

# Report and Financial Statements

Year to 31 March 2015



## Board

### Non Executive Directors

<b>Robert Burgin</b>	Chair ( <i>appointed 1 February 2015</i> )
<b>Fiona Gregory</b>	Vice-Chair, Chair – Operations Board, Member Remuneration and Nominations Committee ( <i>resigned 31 January 2015</i> ) <i>Acting Chair 07/07/14 – 31/01/15</i>
<b>Cllr Shan Hunt</b>	Nominated Local Authority Member, Member Remuneration and Nominations Committee
<b>Stephen Hallett</b>	Chair ( <i>resigned 7 July 2014</i> )
<b>Peter Male</b>	Senior Independent Director, Chair – Audit and Risk Committee
<b>Neil McGregor-Paterson</b>	Chair – Remuneration and Nominations Committee, Vice-Chair – Operations Board
<b>Geoff Potton</b>	Chair – Bushmead Homes Limited
<b>Martin Hurst</b>	( <i>appointed on 1 July 2015</i> )

### Executive Directors

<b>Kevin Bolt</b>	Chief Executive Officer ( <i>appointed 30 January 2014 – Interim</i> ) ( <i>appointed 1 May 2014 – Permanent</i> )
<b>Paul Gray FCA</b>	Chief Financial Officer and Secretary ( <i>resigned as Company Secretary 27 April 2015</i> )
<b>Sarah Ireland</b>	Director of Sales and Development ( <i>appointed to Board on 1 July 2015</i> )
<b>David Keeling</b>	Chief Operating Officer ( <i>resigned 23 May 2014</i> )
<b>Julie Wittich</b>	Director of Service Delivery ( <i>appointed to Board on 1 July 2015</i> )

### Executive Leadership Team

The Executive Leadership Team consists of the Executive Directors together with the following:

<b>Simon Century</b>	Director of Strategy and Corporate Finance ( <i>appointed as Director on 1 November 2014</i> )
<b>Liz Hall</b>	Director of Quality and Communications ( <i>appointed as Director on 1 November 2014</i> )

### Company Secretary

<b>Philippa Spratley</b>	Company Secretary ( <i>appointed 27 April 2015</i> )
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### bpha Limited

Registered office, Bedford Heights, Manton Lane, Bedford, MK41 7BJ

Registered as registered society under the Co-operative and Community Benefit Societies Act 2014 Register No:26751R

Registered by Homes and Communities Agency Number LH 3887

### Audit and Risk Committee

<b>Peter Male</b>	Chair
<b>Peter Bateson</b>	Independent ( <i>resigned 31 March 2015</i> )
<b>Tim Ludlow</b>	Independent
<b>Cliff Broadhurst</b>	Independent ( <i>appointed 17 June 2015</i> )
<b>Malcolm Zack</b>	Independent ( <i>appointed 17 June 2015</i> )

### Remuneration and Nominations Committee

<b>Neil McGregor-Paterson</b>	Chair
<b>Robert Burgin</b>	Board Member and Chair of Board
<b>Cllr Shan Hunt</b>	Board Member
<b>Fiona Gregory</b>	Board Member ( <i>resigned 31 January 2015</i> )

### Operations Board

Dissolved following a meeting on 6 October 2014

<b>Fiona Gregory</b>	Chair
<b>Neil McGregor-Paterson</b>	Vice Chair
<b>Geri McLeary</b>	Independent
<b>Jaz Saggu</b>	Independent
<b>David Bartley</b>	Resident
<b>Melusi Jubane</b>	Resident

### Auditor

KPMG LLP

### Principal solicitors

Devonshires  
Perrins Myddelton  
Trowers and Hamlins

### Valuers

Savills (UK) Limited

### Principal bank funders

Barclays Bank plc  
Clydesdale Bank plc  
Lloyds Banking Group plc  
Nationwide Building Society  
Royal Bank of Scotland plc  
Santander UK plc

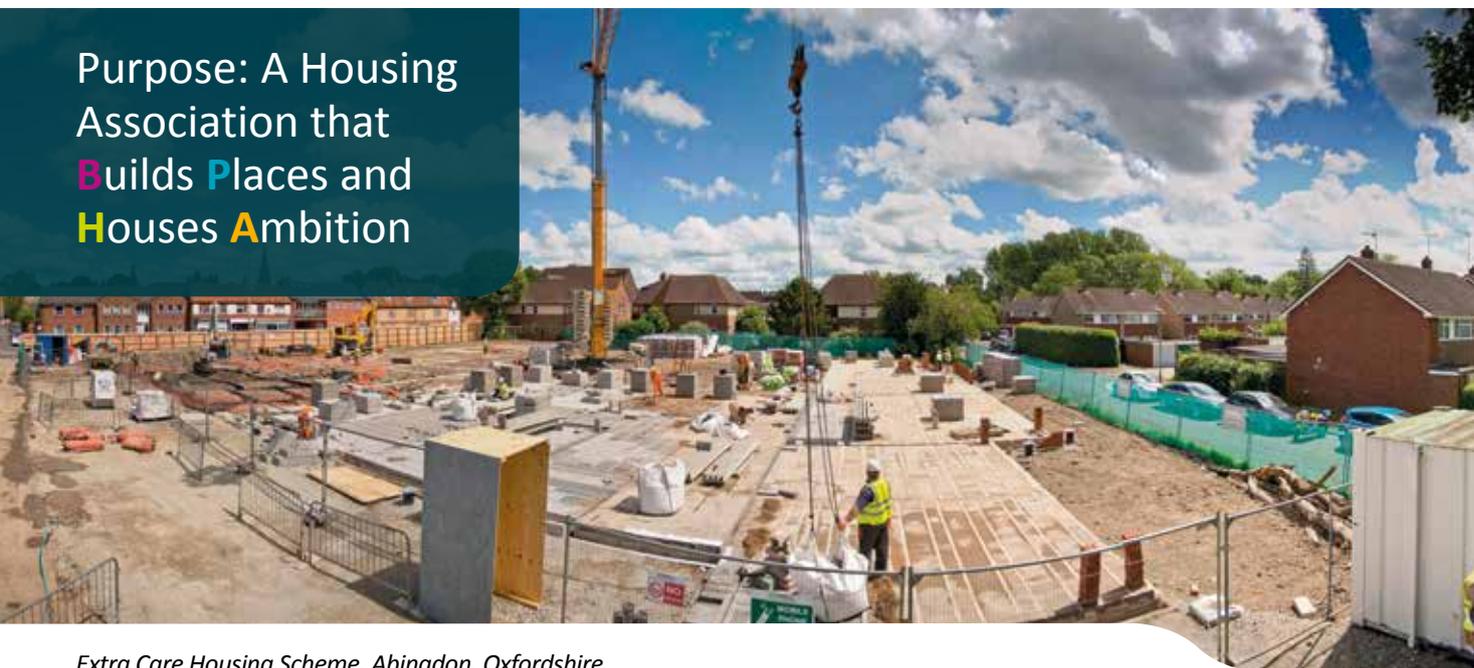
### Bankers

HSBC Bank plc

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## Chairman's statement

Purpose: A Housing Association that  
**B**uilds **P**laces and  
**H**ouses **A**mbition



*Extra Care Housing Scheme, Abingdon, Oxfordshire*

In February 2015 it was a pleasure and privilege to be offered the opportunity to serve as Chair of **bpha**. I knew something of **bpha** from my previous role serving on another Board in the sector – **bpha's** geographic focus and their excellent track record of development – however you can only really know an organisation once you are part of it.

A few months into the role I now have a much better sense of **bpha**, its customers and its employees. It is clear that:

- Over the last year there has been an increased focus upon our customers. Considerable investment has been made in new systems and ways of working which have started to deliver improved customer service and greater efficiency resulting in improved customer satisfaction;
- **bpha's** finances are in a much improved position having achieved a marked increase in operating surplus. The already good operating margin was improved further and long term funding was underpinned with a successful £200m bond issue;

- Governance structures have been thoroughly scrutinised and meet the new regulatory framework. The Board were pleased when in February 2015 **bpha** was awarded the top grading for both viability and governance;
- Our Chief Executive, Kevin Bolt, has been in post for just over a year and during that time has strengthened the Executive Leadership Team.

During these first few months I have been meeting and talking to our stakeholders in their many guises. **bpha** has many capable, passionate and committed employees who really care about providing great homes and great service to our customers. I am also delighted to have had the opportunity to visit many of the communities which **bpha** serves and to meet with its Service Improvement Panel and other involved residents; they were forceful in their presentation of tenant views and I look forward to working with them in the future.

As Chair, the opportunity to meet and listen to customers is one of the essential aspects of the role, particularly when customers pose challenges that can help drive up standards. The new homes we build are of a splendid, modern design and are often located in exciting new

communities such as the village of Wixams, near Bedford and around the Southern Fringe of Cambridge.

**bpha's** business model is serving the organisation well:

- we operate in a relatively tight geographic area which we know well;
- we build homes for rent, for shared ownership and for sale to other Housing Associations;
- we maintain the homes and provide housing management services to our customers; and
- we maintain good control over finances, always seeking to improve efficiency to deliver greater Value for Money.

Looking now to the future, we shall continue to strive to improve governance, our finances, our systems and processes but above all the service delivered to **bpha's** customers. I will support colleagues in the execution of these strategies but also to challenge both Board and the Executive to test new ways for delivering more new housing and further service improvements.

As we develop and grow our business it is likely that we will have to look to work with others in order to maximise impact of our resources. To some extent **bpha** has followed this model for many years with our Care Partnerships in Oxfordshire and Gloucestershire providing excellent service and value in the delivery of accommodation and care for older people.

Building on this experience, **bpha** has further developed the concept of partnership working. For example, we have a broad range of development skills in house and work on a number of large scale strategic sites. This has enabled us to develop properties at cost for other housing associations delivering the benefits of economies of scale to both parties. Many of these homes are on the southern fringe of Cambridge and are now being managed through CPLhomes Management Services Ltd, a business established to provide cost effective housing management support services. During the year we completed the sale of 92 new homes to other registered providers and this is regarded as an important part of our future development programme.

It is essential that an organisation sets out clearly its objectives: its Purpose and Ambition, so that all stakeholders can judge how well it is performing against its ultimate goals.

Purpose: ***A Housing Association that Builds Places and Houses Ambition***, by which we mean one that:

- Provides more homes
- Delivers excellent management & customer service
- Efficiently manages assets
- Engages ‘customers’ & supports community development
- Delivers added value housing services

Ambition: ***To be the BEST possible Housing Association***, by which we mean:

- Better, restless to improve (better tomorrow than we are today)
- Efficient, effective in everything we do, driving value for money
- Sustainable, here for future generations
- Trusted, to be relied upon, a cornerstone of the communities in which we work

I would like to take this opportunity to thank my recently retiring colleagues; Stephen Hallett who stepped down in July 2014 after seven years of service as Chairman, and Fiona Gregory who took over as Acting Chair whilst the Board sought a permanent replacement.

Finally, I would also like to thank my Board colleagues for their supportive welcome at what is proving a very busy time in the housing sector.

**bpha** is a good organisation but has the opportunity to become better. I look forward to the coming year as Chair.



**Robert Burgin**  
6 July 2015



From left: Opening Ceremony, Balsham, Cambridgeshire, Orchard Park Cambridge and Oxlip House Extra Care Home, Bury St Edmunds

## Chief Executive's statement

A year ago I was very happy to accept the post of Chief Executive Officer for **bpha**. Subsequent to having undertaken a change management project with the association in 2012, I maintained my relationship through Board development exercises in 2013 and then stepped in as Interim CEO ahead of the placement of the association's first capital markets bond. Therefore I cannot say I didn't know what I was letting myself in for!

A year on, I am very happy with the progress the association has made but, more importantly, I am confident we are building the foundations for a very good, modern, forward looking Housing Association.

This Annual Report, quite naturally, brings the financial performance of **bpha** into sharp focus. The numbers detail an improving position and a very healthy step forward courtesy of:

- developing an already good operating margin;
- excellent cost control;
- new business income from the Help to Buy and Sales Agency activity;
- restructured funding; and
- a higher than expected level of asset sales.

Within the association we are proud of these achievements and see them for what they are, a positive signal that we are doing well and going in the right direction ... but with lots more to do. What I want to do here is to outline some of the non-financial aspects of this performance, focusing on change and the work that has been undertaken to anchor the association's longer term future.

