

Broadacres Housing Association Limited
Annual report and financial statements
for the year ended 31 March 2023

Registered number: 27656R

Broadacres Housing Association Limited

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Broadacres Housing Association Limited

Group Board Members, Management Team, Advisors and Bankers

Group Board Members

Helen Simpson (Chair)

Jacqui Bateson (Resigned 24 Nov 22)

Ian Foy

Justin Ives (Previously Co-opted Board Member, appointed 24 Nov 22)

Luke Gallagher

Keith Holloway

June Mulroy

Ann O'Hanlon

Ruth Snell

Victoria Tolmie-Loverseed

Martin Warhurst (Resigned 24 Nov 22)

Oliver Colling (Appointed 25 Nov 22)

Simon Brooksbank (Appointed 25 Nov 22)

Independent Members

Gail Monnickendam

Group Audit & Risk Committee

David Boyes-Watson

Group Asset & Development Committee

Ruth Dent

Group Asset & Development Committee

Peter Hammond (Left 31 Aug 22)

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 (Left 31 Aug 22)

Group Customer Experience Committee

Melissa O'Donnell (Joined 01 Jan 23)

Group Customer Experience Committee

Management Team

Gail Teasdale

Chief Executive

Chris Fawcett (Resigned 30 Jan 23)

Director of Business Transformation

Andy Powell

Director of Customer Experience

David Smith

Director of Resources

Helen Fielding (Joined 1 Aug 22)

Director of Development and Investment

Company Secretary

Chris Fawcett (Resigned 30 Jan 23)

David Smith (Appointed 31 Jan 23)

Broadacres Housing Association Limited

Registered office

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Independent External Auditor

Crowe UK LLP
3rd Floor
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Manchester
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Independent Internal Auditor

BDO LLP
Central Square
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Banker

Barclays Bank plc
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DL7 8LJ

Broadacres Housing Association Limited

Chair's statement



I am pleased to present our annual report.

The last year has been one of continued challenges which I am pleased to say Broadacres has risen to. Our customer satisfaction rated us 80.6 against a housing association median of 69.6. Our colleagues had a net promoter score of +27 which is again upper quartile, defined as "very good". Against the backdrop of these turbulent times this is fantastic.

During the year like many organisations, we continued to see random supply shortages combined with the impact of high inflation and increasing interest rates. This slowed our new home delivery and led to longer repair times. We are confident that the worst of this is behind us. We also saw colleague turnover return to normal levels which matched the experience of others. The colleague turnover was well managed, and we have a strong group of colleagues to deliver our new Corporate Strategy.

We continued to develop high quality new homes. Our three major developments at Sedbergh, Sowerby and Yarm continue with good satisfaction from customers. These developments continue to complement our programme of smaller rural developments and our delivery of specialist homes. I was particularly proud of the opening of our ECHO scheme which has delivered six high quality energy efficient homes that have enabled customers to move out of long-term care environments into their own homes. This was only made possible by a ten-year partnership of several groups in North Yorkshire and some passionate individuals. The outcome is truly life changing for these people and their families. Our pipeline for more homes remains strong and we are working with local developers to enhance specifications to ensure homes are energy efficient and fit for the future. In our continued support of the new North Yorkshire Council and the Rural Commission we are acutely aware that without affordable housing our communities and the local economies will fail to achieve all they can.

The long-term sustainability of our homes is crucial as the impact of climate change becomes more apparent and is affecting everyday investment decisions. During the year we completed four deep retrofit pilots of homes which are reflective of many of the homes we own. The learning from these pilots is informing the detailed plan for each of our main home types and will inform our next Broadacres home standard which is due for review. The homes represent what we can achieve with the majority of our homes. The main obstacles will be affording the investment and the disruption to customers lives while the work happens.

We completed our review of the local government pension scheme and exited in October 2022. We will continue to review our reward and recognition package this year to ensure it reflects what colleagues want from a modern employer. Agile working has become embedded and is an effective way of delivering great customer experience. We have commenced a pilot programme of earlier starts and later finishes for our tradespeople, as part of a compressed hours pilot. This also supports our customers arranging appointments around their own working days.

As we launch our new Corporate Strategy for 2023-28 we are conscious that the context we operate in has changed with Local Government Reform bringing our County Council and seven district/borough councils together to form the new North Yorkshire Council and devolution with a mayor to be elected in May 2024. As the only housing association headquartered in, and wholly focussed on, North Yorkshire, we believe we are in a strong position to support the housing aspirations of the new authority and existing National Parks.

Finally, I would like to say thank you to customers, colleagues and partners. During the year you continued to show adaptability. We know we will need more of this in the coming year, but Broadacres is well placed to deliver for North Yorkshire.

Helen Simpson

Chair

Broadacres Housing Association Limited

Strategic Report

Chief Executive's statement



2023/24 is the first year of our new Corporate Strategy which is an evolution of the previous strategy. Our focus continues to be on Great Homes, Great Customer Experiences and Great Communities delivered by Great People, a Great Digital Platform, Great Finances and Great Governance.

We are focussed on delivering SAFE, WARM and SECURE homes. This year it is the word SECURE that stands out as the cost-of-living crisis deepens and the supply of affordable homes decreases. Having a home that is affordable, that you can build a life from despite all that is going on around, has never been more important. We have developed a support fund which enables our colleagues to deliver personalised support to those customers who need it. We have invested in our money advice team who have secured £618,948 for customers. We have seen our rent arrears decline and only evicted 5 households last year all of which were due to tenancy issues.

Our customers told us how difficult winters were and how they worried about energy bills. We know we cannot affect the unit price for energy, but we can do our best to reduce the amount of energy each home needs to use. Consequently, we have focused on energy efficiency for the last five years. At 31 March 2023 we had 1504 homes at SAP C or above an improvement of 260 in 2022/23. As we continue to build new homes, we ensure these homes are always at least a high SAP B. We plan that by 2028 all our homes will be at least SAP C which is two years ahead of the government policy and will be assisted by the £2.4m secured from the Social Housing Decarbonisation Fund. This work is underpinned by a specific home by home plan made possible by detailed information on every home. The challenges to achieving this are skills and supply shortfalls, finances and occasionally gaining access to homes to do the more intrusive works.

In addition, as part of our GREAT COMMUNITIES objective we are working with local partners from food banks to local charities to local government to see how we can together support our customers through these tough times.

Our focus in 2023/24 is on:

Great Homes

- o Invest a further £2m in energy efficiency which will raise another 200 homes to SAP C or above. We continue to use all new lets as an opportunity to do the intrusive retrofit work that is required.
- o We will install 35 air source heat pumps so that 1 in 8 of our homes is heated this way, topping up insulation levels at the same time where necessary.
- o Deliver year one of our Social Housing Decarbonisation Funded programme, which will see us installing solar panels in 400 homes, floor insulation in 200 homes, loft insulation in 130 homes and ASHPs in 70 homes over a two year period.
- o Invest £7m in our existing homes to ensure they meet our home standard and provide an additional £7m of repairs and maintenance.
- o Build 200 new homes

Great Customer Experiences

- o Our customer survey again ranked us in the top quartile of all organisations and for Housing Associations. We will continue to focus on all the feedback customers give us and use this to drive improvements.

Broadacres Housing Association Limited

Strategic Report

- o Continue the investment in our new core ICT systems which will support improved customer and colleague experience.
- o Be agile in how we work using the principle that our ways of working have to work for customers and colleagues alike.
- o Focus on real time data collection and dashboards to complement periodic surveys.

Great Communities

- o Embed our neighbourhood offer and promise.
- o Build on the partnerships we have across North Yorkshire and beyond.
- o Deliver a range of homes to meet all types of housing need.
- o Continue to deliver our fantastic apprentice programme. We will welcome eight new apprentices to join the seven we already have.

We know the year ahead will bring new challenges but we are confident that the 'One Broadacres' team will have the agility to continue to deliver for our customers, colleagues and partners. Yet again demonstrating that Broadacres is the BEST RURAL HOUSING ASSOCIATION.

Gail Teasdale
Group Chief Executive

Broadacres Housing Association Limited

Strategic Report

Association highlights, five-year summary

For the Year Ended (31 March)	2023	2022	2021	2020	2019
	£000	£000	£000	£000	£000
Statement of Comprehensive Income					
Total turnover	47,242	41,463	39,230	37,890	38,538
Operating Surplus from Lettings	7,568	6,152	6,217	6,407	8,944
(Deficit)/Surplus for the year before taxation	224	(1,163)	(784)	500	2,868
Statement of Financial Position					
Intangible and tangible fixed assets at valuation or cost net of depreciation	367,167	356,507	340,717	334,830	313,110
Investments	504	504	484	484	514
Net current assets	10,250	11,186	5,608	5,538	17,931
	377,922	368,197	346,809	340,852	331,555
Long term liabilities	194,697	184,290	162,070	155,254	146,789
Pension liability	2,297	4,390	9,686	5,423	7,247
	196,994	188,680	171,756	160,677	154,036
Reserves:					
Revaluation	42,176	42,176	42,176	42,176	42,176
Accumulated surplus	138,752	137,341	132,877	137,999	135,343
	180,898	179,517	175,053	180,175	177,519
	377,922	368,197	346,809	340,852	331,555
Accommodation (Homes at 31 March)	2023	2022	2021	2020	2019
	No.	No.	No.	No.	No.
General Needs	6,104	6,041	5,997	5,884	5,812
Supported Housing	258	258	274	344	342
Shared Ownership	293	260	245	187	162
	6,655	6,559	6,516	6,415	6,316
Statistics					
(Deficit)/Surplus for the year as a % of turnover	0.5%	(3%)	(2%)	1%	7%
Rent arrears (net arrears as % of rent and service charges receivable)	3.0%	3.0%	2.5%	2.6%	1.8%
Liquidity (current assets divided by current liabilities)	2.1	3.1	1.7	1.8	4.2

Broadacres Housing Association Limited

Strategic Report

Group Financial Review

The year to 31 March 2023 has resulted in a Group profit before tax of £8k (2022: deficit £(1,066)k). The core business of providing affordable housing has produced a financial result in line with expectations for the Group. The principal reasons for the performance are as follows:

- The Group's core affordable housing business made an operating surplus of £7,568k (2022: £6,152k).
- Sale of housing generated a surplus of £486k (2022: £149k).
- Economic conditions have seen operating costs increase as well as delays in the supply of new homes, both impacting rental and sales income.
- Homes are shown at gross cost net of depreciation at a value of £362,862k (2022: £352,183k) and the Board consider that this valuation remains appropriate as at 31 March 2023.
- During the year the Group invested £9,123k (2022: £8,293k) in maintenance, improvements and enhancements, reflecting the continued focus on improving existing homes.
- During the year new homes, costing £11,305k (2022: £10,573k), were developed, with a further £32,187k held in work in progress (2022: £28,492k) reflecting the Group's continued focus on development. 117 new homes were added to the portfolio (2022: 79)
- Interest payable increased to £8,033k (2022: £7,068k) reflecting the additional borrowing in line with the treasury management strategy and rises in interest rates.
- 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 small impairment of 347k. (2022: £155k).

After the transfer of the total comprehensive surplus for the year, the Group's reserves amounted to £178,767 (2022: £177,572k).

The pension fund liability has decreased to £2,297k (2022: £4,390k) following the extinguishment of the Local Government Pension Scheme liability and an actuarial gain on the SHPS scheme.

Statement of Comprehensive Income

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

Key Elements	2023 £000	2022 £000	Movement £000
Turnover on social housing lettings	35,905	34,055	1,850
Turnover from property sales	4,804	4,782	22
Supporting Peoples services income	880	933	53
Ability Based Learning Environment (ABLE)	9	43	(34)
Operating costs (including depreciation and impairment)	28,337	27,903	434
Housing depreciation	7,424	7,249	175
Impairment of housing	(347)	(155)	(192)
Interest payable and other financing costs	8,033	7,068	965

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Strategic Report

Key information about the results is explained as follows:

- Turnover from social housing lettings increased by £1,850k 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 £22k, due to the timing of schemes coming to completion. It is planned for this figure to increase further in 2023/24 with £10m of sales.
- Supporting People services include extra care, sheltered, women's refuge, mental health, young homeless and learning disability schemes.
- ABLE is the Activity Based Learning Environment which provides daytime accommodation and diversionary craft activities for disabled people. In line with the Support Services review, ABLE was readied for transfer to a local, trusted third party during 2021-22 and moved from the Broadacres Group on 1 June 2022.

