **Broadacres Housing Association Limited**

## **Notes to the Financial Statements**

### **For the year ended 31 March 2021**

#### **1. Accounting policies**

The Registered Provider (RP) is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing 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 of the Group and Association have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice for Registered Social Housing Providers 2018 (SORP) and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019. Broadacres Housing Association Limited is a public benefit entity, as defined in FRS 102 and applies the relevant paragraphs prefixed 'PBE' in FRS 102. The financial statements are presented in sterling (£).

#### **FRS 102 Exemptions**

The Association has taken advantage of the exemption from the requirement to prepare a cash flow statement set out in section 1.11 of FRS102

#### **Going Concern**

The Boards reviewed the financial plans in March 2021, as part of our normal annual review. Having reviewed our principal financial risks, they were satisfied that Broadacres had sufficient resources to continue operating for the foreseeable future and accounts have been prepared in the reasonable expectation that Broadacres is a financially viable organisation. Broadacres held £5m in cash at the year-end. After benchmarking the market for more than 12 months Broadacres secured additional lending from existing funder NatWest, of £30m, in May 2021. At the same time improved borrowing terms were agreed with both NatWest and Barclays Bank on existing debt.

At the approval date of these accounts Broadacres Group holds £4m of cash in bank accounts. Potential and extensive falls in income (sales and rent), increased costs and changes in inflation indices have all been stress-tested and scenario planned to provide Boards assurance over future finances and that sufficient resources exist to continue operations for the foreseeable future.

The effect of COVID-19 has been assessed by the Boards and various Committees and the potential impact presented throughout the financial year 2020/21, with revised financial plans reviewing the organisation's ongoing forecasts and projections to ensure that the organisation remains financially viable. A going concern paper was presented to Group Audit and Risk Committee in April 2021. We have assessed the next three years with particular attention on the foreseeable future, being a period of at least 24 months following this accounting period, the year ending 31 March 2023.

The most significant areas that are likely to affect Broadacres' future financial performance and going concern assessment are rental income, extended periods of properties being empty, sales programme and an increase in the liabilities of the defined benefit pension scheme.. The impact of the end of the furlough scheme on Broadacres customers has been modelled, with an increase in arrears predicted, and both income collection and money advice colleagues continue to proactively provide support to our financially vulnerable customers. Stress testing and sensitivity analysis have been carried out on an increase in empty homes and a reduction or delay in sales and Broadacres Board is confident in the continued robustness of Group finances in these scenarios.

In 2021-22 turnover is expected to increase slightly through the decision to increase rents by 1.5%, as well as Shared Ownership first tranche sales. Costs will increase as we look to invest in the energy efficiency of our homes, with a stated aim to achieve SAP C compliance by 2028.

As a key provider of affordable housing in North Yorkshire and beyond, the Boards will ensure that we keep our residents safe by maintaining their homes and completing necessary health and safety works. We will work with our residents to enable them to pay their rent. This is an area of expertise for this organisation.

Work will continue during 2021/22 on our Treasury Review, in conjunction with specialist advisors Centrus. The review is focussed on achieving continued value for money from our borrowing, modernising terms and conditions and matching future financing needs to our ambition for growth.

# Broadacres Housing Association Limited

## Notes to the Financial Statements

### For the year ended 31 March 2021

#### 1. Accounting policies (continued)

Broadacres is not over-burdened by its debt, reflected in its gearing measure being at, or even below, the sector median in 2020/21. Broadacres secured additional funding of £30m and improved terms with existing lenders in May 2021, despite being in the midst of a global pandemic. The Board are of the opinion that, as demonstrated in the forecasts and sensitivity analysis, the Group has sufficient funding available under the agreed facilities and that there are no anticipated breaches in loan covenants over the term of the plan.

As such, the Boards conclude that Broadacres remains a going concern and remains satisfied that we can continue operating for the foreseeable future (a period of at least 24 months to 31 March 2023) and accounts have been prepared in the reasonable expectation that Broadacres is a financially viable organisation.

#### Statement of compliance

This is the fifth 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 page 14 in the Report of the Boards, and details of transactions between the Group are given in note 25 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 2020 were less than £11,000. This subsidiary has not been consolidated as it is not material for the purposes of giving a true and fair view.

#### Housing properties

Housing properties are properties held for the provision of social housing or to otherwise promote social benefit. Housing properties are principally properties available for rent and 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, attributable development costs (including staffing) 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.

Work to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works which result on an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of assets, are capitalised as improvements. This includes works carried out under the Affordable Warmth project and the replacement of fire doors within schemes. Costs include staffing roles attributable to these works. 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.

#### 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.

#### 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	Heating systems	30 years
Bathrooms	20 years	Kitchens	15 years
Boilers (and Air Source Heat Pumps)	10 years		

# Broadacres Housing Association Limited

## Notes to the Financial Statements

### For the year ended 31 March 2021

#### 1. Accounting policies (continued)

##### Shared ownership properties

Expenditure on shared ownership properties is split proportionally 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 included in housing properties at cost (less any provision needed for impairment or depreciation) 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	5 years (in line with lease agreements)
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 £0.4m. (£0.4m 2019) These properties are included in investments.

##### **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.



## **Broadacres Housing Association Limited**

### **Notes to the Financial Statements**

### **For the year ended 31 March 2021**

#### **1. Accounting policies (continued)**

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.

For shared ownership staircasing sales, when full staircasing 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**

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

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. A lease for the provision of vehicles over the next 5 years was entered into in 2018/19. This has been classified as a Finance lease. Assets are recognised initially at the lower of the fair value of the leased asset or the present value of minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Payments are split into principal and interest to reflect the repayment of the liability over the life of the vehicles, with depreciation being charged on the vehicle's useful life.

# **Broadacres Housing Association Limited**

## **Notes to the Financial Statements**

### **For the year ended 31 March 2021**

#### **1. Accounting policies (continued)**

##### 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, attributable staffing costs 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.

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.

##### **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 Boards, 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.

## **Broadacres Housing Association Limited**

### **Notes to the Financial Statements**

### **For the year ended 31 March 2021**

#### **1. Accounting policies (continued)**

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 (SHPS)

The Association participates in SHPS, a multi-employer pension scheme which provides benefits to non-associated participating employers. The scheme is classed as a defined benefit scheme in the UK.

The scheme is classified as a 'last man standing' arrangement. Therefore, the Association 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.

FRS 102 requires that an employer participating in a defined benefit scheme should recognise:

- a liability for its obligations under the scheme net of scheme assets; and
- the net change in that liability during the accounting period as the cost of the defined benefit scheme during the period.

##### 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.

#### **Turnover**

Turnover comprises:

- Rental income from tenants and leaseholder's receivable in the year is recognised as it becomes due and payable. (Net of void losses)
- Service charge income is recognised when the related expenditure is incurred.

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.

## **Broadacres Housing Association Limited**

### **Notes to the Financial Statements**

### **For the year ended 31 March 2021**

#### **1. Accounting policies (continued)**

##### **Debtors**

Short term debtors are measured at transaction price, less any impairment. Where deferral of payment terms have been agreed at below market rate, and where material, the balance is shown at the present value, discounted at a market rate.

Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### **Creditors**

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### **Employee Benefits**

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

##### **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.

##### **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.

## **Broadacres Housing Association Limited**

### **Notes to the Financial Statements**

### **For the year ended 31 March 2021**

#### **1. Accounting policies (continued)**

##### **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.

##### **Cash Held in Trust**

At times, our subsidiary Broadacres Services Limited may hold cash balances for management companies pending expenditure on the upkeep of scheme sites. This balance is treated as an asset in Cash and a creditor balance in Other creditors.

##### **Gift Aid payments**

Donations received under the Gift Aid scheme to the parent association, BHA, from its subsidiaries are recognised as turnover in upon receipt as it relates to the principle activities of the association. Payments from subsidiaries are made under a deed of covenant to the parent and therefore accounted for as distributions. Payments and receipts are eliminated on consolidation.

##### **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.

The Board made the decision to increase rents by the maximum possible in 2021/22 to reflect the continued investment in our homes. This results in a 1.5% increase for the majority of our customers in 2021/22.

Broadacres reviews properties where it considers an indicator of impairment exists. The process is 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.

## **Broadacres Housing Association Limited**

### **Notes to the Financial Statements**

### **For the year ended 31 March 2021**

#### **1. Accounting policies (continued)**

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, an impairment of £1,406k (see note 11) was included in the accounts relating to the write-down in value before the subsequent sale after the year-end of a scheme deemed non-core to Broadacres' activities and a scheme with a significant level of empty properties that is unlikely to be filled. A review of past development sites also identified two schemes that are now deemed very unlikely to progress. Therefore, the management decision has been to write-off the costs incurred to date but this impairment will be reversed should the on-hold status of the developments change in Broadacres' favour.

#### *Carrying value of properties held for sale*

Valuation of properties held for sale – The carrying value of properties held for sale is based on the fair value of the market sale properties held by the company at 31 March 2021.

#### *Classification of loans*

Broadacres entered into restated loan agreements with Barclays and NatWest in May 2021.

Management have reviewed the terms of these agreements against terms of the existing loans. This review included both qualitative and quantitative measures. In both cases, management determined that the new loans did not represent a substantial modification in the loans terms, and therefore no adjustment to the loans values was made in the 2020/21 accounts.

#### **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 held for sale. 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. Note 17 provides detail of assets held for sale.

#### *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 statement of financial position. The assumptions reflect historical experience and current trends. Note 21 provides details of the pension schemes, with the current deficit being £9.6m.

#### *Provision for bad and doubtful debts*

Broadacres makes a judgement on the recoverability of arrears of rental and other income. This also includes the potential impact of Universal Credit and COVID-19 on arrears and bad debts. The provision made against potential bad debts is considered adequate in the light of current rent arrears position. The adjustment to the debt provision in year was £124k, detailed in note 3.

**Broadacres Housing Association Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2021**

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

Group	Turnover	2021	
		Operating Costs	Operating Surplus / (deficit)
	£000	£000	£000
<b>Social housing lettings (Note 3)</b>	33,372	(27,155)	6,217
<b>Main operating activities</b>			
Shared ownership First Tranche Sales (Association)	3,258	(1,494)	1,764
Other current asset sales			
Gain on disposal of property, plant and equipment (Note 4)	747	(16)	731
Supported and Extra Care Schemes	985	(2,132)	(1,147)
ABLE day care	112	(189)	(77)
Cleaning services	4	(339)	(335)
Development services	-	(1,374)	(1,374)
Other	530	(1,005)	(475)
Open Market Sales	4,225	(4,349)	(124)
<b>Turnover</b>	<b>43,233</b>	<b>(38,053)</b>	<b>5,182</b>
<b>Activities other than social housing activities:</b>			
Interest receivable / (payable)	8	(6,849)	(6,841)
<b>Total</b>	<b>43,241</b>	<b>(44,902)</b>	<b>(1,660)</b>
Group	Turnover	2020	
		Operating Costs	Operating Surplus / (deficit)
	£000	£000	£000
<b>Social housing lettings</b>	32,279	(25,872)	6,407
<b>Main operating activities</b>			
Shared ownership First Tranche Sales (Association)	2,334	(951)	1,383
Other current asset sales			
Gain on disposal of property, plant and equipment (Note 4)	831	(15)	816
Supported and Extra Care Schemes	916	(1,835)	(919)
Older persons services	127	(165)	(38)
ABLE day care	133	(242)	(109)
Cleaning services	44	(94)	(90)
Development services	91	(1,346)	(1,255)
Other	784	(699)	85
Open Market Sales	2,155	(2,650)	(495)
<b>Turnover</b>	<b>39,654</b>	<b>(33,869)</b>	<b>5,785</b>
<b>Activities other than social housing activities:</b>			
Interest receivable / (payable)	50	(6,812)	(6,762)
<b>Total</b>	<b>39,704</b>	<b>(40,681)</b>	<b>(977)</b>

**Broadacres Housing Association Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2021**

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

**Association**

	Turnover	2021 Operating Costs	Operating Surplus /deficit
	£000	£000	£000
<b>Social housing lettings</b>	33,372	(27,155)	6,217
<b>Other social housing activities</b>			
Shared ownership and current assets	3,258	(1,494)	1,764
Gain on disposal of property, plant & equipment (Note 4)	747	(16)	731
Supported and Extra Care Schemes	985	(2,132)	(1,147)
ABLE day care	112	(189)	(77)
Cleaning services	4	(339)	(335)
Development services	222	(1,116)	(894)
Other	530	(1,112)	(583)
<b>Turnover</b>	<u>39,230</u>	<u>(33,553)</u>	<u>5,677</u>
<b>Activities other than social housing activities:</b>			
Gift Aid	-	-	-
Interest receivable / (payable)	388	(6,849)	(6,461)
<b>Total</b>	<u><u>39,618</u></u>	<u><u>(40,402)</u></u>	<u><u>(784)</u></u>

**Association**

	Turnover	2020 Operating Costs	Operating Surplus / deficit
	£000	£000	£000
<b>Social housing lettings</b>	32,279	(25,872)	6,407
<b>Other social housing activities</b>			
Shared ownership and current assets	2,334	(951)	1,383
Gain on disposal of property, plant & equipment (Note 4)	831	(15)	816
Supported and Extra Care Schemes	916	(1835)	(919)
Older persons services	127	(165)	(38)
ABLE day care	133	(242)	(109)
Cleaning services	4	(94)	(90)
Development services	91	(1,040)	(949)
Other	863	(700)	163
<b>Turnover</b>	<u>37,578</u>	<u>(30,914)</u>	<u>6,664</u>
<b>Activities other than social housing activities:</b>			
Gift Aid	312	-	312
Interest receivable / (payable)	336	(6,812)	(6,476)
<b>Total</b>	<u><u>38,226</u></u>	<u><u>(37,726)</u></u>	<u><u>500</u></u>



**Broadacres Housing Association Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2021**

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

The income from lettings in respect of shared ownership properties is included within general needs. The Association has 245 shared ownership properties (2020:187) generating £673k (2020: £542k) per annum in rent.