As a sector outsider I approached this new role with some lessons learned elsewhere; keep it simple wherever possible, respect good governance/ the role of regulation and never lose sight of your core purpose. Translating this for **bpha** meant focusing on the service delivery model (a diagrammatic representation of which is on the following page), overhauling business structures and processes whilst never losing sight of what

Housing Associations must do i.e: provide more homes, look after those homes you already have and provide very good customer service.

In 2014/15 we went 'back to basics'. What **bpha** does is conceptually simple so we restructured to improve communication, and ensure there was understanding and support for colleagues around the delivery of our business processes. Customer Service training was implemented for all employees in order to support a renewed focus on our customers and to drive the improvement of service delivery standards.

A new Executive Leadership Team structure was designed to bring an open and accountable leadership style. The outcome; customer service delivery is improving (STAR, 5% increase in General Needs overall satisfaction to 82%) and employee engagement and motivation is building as evidenced through our Best Companies 'One to Watch' grading, a significant improvement on the 2013/14 score.

When I started our Housing and Communities Agency (HCA) Governance rating was G2. This is a compliant assessment but it isn't where we wanted. We understood the importance of improving our Governance processes. As a result we undertook a fundamental Governance overhaul, supported externally by Savills to ensure a high level of scrutiny. This process engaged all members of the Board and management throughout the association. Achieving G1 in February 2015 was an excellent outcome from this work process and extra value is being achieved from our preparation for the 2015 regulatory environment and from a tangible change in **bpha's** approach to working with the Regulator.

Along with regaining our G1 Governance rating, we also set out to demonstrate our Value for Money credentials in a more meaningful manner in 2014/15. In 2012/13, **bpha**, accepted feedback from the HCA that its Value for Money self-assessment was a less than

comprehensive submission. I am pleased to report that in 2013/14 we received praise for the way we set out our statement both as a 'long form' report and as a customer friendly 'easy read' 4 pager. This aligned with our desire to drive up customer service standards and to improve our overall performance.

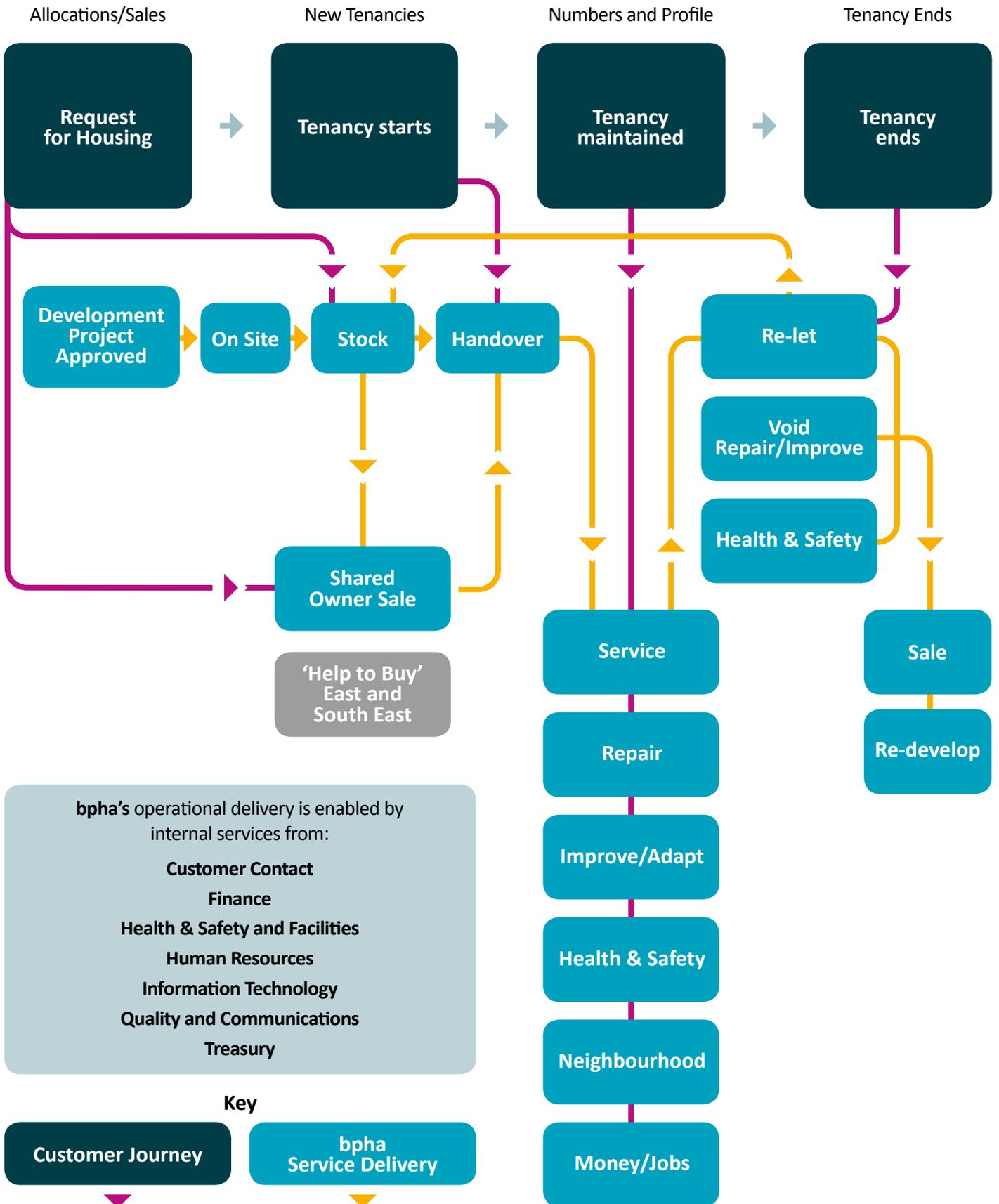
Following from the examples of change and achievement I have outlined above there is a final common thread that I should like to explain: Housing Associations are about assets, processes and customers but above all else they are 'people' businesses. It should be clear that **bpha** has worked its way through a significant amount of change this year; new Chair and a developing Board, new Executive Leadership Team, new people in new roles to reflect new ways of working and even the launch of a new business system. Bringing this 'new' association together whilst ensuring that its overall performance, financially and operationally, has progressed significantly, has been an outstanding Team effort.

The **bpha** 'Team' has pulled together and met its challenges in a highly effective and encouraging manner. The year to 31 March 2015 has been an exceptional year for **bpha** in isolation but the plan is that it is the first of many such years to come as we strive to be the best that we can possibly be: a thoroughly efficient and modern Housing Association; working to sustain tenancies; delivering excellent services and great Value for Money; building more 'affordable' homes and contributing positively within the communities that we serve.



**Kevin Bolt**  
6 July 2015

### bpha Service Delivery Model



## Operating review

### Units by area

1	Bedfordshire	10,113
2	Cambridgeshire	3,220
3	Peterborough	1,220
4	Northamptonshire	878
5	Milton Keynes	206
6	Buckinghamshire	1,007
7	Oxfordshire	395
8	Gloucestershire	122
9	Wiltshire	500
	Other	17,661
	<b>Total units</b>	<b>17,661</b>

During the year ended 31 March 2015 **bpha** had two principal points of operational focus:

1. Improving the quality of services offered to customers in order to drive up customer satisfaction; and
2. Supporting the delivery of new homes, both through our own development programme and through acting as Help to Buy agents for the East & South East of England, thereby supporting people into lower cost home ownership.

Details of how **bpha** succeeded in operational delivery against these objectives is set out below.

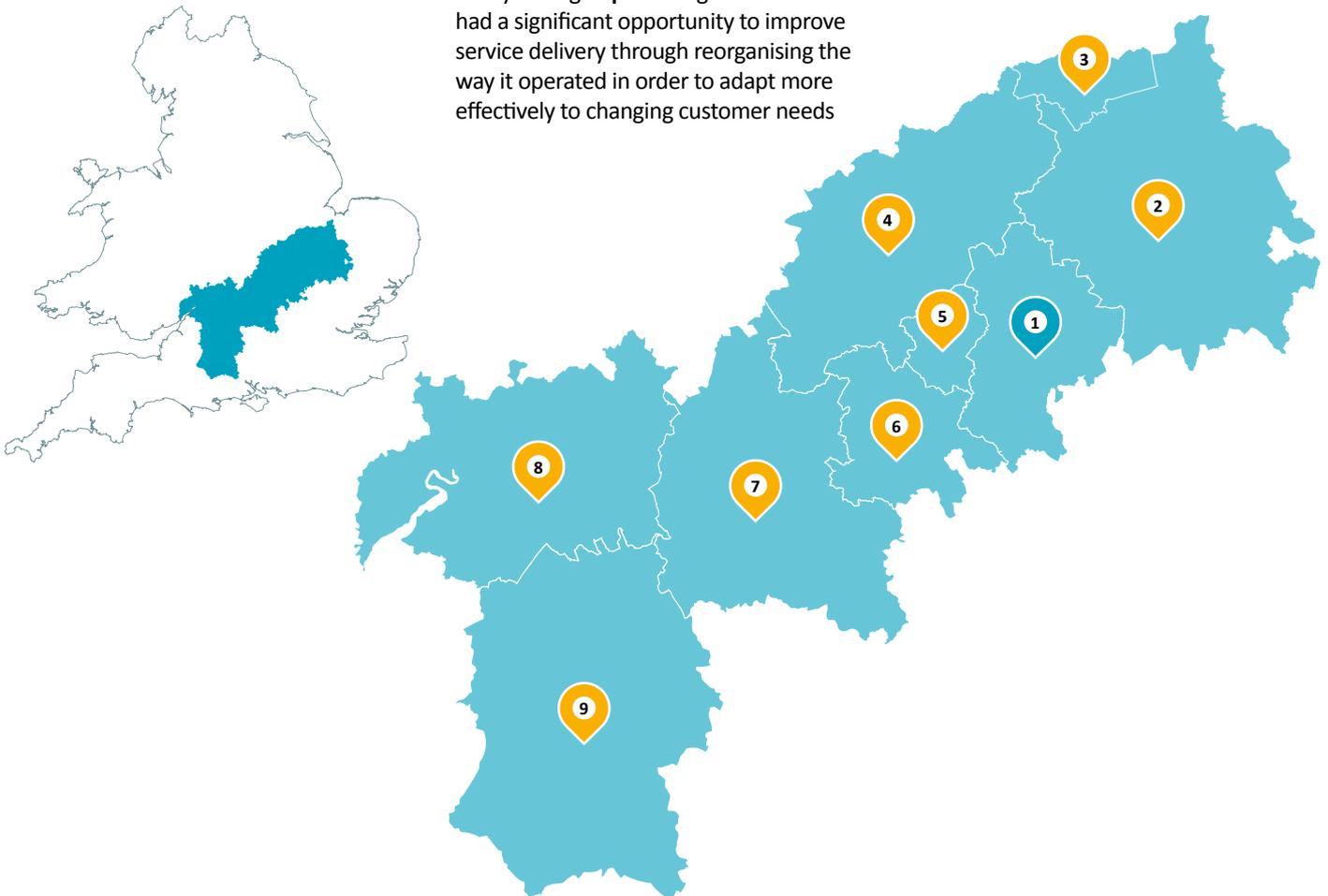
### **bpha's customers**

**bpha** has a diverse customer base including tenants, shared owners, joint venture partners and Help to Buy customers and each of these have different service requirements.

Two years ago **bpha** recognised that it had a significant opportunity to improve service delivery through reorganising the way it operated in order to adapt more effectively to changing customer needs

brought about by welfare reform and the tightening supply of affordable homes. The decision was taken to invest in a new housing management system, which would facilitate efficient service delivery including greater capability for mobile working. This new housing management system went live in December 2014. There has been a greater focus upon staff training.

During the year service delivery was consolidated under a single service directorate and as part of this, customer satisfaction has improved to 82% (2013/14: 77%) and this will continue to be a key point of focus in the year ahead. This improvement has been delivered whilst continuing to have a strong development presence as we completed the building of 558 much needed new homes (2013/14: 455).



The foundation of our service delivery ethos, is to put ‘customers at the heart of everything we do’. **bpha** will continue to respond to changing community profiles and customer expectations. We can do this best through understanding customer demographics and by engaging with customers through various means such as our customer scrutiny group, the Service Improvement Panel.