The majority of the Association's operating surplus (£7,709k) continues to be sourced from rental income.

Statement of Financial Position

At 31 March 2023, the Association's Statement of Financial Position showed total assets less current liabilities of £377,893k (2022: £368,197k). This is an increase from last year and the main points are:

- Expenditure on developments to deliver new social homes was £15,347k.
- At 31 March 2023 current assets include £1,177k of homes/land available for sale compared to £1,052k 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. The approach is that treasury management is a function to allow access to funds to carry on the business; it is not a separate activity that is expected to produce surpluses. As such, whilst the Group endeavours to borrow at as low a cost as possible, the objective is to primarily manage cash flow effectively and monitor the inherent risks in treasury activities by maintaining a reasonable split of fixed and variable loans. The Group borrowings and investments are with financial institutions that meet strict criteria and the objective is to keep fixed rate loan balances to at least 70% of total portfolio.

The Group existing loan facilities and borrowings at cash values are set out in the table on the following page.

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Strategic Report

Loan Portfolio Mar 2023									
	Int'l Rate	Nationwide	NatWest	Barclays	Hamblton	MorHomes	Housing Corp	Total Borrowing	
		£000	£000	£000	£000	£000	£000	£000	
Fixed Interest rate loans:									
Facility A 30 Jun 2030	6.36%		20,076					20,076	
Facility C 30 Jun 2030	6.63%		6,676					6,676	
Facility 10 Oct 2048	6.03%			85,000				85,000	
Housing Corporation Loan	9.60%						62	62	
Tranches A to E									
Tranche B 8 December 2026	4.06%				2,000			2,000	
Tranche C 8 December 2030	4.97%				3,000			3,000	
Tranche D 10 January 2036	4.64%				4,000			4,000	
Tranche E 8 May 2041	4.46%				16,000			16,000	
Sub Tranche 2 16 December 2020	3.66%				800			800	
Sub Tranche 3 7 March 2031	3.66%				1,200			1,200	
Sub Tranche 4 7 March 2039	3.81%				1,600			1,600	
Sub Tranche 6 7 March 2044	3.86%				6,300			6,300	
MORhomes fixed to 2038	3.88%					16,100		16,100	
Total Fixed Loans		0	28,650	85,000	33,600	16,100	62	133,412	77%
Variable Interest rate loans (margin):									
Facility B Revolver	1.80%		30,000					30,000	
Nationwide	1.20%	8,750						8,750	
Total Variable Loans		8,750	30,000	0	0	0	0	38,750	23%
Total Loans Utilised	89%	8,750	58,650	85,000	33,600	16,100	62	172,162	100%
Total Facilities		10,000	78,650	85,000	33,600	16,100	62	194,412	

The NatWest loan is being repaid on a gradual basis commencing 2022-23. The Barclays loan, taken out in 2009, was a 40-year loan and repayments do not commence until 2038 and will thereafter be paid in ten equal instalments. The Hamblton District Council loan repayments commenced in October 2020 and are repayable between five and 25 years to HDC and its successor authority. (North Yorkshire Council with effect from 1st April 2023).

The Treasury Policy dictates that Broadacres Housing Association should have access to at least 24 months of funds to meet operating requirements and this is monitored on a quarterly basis. No new finance was raised in the year following the refinancing exercise completed in 2021-22. Borrowing activity has been limited to the drawdown of agreed loans in line with our financial plan.

The repayment profile of the loan balance is:

Current Loan Portfolio	£000
Repayments within 1 year or less	900
Repayments beyond 1 year but less than 2 years	1,050
Repayments within 2 years but less than 5 years	6,852
Repayments over 5 years	163,360
	<u>172,162</u>

Average fixed interest rate is 5.17%. (2021: 5.11%) with the average margin on floating rate loans 1.8% (2022: 1.8%).

Cashflows

Cash inflows and outflows for the year ended 31 March 2023 are set out in the cashflow statement on page 39. The net cash inflow from operating activities was £12,920k (2022: £10,910k). At the year end the Group had £3,232k cash available (including an overdraft facility).

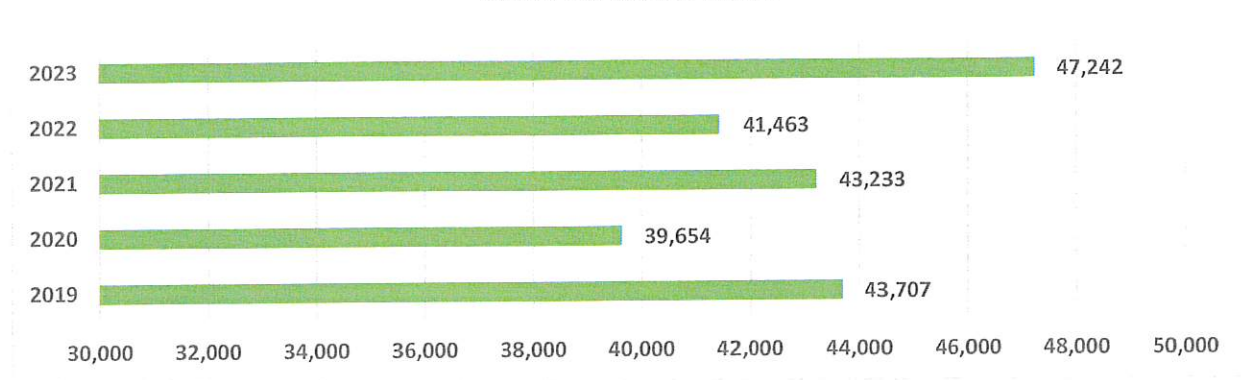
Group bank balances as at the date of signing these accounts, 14 September 2023, is £2,458k.

Group Performance

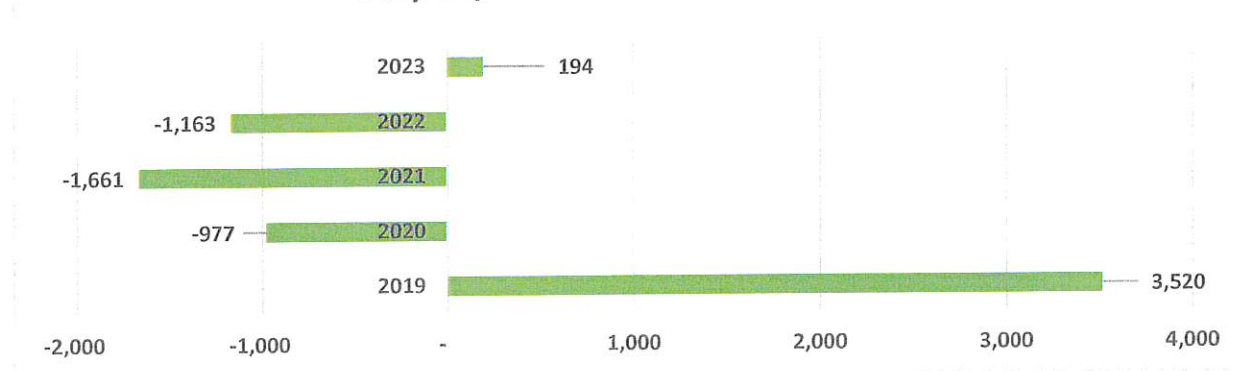
The following graphs show the year on year comparison for the main KPI's that look at the performance of the Group.

Broadacres Housing Association Limited Strategic Report

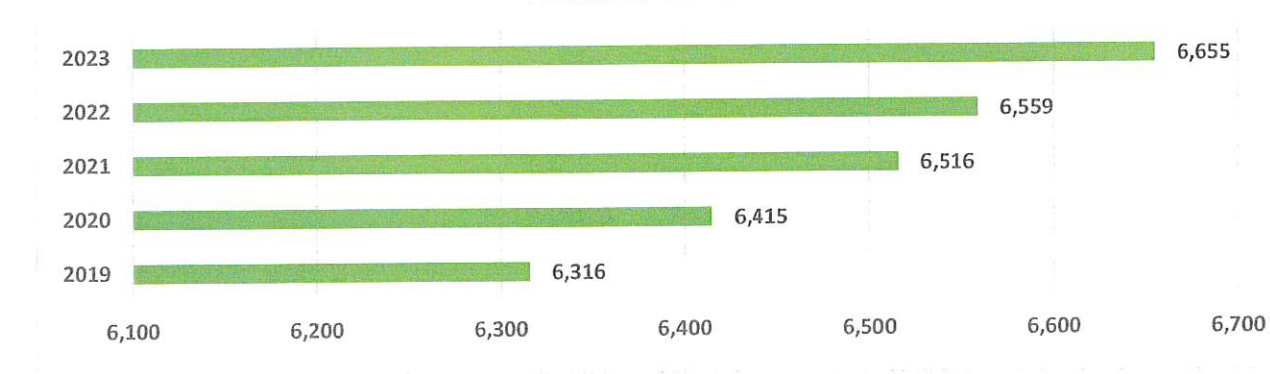
Total turnover £000



Surplus/deficit before taxation £000



Number of homes



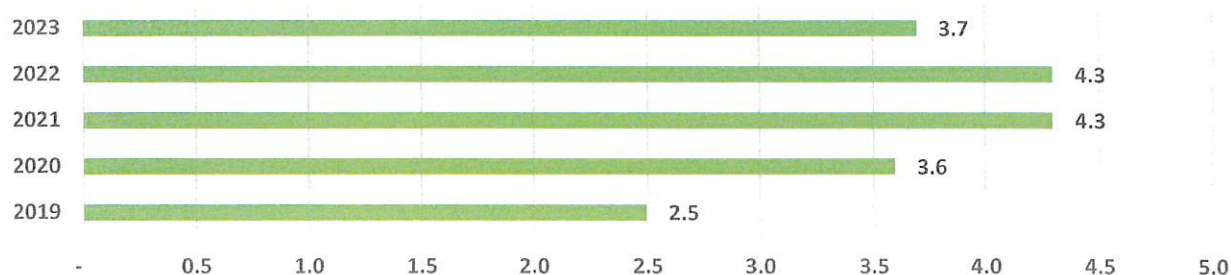
Broadacres Housing Association Limited

Strategic Report

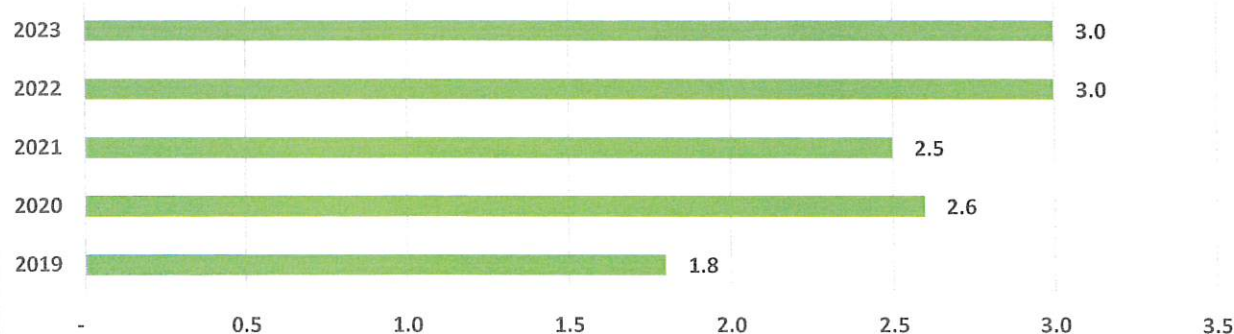
Headline social housing cost per unit £



Rent losses (voids and bad debts as % of rent and service charges receivable)



Rent arrears (net arrears as % of rent and service charges receivable)



Performance of subsidiaries

Broadacres Services Limited (BSL) recorded a deficit of £(140,226) for the year (21-22: deficit of £58,401). The financial performance in year was in line with expectations.

Mulberry Homes Yorkshire Limited (MHYL) made a deficit of £(297,564) for the year (21-22: surplus of £464,704). The financial performance in year has been in line with expectations as the year end position reflects development schemes currently in progress, along with profit recognised on the sale of two completed properties.

Broadacres Housing Association Limited

Strategic Report

Services to tenants and residents

Below are the 2022-23 survey results.