	<b>General Needs (and Sheltered Housing) £000</b>	<b>Supported Housing £000</b>	<b>2021 Total £000</b>	<b>2020 Total £000</b>
<b>Income</b>				
Rents receivable	30,420	1,541	31,961	30,693
Service charge income	793	1,969	2,762	2,644
Amortised government grant:				
Government grants taken to income	95	-	95	79
Void losses	(1,264)	(183)	(1,446)	(1,137)
<b>Turnover from social housing lettings</b>	<b>30,044</b>	<b>3,327</b>	<b>33,372</b>	<b>32,279</b>
<b>Expenditure</b>				
Services	(745)	(2,023)	(2,768)	(2,842)
Management	(2,888)	(164)	(3,051)	(2,811)
Routine maintenance	(7,452)	(378)	(7,830)	(7,424)
Planned maintenance	(892)	(253)	(1,145)	(1,558)
Major repairs expenditure	(3,066)	(692)	(3,758)	(3,921)
Rent loss from bad debts	(106)	(18)	(124)	(143)
Depreciation of housing properties	(6,694)	(379)	(7,073)	(6,823)
Impairment of housing properties	(581)	(825)	(1,406)	(350)
<b>Operating costs</b>	<b>(22,424)</b>	<b>(4,731)</b>	<b>(27,155)</b>	<b>(25,872)</b>
<b>Operating surplus social housing lettings</b>	<b>7,620</b>	<b>(1,404)</b>	<b>6,217</b>	<b>6,407</b>

During the year the Association made £10,266 (2020: £13,175) grants from the Community Development Fund to local groups and unfortunately due to the COVID pandemic our annual charity event had to be cancelled (2020: £5,000 for POSCH – Parents & Carers of Special Children).

**Broadacres Housing Association Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2021**

**4. Gain on disposal of property, plant and equipment**

	<b>Group and Association</b>	
	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Gain on disposal of property</b>		
Right to buy sales	467	44
Staircasing shared ownership sales	273	147
Disposal of housing fixed assets	2,856	4,009
	<u>3,596</u>	<u>4,200</u>
Costs of sale	(2,849)	(3,384)
Profit on disposal	<u>747</u>	<u>816</u>

**5. Finance Income**

	<b>Group</b>		<b>Association</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Intercompany loan interest	-	-	380	301
Bank interest receivable	8	49	8	435
	<u>8</u>	<u>49</u>	<u>388</u>	<u>336</u>

**6. Interest and finance costs**

	<b>Group</b>		<b>Association</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Bank loans and overdrafts	6,836	6,865	6,836	6,865
Finance lease interest	19	16	19	16
Net interest on defined benefit liability (Note 21)	123	171	123	171
	<u>6,978</u>	<u>7,052</u>	<u>6,978</u>	<u>7,052</u>
Borrowing costs capitalised	(129)	(240)	(129)	(240)
	<u>6,849</u>	<u>6,812</u>	<u>6,849</u>	<u>6,812</u>

Borrowing costs have been capitalised based on a capitalisation rate of 1.73 % (2020: 2.77%) which represents the marginal rate of funds available to the Association.

**Broadacres Housing Association Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2021**

**7. (Deficit) on ordinary activities before taxation**

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

	<b>Group</b>		<b>Association</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Depreciation of housing properties (Note 11)	7,073	6,823	7,069	6,823
Impairment of housing properties (Note 11)	1,406	397	1,406	397
Depreciation of other fixed assets (Note 12)	784	731	784	731
Government grants (Note 20)	94	94	94	94
(Gain) on disposal of fixed assets (Note 4)	(747)	(816)	(747)	(816)
Audit fees:				
- Statutory audit	56	40	42	33
- Taxation compliance services	6	6	6	4
- Other consultancy services	-	-	-	8
Operating lease rentals (Note 24)	-	4	-	4

**8. Staff costs**

	<b>Group</b>		<b>Association</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Wages and salaries	10,309	9,581	10,309	9,581
Agency Costs	197	243	197	243
Social security costs	924	870	924	870
Other pension costs (see note 21)	1,032	1,202	1,032	1,202
	<u>12,462</u>	<u>11,896</u>	<u>12,462</u>	<u>11,896</u>

The Association's employees are members of the Social Housing Pension Scheme (SHPS) or the Local Government Pensions Scheme (LGPS). Further information on each scheme is given in note 21.

The full-time equivalent number of staff who received remuneration greater than £60,000 (excluding directors):

<b>Salary band including Employer's Pension and Employer's NI</b>	<b>2021</b>	<b>2020</b>
	<b>Number</b>	<b>Number</b>
60,000 – 69,999	5	3
70,000 – 79,999	2	5
80,000 – 89,999	5	4
90,000 – 99,999	-	-
100,000 – 109,999	-	-
110,000 – 119,999	-	2
120,000 – 129,999	2	1
130,000 – 139,999	2	1
160,000 – 169,999	-	1
170,000 – 179,999	1	1

**Broadacres Housing Association Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2021**

**8. Staff costs (continued)**

	<b>2021</b>	<b>2020</b>
	<b>Number</b>	<b>Number</b>
The average full-time equivalent number of employees was	<u>344</u>	<u>306</u>

**9. Key management personnel**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Board members</b>		
Wages and salaries	77	78
Expenses	1	4
<b>Executive staff members</b>		
Wages and salaries	555	524
Social security costs	70	67
Other pension costs	70	70
	<u>773</u>	<u>743</u>

Executive staff members are defined as the members of the Board, the Chief Executive and any other person who is a member of the Director Management team. (Chief Executive, Director of Business Transformation, Director of Customer Experience, Director of Development & Investment and Director of Resources)

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Remuneration of the highest paid director, excluding employer's pension contributions and employer's NI contributions	139	136
Employer's NI of the highest paid director	18	18
Pension contributions of the highest paid director	20	20

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 2021**

**10. Tax on deficit on ordinary activities**

**Group**

The charge for the year can be reconciled to the deficit per the Statement of Comprehensive Income as follows:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Surplus for the year	(1,660)	(978)
Tax on surplus at standard UK tax rate of 19% (2020:19%)	(315)	(186)
<b>Effects Of:</b>		
Charitable activities	215	44
Income not taxable for tax purposes	-	-
Amounts charged/(credited directly to the STRGL or otherwise transferred	-	-
Adjust closing deferred tax to average rate of 19.00%	-	-
-Adjust opening deferred tax to average rate of 19.00%	-	-
Deferred tax not recognised	100	142
Tax charge for the period	-	-

**Notes to the accounts – Balance sheet amounts**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Current liabilities:</b>		
Group relief creditor	-	-
	-	-