**bpha’s** customers include many people who are economically active/independent – whether in employment, retired or in education. The high price of housing across **bpha’s** area of operations means that many employed people, undertaking key roles, are unable to afford to rent or acquire on the open market and **bpha’s** provision of housing helps to meet that need. **bpha’s** customers tend to be younger than is typical of many housing associations and this is reflected in our long track record of delivering new homes, since many of our new rented and shared ownership properties are occupied by young families.

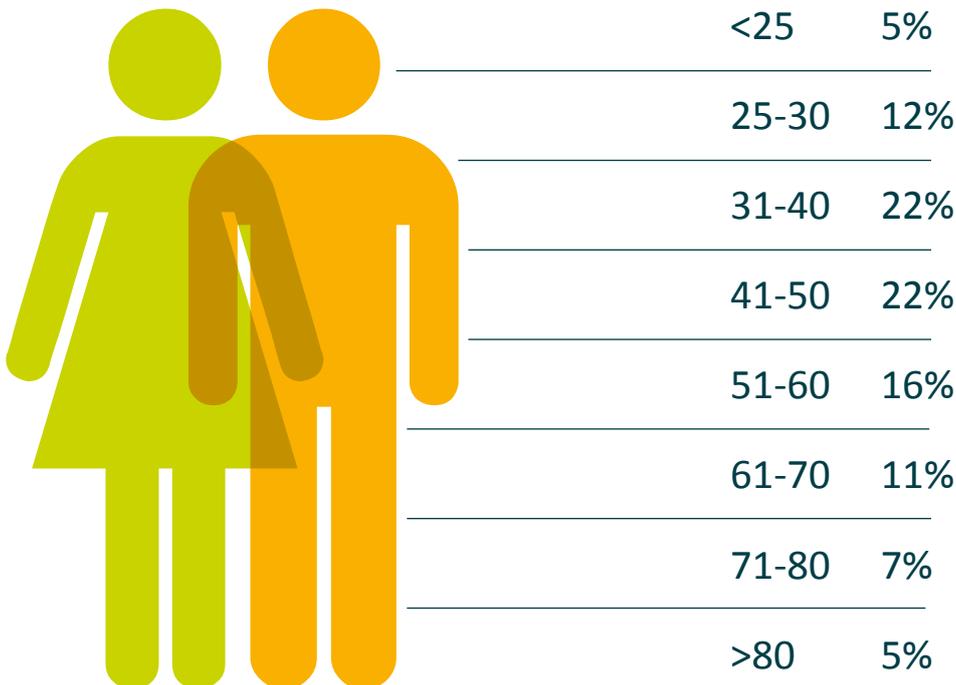
**bpha’s housing stock**

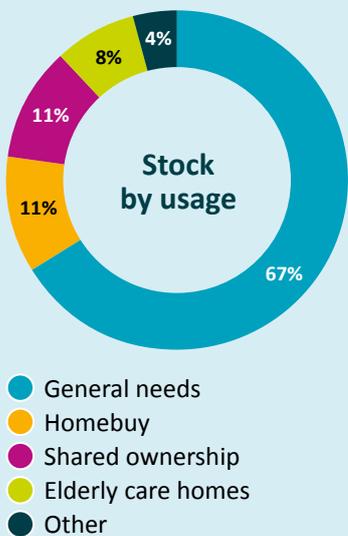
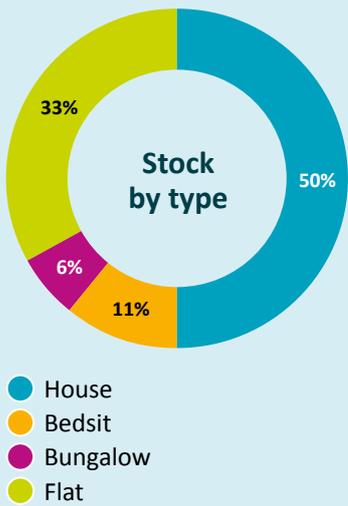
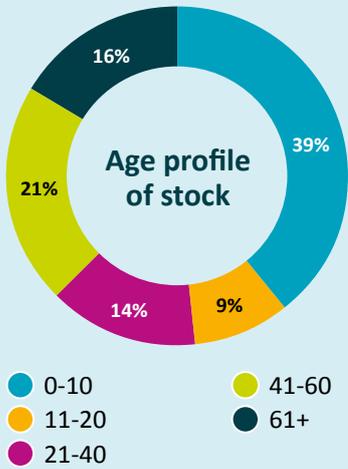
Two thirds of **bpha’s** housing stock has been built or acquired since **bpha** was formed back in 1990. **bpha** now owns and manages 17,661 homes across the Home Counties to the north and west of London.

The bulk of our general needs rented stock and shared ownership properties are in the arc from Oxford to Cambridge. We also own 23 large, modern and efficient Care & Extra Care Schemes, primarily in the counties of Bedfordshire, Oxfordshire, Gloucestershire and Wiltshire.

**bpha** serves a diverse customer group some of whom have particular housing and community requirements in terms of design, location, tenure type and cost. A range of dwelling types of varying sizes and tenures is therefore necessary to meet the needs of these different population and demographic groups. We will continue to improve the diversity, affordability and accessibility of our stock. As the charts show on page 8, **bpha’s** stock is predominantly conventional and modern general needs housing; of which 48% is no more than 20 years old.

**Age profile of tenants**





More than 96% of **bpha's** revenues are derived from social housing activities.

**bpha** has invested heavily in obtaining accurate stock condition data on all of its properties, allowing us to take better, more informed decisions. For all of our stock where we have a repairing responsibility (12,210 units or 69% of total) we record detailed information on up to 12 key components. This is kept up to date through a rolling programme of surveying at least 20% of our stock each year. 2,517 or 21% were surveyed in the year.

The concentration of young properties in a tight geographic operating area, combined with accurate condition data, enables **bpha** to operate efficiently and make investment decisions that offer the greatest value for money.

### Ongoing investment in existing stock

**bpha** has been 100% Decent Homes compliant since 2010.

In 2014/15 **bpha** invested £22.0m improving existing stock. (£8.7m charged to Income and Expenditure, £13.3m capitalised to the balance sheet). The investment programme is planned on a rolling basis over several years and is informed by stock condition data. This means that the detailed works undertaken can vary considerably from year to year as one programme is completed and another is commenced. The works undertaken in the year included:

- 26,900 responsive repairs (2013/14: 24,000)
- 840 refits of void properties (2013/14: 1,000)
- 600 new doors fitted (2013/14: 1,300)
- 410 boiler replacements (2013/14: 690)
- 580 properties with new roofs or roof line works (2013/14: 600)
- 450 properties with adaptations for disabled living. (2013/14: 400)

In addition many other works such as bathroom, kitchen and window replacements were carried out. Further details are set out in the Value for Money section of the financial statements.

### Growing our business

#### New Homes

We are proud to be one of the key affordable and social housing developers in the South East of England. The shortage of affordable housing is particularly acute within our operating region and **bpha** helps meet this need through a sustainable on-going programme of new housing development. During the year 558 new homes were completed (2013/14: 455 homes).

### Total units owned or managed



**bpha** has a long track record of successful development and has built an established network of strong strategic relationships with developers, house builders, local authorities and others. The scale of the development programme is, as detailed in the chart below, typically 450 – 650 units p.a. between 2013 and 2015. This scale of development achieves critical mass enabling **bpha** to employ staff with a range of development skills on an efficient cost per unit basis.

Following the period 2009-2011 when **bpha's** build programme was boosted by additional Government grant made available to support the building of new homes in the wake of the banking crisis, **bpha** recognised that it was important to improve its long term financial strength and accordingly scaled back its development commitments to current levels.

Capital expenditure during 2014/15 on the purchase and development of 558 new homes, net of grant, totalled £39.3m (2013/14: £43.7m) and was funded through a combination of finance raised from the debt capital markets, loans drawn on existing facilities, utilisation of cash deposits and asset sales.

Whilst the bulk of funding for future development will come from the debt capital markets, subsidy remains critical to viable development of social/affordable housing. In **bpha's** operating region it is possible to generate subsidy to build rented stock through development of shared ownership units and this is key to **bpha's** development model. In addition, **bpha** is fortunate to have significant Recycled Capital Grant Funds, totalling £15.4m, which is expected to be utilised in providing essential subsidy for the development of new affordable homes over the next few years.

As part of our on-going commitment to develop new homes, **bpha** has agreed with the HCA to deliver 471 new homes under the 2015/18 Affordable Homes Programme and in addition to this there will be significant delivery through the HCA Continuous Market Engagement programme.

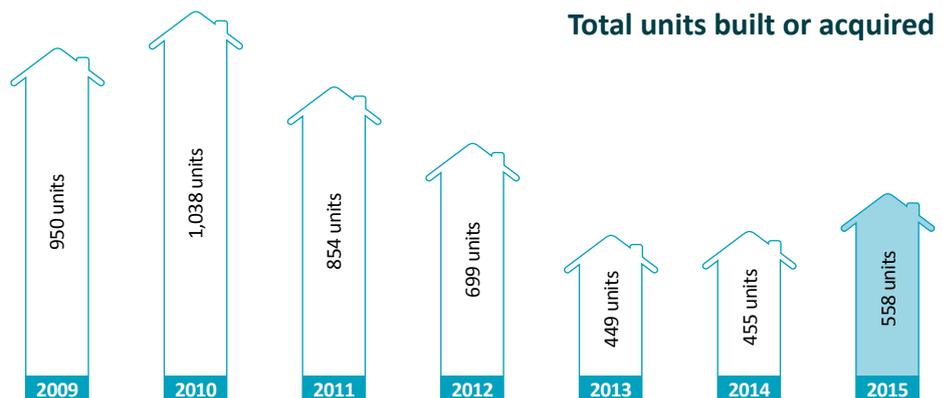
**New Business Streams – Help to Buy, Cost Sharing & Bushmead Homes**

The **bpha** business model is simple and effective; homes are built and held in perpetuity, these are well maintained and supported with the provision of good customer service. Historically **bpha** has chosen not to undertake activities outside this area of core expertise. This continues to be the model that is followed, but we recognised that this can be adapted to build upon that core expertise developed within the organisation, and have done so during the year as detailed below:

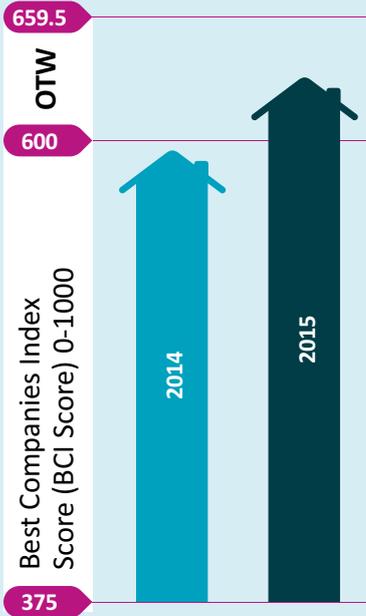
- At the start of the year we were delighted to be awarded by the HCA the Help to Buy Agency for the South East & East of England. This was won in a competitive tender. The contract became operational within a few weeks of being awarded. Drawing upon skills developed both in **bpha's** award winning call centre and the development & sales teams, this contract has progressed well and has contributed to the overall financial performance whilst handling over 69,178 enquiries and processing 6,760 completions.
- We recognise that the housing association sector can deliver more output and more cost efficiency when it co-operates through joint ventures and cost sharing vehicles. During the year we have developed new homes and sold these at cost to other housing associations who therefore benefit from **bpha's** development expertise and economies of scale.



- Private for sale development can be a natural corollary of affordable housing development, both through generating profit to cross subsidise and through providing opportunities to gain access to affordable homes required under planning as per section 106 of the Town and Country Planning Act (1990). Bushmead Homes Limited, which was established as a “for profit” development subsidiary, became active during the year with two sites under development and a further pipeline of opportunities under consideration.



Best Companies results



OTW  
One to watch

Investment in employees

We noted last year that **bpha** had moved to a new head office which was designed to be flexible and adaptable to suit modern efficient working and that **bpha** had invested in the supporting IT infrastructure. This investment proved its value when we won the Help to Buy contract and had to integrate up to 50 new employees in a very short period. As we expected, bringing the majority of employees into a single floor open plan layout, has already transformed working practices and this will be a key factor in continuing to deliver efficient value for money services to customers in the future.