Performance Indicator	Broadacres	UK all Sector Jan 2022	Public Sector (Local)
Overall Satisfaction	80.6	77.7	72.2
Net promoter Score – “Likelihood a customer would recommend us to someone”	41.8	25.6	11.9
Customer Effort – “How much effort the customer had to make to complete transaction” out of 10	3.4	5.3	5.9

Customer Involvement / Community Investment KPIs	
Number of customers involved in informal/ formal consultation activities (including digital)	5,408
Number of customers affected by community investment activities	25,016

Repairs and maintenance

The following table shows the main key indicators:

Performance Indicator	2022/23	2021/22	2020/21	2019/20	2018/19
Average Time to complete a repair (days)	11.2	9.4	9.2	14.9	15.8
Percentage Appointments kept	97.17%	96.76%	97.16%	98.00%	97.96%
Percentage Satisfied with responsive repairs	96%	89.05%	88.10%	98.25%	98.19%
Percentage Gas Serviced	99.92%	100.00%	100.00%	100.00%	100.00%

Customer Service and Digital Inclusion

Customer compliments continue to be reported alongside complaints to provide a balanced view of customer service and service delivery. In 2022/23 there were 227 complaints. In 2022/23, one customer who had exhausted our complaints process asked the Housing Ombudsman to investigate their complaint. Evidence was submitted in April 2023. We still have one live case from 2021/2022. The Ombudsman decided the case was not within their remit and the customer has appealed their decision.

The following table shows the indicators for complaints and compliments:

Performance Indicator	2022/23	2021/22	2020/21	2019/20	2018/19
Complaints	227	194	203	206	66
Compliments	172	258	181	224	274

Broadacres Housing Association Limited

Strategic Report

Housing Management

Void loss continues to be high due to homes taking longer to relet. This reflects the decision to undertake more intrusive work when homes are empty to improve their energy efficiency.

The following table shows the main key indicators:

Performance Indicator	2022/23	2021/22	2020/21	2019/20	2018/19
Current tenant rental arrears Gross %	2.44%	2.96%	3.83%	3.4%	3.4%
Total Net Arrears £000	819	925	849	816	816
Former rental arrears £000	463	426	295	337	337
Debts written off – Former Arrears	118	121	57	174	174
Voids loss £000	1,116	1,327	1,346	731	731
Average re-let times (days) Net re-lets days	76.4	80.2	110.0	39.4	39.4
Empty homes	3.3%	3.3%	3.5%	1.9%	1.9%
Evictions due to rent arrears	5	2	1	8	8
ASB Cases	258	168	201	140	140
Relets	540	512	610	662	366

Health and Safety

During the year there have been 46 incidents (2022:34), three (2022: two) 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 the development programme 117 new homes were completed in 2022/23 as follows:

Tall Trees	16	Hunsingore	4
Hockley Croft	10	Ferrensby	3
Dishforth	9	Buy Backs	4
Riverside Mills	19	Burton Leonard	6
West Witton	1	Goldsborough	6
Sowerby	43		

Homes continue to be sold through Right to Buy, five were sold during this year. (2022: Zero). There were ten homes which were sold during the year through discount for sale and outright sales.

Performance indicators	2023	2022	2021	2020	2019
Unit completions	117	79	112	126	171
Right to Buy homes sold	5	0	6	1	4

Broadacres continues to have excellent relationships with local house builders and has been successful in purchasing homes under S106 requirements and it is expected that this will continue where planning arrangements require such provision. 45 homes were sold via various low-cost home ownership schemes (2022: 46).

Broadacres Housing Association Limited

Strategic Report

Growth Strategy (continued)

Broadacres Services Limited and Mulberry Homes Yorkshire Limited continued to develop houses for private sale. Mulberry Homes sold two properties in the year, with a large number planned in 2023/24 (2021-22: zero)

Broadacres are now in year one of a revised Growth Strategy (2023-28). The Growth Strategy targets 1,000 new homes to be delivered by March 2028. Broadacres is currently undertaking a wide range of development activities which are contributing to this aim. In 2023/24 the forecast is to deliver a further 200 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 homes for a variety of communities and customers. Alongside the programme of Affordable and Socially rented homes a range of home ownership options is offered to customers across North Yorkshire with shared ownership and discount market sale home available to own from a 25% share. A ground-breaking Passivhaus 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 was developed in year and opening in June 2023.

The Group Asset and Development Committee meets quarterly to scrutinise and challenge proposals for development and major asset investment across the Group. The Committee makes recommendations to the Board.

Asset Management

Broadacres survey homes every five years. Any component which fails and is due for replacement within 12 months of the decent homes lifetime is replaced. As a consequence, Broadacres will not achieve 100% compliance in year. This approach is driven by value for money. As at 31 March 2023, 86 homes did not meet the standard as they had components that were older than the replacement cycle, resulting in 98.6% of homes being considered compliant.

In January 2023 the Annual review of the Asset Management Strategy included an action to commission a stock condition surveying validation programme. Although our internal assurance programme has provided significant assurance regarding the quality and accuracy of asset management and stock condition data, the current change in the regulatory approach would suggest the desirability of a second line of defence.

As a registered provider Broadacres fund minor (disability) aids and adaptations for 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 undertaken on a self-assessment/referral basis direct from the customer. Other adaptations are based on referrals by an Occupational Therapist. During 2022/23 £173k (2022 - £202k) was spent on adaptations.

In 2022/23 four homes were sold as part of our disposal programme. Reluctantly there are homes that Broadacres believe will not fit our portfolio going forward and/or where improving energy efficiency is uneconomical. This raised a surplus of £42k which will be used for future developments, (2022 - 22 homes sold generating £29k surplus).

Value for Money (VfM) Reporting

The annual report and financial statements for the Broadacres Group summarises the key value for money outcomes for the year to 31 March 2023 and how these compare against forecast targets. Comparisons with peer associations in the sector and a more detailed analysis can be found in the Annual Value for Money Statement, available on the website at www.broadacres.org.uk/performance

Broadacres Housing Association Limited

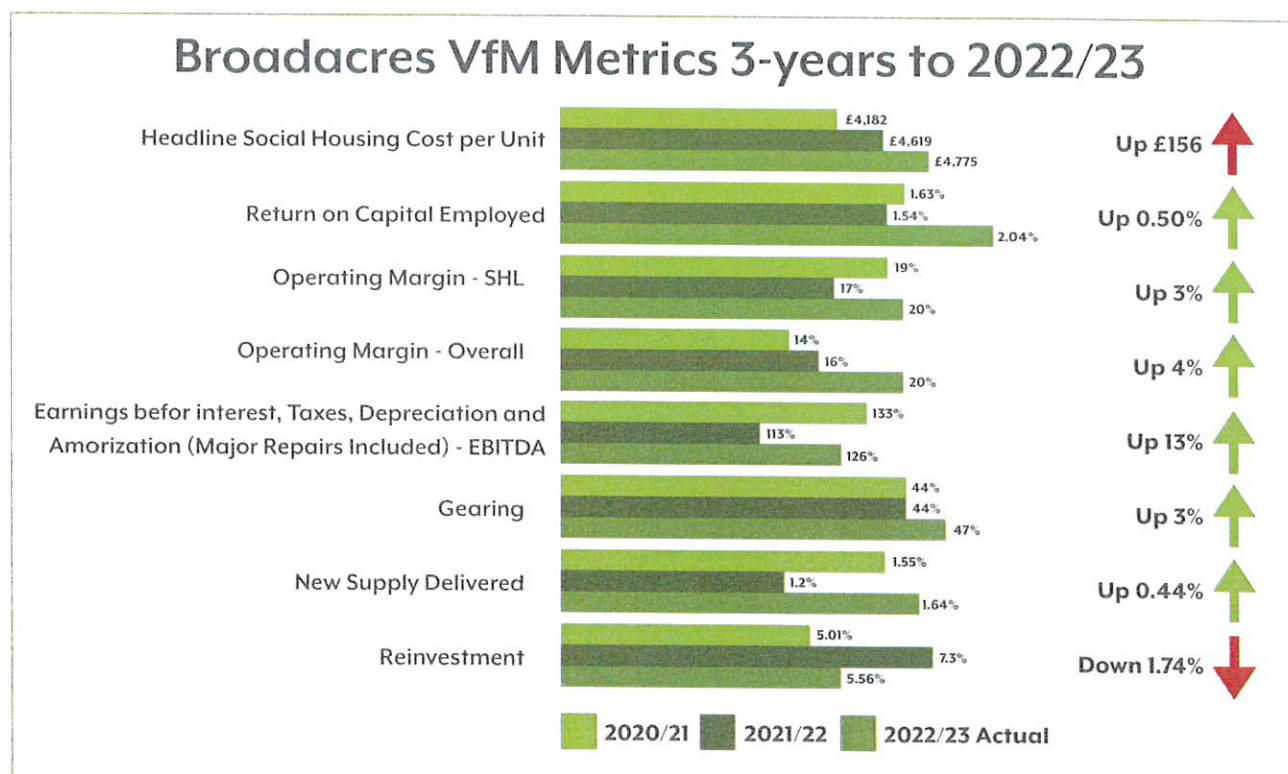
Strategic Report

Regulator of Social Housing Technical Metrics

The measures included here, as well as the charts that follow, show the performance progress over the three years between 2019/20 and 2022/23 for the Group as a whole, consisting of Broadacres plus its subsidiaries, Broadacres Services Limited and Mulberry Homes Yorkshire Limited. Group subsidiaries contribute to VfM through generating their own returns on homes developed for sale as well as land sales.

VfM Area	Metric	2020/21	2021/22	2022/23 Target	2022/23 Actual
Economy	Headline Social Housing Cost per Unit	£4,182	£4,619	£4,673	£4,775
Efficiency	Return on Capital Employed	1.63%	1.54%	2.51%	2.04%
Efficiency	Operating Margin – SHL	19%	17%	9%	20%
Efficiency	Operating Margin – Overall	14%	16%	10%	20%
Efficiency	Earnings Before Interest, Taxes, Depreciation and Amortization (Major Repairs Included) - EBITDA (MRI)	133%	113%	138%	126%
Efficiency	Gearing	44%	44%	48%	47%
Effectiveness	New Supply Delivered	1.55%	1.20%	2.93%	1.64%
Efficiency	Reinvestment	5.01%	7.30%	6.31%	5.56%

This chart shows 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.



Broadacres Housing Association Limited

Strategic Report

Headline Social Housing Cost per Unit

The total cost of services by each home managed.

The high Social Housing Cost per Unit (SHCPU) reflects continuing investment in energy efficiency as well as continuing compliance spend, improvements to existing homes and repairs and capital works (kitchens, windows, roofs, doors etc.) to maintain decent homes. Whilst energy efficiency improvements will continue to be rolled out over the coming years, with added impetus as utility costs rise for customers, we believe we are ahead of the government's target completion date and envisage these programme costs plateauing.

Other Housing Associations are now seeing their measures and comparatives increase. Significantly more spend than forecast was incurred in year on new developments as construction plans recovered from the periods of pandemic lockdown.

The overall cost per unit is impacted by a delay in new homes being added to the total, Broadacres added 117 new homes to the overall total this year (2022: 79 and 2021:112).

Return on Capital Employed

Operating surplus to total assets less current liabilities.

A measure of 2.04% compares to 1.54% for 2021/22 and 1.63% for 2020/21. This reflects the increase in work in progress in the year as development spend continues but with still a relatively low handover of completed homes. Costs have, and continue to, increase but that doesn't stop spend as new homes are completed and investment in existing homes is maintained. All of the expenditure falls within strictly controlled budgets and cost increases are managed as best they can, but undeniably these will impact margins.

Operating Margin

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

Margins reflect the receipt of £1.8m of pension settlement income that mean the target of 20% was achieved.

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 investment capacity.

EBITDA (MRI) saw an increase by 13%, partly reflecting the one-off income received as per above.

Reinvestment

Reinvestment level was higher in 2021-22 than 2022-23. This was through the catch up of programmes in the year after lockdowns. The year 2022-23 represented the last year of the Corporate Strategy (2018 – 23) and whilst there was no backlog of investment during the period of Covid there was a clear impact on New Supply Delivered in this time.

New supply delivered

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

This measure was marginally up on previous years, reflecting the increased handovers of 117 properties, although still remains below target.

Gearing

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

Broadacres Housing Association Limited

Strategic Report

The % increase on 2022-23 can be attributed to the drawdown of funds to support development expenditure on part completed schemes. In addition £10m was drawdown in November in advance of need as term funding expired.

Understanding costs and comparisons

As well as reviewing performance over time against the metrics determined by the regulator Broadacres is a member of a number of benchmarking groups. It is recognised that these organisations vary considerably in terms of size and scope and this year performance is benchmarked again with an additional peer group that fits with Broadacres' vision to be the best rural housing association. Comparisons are made between Broadacres and 15 rural housing associations of similar scale and geographical constraints (National Parks, AONBs etc).