**Broadacres Housing Association Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2021**

**10. Tax on deficit on ordinary activities (continued)**

**Association**

The charge for the year can be reconciled to the deficit per the Statement of Comprehensive Income as follows:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Surplus for the year	(784)	188
Tax on surplus at standard UK tax rate of 19.00% (2019:19.00%)	(149)	36
<b>Effects Of:</b>		
Expenses not deductible for tax purposes	194	-
Charitable activities	-	(32)
Group relief surrendered/(claimed)	(43)	
Amounts relating to changes in tax rates	-	-
Deferred tax not recognised	(2)	3
Group relief creditor	43	
Tax charge for the period	<u>43</u>	<u>-</u>

**Notes to the accounts – Balance sheet amounts**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Current liabilities:</b>		
Group relief creditor	43	-
	<u>43</u>	<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 2021**

**11. Housing properties**

<b>Group and Association</b>	<b>Housing properties held for letting £000</b>	<b>Housing properties under construction £000</b>	<b>Total £000</b>
<b>Cost</b>			
At 1 April 2020	341,852	21,943	363,795
Additions	-	12,893	12,893
Components capitalised	3,810	-	3,810
Transferred on completion	15,625	(15,625)	-
Disposals	(2,377)	-	(2,377)
At 31 March 2021	<u>358,910</u>	<u>19,211</u>	<u>378,121</u>
<b>Accumulated Depreciation</b>			
At 1 April 2020	(34,142)	-	(34,142)
Charge for the year	(7,073)	-	(7,073)
Eliminated on disposal	425	-	425
Impairment	(826)	(581)	(1,407)
At 31 March 2021	<u>(41,616)</u>	<u>(581)</u>	<u>(42,197)</u>
<b>Net book value</b>			
<b>At 31 March 2021</b>	<b><u>317,294</u></b>	<b><u>18,630</u></b>	<b><u>335,924</u></b>
At 31 March 2020	<u>307,710</u>	<u>21,943</u>	<u>329,653</u>

The Group 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 impairment review purposes.

Under FRS102, following the adoption 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 £129k (2020: £240k) interest on development costs, based on 1.73% (2020: 2.77%) interest rate. Included within housing properties for letting are 245 (2020:187) Shared Ownership properties with a net value of £7.4m (2020: £4.5m).

Depreciation has been charged on major components based on their useful economic lives, the replacement of major components totalling £3,810k (2020: £4,834k) were capitalised in the year. £1,611k in the year was attributable to our affordable warmth programme.

**Broadacres Housing Association Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2021**

**11. Housing properties (continued)**

<b>Expenditure on works to existing properties</b>	<b>Group and Association</b>	
	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Components capitalised		
Affordable Warmth	1,405	1,821
Compliance	330	413
Major Components	2,075	2,619
	<u>3,810</u>	<u>4,834</u>
Amounts charged to the income and expenditure account	3,273	3,921
	<u>7,083</u>	<u>8,755</u>

<b>Social Housing Grant</b>	<b>Group and Association</b>	
	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Total accumulated social housing grant received or receivable as at 31 March:		
Capital grant	<u>73,253</u>	<u>70,967</u>

<b>Finance Costs</b>	<b>Group and Association</b>	
	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Aggregate amount of finance costs included in the cost of housing properties:	<u>2,966</u>	<u>2,837</u>

<b>Housing Properties Held</b>	<b>Group and Association</b>	
	<b>2021</b>	<b>2020</b>
	<b>Number of Units</b>	<b>Number of Units</b>
General Needs & Sheltered housing	5,927	5,884
Supported housing	344	344
Shared Ownership	245	187
	<u>6,516</u>	<u>6,415</u>

**Impairment**

An impairment of £1,406k is recognised in the accounts relating to the write-down in value before the subsequent sale after the year-end of a scheme deemed non-core to Broadacres' activities and a scheme with a significant level of empty properties that is unlikely to be filled. A review of past development sites also identified two schemes that are now deemed very unlikely to progress. Therefore, the management decision has been to write-off the costs incurred to date, but this impairment will be reversed should the on-hold status of the developments change in Broadacres' favour.



**Broadacres Housing Association Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2021**

**12. Other property, plant and equipment**

	<b>Freehold Offices</b>	<b>Computer &amp; office equipment</b>	<b>Furniture fixtures &amp; fittings</b>	<b>Vehicles</b>	<b>Leased Vehicles</b>	<b>Group and Association Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost or valuation</b>						
At 1 April 2020	3,691	2,371	289	237	2,316	8,904
Additions	-	197	-	-	262	459
Disposals	-	(46)	-	(80)	(55)	(181)
At 31 March 2021	3,691	2,522	289	157	2,523	9,182
<b>Depreciation</b>						
At 1 April 2020	(898)	(1,890)	(190)	(237)	(512)	(3,727)
Charge for the year	(74)	(226)	(23)	-	(464)	(787)
Disposals	-	46	-	80	-	126
At 31 March 2021	(972)	(2,070)	(213)	(157)	(976)	(4,388)
<b>Net book value</b>	<b>2,719</b>	<b>452</b>	<b>76</b>	<b>-</b>	<b>1,547</b>	<b>4,794</b>
<b>At 31 March 2021</b>						
At 31 March 2020	2,793	481	99	-	1,804	5,177

### 13. Investment Properties

	Group		Association	
	2021 £000	2020 £000	2021 £000	2020 £000
At 1 April 2020	595	667	484	514
Disposals	-	(72)	-	(30)
<b>31 March 2021</b>	<u>595</u>	<u>595</u>	<u>484</u>	<u>484</u>

Commercial properties are held for rental generation purposes and held at market value.

### 14. Investment in Subsidiaries

As at 31 March 2021, 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 for Social Housing.

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
Mulberry Homes Yorkshire Limited	England	Development of building projects	No	£100	100% share ownership
Marketgate Residential Management Company	England	Renting and operating of Housing Association real estate	No	£0	90% ownership of properties in the scheme

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

The financial statements of the Marketgate Residential Management Company Limited are not required to be consolidated as it is deemed to be immaterial. Turnover in 2020/21 of £10k.

### 15. Inventories

	Group		Association	
	2021 £000	2020 £000	2021 £000	2020 £000
Materials for repairs and adaptations	561	331	561	331
Catering services food stock	12	11	12	11
	<u>573</u>	<u>342</u>	<u>573</u>	<u>342</u>

**16. Debtors**

	<b>Group</b>		<b>Association</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Amounts falling due within one year:</b>				
Rent & Service Charge receivable	1,746	1,716	1,746	1,716
Provision for bad and doubtful debts	(609)	(557)	(609)	(557)
	<u>1,137</u>	<u>1,159</u>	<u>1,137</u>	<u>1,159</u>
Amounts owed by Group undertakings	-	-	1,522	1,435
Other debtors	781	1,776	103	1,220
Prepayments and accrued income	646	257	640	257
	<u><b>2,564</b></u>	<u><b>3,192</b></u>	<u><b>3,402</b></u>	<u><b>4,071</b></u>
<b>Amounts falling due after more than one year:</b>				
Amounts owed by Group undertakings	-	-	5,265	7,442
Other debtors	2	2	2	2
	<u>2</u>	<u>2</u>	<u>5,267</u>	<u>7,444</u>
	<u><b>2,568</b></u>	<u><b>3,194</b></u>	<u><b>8,669</b></u>	<u><b>11,515</b></u>