**bpha** has a loyal and dedicated workforce with a wide range of skills and experience, and we recognise the importance of investing in employees to build upon and refresh those skills. During the year all employees received training in customer services and in the new housing management systems and during the coming year this should yield further improvements in customer satisfaction and help support operating efficiency. During 2014/15 we have placed greater focus upon developing employees to enable their careers to progress and have supported many of them through internal and external training in order to attain new, relevant qualifications. With financial and time support, employees are studying to gain qualifications across many areas including Information Technology, Surveying, Housing Management, Personnel, Finance and Treasury. Our long term policy is, where possible, to recruit talented people and to offer them a rewarding career path within **bpha**. Many of our management have been promoted internally, including two thirds of our Executive Leadership Team.

We want our employees to be the BEST that they can be and to offer them the chance to work for one of the BEST companies in the sector. For the second year running, during the year all employees had the opportunity to take part in a confidential survey by “Best Companies”. This showed that **bpha’s** working environment and culture had progressed over the year and **bpha** is now officially “One to Watch”.

**Kevin Bolt**  
Chief Executive Officer  
6 July 2015

## Five year summary

	2015	2014	2013	2012	2011
<b>Company Income and Expenditure Account (£'000)</b>					
Turnover: continuing activities	118,168	94,285	79,871	77,245	71,483
Turnover: on social housing lettings	78,089	73,373	69,227	67,123	59,112
Operating surplus: on social housing lettings	40,468	35,131	33,748	32,126	27,591
Operating surplus: continuing activities	44,671	36,960	36,311	32,595	28,632
Surplus for year – before refinancing costs	14,913	5,670	5,097	5,201	4,923
Termination of hedging and loan arrangements	(14,690)	(11,904)	–	–	–
<b>Surplus/(Deficit) for the financial year</b>	<b>223</b>	<b>(6,234)</b>	<b>5,097</b>	<b>5,201</b>	<b>4,923</b>

### Company Balance Sheet (£'000)

Housing fixed assets	913,127	894,232	854,740	801,972	753,736
Other fixed assets	4,320	3,394	2,795	3,191	3,532
Investments	19,282	15,644	15,962	16,571	17,013
Total fixed assets	936,729	913,270	873,497	821,734	774,281
Net current assets	74,608	13,822	37,943	38,907	54,472
<b>Total Assets less Current Liabilities</b>	<b>1,011,337</b>	<b>927,092</b>	<b>911,440</b>	<b>860,641</b>	<b>828,753</b>
Loans (due over one year)	698,732	613,661	592,307	559,262	545,614
Pensions liability	25,019	19,183	19,737	15,726	11,362
Other long term liabilities	25,633	27,142	24,270	20,910	18,468
Total long term liabilities	749,384	659,986	636,314	595,898	575,444
Reserves: revenue	10,355	14,661	18,439	16,155	14,409
revaluation	251,598	252,445	256,687	248,588	238,900
total	261,953	267,106	275,126	264,743	253,309
<b>Total Long Term Funding and Reserves</b>	<b>1,011,337</b>	<b>927,092</b>	<b>911,440</b>	<b>860,841</b>	<b>828,753</b>

### Accommodation (number of dwellings)

Total owned	15,744	15,392	15,067	14,732	14,077
Total other properties	1,917	2,035	2,151	2,281	2,349
<b>Total owned and in management</b>	<b>17,661</b>	<b>17,427</b>	<b>17,218</b>	<b>17,013</b>	<b>16,426</b>

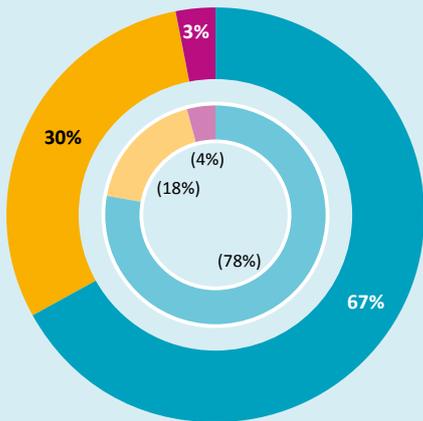
### Company Key Financial Ratios

Surplus for the year as % of turnover (excluding one-off refinancing costs)	12.6%	6.0%	6.4%	6.7%	6.9%
Social housing lettings: operating surplus as % of turnover	51.8%	47.9%	48.7%	47.9%	46.7%
Rent losses (voids and bad debts as % of rent and service charges receivable)	2.1%	2.7%	2.2%	2.0%	2.4%
Rent arrears (gross arrears as % of rent and service charges receivable)	3.9%	4.2%	3.7%	3.6%	3.4%
Long term loans as multiple of turnover	5.9	6.5	7.4	7.2	7.6

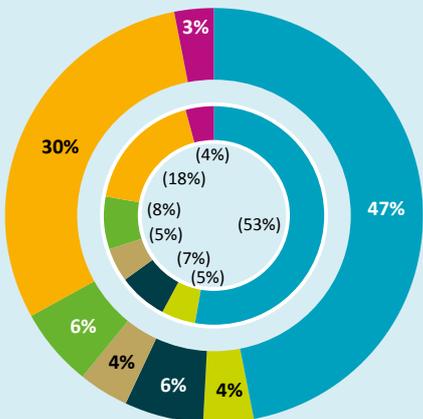
## Financial review

### Analysis of turnover

Turnover  
**£118.9m**  
 (2013/14 £94.3m)



- Social housing lettings income
- Other social housing activities
- Non-social housing activities



- General housing
- Low cost home ownership
- Supported Housing
- Residential care homes
- Others
- Other social housing activities
- Non-social housing activities

### Overview of the year

**bpha's** financial situation has improved over the course of the year ended 31 March 2015 which has been driven by the strategic and operational decisions taken earlier in the year or in previous periods, in particular:

- the adoption of a financially prudent approach to assessment and appraisal of development opportunities, with strong controls over development commitments;
- the restructuring of treasury operations and long term funding, and
- the decision to focus upon operational efficiency so as to constrain rises in expenditure to less than the growth in income.

The net surplus for the year of £159k shows a considerable improvement from the net loss of £6.2m incurred in 2013/14. This improvement has three principal components namely a very strong operational performance, including an improvement in the margin on social housing lettings, increased surplus from asset sales and containment in the overall cost of funds despite increases in overall debt. These components are discussed in the following paragraphs.

The increasing scale of operations has seen turnover increasing by £23.9m to £118.2m (2013/14: £94.3m) with operating surplus significantly improving to £44.4m (2013/14: £37.0m). The key reasons for this are as follows:

- The increase in turnover primarily relates to sales of newly developed properties at cost to other housing associations of £15.0m (2013/14: £nil), together with £2.5m of increased first tranche shared ownership sales and income from the Help to Buy agency. Most of the balance of the increase relates to lettings of existing and newly developed stock;

- The majority of the increase in operating surplus arises from operational efficiencies and tight cost control which resulted in part from the increase in rents flowing through to the retained surplus. In particular improvements were achieved in four main areas:

- (i) bad debts were reduced;
- (ii) employee costs were contained through efficient deployment, controls over recruitment, and the reduction in overtime and use of agency staff;
- (iii) improvements in the operational efficiency of the department handling property maintenance, including reductions in the average cost per responsive repair; and
- (iv) the Help to Buy contract which contributed a small surplus.

Asset management sales performed very strongly, contributing £4.8m to the overall surplus (2013/14: £2.3m). There has been increased activity across all asset categories, much of which is customer demand driven rather than as part of a wider asset management strategy and this reflects a buoyant housing market. Increased contributions from staircasing of shared ownership properties together with customers choosing to exit from Open Market HomeBuy, My Choice Homebuy and Shared Equity Growth, accounted for much of this increase.

The decision taken in 2013/14 to enter the Debt Capital Markets has proved sound as the average cost of the new funds raised was significantly less than the cost of debt repaid. Accordingly, despite increases in overall debt, interest costs increased more slowly than the operating surplus. **bpha's** operating surplus from social housing lettings has continued to be one of the highest in the sector (2014/15: 51.8%; 2013/14: 47.9%) which supports **bpha's** continued ability to secure funding at competitive rates.

### Income and Expenditure

bpha's strong margin on social housing lettings has been achieved through a number of factors:

- Stock being concentrated in a tight, high yielding, geographic operating area, facilitating efficient service delivery;
- Housing management, maintenance and repairs costs being minimised through a deep knowledge of the asset base;
- 48% of bpha's stock is no more than 20 years old resulting in considerably less on-going maintenance than older stock;
- A commercially driven focus on income maximisation, and clear cost controls; and
- Tight control over staff costs.

Social housing activities remain the core component of bpha's business, with over 96% of turnover coming from social housing lettings or other social housing activities and less than 4% being derived from non-social activities.

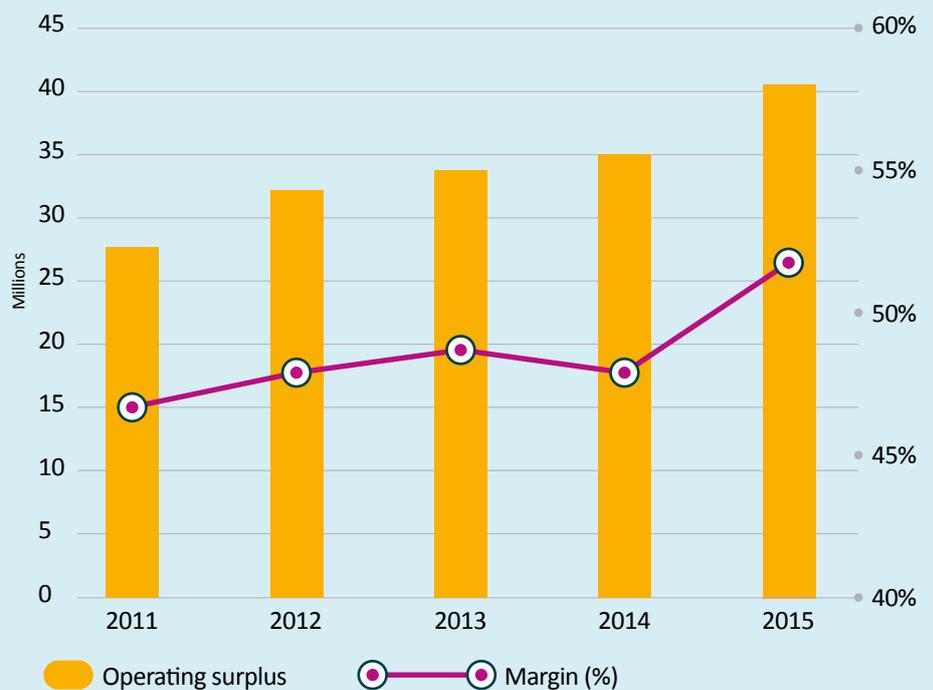
Details of income and expenditure from lettings are detailed in Note 3 to the financial statements, but key points to note are as follows:

- Turnover increased by £23.9m to £118.2m. Income from social housing lettings increased by £5.4m due to additional properties and rent increases. Turnover from first tranche shared ownership sales increased by £2.5m to £17.0m;
- Operating costs (excluding costs relating to property sales) were down by £1.1m to £41.8m (2013/14: £42.9m);
- The cost incurred in providing services to tenants has remained unchanged at £4.6m and the service charges to tenants have been reduced by £0.3m thereby delivering better value for money;
- Planned maintenance showed a decrease of £1.0m which is due to having now completed various programmes. Routine maintenance cost, including responsive and void repairs, increased by £0.5m to £7.8m. We carried out 26,900 responsive repairs in the year (2013/14: 24,000).

### Long term loans as multiple of turnover



### Operating performance 2011 – 2015 Operating Surplus on social housing lettings





Clay Farm, Cambridgeshire Southern Fringe

Development activity included the £15m sale of 94 new homes at cost to other housing associations. Cost includes full overhead recovery including interest. The resulting increased scale of gross development ensures that development overhead cost per unit is minimised and thereby offers great value for money. In addition, development fees are charged which further contribute to overall net income.

During the year £4.8m was invested in Bushmead Homes Limited, a wholly owned subsidiary which has been established to develop residential property for open market sale to cross subsidise social housing developments. Several developments are underway with the first sales expected in 2015/16. Bushmead incurred a loss of £65k during the year (2013/14: £nil), relating to its fixed overheads, but is budgeted to be profitable in future periods once sales commence.

The balance sheet includes a pension liability of £25.1m (2014: £19.2m), which represents the organisation's share of a long term liability under the Local Government Pension Scheme of which it has been a member for many years. The scheme is closed to new members.