Broadacres					Rural Housing	
VfM Area	Metric	2020/21	2021/22	2022/23	2020/21	2021/22
Economy	Headline Social Housing Cost per Unit	£4,182	£4,619	£4,775	£4,120	£4,548
Efficiency	Return on Capital Employed	1.63%	1.54%	2.04%	3.5%	3.2%
Efficiency	Operating Margin - SHL	19%	17%	20%	27%	22%
Efficiency	Operating Margin – Overall	14%	16%	20%	23%	21%
Efficiency	Earnings Before Interest, Taxes, Depreciation and Amortization (Major Repairs Included) - EBITDA (MRI)	133%	113%	126%	200%	150%
Efficiency	Gearing	44%	44%	47%	45%	45%
Effectiveness	New Supply Delivered	1.55%	1.2%	1.64%	1.4%	1.6%
Efficiency	Reinvestment	5.01%	7.3%	5.56%	6.6%	7.0%

Comparisons of the seven regulatory VfM metrics, against the information available from 85 members of the Placeshapers benchmarking group using the 2021-22 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.

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 2023-24.

Investment in energy efficiency and affordable warmth for customers has without doubt impacted Social Housing Cost per Unit measure over the duration of the Corporate Strategy to date. Peers and the sector benchmark are increasing more generally, aligning with the early investment whilst forecasts begin to show a decline in the measure.

In 2020/21 Broadacres was ranked 17th in the list of Sustainable Housing Providers, compiled by Housing Digital, which cited both the Corporate Strategy and 30-year Sustainability Strategy as a means to achieving SAP C levels of energy efficiency for homes in advance of the 2030 deadline and the 2050 carbon neutrality ambition.

More detailed analysis of the Value for Money performance and future plans can be found on the website www.broadacres.org.uk

Broadacres Housing Association Limited

Report of the Board

The Board presents its report and the audited financial statements for the year ended 31 March 2023.

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 6,655 homes under management as at 31 March 2023. The Association also has an ongoing development programme to provide additional housing, with 200 new homes planned to be developed in 2023/24 and a further 800 planned over the next four 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 40 to 48. The areas in the financial statements where these judgements and estimates have been made include:

- Impairment of social housing homes
- Classification of loans
- Carrying value of homes 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.

The risk framework is made up of the following elements:

Managing Organisational Risks: Risk is defined as anything that can adversely affect the ability to deliver the organisation's vision and corporate strategy and compliance with regulatory standards.

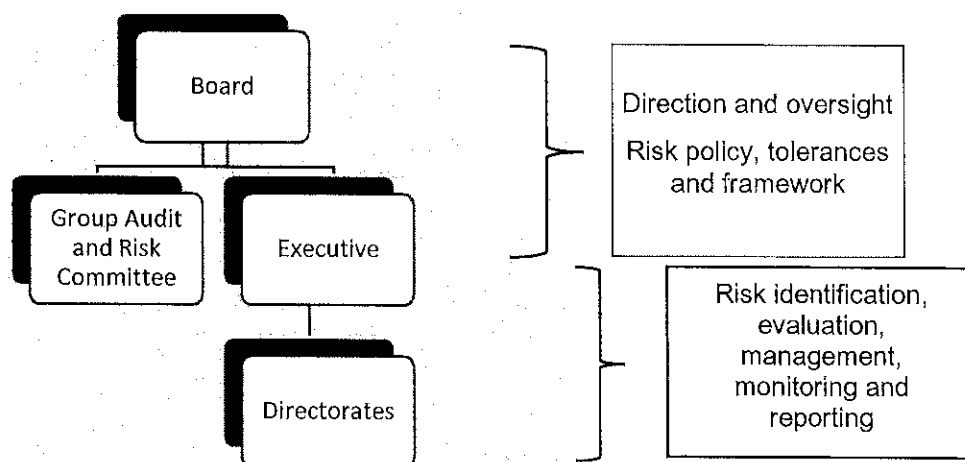
Approach to Risk: Risk is inherent in operations and the decisions made to deliver the vision. The Board is responsible for the principal risks that are willing to be taken. It has undertaken a robust assessment of the principal risks to Broadacres achieving its vision and corporate strategy.

Broadacres Housing Association Limited Report of the Board

The Board is also responsible for ensuring that risk is effectively managed through the governance structure (see below) in accordance with the 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*.

The 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 risk appetite for each type of risk. For example, more risk is taken to deliver the strategic objectives but 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.

The strong asset base means 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 services.

Broadacres' external auditors, having conducted their audit of the financial statements, have not identified any material internal control issues, which are required to be addressed.

The internal auditors', "Annual Opinion" in 2022-23 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 the Board

Principal Strategic Risks

Key risk	Key controls in place, and actions being undertaken
A loss of IT infrastructure and data from a cyber-attack or key ICT supplier failure renders Broadacres unable to deliver its business suffering reputational damage, financial loss and service disruption.	<ul style="list-style-type: none"> IT security awareness, confidentiality training, GDPR training given every 3 years and to all new starters. Mandatory 'Ethics in the Workplace' training raises awareness around cyber fraud. IT penetration test reports the risk to systems to offer opportunity to improve security measures. CFC underwriting cyber support policy in place. Change management procedures in place to ensure ICT changes are tested before made in the live environment. Multi-factor authentication in place for remote access ICT Data Breach Plan.
Economic conditions and/or local/national regulatory changes results in an increase in costs and/or reduction in sales and rental income, significantly impacting delivery of the Growth Strategy	<ul style="list-style-type: none"> Financial Golden Rules, reported to each Board meeting, used to build the business and financial plan each year. The updated 2023-2028 Growth Strategy was approved by the Asset and Development Committee in January 2023 and within the 5-year business plan. The Growth Strategy limits outright sales (to 20%) to ensure that there is no reliance on such to maintain future operations surrounding social housing assets. External financial checks by CreditSafe completed monthly for all key suppliers. 5-year Business Plan and 30-year Financial Plan approved by Board in March 2023. Single and multi-variate stress testing completed annually in March 2023 as part of the business planning process, with mitigation plans in place. Stress testing is performed on schemes as part of the investment appraisal approval process, and at regular intervals thereafter to ensure the risk capacity continues to be understood. Financial business plan does not rely on sales income.
There is a significant change within the economic climate and Broadacres financial capacity becomes impaired.	<ul style="list-style-type: none"> 5-year Business Plan and 30-year Financial Plan approved by Board in March 2023, based on financial golden rules. Single and multi-variate stress testing completed annually in March 2023 as part of the business planning process, with mitigation plans in place. Stress testing is performed on schemes as part of the investment appraisal approval process, and at regular intervals thereafter to ensure the risk capacity continues to be understood. Monitor financial markets and validate business assumptions. Lobby through the trade bodies to promote government support for social housing. Asset & Liabilities register provides a comprehensive summary of all assets owned by Broadacres group and any liabilities arising. This is reviewed in the quarterly Asset and Liability Working Group meeting.

Broadacres Housing Association Limited
Report of the Board

Key risk	Key controls in place, and actions being undertaken
Supplier failure, insolvency or delays in the supply chain result in service disruption, non-compliance with regulations, financial loss and/or reputational loss.	<ul style="list-style-type: none"> • Procurement policy manual, setting out tendering approach and due diligence requirements. • Maintaining bidders in reserve when appointing new suppliers. • Monitoring of spend on monthly, quarterly and annual basis. • External credit safe checks on all key suppliers monthly. • Insurance/bonds in place for developer insolvency. • Warranties for groundworks/foundations etc. • Monthly supplier meetings with key suppliers. • Panel of suppliers to reduce concentration and spread risk. • Frameworks in place. • Contract owners responsible for managing contract relationship. • Stress testing which includes scenarios for increasing costs of supplies. • Asset and Liability Register, including contract register.
Weak Health and Safety arrangements lead to the harm or death of customers, employees contractors and/or members of the general public.	<ul style="list-style-type: none"> • Landlord H&S Policy suite. • External review of H&S policy. • H&S Compliance Manager in situ. • Health and Safety training delivered at induction and repeated every three years, with the training programme being reported to the Group Audit and Risk Committee. • Accident and incident reporting to every Group Audit and Risk Committee. • Health and Safety Performance reports to all Boards. • H&S Liaison Committee meet quarterly, three Directors on the committee to escalate issues. • Whistleblowing policy (part of Probity policy).
Failure to deliver transformation project to Salesforce resulting in inability to deliver services.	<ul style="list-style-type: none"> • Bi weekly principal customer and sponsor transformation update meetings • Daily Stand Up's for project team • Weekly Salesforce Partner Account Management meetings • Programme Governance (Programme Manager) <ul style="list-style-type: none"> ○ Risk Log ○ Project Plan tracking ○ Action Log ○ RACI (responsible, accountable, consulted, and informed) Matrix ○ Communication plan • Dedicated expert Programme Management Resource • Agile project management two week sprint approach • Salesforce Transformation updates to Digital Steering Group • Salesforce Transformation updates to Group Audit and Risk Committee
External factors, arising from a national or local government policy change, impact the ability to meet energy efficiency and	<ul style="list-style-type: none"> • 2023-2028 Asset Management Strategy and • 2023-2028 Sustainability Strategy. • Quarterly statistics on the energy performance of assets.

Broadacres Housing Association Limited

Report of the Board

Key risk	Key controls in place, and actions being undertaken
carbon neutrality targets adversely impacting the ability to let or build homes and a worsening the financial position of the Group.	<ul style="list-style-type: none"> Financial Golden Rules, reported to each Board meeting, used to build the business and financial plan each year. External financial checks by CreditSafe completed monthly for all key suppliers. 5-year Business Plan and 30-year Financial Plan approved by Board in March 2023. Single and multi-variate stress testing completed annually in March 2023 as part of the business planning process, with mitigation plans in place. Environmental Steering Group meets quarterly and Portfolio software captures and models assets energy performance. Annual Environmental, Social and Governance report.
An inability to recruit and retain suitably qualified and skilled employees resulting in disruption to services and additional costs.	<ul style="list-style-type: none"> People Strategy and Workforce planning processes Flexible working practices Annual and monthly surveys to gauge satisfaction Exit interviews Great Managers Programme Reward Package Succession planning Recruitment checks prior to appointment Links to organisational jobs boards (WISH, SCOPE, CTP) and targeted advertising via recruitment platform provider. Adapting approach to job adverts Attendance at job fairs Apprenticeship programme Refer a friend scheme Business continuity plans
Governance does not have customers at the heart of decision making, resulting in poor customer experience and reputational loss	<ul style="list-style-type: none"> Customer Experience strategy in place 2023-2028. Care and Support strategy in place. Monthly complaints monitoring and reporting, including root cause analysis and lessons learnt. Periodic customer journey mapping. Customer satisfaction surveys issued following interaction with BHA. Membership of the Institute of Customer Service and benchmarking customer performance. Active review of Housing Ombudsman reports to assess the impact for Broadacres Customers involved in governance arrangements, including two independent customer committee members on CEC, PIP members are all customers, customer liaison group and local monitors.

Performance for the year and future developments

The Board, in consultation with 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 delivery of Value for Money. The updated Corporate Strategy runs until July 2028.

Broadacres Housing Association Limited

Report of the Board

Details of the Group's performance for the year and future plans are set out in the Strategic Report on pages 6 to 17.

At the time these accounts are being approved it is clear that the UK will continue to face considerable economic uncertainty, through high inflation and rising interest rates, and the Board believe the Group are well placed to manage those affected risks. The Board is content that we have prepared for potential falls in income, increases in costs and a greater focus on supporting customers.

Going Concern

The Boards reviewed the financial plans in March 2023, 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 £2.7m in cash at the year-end (forecast £3m).

Following the completion of the successful funding strategy in 2020 and 2021, Broadacres Housing Association now has funding in place to fund ambitious development and investment plans through to 2027, and also an improved liquidity buffer. 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 external economic factors (particularly the cost of living crisis) have been assessed by the Boards and various Committees and the potential impact presented throughout the financial year 2022/23, with revised financial plans reviewing the organisation's ongoing forecasts and projections to ensure that the organisation remains financially viable. A going concern paper concluding as much was presented to Group Audit and Risk Committee in June 2023, and Boards thereafter in July 2023. 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 2025.