**17. Housing Properties for Sale**

	<b>Group</b>		<b>Association</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Completed properties	1,061	4,135	847	648
Properties under construction / Land for sale	1,301	1,957	-	1,800
	<u><b>2,362</b></u>	<u><b>6,092</b></u>	<u><b>847</b></u>	<u><b>2,448</b></u>

**18. Cash flow**

<b>Consolidated</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Cash flow from operating activities</b>		
<b>(Deficit) for the year</b>	(1,660)	(977)
<b>Adjustment for non-cash items:</b>		
Depreciation of property, plant & equipment	7,220	6,823
Depreciation of other fixed assets	784	731
(Increase) in inventories	(231)	(67)
Decrease/(Increase) in debtors	570	(570)
(Increase) in creditors	(1,597)	(404)
Pension costs less contributions payable	(32)	332
Carrying amount of Housing Fixed Asset Disposals	2,849	5,183
Carrying amount of Other PPE Disposals	-	32
Carrying amount of Other Asset Disposals	6,710	2,176
Impairment loss on property, plant & equipment	1,260	873
	<u>17,533</u>	<u>15,109</u>
<b>Adjustments for investing or financing activities:</b>		
Income from the sale of property, plant & equipment	(11,072)	(8,154)
Government grants utilised in the year	(85)	(94)
Interest payable	6,845	6,812
Interest received	(8)	(49)
	<u>(4,320)</u>	<u>(1,485)</u>
<b>Cash generated by operations</b>	<u><b>11,553</b></u>	<u><b>12,646</b></u>

**Analysis of movement in net debt**

	<b>1 April</b>	<b>Cash</b>	<b>Non-</b>	<b>31 March</b>
	<b>2020</b>		<b>Cash</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cash</b>	1,711	3,078	-	4,789
<b>Bank loans due less than 1 year</b>	(2,250)	2,250	(2,250)	(2,250)
<b>Bank loans due more than 1 year</b>	(140,814)	(7,000)	2,250	(145,164)
<b>Finance Lease Obligations</b>	(1,449)	950	(578)	(1,077)
	<u><b>(142,802)</b></u>	<u><b>(722)</b></u>	<u><b>(578)</b></u>	<u><b>(144,102)</b></u>

**19. Creditors: amounts falling due within one year**

	<b>Group</b>		<b>Association</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Bank loans and overdrafts (see note 20)	2,250	2,250	2,250	2,250
Rents, service & support charges received in advance	398	281	398	281
Amounts owed to Group undertakings	-	-	1,099	2,730
Other taxation and social security	373	134	373	134
Other creditors	1,320	505	1,172	418
Government grants	144	121	144	121
Vehicle Leasing	318	376	318	376
Accruals and deferred income	2,191	3,603	1,812	2,638
	<b>6,994</b>	<b>7,270</b>	<b>7,569</b>	<b>8,948</b>

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

	<b>Group</b>		<b>Association</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Other creditors</b>				
Loans	145,565	140,815	145,565	140,815
Government grants (RCGF)	236	146	236	146
Government Grants	14,222	12,076	14,222	12,076
Service charge sinking fund	1,289	1,145	1,289	1,146
Vehicle Leasing	758	1,072	758	1,072
	<b>162,070</b>	<b>155,254</b>	<b>162,070</b>	<b>155,254</b>

Borrowings are repayable as follows:

	<b>Group</b>		<b>Association</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Bank loans</b>				
Between one and two years	2,000	2,650	2,000	2,650
Between two and five years	7,700	9,252	7,700	9,252
After five years	135,864	128,913	135,864	128,913
	145,564	140,815	145,564	140,815
On demand or within one year	2,250	2,250	2,250	2,250
	<b>147,814</b>	<b>143,065</b>	<b>147,814</b>	<b>143,065</b>

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

All loans are secured by way of a fixed charge over specified assets of the Association.

Broadacres Housing Association has a fully utilised facility of £55m with Barclays.

Broadacres Housing Association has a facility of £50m with RBS of which £50m is utilised (2020: £43m). During the year Broadacres drew down £7m making the facility fully utilised.

Broadacres Housing Association has a facility of £34m with Hambleton District Council (2020: £35m).

Broadacres Housing Association has a facility of £8,750k (2020: £10,000k) with Nationwide that is in a repayment phase, with £1,250k being repaid each year.

Broadacres has a loan of £64k with Orchard Brook.

Broadacres weighted average fixed interest rate is 5.29%, variable rate margins vary between 0.5% and 2.00% on LIBOR.

<b>Deferred Income - Government grants</b>	<b>Group and Association</b>	
	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
As at 1 April 2020	(12,197)	(9,394)
Grants receivable	(2,263)	(2,897)
Amortisation of Statement of Comprehensive Income	94	94
As at 31 March 2021	<b>(14,366)</b>	<b>(12,197)</b>
Due within one year	<b>(144)</b>	<b>(122)</b>
Due after one year	<b>(14,222)</b>	<b>(12,075)</b>

The total accumulated amount of capital grant received at the balance sheet date is £73m (2020: £71.0m), the creditor of £14.4m relates to grant where the conditions have not yet been met.

<b>Recycled Capital Grant Fund</b>	<b>Group and Association</b>	
	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
As at 1 April	146	146
Inputs	90	-
Recycling of grant	-	-
31 March	<b>236</b>	<b>146</b>
Grant due for repayment	<b>-</b>	<b>-</b>

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

Obligations under finance leases	Group		Association	
	2021 £000	2020 £000	2021 £000	2020 £000
Due < 1 year (Note 19)	318	376	318	376
Due > 1-2 years (Note 20)	325	376	325	376
Due > 2-5 years (Note 20)	434	697	434	697
	<u>1,077</u>	<u>1,449</u>	<u>1,077</u>	<u>1,449</u>

The obligations under finance leases are repayable by equal instalments in less than five years, Finance leases relate to vehicles used by the Association.

**21. Pension schemes**

The Group participated in a two industry-wide funded defined benefit retirement final salary schemes in the year.

**Defined benefit retirement schemes.**

The Group participates in two defined benefit retirement schemes for all qualifying employees. The schemes are operated by the Social Housing Pension Scheme (SHPS) and the London Pension Fund Authority (LPFA) and the assets of the schemes are held separately from those of the Group under the control of Trustees.

**21.1 SHPS**

The Association participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme. The Scheme is a defined benefit scheme based in the UK.

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

The Scheme is classified as a 'last-man standing arrangement'. Therefore, the Association 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.

On 1 April 2018, sufficient information became available for the association in respect of SHPS to account for its obligation on a defined benefit basis. This change on transition resulted in a re-measurement difference of £2,099k, which was recognised at the relevant date of application, on 1 April 2018, in other comprehensive income, was therefore reflected in the year ended 31 March 2019.