Leverage levels have continued to improve as shown by the continuing fall in the debt to turnover ratio.

A key feature of **bpha's** financial affairs is its debt structure which is primarily attributable to the funding of property development and acquisitions since 1990. Further details are set out in the Treasury section following.

### Debt repayment profile



### Balance Sheet

The balance sheet value of total assets less current liabilities is £1,011m (2014: £927m). The asset base has been funded through a combination of retained reserves of £262m (2014: £267m), long term funding of £699m (2014: £614m) and other long term liabilities of £25m (2014: £27m).

Tangible fixed assets increased by £25m. The stock of housing properties has been valued at 31 March 2015 by Savills (UK) Limited at £802m (2014: £773m), an increase of £29m. In addition, Savills have valued the residential care homes at £95m (2014: £85m) bringing the total property valuation up to £897m (2014: £858m). During the year **bpha's** property portfolio (owned and managed) increased by 234 units to 17,661. This was the net impact of completions from the development programme less units developed for other housing associations, customers stair-casing to 100% and other asset sales.

**Treasury**

**bpha's** credit rating was re-affirmed by Standard & Poors as AA- (stable) in September 2014, which was the same as our debut rating published in September 2013. In February 2015, the Homes and Communities Agency reaffirmed **bpha's** financial viability status at the highest level of 'V1' in recognition of the financial strength of the Association.

As at 31 March 2015, **bpha** had £803m of committed debt funding available from debt capital markets and bank facilities. Of this, £703m was drawn at 31 March 2015, an increase from £618m drawn debt in 2014. **bpha** seeks to maintain diversification in its funding sources, and at 31 March 2015 28% of drawn debt came from the capital markets and 72% from banks, primarily our six principal bank funders.

**bpha's** debut 30 year £200m 4.816% bond was issued in March 2014 through **bpha** Finance Plc. £140m was settled on 11 April 2014 and £60m of the bonds were initially retained for future sale. These have since been sold during the year. Part of the proceeds of the bond sales was used to refinance a more expensive bank loan with the remainder of the proceeds being used to pay down revolving credit facilities. Although £14.7m of break costs and other refinancing costs were incurred (2013/14: £11.9m), the refinancing ensured a guaranteed on-going economic benefit would be realised in future periods.

**bpha** manages its interest rate exposure through a mixture of embedded instruments (including fixed rate bank loans and bonds) and stand-alone derivatives. At 31 March 2015, 90% of **bpha's** drawn debt was hedged, with 30% through embedded instruments, 31% through stand-alone swaps and 29% through the bond issue.

Over the course of the year, due to the decrease in long-term interest rates, **bpha's** Mark to Market exposure on stand-alone derivatives has increased. Cash collateral deposited to meet margin calls on stand-alone derivatives has increased to £54.7m (31 March 2015) from £19.3m (31 March 2014).

The process for charging properties as security was further strengthened, which enabled over 2,200 units to be charged in support of the retained bond sales and securing revolving credit facilities.

**bpha** has limited re-financing risk in the next five years as over three-quarters of **bpha's** loan facilities mature after more than ten years.

As at 31 March 2015, **bpha** had £100m of committed undrawn facilities which were available for immediate drawing (£85m at 31 March 2014), together with £31.9m of bank deposits (£17.9m at 31 March 2014). Therefore, despite the increase in cash collateral to meet margin calls which is excluded from the liquidity calculation, in total **bpha's** available liquidity has improved to £131.6m (£102.9m at 31 March 2014). In line with **bpha's** prudent policies on liquidity management, undrawn borrowing facilities and cash are more than sufficient to meet planned net operational and development expenditure for the year ahead.



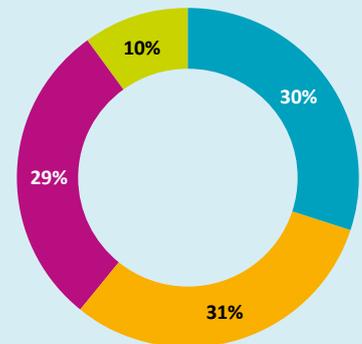
**Paul Gray FCA**  
Chief Financial Officer  
6 July 2015

**Available liquidity**



● Undrawn Facility  
● Cash

**Hedging Activity**



● Embedded swaps 30%  
● Stand-alone derivatives 31%  
● Bond 29%  
● Floating 10%

## Value for money

**bpha** has a Value for Money (VfM) strategy which sets out the framework by which efficiencies and savings are generated and how the delivery of 'Value' will be measured. When measuring value we look at quality as well as cost. Other factors considered by **bpha** in assessing value, include:

- Offering more cost effective, improved services
- Generating a positive impact on residents and communities
- Ensuring decisions take a long term view rather than just considering short term costs
- Whether or not activities are environmentally sustainable

**bpha** uses various sources of benchmarking data, including the HCA Global Accounts and Housemark. Measurement of performance is used to drive further improvement in delivery of VfM, with efficiency gains actively recorded and progress reported to stakeholders.

**The following summary has been extracted from the full self-assessment report and stakeholders are advised to refer to that document which is published on the bpha website [www.bpha.org.uk](http://www.bpha.org.uk).**

### A Successful Year in Delivering Value for Money

The Board have concluded that **bpha** has been successful in delivering VfM having improved customer satisfaction, maintained tight cost operational control, delivered new homes and secured new funding at lower cost. The following paragraphs show why this conclusion was reached and the report concludes with a summary of key VfM benchmarks.

#### a) Return on Assets

- **bpha** built 558 new homes at a gross cost of £47.8m. Net debt per home is high by benchmark standards reflecting **bpha's** successful historic track record in delivering new homes. It should be noted that each development scheme has to independently meet various financial hurdles. Current customers' rents are not cross subsidising the

development of homes for future customers as we would not consider that to offer VfM to existing customers.

- **bpha** invested over £22m in improving existing homes. Details of the improvements to homes resulting from this investment are set out in the operating review on page 8.
- **bpha** continued to have a sector leading operating margin of 51.8% on social housing lettings reflecting efficiency of cost control and maximisation of income.
- **bpha** record stock condition data for all of our stock where we have a repairing responsibility and we resurvey at least 20% of stock each year to keep stock condition data up to date. This makes future maintenance liabilities visible and enables **bpha** to plan work to deliver the greatest VfM.
- During the year, using the data gained from the stock condition survey, investment in components of existing properties increased by 9.3% to £13.2m. This investment in existing properties will help drive future improvement in customer satisfaction levels and ensure our stock continues to meet the government's Decent Homes standard. As detailed later in the VfM benchmark table, improvements in the efficiency of planned and routine maintenance meant that the total expenditure per property was reduced, which offers customers better Value for Money.
- Asset modelling software is used to evaluate **bpha's** stock and identify the performance of different assets. Data is used to inform reinvestment, retention and disposal decisions. Evaluation was undertaken during the year of the entire stock portfolio and this showed that all stock had a positive net present value. We believe that this positive value reflects the strict development criteria applied over many years as well as the age, condition and location of our stock. We have concluded therefore that Value for Money would not be enhanced through asset rationalisation.

- In 2014/15 **bpha** improved processes and invested in new systems which will deliver improvement in operational efficiency and effectiveness in the coming months and years.

#### b) Social and Environmental Returns

- £469k (2013/14: £447k) was invested in aids and adaptations to support disabled and elderly residents. This investment contributed to the continued independence, autonomy and well-being of our residents.
- **bpha** has continued improving the energy efficiency of its homes. **bpha** measures the success of energy efficiency programmes using SAP (Standard Assessment Procedure) data. The average SAP rating is now 73.9 (2013/14: 72.4) which is the result of various long term programmes of improvement to existing stock, including replacement of solid fuel heating systems, replacement of windows, fitting energy efficient modern lighting and other measures. In addition, all new stock is built to more efficient modern standards and this also drives improvement in the overall average rating.
- We consider that investment in energy efficiency represents VfM:
  - from a customer perspective this reduces their potential bills, improves the quality of their lives and reduces the risk of fuel poverty; and
  - from a **bpha** perspective; more energy efficient homes are more valuable, improving return on assets and the reduction in fuel poverty potential improves the chances of customers being able to meet their rent commitments.
- **bpha** volunteers worked 2,700 hours on community projects in 2014/15 worth over £42,500.

#### c) Customer satisfaction

- Last year **bpha** concluded that a key area for improvement was to raise customer satisfaction levels and in last year's VfM self-assessment we set out plans as to how we were going to achieve this through investment in

systems, investment in homes, support to customer facing staff and improved communications.

- To date we have been able to deliver improvements in customer satisfaction without having to increase customer facing staff, and accordingly staff costs per unit did not increase as originally planned. All employees have undertaken customer service training.
- **bpha** are committed to improving the quality of services offered and to improving customer satisfaction as a result. Improvements to customer facing systems and processes were a major priority during 2014/15 although efficiencies arising from these improvements will only be fully realised in subsequent periods.
- As detailed in the table below, there have been improvements in overall customer satisfaction for General Needs and Housing for Older People. However, Customer Service has fallen for Shared Ownership and this is being addressed in conjunction with the Service Improvement Panel. That said, in each of the three areas, customers are more satisfied that their rent provides Value for Money than the benchmark median.
- There is an increasing focus upon mobile working enabling **bpha's** housing officers and other customer facing staff to spend more time with the people they serve.

**d) Efficiency gains and future improvements to VfM**

- Our approach to recording efficiency gains is to include only the gains achieved relating to the first year, since even if they recur in later periods they are then considered as “business as usual”, since they will have been absorbed into budgets and business plans. Accordingly recurring gains are not recorded in later years’ VfM self-assessments.
- **bpha** delivered £2.8m in VfM efficiency gains during the year to 31 March 2015. **bpha** has budgeted to deliver a further £1.2m of efficiency gains in 2015/16. Much of the VfM efficiency gains

realised in 2014/15 will be reinvested for the direct benefit of existing customers.

**e) VfM Benchmark**

- **bpha's** performance against VfM benchmark indicators, together with

our targets for 2014/15, are set out in the table below. As referred to above, **bpha** achieved results which were better than benchmark, were better than previous year and which were better than target.

**Customer satisfaction:**

	2015/16 Target	2014/15 Actuals	2013/14 Actuals	Benchmark* Median
<b>General Needs</b>				
Rent provides value for money	–	85%	75%	80%
Overall service provided	87%	82%	77%	86%
<b>Housing for Older People</b>				
Rent provides value for money	–	89%	77%	89%
Overall service provided	95%	93%	85%	92%
<b>Shared Ownership</b>				
Rent provides value for money	–	72%	N/A	63%
Overall service provided	65%	59%	63%	70%

\* Benchmark data Housemark April 2015

**Value for money indicators**

	2015/16 Target	2014/15 Actual	2014/15 Target	2013/14 Actual	Benchmark*
Staff cost per unit	£695	£684	£729	£683	£952
Planned and routine maintenance cost per home	£613	£606	£555	£703	£992
Capital expenditure on existing properties per home	£690	£751	£807	£695	£989
Total expenditure on properties per home	£1,303	£1,357	£1,362	£1,398	£1,981
Rent void loss per home	£53	£57	£71	£79	£79
Operating cost per home on social housing lettings	£2,366	£2,130	£2,393	£2,194	£3,384
Operating margin on social housing lettings	51.0%	51.8%	48.3%	47.9%	26.9%
Rent arrears %	4.0%	3.9%	4.0%	4.2%	4.8%
Bad debts per home	£44	£24	£39	£36	£37
Total number of homes	17,905	17,661	17,712	17,427	N/A
Net debt per home	£36,110	£35,277	£35,651	£33,079	£19,913

\* Benchmark data taken from HCA Global Accounts 2014

## Report of the Board

The Board presents its report and audited financial statements for the year ended 31 March 2015.

### Principal activities

**bpha** is a registered social housing provider, regulated by the HCA and is a charitable registered society under the Co-operative and Community Benefit Societies Act 2014.

**bpha** is now a mature association that has grown and changed significantly over its 25 year history and which continues to grow and diversify its services for a wide range of customers, including key public sector workers and others in need of low cost homes. **bpha** now operates across the Home Counties to the north and west of London, broadly on an arc between Oxford and Cambridge.

### Performance for the year

Details of **bpha's** financial performance are set out within the Operating and Financial Review on pages 6 to 15.