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, delays in the sales programme and an increase in the liabilities of the defined benefit pension scheme. The impact of rising living costs (including the increase in the energy price cap) 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. Increased hardship support has also been made available. 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 2023-24 turnover is expected to increase slightly through the decision to increase rents by 7%, a pick-up in Shared Ownership first tranche sales and further open market sales in MHYL. Costs will remain significant as we look to invest in the energy efficiency of homes, with a stated aim to achieve SAP C compliance by 2028. Potential inflationary increases in costs have also been factored in and stress tested.

As a key provider of affordable housing in North Yorkshire and beyond, the Boards will ensure that we keep residents safe by maintaining their homes and completing health and safety works. We will work with residents 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 below the sector median in 2021/22. 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 Group 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 2025) and accounts have been prepared in the reasonable expectation that Broadacres 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 the 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) changed from January 2022. Broadacres has proactively worked with funders to ensure that the transition was 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 and ten non-executive board members. One of whom was a co-opted board member until November 2022. 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.

Board member attendance and total remuneration

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 the Board

	Appointed (to Group Board or Committees)	Board Meetings	Asset & Development	Audit & Risk	Governance	Customer Experience	Fees £	Expenses £	TOTAL £
Helen Simpson (Chair)	10 Aug 20	6/6			3/3		12,545	349	12,894
Jacqui Bateson (Governance Chair)	27 Mar 17 Resigned 24 Nov 22	3/3			1/1		4,363	-	4,363
Martin Warhurst (Audit Chair)	25 Sep 17 Resigned 24 Nov 22	3/3		3/3	1/1		4,392	387	4,779
June Mulroy	20 Nov 17	6/6		3/5	2/2		5,104	-	5,104
Ann O'Hanlon	21 May 18	6/6	3/4	3/5			4,300	182	4,482
Ruth Snell	21 May 18	5/6	4/4	4/5			4,300	-	4,300
Ian Foy (Customer Experience Chair)	21 May 18	6/6			2/3	4/4	6,712	-	6,712
Luke Gallagher	07 Oct 19	6/6	4/4				4,300	-	4,300
Keith Holloway (Asset & Development Chair)	07 Oct 19	5/6	4/4		2/3		6,712	96	6,808
Victoria Tomlie-Loverseed	24 Sep 20	6/6				4/4	4,300	28	4,328
Justin Ives (Board member)	21 May 18	5/6		5/5		1/2	5,104	-	5,104
Gail Monnickendam (Independent Audit Advisor)	01 Jan 18			5/5			2,342	19	2,361
Rebecca Dixon (Independent CEC Advisor)	01 Aug 22					2/2	1,757	-	1,757
David Boyes-Watson (Independent CEC Advisor)	01 Dec 21		4/4				2,342	-	2,342
Ruth Dent (Independent Asset Advisor)	01 Sep 18		4/4				2,342	-	2,342
Glyn Mucklow (Independent CEC Advisor)	01 May 18					4/4	2,342	140	2,482
David Dumbleton (Independent CEC Advisor)	28 Sep 15 Resigned 31 Aug 22					0/2	976	-	976
Colln Fisher (Independent CEC Advisor)	08 Feb 21					4/4	2,342	-	2,342
Pete Hammond (Independent CEC Advisor)	01 May 18 Resigned 31 Aug 22					2/2	976	-	976
Robin Norton (Independent CEC Advisor)	24 Sep 20					4/4	2,342	-	2,342
Cara Jackson (Board Trainee)	01 Jan 23 Resigned 31 Jan 23						100	-	100
Shaheda Hussain (Board Trainee)	01 Jan 23						300	-	300
Oliver Colling ((Audit Chair)	25 Nov 22	3/3		2/2			2,349	-	2,349
Simon Brooksbank	24 Nov 22	3/3				1/1	1,517	-	1,517
Melissa O'Donnell	01 Jan 23					1/1	586	-	586
Total							84,744	1,201	85,946

Broadacres Housing Association Limited

Report of the 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 homes 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					
Age	Under 65	Over 65	Disability	No Disability	Disability
	15	4		19	0
Gender	Male	Female	Ethnicity	White British	Withheld
	9	10		19	0

Employee, diversity and inclusion

At Broadacres we understand that it's great people, providing great homes and great customer experiences across rural communities that will help us achieve the 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 the 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.

Pensions

The Group participates in two pension scheme arrangements: (2022: three)

Broadacres Housing Association Limited

Report of the Board

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 previously participated in the Local Government Pension Scheme, a defined benefit scheme. The scheme terminated in October 2022, with a final payment being received by Broadacres of £1.8m in June 2023.

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 13 days (2022: 30 days).

Charitable donations and pledges

In addition to the time and support given by colleagues to local charities via the volunteering policy, donations of £250 (2022: £1,058) were made during the year to local groups. Donations were made from the Community Development fund of £16,459 (2022: £12,215) These were overseen by the Performance Improvement Panel within criteria agreed by the Board. The Group does not make political donations of any kind. We also supported local areas through the Sustainability Fund, allocating grants of £3,700 (2022: £750)

A Customer Support Fund was again operated in 2022-23, providing emergency support to a range of customers experiencing particular difficulties. £93k was provided in year, (2021-22: £7k) In 2022/23 £173k was spent adapting homes for disabled, elderly and infirm customers. We continue to work with family carers to meet their housing needs.

With the location in North Yorkshire and beyond being close to Defence establishments we are equally proud to pledge 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. Very high standards for customers and colleagues alike who have served in the nation's armed forces are maintained.

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 2022/23.

Corporate Governance

The Group fully complies with the National Housing Federation's (NHF) Code of Governance 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. The latest NHF code is adopted by the Board as a formal framework to underpin its governance arrangements going forwards.

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.

Broadacres Housing Association Limited

Report of the Board

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 2023 the Group Board of management comprised 12 non-executive board members (2022:11). 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 2023.

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 the 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 28 September 2023.

The report of the Board was approved by the Board on 14 September 2023 and signed on its behalf by:

Helen Simpson



Chair

Ruth Snell



Board Member

David Smith



Company Secretary

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

Opinion

We have audited the financial statements of Broadacres Housing Association Limited (the "Association") and its subsidiaries (together, the "Group") for the year ended 31 March 2023 which comprise the Consolidated and Association Statements of Comprehensive Income, the Consolidated and Association Statements of Changes in Reserves, the Consolidated Financial Position, the Consolidated and Association Statements of Cash Flows and notes to the financial statements, including 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 Association's affairs as at 31 March 2023 and the Group and Association's surplus or deficit for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing from April 2019.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The Board is responsible for the other information contained within the annual report. 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 we do not express any form of assurance conclusion thereon.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

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

Matters on which we are required to report by exception

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

- Adequate accounting records have not been kept by the Group; or
- A satisfactory system of controls over transactions has not been maintained; or
- The financial statements are not in agreement with the accounting records and returns; or
- We have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on page 30, 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 Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Group or Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the Association operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements such as the Co-operative and Community Benefit Societies Act 2014 (and related Directions and regulations), the Housing and Regeneration Act 2008 and other laws and regulations application to a registered social housing provider in England together with the Statement of Recommended Practice for Registered Social Housing Providers 2018. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statements items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the Association's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the Association for fraud. The laws and regulations we considered in this context for the UK operations were requirements imposed by the Regulator of Social Housing, health and safety, taxation and employment legislation.

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

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence, designing audit procedures over the timing of income and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

Use of our report

This report is made solely to the Association's members as a body in accordance with the Co-operative and Community Benefit Societies Act 2014 and the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association'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 Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.



Crowe U.K. LLP
Statutory Auditor
The Lexicon
Mount Street
Manchester
M2 5NT

29th September 2023

Broadacres Housing Association Limited
Consolidated Statement of Comprehensive
Income
For the year ended 31 March 2023

	Note	2023 £000	2022 £000
Turnover	2	45,041	44,443
Operating expenditure	2	(37,118)	(38,391)
Operating surplus		<u>7,923</u>	<u>6,052</u>
Finance income	2,5	118	10
Interest and finance costs	2,6	(8,033)	(7,068)
Surplus/(deficit) before tax	7	<u>8</u>	<u>(1,006)</u>
Taxation	10	-	-
Surplus/(deficit) for the year		<u>8</u>	<u>(1,006)</u>
Actuarial gain in respect of pension schemes	21	1,187	5,667
Total comprehensive income for the year		<u><u>1,195</u></u>	<u><u>4,661</u></u>

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 2023

	Note	2023 £000	2022 £000
Turnover	2,3,4	47,242	41,463
Operating expenditure	2,3,4	(39,533)	(35,790)
Operating surplus		7,709	5,673
Finance Income	2,5	518	232
Interest and financing costs	2,6	(8,033)	(7,068)
Surplus before tax	7	194	(1,163)
Taxation	10	30	(41)
Surplus/(Deficit) for the year		224	(1,204)
Actuarial gain in respect of pension schemes	21	1,187	5,667
Total comprehensive income for the year		1,411	4,463




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 2023

		2023 £000	2022 £000
	Note		
Fixed assets			
Housing properties	11	362,863	352,183
Other property, plant and equipment	12	4,324	4,352
Fixed asset investments	13	578	577
		367,765	357,112
Current assets			
Inventories	15	503	426
Housing properties for sale	16	11,252	3,507
Debtors	17	4,112	1,859
Cash	18	2,732	9,605
Cash held in trust		27	52
		18,626	15,449
Creditors: Amount falling due within one year	19	(9,095)	(6,309)
Net current assets		9,531	9,140
Total assets less current liabilities		377,296	366,252
Creditors: Amounts falling due after more than one year	20	(196,232)	(184,290)
Defined benefit pension liability	21	(2,297)	(4,390)
Net assets		178,767	177,572
Capital and reserves			
Share capital	23	-	-
Revenue reserve		136,591	135,396
Revaluation reserve		42,176	42,176
Total reserves		178,767	177,572

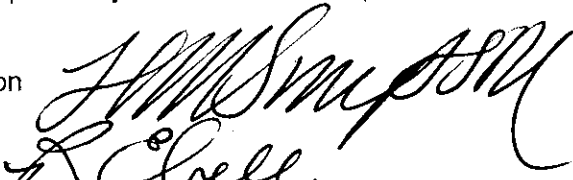


The notes numbered 1 to 27 form part of these financial statements. The financial statements for Broadacres Housing Association Ltd (registered number 27656R); on pages 33 to 73 and their related notes were approved by the Board on 14 September 2023 and were signed on its behalf by:

Helen Simpson		Chair
Ruth Snell		Board Member
David Smith		Company Secretary

Broadacres Housing Association Limited
Association Statement of Financial Position
As at 31 March 2023

		2023 £000	2022 £000
	Note		
Fixed assets			
Housing properties	11	362,863	352,183
Other property, plant and equipment	12	4,305	4,324
Fixed asset investments	13	504	504
Investment in subsidiaries	14	-	-
		367,672	357,011
Current assets			
Inventories	15	503	426
Housing properties for sale	16	1,177	1,052
Debtors	17	16,553	6,663
Cash	18	1,473	9,253
		19,706	17,394
Creditors: Amounts falling due within one year	19	(7,921)	(6,208)
Net current assets		11,785	11,186
Total assets less current liabilities		379,457	368,197
Creditors: Amounts falling due after more than one year	20	(196,232)	(184,290)
Defined benefit pension liability	21	(2,297)	(4,390)
Net assets		180,928	179,517
Capital and reserves			
Share capital	23	-	-
Revenue reserve		138,752	137,341
Revaluation reserve		42,176	42,176
Total reserves		180,928	179,517

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 33 to 73 and their related notes were approved by the Board on 14 September 2023 and were signed on its behalf by:

Helen Simpson		Chair
Ruth Snell		Board Member
David Smith		Company Secretary

Broadacres Housing Association Limited**Consolidated Statement of Changes in Reserves****As at 31 March 2023**

	Income and Expenditure Reserve	Revaluation Reserve	Total
	£000	£000	£000
At 1 April 2021	130,735	42,176	172,911
Deficit for the year	(1,006)	-	(1,006)
Actuarial gain on pension scheme	5,667	-	5,667
At 31 March 2022	135,396	42,176	177,572
Surplus for the year	8	-	8
Actuarial gain on pension scheme	1,187	-	1,187
At 31 March 2023	136,591	42,176	178,767

Broadacres Housing Association Limited**Association Statement of Changes in Reserves****As at 31 March 2023**

	Income and Expenditure Reserve £000	Revaluation Reserve £000	Total £000
At 1 April 2021	132,878	42,176	175,054
Deficit for the year	(1,204)	-	(1,204)
Actuarial gain on pension scheme	5,667	-	5,667
At 31 March 2022	137,341	42,176	179,517
Surplus for the year	224	-	224
Actuarial gain on pension scheme	1,187	-	1,187
At 31 March 2023	138,752	42,176	180,928

Broadacres Housing Association Limited
Consolidated Statement of Cashflow
For the year ended 31 March 2023

	Note	£000	2023 £000	£000	2022 £000
Net cash generated from operating activities	18		14,847		10,910
Cash flows from investing activities					
Purchase of property, plant and equipment		(30,646)		(29,071)	
Purchase of other assets		(755)		(504)	
Proceeds from sale of fixed assets		1,120		657	
Proceed of sales of other assets (including current assets)		4,062		7,339	
Proceeds from disposal of investment properties		-		-	
Grants received (SHG & other)		3,346		4,792	
Interest received		118		10	
Net cash (outflow) from investing activities			(22,755)		(16,777)
Cash flows from financing activities					
Interest paid		(7,615)		(6,912)	
New loans		12,000		17,995	
Repayments of borrowings		(3,350)		(400)	
Net cash inflow from financing activities			1,035		10,683
Net (decrease)/increase in cash and cash equivalents			(6,873)		4,816
Cash and cash equivalents at beginning of year			9,605		4,789
Cash and cash equivalents at end of year			2,732		9,605

Cash held in trust is included in the creditors movement, within Note 18.