The defined benefit liability is calculated as per the below

**Present Values of Defined Benefit Obligation, Fair Value of Assets and Defined Benefit Asset**

	2021 £000	2020 £000
Fair value of Plan Assets	14,929	12,382
Present Value of Defined Benefit Obligation	<u>20,391</u>	<u>14,517</u>
(Deficit)	<u>(5,462)</u>	<u>(2,135)</u>

**21. Pension schemes (continued)****21.1. SHPS (continued)****Reconciliation of Opening and Closing Balances of the Defined Benefit Obligation**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Defined Benefit Obligation at 1 April</b>	<b>14,517</b>	<b>14,927</b>
Current Service Cost	776	959
Expenses	19	19
Interest Expense	349	368
Contributions by plan participants	333	198
Actuarial (gain) due to scheme experience	(548)	431
Actuarial loss (gain) due to changes in demographic assumptions	66	(133)
Actuarial loss (gain) due to changes in financial assumptions	5,015	(2,074)
Benefits paid and expenses	(136)	(178)
<b>Defined Benefit Obligation at 31 March</b>	<b>20,391</b>	<b>14,517</b>

**Reconciliation of Opening and Closing Balances of the Fair Value of Plan Assets**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Fair Value of Plan Assets at 1 April</b>	<b>12,382</b>	<b>10,853</b>
Interest Income	302	270
Experience on plan assets (excluding interest income) – gain (loss)	1,048	293
Contributions by the employer	1,000	946
Contributions by plan participants	333	198
Benefits paid and expenses	(136)	(178)
<b>Fair Value of Plan Assets at 31 March</b>	<b>14,929</b>	<b>12,382</b>



**21. Pension schemes (continued)****21.1. SHPS (continued)**

The actual return on the plan assets (including any changes in share of assets) over the year ended 31 March 2021 was £1,350k (2020: £1,529k)

	<b>2021</b> <b>£000</b>	<b>2020</b> <b>£000</b>
Global Equity	2,379	1,811
Absolute Return	824	646
Distressed Opportunities	431	238
Credit Relative Value	470	340
Alternative Risk Premia	562	866
Fund of Hedge Funds	2	7
Emerging Markets Debit	603	375
Risk Sharing	543	418
Insurance-Linked Securities	359	380
Property	310	273
Infrastructure	995	921
Private Debt	356	250
Opportunistic Illiquid Credit	380	300
High Yield	447	-
Opportunistic Credit	409	-
Cash	-	-
Corporate Bond Fund	882	706
Liquid Credit	178	5
Long Lease Property	293	214
Secured Income	621	470
Liability Driven Investment	3,794	4,109
Net Current Assets	91	53
<b>Total Assets</b>	<b>14,929</b>	<b>12,382</b>

**Defined Benefit Costs Recognised in the Statement of Comprehensive Income (SOI)**

	<b>2021</b> <b>£000</b>	<b>2020</b> <b>£000</b>
Current Service Cost	776	959
Expenses	19	19
Net Interest Expense	47	98
<b>Costs recognised in SOI</b>	<b>842</b>	<b>1,076</b>

**21. Pension schemes (continued)****21.1. SHPS (continued)****Defined Benefit Costs Recognised in the Other Comprehensive Income**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Experience on plan assets (excluding interest income) - gain (loss)	1,048	293
Experience gains and losses arising on plan liabilities	548	(431)
Changes in Demographic Assumptions	(66)	133
Changes in Financial Assumptions	(5,015)	2,074
<b>Total amount recognised in other comprehensive income - (loss)/gain</b>	<b>(3,485)</b>	<b>2,069</b>

**Key Assumptions**

	<b>Valuation at 2021</b>	<b>2020</b>
Key assumptions used:		
Discount rate	2.22%	2.33%
Inflation (RPI)	3.20%	2.51%
Inflation (CPI)	2.87%	1.51%
Salary Growth	3.87%	2.51%
Allowance for commutation of pension for cash at retirement	75% of maximum	75% of maximum

	<b>Valuation at 2021 years</b>	<b>2020 Years</b>
Retiring today:		
Males	21.6	21.5
Females	23.5	23.3
Retiring in 20 years:		
Males	22.9	22.9
Females	25.1	24.5

**21.2. 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. Full details of the benefits being valued are as set out in the Regulations as amended and summarised on the LGPS website and the Fund's membership booklet.

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.

## 21. Pension schemes (continued)

### 21.2. LPFA (continued)

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 2022 and will set contributions for the period from 1 April 2023 to 31 March 2026. 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.

#### 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 31 March 2019 which was carried out for funding purposes and the results of the 31 March 2020 FRS102 report which was carried out for accounting purposes;
- Estimated whole Fund income and expenditure items for the period to 31 March 2021;
- Fund investment returns for the period to 31 March 2021 and market returns (estimated where necessary) thereafter for the period to 31 March 2021;
- Estimated Fund income and expenditure in respect of the Employer for the period to 31 March 2021;
- Details of any new early retirements for the period to 31 March 2021 that have been paid out on an unreduced basis, which are not anticipated in the normal employer service cost; and
- Details of any settlements for the period to 31 March 2021.

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.

## **21. Pension schemes (continued)**

### **21.2. LPFA (continued)**

#### **Employer membership statistics**

The service cost for the year ended 31 March 2021 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 £279,000 (2020: £382,000). The projected service cost for the year ended 31 March 2022 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 are 23.4% (2020:23.4% 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 2021.

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

#### **Assets**

The return on the fund for the year is estimated to be 15.60% (2020:0%). Broadacres share of the assets for the year is less than 1%.

#### **Actuarial methods and assumptions**

##### **Valuation approach**

To assess the value of the Employer's liabilities at 31 March 2021, we have rolled forward the value of the Employer's liabilities calculated for the funding valuation as at 31 March 2019, 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 2020 without completing a full valuation. However, we are satisfied that the approach of rolling forward the previous valuation data to 31 March 2021 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 31 March 2019 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.

Experience items arise due to differences between the assumptions made as part of the roll forward approach and actual experience. This includes (but is not limited to) assumptions made in respect of salary increases, pension increases, mortality, and member transfers. We have allowed for actual pension increase experience for the period from 2019-2021. This assumes that pension increases are in line with the annual pension increases set by HM Treasury Revaluation Order.

**21. Pension schemes (continued)****21.2. LPFA (continued)**

As a result of allowing for actual experience, which may be different from that assumed previously, an experience item may be observed in the reconciliation of liabilities to 31 March 2021.

**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 2019, except for the CMI projection model. The post retirement mortality tables have been constructed based on Club Vita analysis. These base tables are then projected using the CMI\_2020 Model, allowing for a long-term rate of improvement of 1.25% p.a., smoothing parameter of 7.0, an initial addition parameter of 0.5% p.a. and a 2020 weighting of 25%.