### Housing property assets

Details of changes to **bpha's** fixed assets are shown in note 10 to the financial statements. Housing property values are considered in the Financial Review.

### Board members, officers and executive directors

The Board members of **bpha** are set out on the inside front cover of this publication.

As at the date of signing of these Financial Statements, the Board of **bpha** comprises six non-executive directors and four executive directors.

The non-executive directors comprise five independent members and one member nominated by the local authority, Bedford Borough Council. The independent Board members and Bedford Borough Council each hold one share in **bpha**. The independent Board members are drawn from a wide background bringing together professional, commercial and local experience. They possess specific qualifications and competencies necessary for effective governance and the determination of overall corporate strategic objectives.

The executive directors of **bpha** are the Chief Executive Officer, the Chief Financial Officer, the Director of Sales and Development and the Director of Service Delivery.

### A simple corporate structure

**bpha** operates within a simple corporate structure, including strategic partnerships, which is designed to manage financial resources effectively and efficiently.



The executive directors, each of whom are full Board members, hold no interest in **bpha's** shares and act as full time salaried executives within the authority delegated by the Board.

In accordance with Board Terms of Reference, in addition to preparation for and attendance at Board meetings, and to overall governance and strategy, the Board provides:

- significant on-going input to the leadership framework;
- oversight of **bpha** financial integrity;
- performance monitoring;
- appointment of senior management;
- consideration of delegated authority;
- stakeholder management and communication.

**bpha** has insurance policies, which indemnify its Directors, Officers and Committee Members against liability when acting for **bpha**.

### Regulatory Framework

Over the last two years **bpha** has worked closely with the HCA to improve all aspects of its governance and to review its board pay and performance policies in line with a board refreshment programme.

In February 2015 the HCA published a regulatory judgement upgrading **bpha** to "Properly Governed: G1, Viable: V1".

This judgement noted that "The regulator's assessment of **bpha's** governance has been upgraded following assurance that the processes governing board member remuneration and board member performance management are appropriate. Based on evidence gained from contact with the board and executive, a review of board papers and the outcomes of a governance review, the regulator has assurance that **bpha's** governance arrangements are now sufficient to meet its objectives."

### Corporate Governance

During the year **bpha** complied in all respects with the National Housing Federation Code of Governance 2010. With effect from the 1 April 2015 the Board has

resolved to adopt the National Housing Federation Code of Governance 2015.

The Board recognises its responsibility for all aspects of the business and has in place a comprehensive and effective governance framework. During 2014/15 the Board has undertaken an extensive review of its governance framework including its rules, governance documents and its committee structure.

Following the governance review, Shareholders approved a revised constitution on 18 November 2014 which updates the way in which **bpha** governs itself. **bpha** is governed through its Board, which normally meets eight times a year. The committee structure has been revised following this review and the Operations Board was discontinued in October 2014. There are now two specialist Board Committees, namely "Audit and Risk Committee" and "Remuneration and Nominations Committee". Both committees are operating under extended and updated Terms of Reference, the key points of which are set out below.

On 9 June 2015 the Board resolved to establish a Finance & Treasury Committee which will be chaired by a suitably experienced non-executive Board member.

The Board is responsible for the overall strategy and policy of **bpha**. The Board reserves the power to decide on certain significant matters such as the vision, mission and strategic objectives of the organisation, the approval of the budget, business plan and the annual accounts and the oversight of the organisation's risk management framework. Significant matters reserved to the Board are set out in the Board Terms of Reference. Other matters are delegated to the Committees of the Board in accordance with the relevant Committee Terms of Reference. The day-to-day running of **bpha** is delegated to the Executive Leadership Team. The Executive Leadership Team comprises the four executive Board directors plus the Director of Strategy & Corporate Finance and the Director of Quality & Communications.





Glebe Farm, Cambridgeshire Southern Fringe

### Service Improvement Panel

The Service Improvement Panel, comprises of residents and operates independently to ensure **bpha** meets its co-regulatory requirements. Working in partnership both with the Board and the Executive the Panel carries out reviews of service delivery. The Panel makes direct recommendations to the Executive Leadership Team and holds the Board to account for how changes arising from their recommendations are implemented.

The role of the Service Improvement Panel is to:

1. Monitor, scrutinise and challenge **bpha's** performance to ensure continual improvement and development of best practice in service delivery for current and future residents, subject to appropriate regulatory and financial constraints. The panel carries out a programme of reviews each year.
2. Ensure that residents are involved at the highest level of decision making and that **bpha's** strategic direction in service delivery reflects the needs and aspirations of its customers and residents.
3. Strengthen the links between current resident involvement activities and governance structures to ensure that residents are able to influence **bpha's** decision-making process, and to improve the variety of resident involvement activities offered.
4. During 2014-15 the Panel reviewed three key areas which were: 'Why are **bpha** residents choosing to leave us?', "A snapshot of the work of the Customer Contact Centre", and "Is **bpha** listening to the views and opinions of its customers?"

### Audit and Risk Committee

The Audit and Risk Committee, comprising one non-executive Board member together with independent members, who are supported by specialist internal auditors from one of the leading international firms of accountants and auditors, has the following terms of reference (effective 1 April 2015):

#### Risk Management and Internal Control –

To review the adequacy and effectiveness of the Group's internal controls and the Group's risk management procedures, including reviewing the adequacy of **bpha's** documented risk appetite and the robustness of the management's stress testing of **bpha's** documented business plan;

**Financial Controls and Reporting –** To advise the Board on the adequacy of the Group's financial controls, and to review the annual audited financial statements before submission to the Board;

**Internal Audit –** To ensure that the Group has appropriate internal audit arrangements and to monitor and review the effectiveness of the internal audit function in the context of the Group's overall risk management system; to determine the annual internal audit plan and monitor quality and progress against agreed targets; to receive and consider internal audit reports and inform the Board thereof;

**External Audit –** To advise the Board on the appointment of external auditors, to review and monitor the effectiveness of the external audit work and to consider the independence of the external auditor and the external auditor's Audit Findings Report;

**Governance –** To review compliance with key statutory duties and obligations, including the HCA Regulatory Framework and Value for Money self assessment;

#### Whistleblowing, Anti-Bribery and

**Fraud –** To monitor the operation and adequacy of **bpha's** Anti-Bribery Policy, anti-fraud framework and arrangements for Whistleblowing.

## Remuneration and Nominations Committee

The Board has established a Remuneration and Nominations Committee which comprises three Non-Executive Directors of the Board. The terms of reference of the Committee include determining and recommending to the Board the remuneration and terms and conditions of employment of the Chief Executive Officer; setting and evaluating all elements of the remuneration package for the Executive

Leadership Team and assessing the skills, experience and other attributes required to effectively govern the organisation.

Details of Director's remuneration are set out in Note 4 to the financial statements.

## Bushmead Homes Limited

Bushmead Homes Limited is chaired by a Non-Executive Board member, in order to provide appropriate oversight of all development activity.

## Internal control assurance

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. This responsibility applies to all of **bpha** and all of its subsidiaries.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. This provides reasonable and not absolute assurance against material misstatement or loss.

## Board and Committee Attendance

Date	Non-executive Directors							Executive Directors			Independent Members	
	Robert Burgin Appointed 01/02/15	Fiona Gregory Resigned 31/01/15	Stephen Hallett Resigned 07/07/14	Clr Shan Hunt	Peter Male	Neil McGregor-Paterson	Geoff Potton	Kevin Bolt <sup>1</sup>	Paul Gray <sup>1</sup>	David Keeling Resigned 23/05/2014	Peter Bateson	Tim Ludlow
<b>Board</b>												
01.04.14	–	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	–	–
19.05.14	–	Yes	No	No	Yes	Yes	Yes	Yes	Yes	No	–	–
07.07.14	–	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	–	–	–
08.09.14	–	Yes	–	No	Yes	Yes	Yes	Yes	Yes	–	–	–
27.10.14	–	Yes	–	Yes	Yes	Yes	Yes	Yes	Yes	–	–	–
15.12.14	–	Yes	–	Yes	Yes	No	Yes	Yes	Yes	–	–	–
28.01.15	–	No	–	Yes	Yes	Yes	Yes	Yes	Yes	–	–	–
16.02.15	Yes	–	–	Yes	Yes	Yes	Yes	Yes	Yes	–	–	–
23.03.15	Yes	–	–	Yes	Yes	Yes	Yes	Yes	Yes	–	–	–
	2/2	6/7	2/3	7/9	9/9	7/9	9/9	9/9	9/9	1/2	–	–
<b>Audit and Risk Committee</b>												
25.04.14	–	–	–	–	Yes	–	–	Yes	Yes	–	Yes	Yes
17.06.14	–	–	–	–	Yes	–	–	Yes	Yes	–	Yes	Yes
08.10.14	–	–	–	–	Yes	–	–	Yes	Yes	–	Yes	Yes
23.01.15	–	–	–	–	Yes	–	–	Yes	No	–	Yes	Yes
31.03.15	–	–	–	–	Yes	–	–	Yes	Yes	–	Yes	Yes
	–	–	–	–	5/5	–	–	5/5	4/5	–	5/5	5/5
<b>Remuneration and Nominations Committee</b>												
19.05.14	–	Yes	–	No	–	Yes	–	–	–	–	–	–
07.07.14	–	Yes	–	Yes	–	Yes	–	–	–	–	–	–
27.10.14	–	Yes	–	Yes	–	Yes	–	–	–	–	–	–
18.11.14	–	Yes	–	Yes	–	Yes	–	–	–	–	–	–
28.01.15	–	No	–	Yes	–	Yes	–	–	–	–	–	–
23.03.15	Yes	–	–	Yes	–	Yes	–	–	–	–	–	–
	1/1	4/5	–	5/6	–	6/6	–	–	–	–	–	–

<sup>1</sup>The Executive Directors are not members of the Audit and Remuneration Committee but attend in a non-voting capacity at the invitation of the Committee Chair.

## Report of the Board

The Board cannot delegate ultimate responsibility for the system of internal control, but has delegated responsibility to the Audit and Risk Committee to regularly review the effectiveness of the system of internal control. The Board receives minutes of all Audit and Risk Committee meetings, which normally take place four times a year.

The Senior Management Team, which comprises the Executive Leadership Team together with the departmental Heads, formally discusses lessons learned from reviews of the internal control framework and systems and processes are strengthened accordingly.

The Board has determined that the system of internal control of the organisation is effective. The Board has also received the annual report of the internal auditor which did not identify any matters that would undermine the overall integrity of the system of internal control. This approach is underpinned by the ISO 9001 registration which provides a recognised quality assurance standard for managing and auditing **bpha's** operational procedures.

The process for identifying, evaluating and managing the significant risks faced by **bpha** is on-going and has been in place throughout the period commencing 1 April 2014 up to the date of approval of the annual report and financial statements. The extensive review of the governance framework that took place during the year has strengthened the risk control framework by more clearly defining responsibilities and ensuring that governance documents such as standing orders, delegated authorities and policies are updated and accord with best practice.

The key elements of the control framework include:

### Board and Committees

- Formal terms of reference for Board and Committees
- Delegated authorities
- Established reporting to Board and Committees
- Committee structure (with suitably qualified independent members) providing depth and breadth of scrutiny and challenge

### Risk management

- Clearly defined management responsibilities for the identification, evaluation and control of risks
- Established anti fraud and bribery policies
- Strategic business planning process with detailed financial budgets and forecasts
- Established authorisation and appraisal procedures for all new initiatives and commitments
- In-house corporate finance expertise
- Regular monitoring of loan covenants

### People

- Formal staff recruitment, retention and development policies
- Whistleblowing
- Health & Safety ethos embedded across **bpha**; policies and procedures reinforced via mandatory training and practical seminars

### External assurance/regulatory scrutiny

- Internal Audit programmes designed to evaluate effectiveness of controls for all areas of the business in a rolling programme – bespoke audits for new risks when appropriate
- Specialist support commissioned when appropriate
- Reports to the HCA through a range of regulatory returns
- ISO 9001 assurance

The control framework is underpinned by monthly performance reports which are used to monitor performance against annual targets. These reports include monitoring of customer satisfaction, housing management, financial results and repairs and maintenance performance and where applicable KPI's are benchmarked both with HouseMark peer group results and other sources.

### Risks and uncertainty

**bpha's** Board and Senior Management Team have responded proactively and effectively to the threats and opportunities faced in 2014/15, thereby directly and positively affecting **bpha's** operating results, financial headroom and operating capacity. Risk Registers and maps are updated regularly, informing discussion and decision-making at all levels.