Broadacres Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2023

1. Accounting policies

Broadacres Housing Associations Limited is a Registered Provider (RP) 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 2022. 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 2023, 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 £2.7m in cash at the year-end.

Following the completion of the successful funding strategy in 2020 and 2021, Broadacres Housing Association now has funding in place to fund ambitious development and investment plans through to 2027, and also an improved liquidity buffer. 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 external economic factors (particularly the cost of living crisis) have been assessed by the Boards and various Committees and the potential impact presented throughout the financial year 2022/23, with revised financial plans reviewing the organisation's ongoing forecasts and projections to ensure that the organisation remains financially viable. A going concern paper concluding as much was presented to Group Audit and Risk Committee in June 2023, and Boards thereafter in July 2023. 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 2025.

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, delays in the sales programme and an increase in the liabilities of the defined benefit pension scheme. The impact of rising living costs (including the increase in the energy price cap) 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. Increased hardship support has also been made available. 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 2023-24 turnover is expected to increase slightly through the decision to increase rents by 7%, a pick-up in Shared Ownership first tranche sales and further open market sales in MHYL. Costs will remain significant as we look to invest in the energy efficiency of homes, with a stated aim to achieve SAP C compliance by 2028. As at 31 March 2023 some 76% of our homes were already achieving this measure. Potential inflationary increases in costs of continuing work have also been factored in and stress tested.

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

Broadacres Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2023

1. Accounting policies (continued)

Going Concern (cont.)

Broadacres is not over-burdened by its debt, reflected in its gearing measure being below the sector median in 2021/22. 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 Group 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 2025) and accounts have been prepared in the reasonable expectation that Broadacres is a financially viable organisation.

Statement of compliance

This is the seventh 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 entities 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 homes. The net assets as at 31 March 2023 were less than £10k. 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 homes 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 homes, 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:

Broadacres Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2023

1. Accounting policies (continued)

Depreciation (cont.)

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		

Shared ownership homes

Expenditure on shared ownership homes 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 2020-21) These properties are included in investments.

Impairment of social housing properties

Homes 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.

Broadacres Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2023

1. Accounting policies (continued)

Social Housing Grant and other Government grants

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

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

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

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

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

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

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

Recycling of grants

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

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.

Broadacres Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2023

1. Accounting policies (continued)

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 five 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.

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.

Homes for outright sale

Homes 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 homes 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.

Broadacres Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2023

1. Accounting policies (continued)

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.

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 participated in a local government pension scheme until 31 October 2022. The scheme was 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.

Following the decision to exit the scheme, Broadacres received a payment of £1,781k in order to extinguish the existing asset. The payment received is accounted for through turnover and debtors, and the extinguishment of the previous liability through other comprehensive income. Note 21 – Pensions refers.

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 homes 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.

Broadacres Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2023

1. Accounting policies (continued)

Investments

Investments in the Group balance sheet are held at the lower of cost and net realisable value and represent an equity share of homes 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.

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 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.

Broadacres Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2023

1. Accounting policies (continued)

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.

Public benefit entity concessionary loans

Loans between the Group organisations 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, the 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 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 (excepting for the voluntary capping of Shared Ownership Properties at 7%) in 2023/24 to reflect the continued investment in homes. This results in a 7% increase for the majority of customers in 2023/24 (with Supported Housing increasing by 11.1%).

Broadacres Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2023

1. Accounting policies (continued)

Significant management judgements (cont.)

Broadacres reviews homes 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 (i.e. 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.

Significant management judgements

Based on this assessment, Broadacres calculated the Depreciated Replacement Cost (DRC) of each social housing property and/or scheme, using appropriate construction costs and land prices

Carrying value of properties held for sale

Valuation of homes held for sale – The carrying value of completed homes held for sale is based on the fair value of the market sale properties held by the Group at 31 March 2023

Classification of loans

The terms of all of Broadacres loans have been reviewed and are considered basic and the loans are therefore recognised in the accounts at amortised cost.

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 16 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 £2.7m (following the decision to exit from the Local Government Pension Scheme) (2021: £4.4m)

Provision for bad and doubtful debts

Broadacres Group makes a judgement on the recoverability of arrears of rental and other income. 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 £51k (2022: £84k), detailed in note 3.

Broadacres Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2023

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

Group	Turnover £000	2023 Operating Costs £000	Operating Surplus / (deficit) £000
Social housing lettings (Note 3)	35,905	(28,337)	7,568
Main operating activities			
Shared ownership First Tranche Sales (Association)	3,647	(1,869)	1,778
Gain on disposal of property, plant and equipment (Note 4)	1,157	(671)	486
Supported and Extra Care Schemes	880	(2,397)	(1,517)
ABLE day care	9	(107)	(98)
Cleaning services	47	(406)	(359)
Development services	239	(1,612)	(1,373)
Other	2,742	(1,376)	1,366
Open Market Sales	415	(343)	72
Turnover	45,041	(37,118)	7,923
Activities other than social housing activities:			
Interest receivable / (payable)	118	(8,033)	(7,915)
Total	45,159	(45,151)	8

Group	Turnover £000	2022 Operating Costs £000	Operating Surplus / (deficit) £000
Social housing lettings (Note 3)	34,055	(27,903)	6,152
Main operating activities			
Shared ownership First Tranche Sales (Association)	4,125	(2,413)	1,712
Gain on disposal of property, plant and equipment (Note 4)	657	(502)	155
Supported and Extra Care Schemes	933	(2,272)	(1,339)
ABLE day care	43	(206)	(163)
Cleaning services	23	(320)	(297)
Development services		(1,231)	(1,231)
Other	1,393	(983)	410
Open Market Sales	3,214	(2,561)	653
Turnover	44,443	(38,391)	6,052
Activities other than social housing activities:			
Interest receivable / (payable)	10	(7,068)	(7,058)
Total	44,453	(45,459)	(1,006)

Broadacres Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2023

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

Association	Turnover	2023	Operating Surplus / (deficit) £000
		Operating Costs	
	£000	£000	
Social housing lettings	35,905	(28,337)	7,568
Other social housing activities			
Shared ownership and current assets	3,647	(1,852)	1,795
Gain on disposal of property, plant & equipment (Note 4)	3,998	(3,512)	486
Supported and Extra Care Schemes	880	(2,397)	(1,517)
ABLE day care	9	(107)	(98)
Cleaning services	47	(406)	(359)
Development services	14	(1,546)	(1,532)
Other	2,742	(1,376)	1,366
Turnover	47,242	(39,533)	7,709
Activities other than social housing activities:			
Gift Aid / Taxation	-	-	-
Interest receivable / (payable)	518	(8,033)	(7,515)
Total	47,760	(47,566)	194

Association	Turnover	2022	Operating Surplus / (deficit) £000
		Operating Costs	
	£000	£000	
Social housing lettings	34,055	(27,903)	6,152
Other social housing activities			
Shared ownership and current assets	4,125	(2,413)	1,712
Gain on disposal of property, plant & equipment (Note 4)	657	(502)	155
Supported and Extra Care Schemes	933	(2,271)	(1,338)
ABLE day care	43	(205)	(162)
Cleaning services	23	(320)	(297)
Development services	234	(1,191)	(957)
Other	1,393	(985)	408
Turnover	41,463	(35,790)	5,673
Activities other than social housing activities:			
Gift Aid	-	(41)	(41)
Interest receivable / (payable)	232	(7,068)	(6,836)
Total	41,695	(42,899)	(1,204)

Broadacres Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2023

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 293 shared ownership homes (2022:260) generating £940k (2022: £754k) per annum in rent.

	General Needs (and Sheltered Housing) £000	Supported Housing £000	2023 Total £000	2022 Total £000
Income				
Rents receivable	32,384	1,598	33,982	32,417
Service charge income	739	2,268	3,007	2,838
Amortised government grant:				
Government grants taken to income	132	-	132	126
Void losses	(936)	(281)	(1,217)	(1,326)
Turnover from social housing lettings	32,319	3,585	35,904	34,055
Expenditure				
Services	(837)	(2,565)	(3,402)	(2,849)
Management	(1,398)	(59)	(1,457)	(2,948)
Routine maintenance	(8,980)	(380)	(9,360)	(6,074)
Planned maintenance	(567)	(24)	(591)	(889)
Major repairs expenditure	(5,473)	(231)	(5,704)	(7,655)
Rent loss from bad debts	(51)	-	(51)	(84)
Depreciation of housing	(7,123)	(301)	(7,424)	(7,249)
Impairment of housing	(347)	-	(347)	(155)
Operating costs	(24,776)	(3,560)	(28,336)	(27,903)
Operating surplus social housing lettings	7,543	25	7,568	6,152

Broadacres Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2023

4. Gain on disposal of property, plant and equipment

	Group		Association	
	2023	2022	2023	2022
	£000	£000	£000	£000
Right to buy sales	331	-	331	-
Staircasing shared ownership	439	230	439	230
Intercompany sales	-	-	2,840	-
Disposal of Housing fixed assets	387	427	388	427
Total Income	1,157	657	3,998	657
Cost of sale	(671)	(502)	(3,512)	(502)
Profit on disposal	486	155	486	155

The association sold land to 100% owned subsidiary, Mulberry Homes Yorkshire Ltd, in year for development purposes.

5. Finance Income

	Group		Association	
	2023	2022	2023	2022
	£000	£000	£000	£000
Intercompany loan interest	-	-	465	222
Bank interest receivable	55	10	53	10
	55	10	518	232

6. Interest and finance costs

	Group		Association	
	2023	2022	2023	2022
	£000	£000	£000	£000
Bank loans and overdrafts	8,433	7,116	8,433	7,116
Finance lease interest	21	21	21	21
Amortisation of fees / Premium	(57)	-	(57)	-
Net interest on defined benefit liability (Note 21)	50	205	50	205
	8,447	7,342	8,447	7,342
Borrowing costs capitalised	(414)	(274)	(414)	(274)
	8,033	7,068	8,033	7,068

Borrowing costs have been capitalised based on a capitalisation rate of 4.98% (2022: 2.7%) 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 2023

7. Surplus/(Deficit) on ordinary activities before taxation

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

	Group		Association	
	2023	2022	2023	2022
	£000	£000	£000	£000
Depreciation of housing (Note 11)	7,424	7,249	7,424	7,249
Impairment of housing (Note 11)	347	155	347	155
Depreciation of other fixed assets (Note 12)	892	924	883	924
Government grants (Note 20)	132	126	132	126
(Gain) on disposal of fixed assets (Note 4)	(566)	(155)	(493)	(155)
Audit fees:				
- Statutory audit	51	44	38	35
- Taxation compliance services	6	6	6	6

8. Staff costs

	Group & Association	
	2023	2022
	£000	£000
Wages and salaries	11,556	10,250
Agency Costs	334	130
Social security costs	1,147	980
Other pension costs (see note 21)	602	1,463
	<u>13,639</u>	<u>12,823</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 (including directors):