Although the post retirement mortality tables adopted are consistent with the previous accounting date, the mortality improvement projection has been updated to use the latest version of the Continuous Mortality Investigation's model, CMI\_2020, which was released in March 2021. This update has been made in light of the coronavirus pandemic and reflects the latest information available from the CMI. The new CMI\_2020 Model introduces a "2020 weight parameter" for the mortality data in 2020 so that the exceptional mortality experienced due to the coronavirus pandemic can be incorporated without having a disproportionate impact on results. Our view is that placing too much weight on the 2020 mortality experience would not be appropriate given the abnormality of the 2020 data, however, the overall outlook for best-estimate future mortality improvements looks less positive as a result of the pandemic. Therefore, we have updated to use the CMI\_2020 Model with a 2020 weight parameter of 25%. At the last accounting date, the CMI\_2018 Model was adopted. The effect on the Employer's liabilities of updating to the most recent model is reflected in the Change in demographic assumptions figure and the effect on the assumed life expectancies is demonstrated in the table below.

The assumed life expectations from age 65 are shown in the table below.

		Weighted by	Unweighted Valuation	
		Liability	at	
		2021	2021	2020
		years	years	years
Retiring today:				
Males		23.2	23.6	23.5
Females		24.3	24.4	24.3
Retiring in 20 years:				
Males		22.9	23.3	23.2
Females		26.1	26.3	26.2

We have also assumed that:

- Members will exchange pension to get 50% of the maximum available cash on retirement. For every £1 of pension that members commute, they will receive a cash payment of £12 as set out in the Regulations;
- 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	
	2021	2020
Key assumptions used:		
Discount rate	1.95%	2.35%
Future pension increases	2.85%	1.95%
Salary increases	3.85%	2.95%

These assumptions are set with reference to market conditions at 31 March 2021.

Our estimate of the Employer's past service liability duration is 15 years.

**21. Pension schemes (continued)****21.2. LPFA (continued)**

An estimate of the Employer's future cashflows is made using notional cashflows based on the estimated duration above. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point). This is consistent with the approach used at the previous accounting date.

Similar to the approach used to derive the discount rate, the Retail Prices Index (RPI) increase assumption is set using a Single Equivalent Inflation Rate (SEIR) approach, using the notional cashflows described above. The single inflation rate derived is that which gives the same net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve, as applying the BoE implied inflation curve. As above, the Merrill Lynch AA rated corporate bond yield spot curve is assumed to be flat beyond the 30 year point and the BoE implied inflation spot curve is assumed to be flat beyond the 40 year point. This is consistent with the approach used at the previous accounting date.

The BoE implied inflation curve may suggest a higher rate of inflation, over longer terms, than actually expected by market participants due to a willingness to accept a lower return on investments to ensure inflation linked returns. To reflect this, we include an Inflation Risk Premium (IRP) adjustment such that our assumed level of future annual RPI increase is 0.20% p.a. lower than the SEIR calculated using the BoE inflation curve alone. This differs from the previous accounting date.

As future pension increases are expected to be based on the Consumer Prices Index (CPI) rather than RPI, we have made a further assumption about CPI which is that it will be 0.50% p.a. below RPI i.e. 2.85% p.a. We believe that this is a reasonable estimate for the future differences in the indices, based on the different calculation methods, recent independent forecasts and the duration of the Employer's liabilities. The difference between RPI and CPI is less than assumed at the previous accounting date. This reflects the anticipated reform of RPI inflation following the UK Statistics Authority's proposal to change how RPI is calculated and subsequent announcements from the Chancellor suggesting this reform is now likely to take effect from 2030. The impact of this change in derivation on the liability value.

Salaries are assumed to increase at 1.0% p.a. above CPI This is consistent with the approach at the previous accounting date.

**Past service costs/gains**

Past service costs/gains arise as a result of introduction or withdrawal of, or changes to, member benefits. For example, an award of additional discretionary benefits to a member such as added years by a member would be considered a past service cost.

We are not aware of any additional benefits which were granted over the year ending 31 March 2021.

**Curtailments**

We have calculated the cost of curtailments arising as a result of the payment of unreduced pensions on early retirement. The Employer may also have to account for non-pension related costs (e.g. lump sum payments on redundancy) but for the avoidance of doubt, we have only calculated the cost of curtailments which affect the Employer's LGPS pension liabilities.

We calculate the cost of curtailments at the point of exit, with interest applied to the accounting date accounted for separately.

Over the year, we understand no employees were permitted by the Employer to take unreduced early retirement that they would not otherwise have been entitled to.

**Settlements**

We are not aware of any liabilities being settled at a cost materially different to the accounting reserve during the year.

**21. Pension schemes (continued)****21.2. LPFA (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:

	<b>2021</b> <b>£000</b>	<b>2020</b> <b>£000</b>
Present value of defined benefit obligations	16,885	14,560
Fair value of scheme assets (bid value)	<u>12,849</u>	<u>11,441</u>
Deficit	4,036	3,119
Present value of unfunded obligation	<u>188</u>	<u>169</u>
Net liability recognised in the Statement of Financial Position	<u><b>4,224</b></u>	<u><b>3,288</b></u>

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

	<b>2021</b> <b>£000</b>	<b>2020</b> <b>£000</b>
At 1 April 2020	14,729	15,696
Service cost	106	157
Interest cost	340	362
Change in financial assumptions – loss/(gain)	2,774	(1,167)
Change in demographic assumptions (gain)/loss	(154)	206
Experience (gain) on defined benefit obligation	(214)	(26)
Estimated benefits paid net of transfers in	(514)	(563)
Past service costs, including curtailments	-	51
Contributions by Scheme Participants	18	25
Unfunded pension payments	<u>(12)</u>	<u>(12)</u>
At 31 March 2021	<u><b>17,073</b></u>	<u><b>14,729</b></u>

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

	<b>2021</b> <b>£000</b>	<b>2020</b> <b>£000</b>
At 1 April 2020	11,441	12,523
Interest on assets	264	289
Other actuarial gains / (losses)	-	(565)
Return on plan assets (excluding amounts included in net interest cost)	1,596	(335)
Administration expenses	(15)	(16)
Contributions from the employer	71	95
Contributions from scheme participants	18	25
Estimated benefits paid plus unfunded net of transfers in	<u>(526)</u>	<u>(575)</u>
At 31 March 2021	<u><b>12,849</b></u>	<u><b>11,441</b></u>

**21. Pension schemes (continued)****21.2. LPFA (continued)**

<b>Asset breakdown</b>	<b>2021</b>		<b>2020</b>	
	<b>£000</b>	<b>%</b>	<b>£000</b>	<b>%</b>
Equities	6,923	54	6,174	54
Target Return Portfolio	2,999	24	2,948	26
Infrastructure	1,080	8	834	7
Property	1,159	9	1,136	10
Cash	581	5	349	3
<b>Total</b>	<b>12,742</b>	<b>100</b>	<b>11,441</b>	<b>100</b>

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

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Current service cost	106	208
Net interest cost	76	73
Administration expenses	15	16
<b>Total</b>	<b>197</b>	<b>297</b>

**Defined Benefit Costs Recognised in the Other Comprehensive Income**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Changes in Financial Assumptions	(2,774)	1,167
Changes in Demographic	154	(206)
Experience gain / (loss) arising on plan liabilities	214	26
Other actuarial gains/(losses) on assets	-	(565)
Actuarial (decrease)/increase in fund assets	1,596	(335)
<b>Total</b>	<b>(810)</b>	<b>87</b>

**Overall Accounting Impact of Both Schemes**

The overall liability is reflected in the accounts as follows:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
SHPS	5,462	2,135
LPFA	4,224	3,288
	<b>9,686</b>	<b>5,423</b>



**21. Pension schemes (continued)****Defined Benefit Costs Recognised in the Other Comprehensive Income**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
SHPS	<b>(3,485)</b>	<b>2,069</b>
LPFA	<b>(810)</b>	<b>87</b>
Actuarial (loss) / gain on pension schemes	<b><u>(4,295)</u></b>	<b><u>2,156</u></b>

**Guaranteed Minimum Pension (GMP) Equalisation**

As a result of the High Court's recent Lloyds ruling on the equalisation of GMPs between genders, a number of pension schemes have made adjustments to accounting disclosures to reflect the effect this ruling has on the value of pension liabilities. It is our understanding that HM Treasury have confirmed that the judgement "does not impact on the current method used to achieve equalisation and indexation in public service pension schemes".