### Key risks facing **bpha**

#### Financial markets risks

Changes in the external financial markets impact directly on business performance, primarily on **bpha's** operating surplus and debt portfolio.

An experienced in-house corporate finance team is in place – enabling a more flexible and proactive approach to changing financial circumstances. **bpha's** treasury strategy and policy, approved by the Board annually, outlines its risk strategy for, amongst others, financial market risk, liquidity risk and counterparty risk. These risks are monitored quarterly, ensuring **bpha** performs within the parameters of the strategy and that it remains loan covenant compliant.

### Financial performance risks

A strong financial performance increases the resilience of **bpha** to cope with unexpected events or costs. The Board intend to grow the bottom line surplus over the medium term through cost control, economies of scale and prudent investment development decisions.

**bpha** also recognises that effective cost control will help to ensure that Value for Money is delivered.

### Political and welfare reform risks

The election of a new government in May 2015 will give rise to a period of uncertainty while plans for housing in general, and for the sector in particular, are formulated. The announcement of extending the Right to Buy to tenants of housing associations has been set out in the Queen's Speech, but the details of how this policy will apply, and therefore the extent to which it may impact upon **bpha**, are yet to be set out. **bpha** will monitor this closely and the Director of Strategy and Corporate Finance working with the Director of Quality and Communications will keep the Board briefed on latest developments and the likely implications for **bpha's** corporate strategy.

The potential impact of welfare reform has been widely debated in the sector. Teams across **bpha** have plans in place to ensure risks to both **bpha** and the communities **bpha** serves are tightly managed and controlled.

Within its financial plans, **bpha** has already amended assumptions to risks relating to welfare reform. The Housing Management team has been restructured and has been given training and technology to support mobile working, with increasing emphasis upon income collection, dedicating resource to improve social financial inclusion and supporting employment opportunities for residents.

Due to relatively high levels of economic activity and employment in **bpha's** operating region, **bpha** is less exposed to welfare reform risk than some associations.

### Health & Safety risks

There are many potential risks that could arise to tenants and staff from failure to fully comply with health & safety requirements. A dedicated health & safety team supports all of **bpha's** activities. This work is reinforced by regular independent reviews. Health & safety is managed by a cross functional strategic health and safety group and compliance updates are reported to Board at every meeting.

### Business continuity risks

Business continuity plans are maintained and tested and external advice is taken to ensure that these plans are robust. There is on-going investment in software systems and IT infrastructure which is designed to reduce the risk of disruption to **bpha's** core services. During the year the Housing Management System was replaced and the majority of the IT infrastructure was outsourced, both of which will increase resilience. There are effective IT and logistical backup arrangements in place to ensure the business can continue to operate in the event of a major event. All major business projects, including any changes to core systems which could impact on business continuity, are managed using formal and established project management techniques and progress is reported regularly to Board.

### Employees

The Board recognises that **bpha's** strength and ability to meet its objectives and commitment to residents lies in the quality and commitment of its people. The Board wish to thank all employees for their contribution to this year's achievements. **bpha's** policy is that training, career development and promotion opportunities should be available to all employees. The Board is committed to equal opportunities and in particular, to supporting the employment of disabled people, both in recruitment and in retention of employees who become disabled whilst employed by **bpha**.

## Statement of the responsibilities of the Board for the report and financial statements

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board has elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the group and the association and of the income and expenditure of the group and the association for that period.

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements
- 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 books of account that disclose with reasonable accuracy at any time the financial position of the association and enable it to ensure that its 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 2012. The Board has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

In so far as each member of the Board is aware:

- there is no relevant audit information of which **bpha's** auditors are unaware
- the Board member has taken steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

### Auditors

During the year, after a competitive tender process, KPMG LLP were appointed as auditors to the Group. A resolution to reappoint KPMG LLP as auditors of **bpha** will be submitted to the 2015 Annual General Meeting.

### Statement of compliance

In preparing this Operating and Financial Review and Board report, the Board has followed the principles set out in the SORP 2010.

The report of the Board was approved by the Board on 6 July 2015 and signed on its behalf by:



**Paul Gray FCA**  
Chief Financial Officer  
6 July 2015

## Independent auditor's report to bpha Limited

We have audited the financial statements of **bpha** Limited for the year ended 31 March 2015 set out on pages 26 to 55. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association those matters we are required to state to it 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 as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of the Board and auditor

As more fully explained in the Statement of Board's Responsibilities set out on page 24, the association's Board is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### Opinion on financial statements

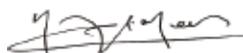
In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the group and the association as at 31 March 2015 and of the surplus of the group and the association for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been properly prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2012.

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

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

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



#### Harry Mears

for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH  
15 July 2015

## Income and Expenditure account for the year to 31 March 2015

	Note	2015 Group £'000	2015 Company £'000	2014 Company £'000
<b>Turnover: continuing activities</b>	3	<b>118,168</b>	<b>118,168</b>	<b>94,285</b>
Operating costs	3	(73,722)	(73,497)	(57,325)
<b>Operating surplus: continuing activities</b>	3	<b>44,446</b>	<b>44,671</b>	<b>36,960</b>
Surplus on sale of fixed assets	9	4,811	4,811	2,325
Interest receivable and other income	6	358	197	163
Interest payable and similar charges	7			
On bank loans		(34,414)	(34,414)	(33,004)
Termination of hedging and loan arrangements (non-recurring)		(14,690)	(14,690)	(11,904)
		(49,104)	(49,104)	(44,908)
Other finance costs	17	(352)	(352)	(774)
<b>Surplus/(deficit) for the financial year</b>	8,19	<b>159</b>	<b>223</b>	<b>(6,234)</b>

## Statement of total recognised surpluses and deficits for the year to 31 March 2015

	Note	2015 Group £'000	2015 Company £'000	2014 Company £'000
Surplus/(deficit) for the financial year		159	223	(6,234)
Unrealised surpluses/(deficits) on revaluation of properties	19	637	637	(2,864)
Actuarial (losses)/gains relating to the pension scheme	17	(6,012)	(6,012)	1,078
<b>Total recognised (deficits)/surpluses since last annual report</b>		<b>(5,216)</b>	<b>(5,152)</b>	<b>(8,020)</b>

## Note of historical cost surpluses and deficits for the year to 31 March 2015

	Note	2015 Group £'000	2015 Company £'000	2014 Company £'000
Reported surplus/(deficit) on ordinary activities	19	159	223	(6,234)
Realisation of property revaluation surplus	19	1,484	1,484	1,378
Historical cost retained surplus/(deficit)		<b>1,643</b>	<b>1,707</b>	<b>(4,856)</b>

The Notes on pages 29 to 55 form part of these financial statements.

The financial statements were approved by the Board on 6 July 2015 and were signed on its behalf:



**R Burgin**  
Chairman



**P Male**  
Chair, Audit and Risk Committee



**P Gray FCA**  
Chief Financial Officer

## Balance sheet

### as at 31 March 2015

	Note	2015 Group	2015 Company	2014 Company Restated
		£'000	£'000	£'000
<b>Fixed assets</b>				
Tangible assets	10(i)	917,447	917,447	891,538
<b>Investments</b>				
Homebuy loan		54,358	54,358	59,735
Homebuy grant		(40,439)	(40,439)	(44,604)
		13,919	13,919	15,131
Investments in subsidiaries	27	–	5,363	513
Investment in Associates	29	3,362	–	–
		<b>934,728</b>	<b>936,729</b>	<b>907,182</b>
<b>Current assets</b>				
Properties for sale and work in progress	10(iii)	17,693	16,114	12,904
Debtors	11	10,631	25,004	10,573
Investments	12	54,708	54,708	19,343
Cash		31,868	21,618	17,886
		<b>114,900</b>	<b>117,444</b>	<b>60,706</b>
<b>Less: creditors</b>				
Amounts falling due within one year	13	(38,485)	(42,836)	(40,796)
<b>Net current assets</b>		<b>76,416</b>	<b>74,608</b>	<b>19,910</b>
<b>Total assets less current liabilities</b>		<b>1,011,143</b>	<b>1,011,337</b>	<b>927,092</b>
<b>Creditors</b>				
Amounts falling due after more than one year	14	724,348	724,365	640,803
Net pension liability	17	25,019	25,019	19,183
		<b>749,367</b>	<b>749,384</b>	<b>659,986</b>
<b>Capital and reserves</b>				
Called-up share capital	18	–	–	–
Revenue reserve	19	10,178	10,355	14,661
Revaluation reserve	20	251,598	251,598	252,445
		<b>261,776</b>	<b>261,953</b>	<b>267,106</b>
		<b>1,011,143</b>	<b>1,011,337</b>	<b>927,092</b>

The Notes on pages 29 to 55 form part of these financial statements.

The financial statements were approved by the Board on 6 July 2015 and were signed on its behalf:



**R Burgin**  
Chairman



**P Male**  
Chair, Audit and Risk Committee



**P Gray FCA**  
Chief Financial Officer

## Cashflow statement

### for the year to 31 March 2015

	Note	2015 Group £'000	2015 Company £'000	2014 Company £'000
<b>Net cash inflow from operating activities</b>	23	<b>51,953</b>	<b>48,132</b>	<b>50,617</b>
<b>Return on investments and servicing of finance</b>				
Investment in subsidiaries		513	(4,850)	(513)
Investment in associate		(3,362)	–	–
Net Interest paid		(58,724)	(58,885)	(36,290)
<b>Net cash outflow from return on investments and servicing of finance</b>		<b>(61,573)</b>	<b>(63,735)</b>	<b>(36,803)</b>
<b>Capital expenditure</b>				
Purchase and development of housing properties		(41,643)	(41,643)	(59,235)
Social housing grant received		9,440	9,440	8,584
Other sales of housing properties		9,593	9,593	7,026
Purchase of other fixed assets		(1,491)	(1,491)	(2,326)
<b>Net cash outflow from capital expenditure</b>		<b>(24,101)</b>	<b>(24,101)</b>	<b>(45,951)</b>
<b>Management of liquid resources</b>				
Net cash withdrawal of short term deposits and investments		(37,450)	(41,217)	22,004
Cash balances consolidated in the year from fellow Group Companies		500	–	–
<b>Net cash outflow from management of liquid resources</b>		<b>(36,950)</b>	<b>(41,217)</b>	<b>(22,004)</b>
<b>Financing</b>				
Loans and bond finance received		273,000	273,000	44,016
Loans repaid		(188,347)	(188,347)	(22,624)
<b>Net cash inflow from financing</b>		<b>84,653</b>	<b>84,653</b>	<b>21,392</b>
<b>Increase in cash</b>	24	<b>13,982</b>	<b>3,732</b>	<b>11,259</b>

The notes on pages 29 to 55 form part of these financial statements.

## Notes to the financial statements for the year to 31 March 2015

### 1. Legal status

**bpha** Limited (the Association) is registered under the Co-operative and Community Benefit Societies Act 2014 Register (No:26751R) and is registered with the Homes and Communities Agency (No:LH 3887) as a social landlord.

### 2. Principal accounting policies

#### Basis of accounting

The financial statements are prepared in accordance with UK Generally Accepted Accounting Principles (UK GAAP) and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers Update 2010 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2012.

The financial statements are prepared on the historical cost basis of accounting subject to the annual revaluation of certain fixed assets.

A summary of the more important accounting policies is set out below and remain unchanged from the prior year.

#### Consolidation

This is the first year in which **bpha** has prepared consolidated financial statements as there are three subsidiaries, **bpha** Finance plc, Bushmead Homes Limited and CPLhomes Management Services Limited, that are now actively operating and considered to be material components of the Group. The Group financial statements consolidate the accounts of the parent company and all of its subsidiaries at 31 March 2015. Intra group balances, surpluses and deficits are eliminated on consolidation.

**bpha** Limited is the ultimate parent undertaking and has taken advantage of the exemption contained in FRS 8 not to disclose transactions or balances with entities which form part of the Group and which are also Registered Providers. This is the case except for intra group transactions with the following subsidiary undertakings and joint venture which are not Registered Providers regulated by the Regulation Committee of the HCA: Bushmead Homes Limited, CPLhomes Management Services Limited and **bpha** Finance plc. The Accounting Direction

for Social Housing in England 2012 requires Registered Providers to disclose transactions between regulated and non-regulated group members. This requirement includes the disclosure of the basis of recharges and apportionment of revenues, costs, assets and liabilities.