Salary band (£) including Employer's Pension Contribution	2023	2022
	Number	Number
60,000 - 69,999	5	3
70,000 - 79,999	2	6
80,000 - 89,999	7	-
90,000 - 99,999	1	1
100,000 - 109,999	-	-
110,000 - 119,999	1	2
120,000 - 129,999	-	1
130,000 - 139,999	1	-
140,000 - 149,999	-	-
150,000 - 159,999	1	1
160,000 - 169,999	-	-
170,000 - 179,999	1	-

Broadacres Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2023

8. Staff costs (cont.)

	2023	2022
	Number	Number
Average full-time equivalent employees:	<u>364</u>	<u>353</u>

9. Key management personnel

	2023	2022
	£000	£000
Board members		
Wages and salaries	85	79
Expenses	1	-
Executive staff members		
Wages and salaries	557	544
Social security costs	75	69
Other pension costs	110	69
	<u>828</u>	<u>761</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)

	2023	2022
	£000	£000
Remuneration of the highest paid director, excluding employer's pension contributions and employer's NI contributions	148	140
Employer's NI of the highest paid director	20	18
Pension contributions of the highest paid director	29	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 2023

10. Tax on surplus/(deficit) on ordinary activities

Group

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

	2023	2022
	£000	£000
Surplus/(deficit) for the year	(244)	(757)
Tax on surplus at standard UK tax rate of 19% (2020:19%)	(46)	(144)
Effects Of:		
Charitable activities	-	322
Income not taxable for tax purposes	(63)	-
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%	-	-
Amounts relating to change in tax rates		(403)
Deferred tax not recognised	109	225
Tax charge for the period	-	-

Notes to the accounts – Balance sheet amounts

	2023	2022
	£000	£000
Current liabilities:		
Group relief creditor	-	-
	-	-

Broadacres Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2023

10. Tax on surplus/(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:

	2023	2022
	£000	£000
Surplus for the year	194	(1,163)
Tax on surplus at standard UK tax rate of 19.00% (2019:19.00%)	37	(221)
Effects Of:		
Expenses not deductible for tax purposes	(63)	316
Charitable activities	-	-
Group relief surrendered/(claimed)	(30)	(41)
Amounts relating to changes in tax rates	(8)	(32)
Deferred tax not recognised	34	19
Group relief creditor	-	41
Tax charge for the period	(30)	41

Notes to the accounts – Balance sheet amounts

	2023	2022
	£000	£000
Current liabilities:		
Group relief (debtor)/creditor	(30)	41
	(30)	41

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 homes developed for outright sale.

Broadacres Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2023

11. Housing properties

	Housing properties held for letting	Housing properties under construction	Total
Group and Association	£000	£000	£000
Cost			
At 1 April 2022	372,200	28,647	400,847
Additions	-	15,347	15,347
Components capitalised	4,430	-	4,430
Transferred on completion	11,305	(11,305)	-
Disposals	(1,680)	-	(1,680)
At 31 March 2023	386,255	32,689	418,944
Accumulated Depreciation			
At 1 April 2022	(48,509)	(155)	(48,664)
Charge for the year	(7,424)	-	(7,424)
Eliminated on disposal	354	-	354
Impairment	-	(347)	(347)
At 31 March 2023	(55,579)	(502)	(56,081)
Net book value			
At 31 March 2023	330,676	32,187	362,863
At 31 March 2022	323,691	28,492	352,183

The Group hold homes at cost less accumulated depreciation. Valuations of homes are still undertaken as a requirement of funding agreements and are considered against the value of homes 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. Homes have therefore been restated at gross (or deemed cost) less depreciation.

Housing property additions include £414k (2022: £274k) interest on development costs, based on 4.99% (2022: 2.7%) interest rate. Included within housing properties for letting are 293 (2022:260) Shared Ownership properties with a net value of £9.2m (2022: £7.9m).

Depreciation has been charged on major components based on their useful economic lives, the replacement of major components totalling £4,430k (2022: £4,917k) were capitalised in the year. £1,691k (£1,776k:2022) in the year was attributable to energy efficiency works on existing homes.

Broadacres Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2023

11. Housing properties (continued)

Expenditure on works to existing properties

	Group and Association	
	2023	2022
	£000	£000
Components capitalised		
Energy Efficiency	742	1,776
Compliance	544	373
Major Components	3,144	2,768
Total Components	4,430	4,917
Amounts charged to the income and expenditure account	3,909	3,376
Amounts charged to the balance sheet (Retro Fit)	784	-
	<u>9,123</u>	<u>8,293</u>

Social Housing Grant

	Group and Association	
	2023	2022
	£000	£000
Total accumulated social housing grant received or receivable:		
Capital grant	<u>80,807</u>	<u>76,669</u>

Finance Costs

	Group and Association	
	2023	2022
	£000	£000
Aggregate amount of finance costs included in the cost of housing properties:	<u>3,654</u>	<u>3,240</u>

Housing Properties Held

	Group and Association	
	2023	2022
	Number	Number
	of Homes	of Homes
General Needs	6,029	5,972
Supported housing	333	327
Shared Ownership	293	260
	<u>6,655</u>	<u>6,559</u>

Broadacres Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2023

12. Other property, plant and equipment

	Freehold Offices	Computer & office equipment	Furniture fixtures & fittings	Vehicles	Leased Vehicles	Association Total	Group and Association Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation							
At 1 April 2022	3,687	2,615	288	281	2,558	9,429	9,465
Additions	-	815	5	10	33	863	863
Disposals	-	-	(1)	-	-	(1)	(1)
At 31 March 2023	3,687	3,430	292	291	2,591	10,291	10,327
Depreciation							
At 1 April 2022	(1,045)	(2,179)	(233)	(181)	(1,466)	(5,104)	(5,112)
Charge for the year	(74)	(248)	(22)	(26)	(513)	(883)	(892)
Disposals	-	-	1	-	-	1	1
At 31 March 2023	(1,119)	(2,427)	(254)	(207)	(1,979)	(5,986)	(6,003)
Net book value							
At 31 March 2023	2,568	1,003	38	84	612	4,305	4,324
At 31 March 2022	2,642	436	54	100	1,092	4,324	4,352

Broadacres Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2023

13. Investments

	Group		Association	
	2023	2022	2023	2022
	£000	£000	£000	£000
At 1 April 2022	577	595	503	484
Additions	1	19	1	19
Disposals	-	(37)	-	-
31 March 2023	578	577	504	503

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

14. Investment in Subsidiaries

As at 31 March 2023, 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	Turnover 2023
Broadacres Services Limited	England	Development of building projects	No	£1	100% share ownership	£102k (2022: £899k)
Mulberry Homes Yorkshire Limited	England	Development of building projects	No	£100	100% share ownership	£12,424k (2022: £15,132k)
Marketgate Residential Management Company	England	Renting and operating of Housing Association real estate	No	£0	90% ownership of properties in the scheme	£12k (2022: £6k)

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.

15. Inventories

	Group		Association	
	2023	2022	2023	2022
	£000	£000	£000	£000
Materials for repairs and adaptations	494	418	494	418
Catering services food stock	9	8	9	8
	503	426	503	426

Broadacres Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2023

16. Housing Properties for Sale

	Group		Association	
	2023	2022	2023	2022
	£000	£000	£000	£000
Completed homes	1,597	1,052	1,177	1,052
Properties under construction / Land for sale	9,655	2,455	-	-
	11,252	3,507	1,177	1,052

17. Debtors

	Group		Association	
	2023	2022	2023	2022
	£000	£000	£000	£000
Amounts falling due within one year:				
Rent & Service Charge receivable	1,504	1,553	1,504	1,553
Provision for bad and doubtful debts	(535)	(612)	(535)	(612)
	969	941	969	941
Amounts owed by Group undertakings	-	-	1,143	693
Other debtors	364	101	308	-
Prepayments and accrued income	2,777	815	2,777	815
	4,110	1,857	5,197	2,449
Amounts falling due after more than one year:				
Amounts owed by Group undertakings	-	-	11,354	4,212
Other debtors	2	2	2	2
	4,112	1,859	16,553	6,663

Broadacres Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2023

18. Cash flow

	2023	2022
Consolidated	£000	£000
Cash flow from operating activities		
Surplus/(Deficit) for the year	8	(1,006)
Adjustment for non-cash items:		
Depreciation of property, plant & equipment	7,424	7,249
Depreciation of other fixed assets	797	924
(Increase)/Decrease in inventories	(77)	146
Decrease/(Increase) in debtors	(2,153)	711
Decrease/(Increase) in creditors	1,978	(1,145)
Pension costs less contributions payable	(850)	360
Carrying amount of Housing Fixed Asset Disposals	664	502
Carrying amount of Other Asset Disposals (including assets for sale)	2,211	4,234
Impairment loss on property, plant & equipment	354	155
	10,348	13,136
Adjustments for investing or financing activities:		
Income from the sale of property, plant & equipment	(5,219)	(7,996)
Government grants utilised in the year	(132)	(126)
Interest payable	8,033	6,912
Interest received	(118)	(10)
	2,564	(1,220)
Cash generated by operations	12,920	10,910

Analysis of movement in net debt

	1 April 2022	Cash	Non- Cash	31 March 2023
	£000	£000	£000	£000
Cash	9,605	(6,873)	-	2,732
Bank loans due less than 1 year	(600)	600	(900)	(900)
Bank loans due more than 1 year	(163,404)	(9,151)	900	(171,655)
Finance Lease Obligations	(626)	485	-	(141)
	(155,025)	(14,939)	-	(169,964)

Broadacres Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2023

19. Creditors: amounts falling due within one year

	Group		Association	
	2023	2022	2023	2022
	£000	£000	£000	£000
Bank loans and overdrafts (see note 20)	900	600	900	600
Rents, service & support charges received in advance	633	500	633	500
Amounts owed to Group undertakings	-	-	1,705	1,582
Other taxation and social security	294	267	294	267
Other creditors	3,965	2,345	1,086	662
Government grants	301	194	301	194
Vehicle Leasing	141	334	141	334
Accruals and deferred income	2,861	2,069	2,861	2,069
	9,095	6,309	7,921	6,208

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

	Group		Association	
	2023	2022	2023	2022
	£000	£000	£000	£000
Other creditors				
Loans	171,655	163,404	171,655	163,404
Government grants (RCGF)	133	236	133	236
Government Grants	23,232	19,070	23,232	19,070
Service charge sinking fund	1,212	1,289	1,212	1,289
Vehicle Leasing	-	291	-	291
	196,232	184,290	196,232	184,290

Borrowings are repayable as follows:

	Group		Association	
	2023	2022	2023	2022
	£000	£000	£000	£000
Bank loans				
Between one and two years	1,052	1,000	1,052	1,000
Between two and five years	6,852	7,300	6,852	7,300
After five years	163,751	155,104	163,751	155,104
	171,655	163,404	171,655	163,404
On demand or within one year	900	600	900	600
	172,555	164,004	172,555	164,004

Broadacres Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2023

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 £80m with RBS/NatWest of which £60m is utilised (2022: £80m).

Broadacres Housing Association has a fully utilised facility of £33.6m with Hambleton District Council (2022: £33.6m).

Broadacres Housing Association has a facility of £10m (2022: £10m) with Nationwide Building Society of which £8.75m has been utilised.

In November 2021, Broadacres tapped into a bond issuance with the aggregator MORhomes, generating £17.5m cash (net of fees) on a £16.1m debt.

Broadacres has a loan of £64k with Orchard Brook Finance Plc, formerly the Housing Corporation.

Broadacres weighted average fixed interest rate is 5.11% variable rate margins vary between 1.25% and 1.82% on SONIA.

Deferred Income - Government grants

	Group and Association	
	2023	2022
	£000	£000
As at 1 April 2022	(19,325)	(14,366)
Grants receivable	(4,207)	(5,085)
Amortisation of Statement of Comprehensive Income	132	126
As at 31 March 2023	<u>(23,401)</u>	<u>(19,325)</u>
Due within one year	(301)	(255)
Due after one year	(23,231)	(19,070)

The total accumulated amount of capital grant received at the balance sheet date is £80.8m (2022: £76.7m), the creditor of £23.2m relates to grant where the conditions have not yet been met.

Recycled Capital Grant Fund

	Group and Association	
	2023	2022
	£000	£000
As at 1 April 2022	236	236
Inputs	184	-
Recycling of grant	(287)	-
As at 31 March 2023	<u>133</u>	<u>236</u>
Grant due for repayment	<u>133</u>	<u>236</u>

Broadacres Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2023

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

Obligations under finance leases	Group		Association	
	2023 £000	2022 £000	2023 £000	2022 £000
Due < 1 year (Note 19)	141	334	141	334
Due > 1-2 years (Note 20)	-	291	-	291
	141	625	141	625

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. 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. The London Pension Fund Authority scheme ended with effect of 31 October 2022. The accounting entries for this scheme reflect the extermination of the existing recognised liability. Broadacres received £1,781k on 8 June 2023 on the agreement of the final scheme position. This income is included in turnover.