On 22 January 2018, the Government published the outcome to its *Indexation and equalisation of GMP in public service pension schemes* consultation, concluding that the requirement for public service pension schemes to fully price protect the GMP element of individuals' public service pension would be extended to those individuals reaching State Pension Age (SPA) before 6 April 2021. HM Treasury published a Ministerial Direction on 4 December 2018 to implement this outcome, with effect from 6 April 2016.

**LPFA**

Our valuation assumption for GMP is that the Fund will pay limited increases for members that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, we have assumed that the Fund will be required to pay the entire inflationary increase. Therefore, we do not believe we need to make any adjustments to the value placed on the liabilities as a result of the above outcome.

**SHPS**

The pensions press has commented that the typical impact of GMP equalisation for a pension scheme is an increase in liabilities of between 1% and 2%. Due to the benefit structure and membership profile, the impact of GMP equalisation in the Scheme is much lower with the average increase in liabilities for the Scheme as a whole being less than 0.1%.

Despite the very low average impact there is a range of impact levels amongst the Scheme's participating employers due to the make-up of each employer's membership profile being different (sex, dates of leaving service, age, etc).

The impact of GMP equalisation for Broadacres Housing Association Limited is **0.01%** of liabilities. The impact of GMP equalisation in nominal terms at both the start and end of the accounting period can be determined from the DB obligations in the disclosures prepared using the online tool. The impact at 1 April 2019 is expected to be **£1,000** (rounded to the nearest £'000). No adjustment is therefore included.

## 22. Financial instruments

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

	Group		Association	
	2021 £000	2020 £000	2021 £000	2020 £000
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Rent arrears and other debtors (see note 16)	2,625	3,194	1,880	2,638
Amounts due from related undertakings (See note 16)	-	-	6,788	8,877
Cash held (See note 18)	4,789	1,711	3,084	181
	<u>7,414</u>	<u>4,905</u>	<u>11,752</u>	<u>11,696</u>
<b>Financial liabilities</b>				
<b>Measured at amortised cost</b>				
Loans payable (see note 19 & 20)	147,814	143,065	147,814	143,065
Trade and other creditors (see note 19 & 20)	21,266	19,409	20,740	18,408
Amounts owed to related undertakings (see note 19)	-	-	1,099	2,730
	<u>169,080</u>	<u>162,474</u>	<u>169,653</u>	<u>164,203</u>

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

	Group		Association	
	2021 £000	2020 £000	2021 £000	2020 £000
<b>Interest income and expense</b>				
Total interest income for financial assets (note 5)	(8)	(49)	(388)	(349)
Total interest expense for financial liabilities (note 6)	6,845	6,812	6,845	6,812
Net Cost	<u>6,837</u>	<u>6,763</u>	<u>6,457</u>	<u>6,463</u>

## 23. Share capital

	2021 Number	2020 Number
At 1 April 2020	44	47
Joining during the year	2	2
Leaving during the year	<u>(8)</u>	<u>(5)</u>
<b>At 31 March 2021</b>	<u>38</u>	<u>44</u>

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

## 24. Capital commitments

Capital commitments are as follows:

	Group		Association	
	2021 £000	2020 £000	2021 £000	2020 £000
Contracted for but not provided for	20,405	14,766	20,405	14,766
Approved by the Board but not contracted	11,044	7,273	11,044	7,273
	<u>31,449</u>	<u>22,039</u>	<u>31,449</u>	<u>22,039</u>

The above Commitments (£31m) will be funded through new borrowing secured in May 2021 (£30m of liquidity funding from NatWest), as well as income from sales and grants.

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

	Group		Association	
	2021 £000	2020 £'000	2021 £000	2020 £'000
Payments due:				
– Within one year	-	4	-	4
– Within two to five years	-	-	-	-
– In five years or more	-	-	-	-
	<u>--</u>	<u>4</u>	<u>-</u>	<u>4</u>

## 25. Related party transactions

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

### Intercompany Loans

As at 31 March 2021, Broadacres Housing Association Limited has loaned £3,894k (2020: £4,394k) to Mulberry Homes Yorkshire Limited and £777k (2020: £2,777k) to Broadacres Services Limited. These loans are excluded from the accounts on consolidation.

### Intercompany Payments

Broadacres Housing Association Limited paid a development recharge to Broadacres Services Limited of £2,674k (2020: £6,253k).

Broadacres Housing Association Limited paid a development recharge to Mulberry Homes Yorkshire Limited of £1,756k (2020: £118k).

Broadacres Housing Association Limited recharged Broadacres Services Limited of £47k for salary costs (2020: £63k).

Broadacres Housing Association Limited recharged Mulberry Homes Yorkshire Limited of £6k (2020: £1k) for salary costs.

At the year end, Broadacres Services Limited owes Broadacres Housing Association £1,522k (2020:£1,362k) interest.

Mulberry Homes Yorkshire limited owes Broadacres Housing Association £491k (2020: £312k) interest. Broadacres Housing Association owes Broadacres Services Limited £581k for retentions and accrued expenditure. (2020:£854k). Broadacres Services Limited owes Broadacres Housing Association £103k (2020:-) for payments in advance. All transactions are at arms-length.

## **25. Related party transactions (continued)**

### **Hambleton District Council**

Broadacres has a fully utilised loan facility with Hambleton District council of £34m (2020: £35m). Loan interest is based on market rates and the interest payable in year was £1.3m (2020: £1.5m).

## **26. Controlling party**

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

## **27. Guarantees**

Royal Bank of Scotland on behalf of Mulberry Homes Yorkshire Limited has given guarantees in favour of North Yorkshire County Council and utility providers for the total sum of £0.5m (2020: £0.9m).

## **28. Post Balance Sheet Event**

In May 2021, Broadacres restated loan agreements with Barclays and NatWest. These provided improved terms on covenants, including carve outs for expenditure relating to fire safety compliance and investment in the energy efficiency of our homes. The agreement with NatWest provides access to £30m of additional funding to invest in our existing homes and develop new properties. No adjustments to the accounts is required in 2020/21 as review has determined that no substantial modification has been made over the life of the loans terms.