21.1 SHPS

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

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 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 completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

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

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2022. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2023 to 28 February 2024 inclusive.

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus. The defined benefit liability is calculated as per the below:

Broadacres Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2023

21. Pension schemes (continued)

21.1. SHPS (cont.)

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

	2023	2022
	£000	£000
Fair value of Plan Assets	10,919	18,327
Present Value of Defined Benefit Obligation	<u>13,216</u>	<u>20,609</u>
(Deficit)	<u>(2,297)</u>	<u>(2,282)</u>

Reconciliation of Opening and Closing Balances of the Defined Benefit Obligation

	2023	2022
	£000	£000
Defined Benefit Obligation at 1 April	20,609	20,391
Current Service Cost	529	1,122
Expenses	23	19
Interest Expense	580	466
Contributions by plan participants	573	357
Actuarial (gain)/loss due to scheme experience	(1,177)	1,016
Actuarial (gain) due to changes in demographic assumptions	(25)	(287)
Actuarial (gain) due to changes in financial assumptions	(7,503)	(2,206)
Benefits paid and expenses	(393)	(269)
Defined Benefit Obligation at 31 March	<u>13,216</u>	<u>20,609</u>

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

	2023	2022
	£000	£000
Fair Value of Plan Assets at 1 April	18,327	14,929
Interest Income	530	344
Experience on plan assets (excluding interest income) – (loss)/gain	(9,570)	1,937
Contributions by the employer	1,452	1,029
Contributions by plan participants	573	357
Benefits paid and expenses	(393)	(269)
Fair Value of Plan Assets at 31 March	<u>10,919</u>	<u>18,327</u>

Broadacres Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2023

21. Pension schemes (continued)

21.1. SHPS (cont.)

The actual return on the plan assets (including any changes in share of assets) over the year ended 31 March 2023 was £9,404k (2022: £2,281k)

	2023 £000	2022 £000
Global Equity	204	3,517
Absolute Return	118	735
Distressed Opportunities	330	656
Credit Relative Value	412	609
Alternative Risk Premia	20	604
-Fund of Hedge Funds	-	-
Emerging Markets Debit	59	533
Risk Sharing	804	603
Insurance-Linked Securities	276	427
Property	470	495
Infrastructure	1,247	1,306
Private Debt	486	470
Opportunistic Illiquid Credit	467	616
High Yield	38	158
Opportunistic Credit	1	65
Cash	79	62
Corporate Bond Fund	-	1,223
Liquid Credit	-	-
Long Lease Property	329	472
Secured Income	501	683
Liability Driven Investment	5029	5,114
Currency Hedging	21	(72)
Net Current Assets	28	51
Total Assets	10,919	18,327

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

	2023 £000	2022 £000
Current Service Cost	529	1,122
Expenses	23	19
Net Interest Expense	50	122
Costs recognised in SOCI	602	1,263

Broadacres Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2023

21. Pension schemes (continued)

21.1. SHPS (cont.)

Defined Benefit Costs Recognised in the Other Comprehensive Income

	2023	2022
	£000	£000
Experience on plan assets (excluding interest income) - (loss)/gain	(9,570)	1,937
Experience gains and (losses) arising on plan liabilities	1,177	(1,016)
Changes in Demographic Assumptions	25	287
Changes in Financial Assumptions	7,503	2,206
Total amount recognised in other comprehensive income - (loss)/gain	(865)	3,414

Key Assumptions

	Valuation at 2023	2022
Key assumptions used:		
Discount rate	4.83%	2.77%
Inflation (RPI)	3.16%	3.42%
Inflation (CPI)	2.82%	3.12%
Salary Growth	3.82%	4.12%
Allowance for commutation of pension for cash at retirement	75% of maximum	75% of maximum
	Valuation at 2023 years	2022 Years
Retiring today:		
Males	21.0	21.1
Females	23.4	23.7
Retiring in 20 years:		
Males	22.2	22.4
Females	24.9	25.2

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.

Broadacres Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2023

21. Pension schemes (continued)

21.2. LPFA (cont.)

The London Pensions Fund Authority Pension Fund participates within the Local Government Pension Scheme (the LGPS). The LGPS is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme Regulations 2013 (the Regulations), as amended. This actuarial valuation of the funding position has been carried out as required under Regulation 64.

Broadacres Housing Association (the Employer) ceased its participation in the London Pensions Fund Authority Pension Fund (the Fund) on 31 October 2022 (the cessation date).

Valuation process

Cessation liabilities

The purpose of this valuation undertaken is to assess the deficit, or surplus, attributable to Broadacres Housing Association as at 31 October 2022.

Different valuation approaches are taken depending on the details surrounding the exit of the employer. We understand the last active members have left, with no other employer in the Fund acting as a guarantor to Broadacres Housing Association's residual liabilities. Therefore, we believe full cessation is the most appropriate scenario.

Cessation scenario

Full cessation

A full cessation assumes that all members leave service and that no other employer in the Fund is available to underwrite the residual liabilities in the future. Under this scenario it is necessary to establish the funding position of the residual liabilities on a 'minimum risk' basis. This is similar to adopting a basis that would be used to secure the liabilities from an insurance company. In practice there is no scope for the liabilities to be bought out via such an arrangement but it represents one measure of the cost of funding the liabilities, which reduces the risk of further costs having to be met by other employers in the Fund in future. Any members eligible for unreduced early retirement benefits on redundancy are assumed to become entitled to these.

Employer assets

The assets are held in respect of the London Pensions Fund Authority Pension Fund and are apportioned at each actuarial valuation according to each employer's own experience and payments to and from the Fund. Assets are not separately identifiable for any employer within the Fund but can be tracked between actuarial valuations based on cashflows and membership movements.

We have based our calculations assuming that the value of the assets attributable to Broadacres Housing Association as at 31 October 2022 is £13,693k. This is the value of the assets calculated as at 31 March 2022 as part of the formal actuarial valuation and rolled forward allowing for cashflows to and from the Fund and investment returns earned by the Fund (estimated where necessary) in the period to 31 October 2022.

Please note that the asset value is as at 31 October 2022 and therefore does not take into account any contributions made to the Fund since this date and any deficit outlined in the results section should be adjusted for any payments made. We understand a number of retirement lump sums have been paid post 31 October 2022, in respect of members who retired on that date. We have added these lump sum amounts to the overall liability.

Broadacres Housing Association Limited
Notes to the Financial Statements
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21. Pension schemes (continued)

21.2. LPFA (cont.)

Based on the scenario set out above, the following table sets out the valuation results for the section of the Fund attributable to Broadacres Housing Association as at 31 October 2022.

Results

Based on the scenario set out above, the following table sets out the valuation results for the section of the Fund attributable to Broadacres Housing Association as at 31 October 2022.

Full cessation

	£000s
Liabilities	
Active members	-
Early retirement strain	-
Deferred members	2,037
Pensioners	9,875
Total	11,912
Assets	13,693
Surplus	1,781
Funding level	115%

There are no members as at 31 October 2022 who would be eligible for unreduced early retirement benefits if they were to be made redundant under a cessation event.

As we see there is a surplus under the full cessation scenario of £1,781k. This compares to a cessation deficit of £2,780k at 31 March 2022, the most recent triennial valuation. The change in financial assumptions is the primary reason for the decrease in liabilities and the emergence of a surplus. The most significant reason for this is the steep rise in gilt yields over the seven-month period, which has resulted in the full cessation discount rate increasing from 1.8% p.a. at 31 March 2022 to 3.8% p.a. at 31 October 2022.

In line with the Admission and Cessation policy on the Fund's website a payment of £1,781k was made to Broadacres on 8 June 2023.

Defined Benefit Costs Recognised in the Other Comprehensive Income

	2023	2022
	£000	£000
Changes in Financial Assumptions	-	1,715
Changes in Demographic	-	573
Experience (loss) arising on plan liabilities	-	(35)
Removal of scheme liability (net of fees written out)	2,052	-
Total	2,052	2,253

Broadacres Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2023

21. Pension schemes (continued)

Overall Accounting Impact of Both Schemes

The overall liability is reflected in the accounts as follows:

	2023 £000	2022 £000
SHPS	2,297	2,282
LPFA	-	2,109
	<u>2,297</u>	<u>4,391</u>

Defined Benefit Income / (Costs) Recognised in the Other Comprehensive Income

	2023 £000	2022 £000
SHPS	(865)	3,414
LPFA	2,052	2,253
Actuarial (loss) / gain on pension schemes	<u>1,187</u>	<u>5,667</u>

22. Financial instruments

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

	Group		Association	
	2023 £000	2022 £000	2023 £000	2022 £000
Financial assets				
Measured at amortised cost				
Rent arrears and other debtors (see note 17)	4,112	1,047	4,056	1,751
Amounts due from related undertakings (See note 17)	-	-	12,497	4,905
Cash held (See note 18)	<u>2,732</u>	<u>9,605</u>	<u>1,473</u>	<u>9,253</u>
	<u>6,844</u>	<u>10,652</u>	<u>18,026</u>	<u>15,909</u>
Financial liabilities				
Measured at amortised cost				
Loans payable (see note 19 & 20)	172,555	164,004	172,555	164,004
Trade and other creditors (see note 19 & 20)	32,772	26,590	29,893	24,907
Amounts owed to related undertakings (see note 19)	<u>-</u>	<u>-</u>	<u>1,705</u>	<u>1,582</u>
	<u>205,327</u>	<u>190,594</u>	<u>204,153</u>	<u>190,493</u>

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

22. Financial instruments (cont.)

	Group		Association	
	2023	2022	2023	2022
	£000	£000	£000	£000
Interest income and expense				
Total interest income for financial assets (note 5)	(55)	(10)	(518)	(232)
Total interest expense for financial liabilities (note 6)	8,033	7,068	8,033	7,068
Net Cost	7,978	7,058	7,515	6,836

23. Share capital

	2023	2022
	Number	Number
At 1 April 2022	27	38
Joining during the year	2	-
Leaving during the year	(4)	(10)
At 31 March 2023	25	28

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	
	2023	2022	2023	2022
	£000	£000	£000	£000
Contracted for but not provided for	12,023	17,410	5,530	13,693
Approved by the Board but not contracted	10,315	8,808	10,315	7,057
	22,338	26,218	15,845	20,750

The capital commitments (£22,338k) will be funded through secured borrowing, as well as income from sales and grants.

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25. Related party transactions

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

Intercompany Loans

As at 31 March 2023, Broadacres Housing Association Limited has loaned £8,995k (2022: £3,894k) to Mulberry Homes Yorkshire Limited and £1,950k (2022: £0k) 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 £136k (2022: £654k).

Broadacres Housing Association Limited paid a development recharge to Mulberry Homes Yorkshire Limited of £10,616k (2022: £12,163k).

Broadacres Housing Association Limited recharged Broadacres Services Limited of £28k for salary costs (2022: £37k).

Broadacres Housing Association Limited recharged Mulberry Homes Yorkshire Limited £201k (2022: £196k) for salary costs.

At 31 March 2023, Broadacres Services Limited owes Broadacres Housing Association £409k (2022: £318k) interest.

Mulberry Homes Yorkshire Limited owes Broadacres Housing Association £1,005k (2022: £694k) interest. Broadacres Housing Association owes Broadacres Services Limited £90k for retentions and accrued expenditure. (2022: £212k) and Mulberry Homes Yorkshire Limited £721k (2022: £452k). All transactions are at arms-length.

Hambleton District Council

Broadacres has a fully utilised loan facility with Hambleton District council of £33.6m (2022: £33.6m). Hambleton District Council was the authority from which Broadacres Housing Association evolved and stock was transferred in 1993. As at 31 March 2023, the Chief Executive of Hambleton served on the Board of Broadacres having been co-opted as a Member until November 2022. Hambleton District Council was subsumed in to the new Unitary Authority of North Yorkshire Council with effect 1 April 2023. On 30 April 2023 Dr Justin Ives stepped down from the Board of Broadacres.

Broadacres loan facility and obligations thereunder have transferred to the new authority. Loan interest is based on market rates and the interest payable in year was £1.4m 2022: £1.4m).

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 £0.4m (2022: £0.4m).