#### Going concern

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

#### Turnover

Turnover comprises rental income receivable in the year, income from shared ownership first tranche sales and other services, fees and revenue grants receivable from local authorities and the Homes and Communities Agency.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting. Income from property sales is recognised at the point of legal completion of the sale. Revenue grants are recognised when the conditions for receipt of agreed grant funding have been met.

#### Supporting People

Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

#### Corporation Tax

The Association has charitable status and is not subject to Corporation Tax on surpluses arising as a result of, or earned in furtherance of, its charitable objectives.

**bpha** is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### Value Added Tax

The Association charges value added tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that this is suffered by the Association and not recoverable from HM Revenue and Customs.

#### Interest Payable

Interest is capitalised on borrowings to finance developments to the extent that it accrues in respect of the period of development if it represents either:

- a) interest payable on borrowings specifically financing the development programme after deduction of interest receivable on social housing grant (SHG) in advance; or
- b) interest payable on borrowings of the Association as a whole after deduction of interest receivable on SHG in advance to the extent that they can be deemed to be financing the development programme.

## 2. Principal accounting policies (continued)

Other interest payable is charged to the income and expenditure account in the year.

### Loan issue costs

Costs incurred in raising loan finance are recorded as a deduction from gross proceeds of the loan and subsequently amortised in the income and expenditure account over the term of the loan. Other loan costs and facility fees are charged to the income and expenditure account as incurred.

### Derivatives

The Association uses interest rate swaps to reduce its exposure to future increases in interest rates on floating rate loans. The notional principal is not reflected in the Association's balance sheet. Payments made under swaps are accrued over the payment period on a straight-line basis.

### Pension costs

The Association operated a defined benefit pension scheme which closed to new members from 31 March 2010.

The assets of the closed scheme are invested and managed independently of the finances of the group. Pension costs are assessed in accordance with the advice of an independent qualified actuary. The operating costs of providing retirement benefits to participating employees are recognised in the accounting periods in which the benefits are earned. The related finance costs, expected return on assets and any other changes in fair value of the assets and liabilities, are recognised in the accounting period in which they arise. The operating costs, finance costs and expected return on assets are recognised in the income and expenditure account with any other changes in fair value of assets and liabilities being recognised in the statement of total recognised surpluses and deficits.

Since 1 April 2010 a defined contribution scheme has been available to employees. The income and expenditure charges represent the employers' contribution payable to the scheme for the accounting period.

As at 31 March 2015, £178k was shown as a liability payable on the defined contribution scheme. This amount was settled immediately after the year end.

### Housing properties

Housing properties are principally properties available for rent and properties subject to shared ownership leases. Completed housing properties are revalued annually. The aggregate surplus or deficit on revaluation is transferred to a revaluation reserve.

Housing properties under construction are stated at cost less related social housing grant and other capital grants. They are transferred into housing properties when completed.

Costs include the costs of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements. Improvements are works which result in an increase in the net rental income, such as a reduction in future maintenance costs, or result in a significant extension of the useful economic life of the property in the business. Only the direct overhead costs associated with new developments or improvements are capitalised.

Shared ownership properties are split proportionately between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover. The remaining element, less any provisions needed for depreciation or impairment, is classed as a fixed asset and included in housing properties.

### Social housing grant

Social housing grant (SHG) is receivable from the Homes and Communities Agency (HCA) and is utilised to reduce the capital costs of housing properties, including land costs. It is allocated to the land and structure components of the associated asset in proportion to their cost. Grant receivable in respect of identifiable components is allocated to those components.

SHG due from the HCA is included as a current asset whereas sums received in advance are recorded as a liability.

SHG is subordinated to the repayment of loans by agreement with the HCA. SHG released on sale of a property may be repayable but is normally available to be recycled and is credited to a Recycled Capital Grant Fund and included in the balance sheet in creditors.

### Donated land

Land donated by local authorities and others is added to cost at the market value of the land at the time of donation.

### Other grants

Other grants include grants from local authorities and other organisations. The capital cost of housing properties are stated net of grants receivable on these properties. Grants in respect of revenue expenditure are credited to the income and expenditure account in the same period as the expenditure to which they relate.

### Homebuy and other similar schemes

The Association retains a stake in the form of a loan to the homeowner, in properties whereby the homeowner was assisted in their home acquisition through the Homebuy and Open Market Homebuy schemes. Investment in Homebuy is funded through Social Housing Grant and held in the balance sheet at historical cost. Upon crystallisation of a stake, the HCA grant is released and is normally available

## 2. Principal accounting policies (continued)

to be recycled. It is credited to a Recycled Capital Grant Fund and included in the balance sheet in creditors.

### Depreciation of housing properties

The Association separately identifies the major components which comprise its housing properties and charges depreciation, so as to write down the cost of each component to its estimated residual value on a straight line basis over its estimated useful life.

The depreciable amount is arrived at on the basis of the revalued amount, less the residual value (being the estimated value of the land at existing use – social housing) and less the proportion of SHG and other grants attributable to housing properties.

Care Home properties are depreciated over the length of the related Lease Agreements.

Major components are treated as separable assets and depreciated over their expected useful economic lives as detailed below:

Assets	Years
Structure	100
Kitchens	20
Bathrooms	30
Heating Systems – Boilers	12
Heating Systems – Radiators	30
Roofs	60
Windows and Doors	30
Electrics	30
Lift – Refurbishment	20
Lift – Renewal	60

Freehold land is not depreciated.

### Impairment

Properties which are depreciated over a period in excess of 50 years are subject to impairment reviews annually. Other assets are reviewed for impairment if there is an indication that impairment may have occurred.

Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down would be charged to operating surplus unless it was a reversal of a past revaluation surplus, in which case it would be taken to the statement of total recognised gains and losses.

### Other tangible fixed assets

Tangible fixed assets, except housing properties, are stated at cost less accumulated depreciation. Furniture and equipment are depreciated on a straight line basis over the expected economic useful lives of the assets, which range between two and ten years. Long leasehold offices are stated at the lower of cost and net realisable value. Short leasehold offices are depreciated on a straight line basis over the life of the lease.

### Leased assets

Rentals payable under operating leases are charged to the Income and Expenditure account on a straight line basis over the lease term.

### Properties for sale

Shared ownership first tranche sales and property under construction are stated at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

### Current asset investments

Current asset investments are stated at market value and include marked to market collateral deposits and investments.

### Liquid resources

Liquid resources are readily disposable current asset investments. They include some money market deposits held for more than 24 hours that can only be withdrawn without penalty on maturity or by giving notice of more than one working day.

### Major repairs

The Association is committed to carrying out a comprehensive major repairs and improvements programme on all housing stock. Works to existing properties which replace a component that has been treated separately for depreciation purposes are capitalised as improvements. Any other major repairs are charged to the income and expenditure account. The Association finances major repairs on the residential care homes for Oxfordshire Care Partnership (OCP) with funds received from OCP to cover expected repairs over the life of the homes.

### Revaluation reserve

The difference between the valuation of housing properties and their historical cost carrying value is transferred to the revaluation reserve.

### 3. Turnover, operating costs and operating surplus for the year to 31 March 2015

	Units	2015 Group Turnover £'000	Operating costs £'000	Operating surplus £'000	Operating surplus
<b>Social housing lettings</b>	<b>16,658</b>	<b>78,089</b>	<b>(37,621)</b>	<b>40,467</b>	<b>51.8%</b>
<b>Other social housing activities</b>					
Supporting People contract income		212	(212)	–	
Management fees		328	–	328	
First tranche shared ownership sales		16,992	(16,842)	151	
Sales to other Housing Associations		15,021	(15,021)	–	
Other (including Homebuy and Help to Buy Agents)		2,874	(1,660)	1,214	
		<b>35,428</b>	<b>(33,735)</b>	<b>1,692</b>	<b>4.8%</b>
<b>Total social housing activities</b>		<b>113,516</b>	<b>(71,357)</b>	<b>42,160</b>	<b>37.1%</b>
<b>Non social housing activities</b>	1,003	4,652	(2,365)	2,287	49.1%
<b>Total housing activities</b>	<b>17,661</b>	<b>118,168</b>	<b>(73,722)</b>	<b>44,446</b>	<b>37.6%</b>

	Units	2014 Company Turnover £'000	Operating costs £'000	Operating surplus £'000	Operating surplus
<b>Social housing lettings</b>	16,431	73,373	(38,242)	35,131	47.9%
<b>Other social housing activities</b>					
Supporting People contract income		365	(365)	–	
Management fees		776	(194)	582	
First tranche shared ownership sales		14,482	(14,388)	94	
Other (including Homebuy Agent)		1,081	(1,803)	(722)	
		<b>16,704</b>	<b>(16,750)</b>	<b>(46)</b>	<b>(0.3%)</b>
<b>Total social housing activities</b>		<b>90,077</b>	<b>(54,992)</b>	<b>35,085</b>	<b>39.0%</b>
<b>Non social housing activities</b>	996	4,208	(2,333)	1,875	44.6%
<b>Total housing activities</b>	<b>17,427</b>	<b>94,285</b>	<b>(57,325)</b>	<b>36,960</b>	<b>39.2%</b>

### 3. Turnover, operating costs and operating surplus (continued)

for the year to 31 March 2015

#### Income and expenditure from social housing lettings

	General Housing ownership	Low Cost Home	Supported Housing	Residential Care Homes	Others	2015 Group	2014 Company
Unit numbers	11,249	1,887	732	873	1,917	16,658	16,431
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Income from social housing lettings</b>							
Rent receivable net of identifiable service charges	52,097	4,649	4,657	4,353	6,929	72,685	67,488
Charges for support services	–	–	154	–	–	154	322
Service charge income	2,586	322	1,994	–	252	5,154	5,470
<b>Net rents receivable</b>	<b>54,683</b>	<b>4,971</b>	<b>6,805</b>	<b>4,353</b>	<b>7,181</b>	<b>77,993</b>	<b>73,280</b>
Revenue grants from local authorities and other agencies	96	–	–	–	–	96	93
<b>Total income from social housing lettings</b>	<b>54,779</b>	<b>4,971</b>	<b>6,805</b>	<b>4,353</b>	<b>7,181</b>	<b>78,089</b>	<b>73,373</b>
<b>Expenditure on letting activities</b>							
Management	(9,218)	(1,467)	(444)	–	(1,490)	(12,620)	(12,102)
Service charge cost	(2,413)	(531)	(1,152)	–	(540)	(4,636)	(4,648)
Routine maintenance	(6,349)	–	(395)	–	(1,035)	(7,779)	(7,223)
Planned maintenance	(2,391)	–	(149)	–	(390)	(2,930)	(3,952)
Rent losses from bad debts	(318)	(28)	(29)	–	(42)	(417)	(624)
Depreciation	(5,781)	–	(360)	(2,157)	(942)	(9,241)	(8,274)
Former head office write down	–	–	–	–	–	–	(1,419)
<b>Total expenditure on social housing lettings</b>	<b>(26,470)</b>	<b>(2,026)</b>	<b>(2,529)</b>	<b>(2,157)</b>	<b>(4,439)</b>	<b>(37,621)</b>	<b>(38,242)</b>
<b>Operating surplus on social housing lettings</b>	<b>28,309</b>	<b>2,945</b>	<b>4,276</b>	<b>2,196</b>	<b>2,743</b>	<b>40,468</b>	<b>35,131</b>
<b>Void Losses</b>	<b>(1,044)</b>	<b>(29)</b>	<b>(99)</b>	<b>–</b>	<b>(104)</b>	<b>(1,276)</b>	<b>(1,378)</b>

#### 4. Non-executive directors' and directors' emoluments

The Board of directors of the Association comprises Non-Executive Directors and Executive Directors. All members of the Board other than Cllr Shan Hunt receive remunerations. Total emoluments in the period to 31 March 2015 for the Non-Executive Directors amounted to £112k (2014: £147k).

	Salaries £'000	Expenses £'000	2015 Total £'000	2014 Total £'000
<b>Non-Executive Directors</b>				
<b>Robert Burgin</b> Chair ( <i>appointed 01/02/2015</i> )	2	–	2	–
<b>Fiona Gregory</b> Vice Chair ( <i>appointed Acting Chair 08/07/2014; resigned 31/01/2015</i> )	27	1	28	30
<b>Stephen Hallett</b> Chair ( <i>resigned 07/07/2014</i> )	18	3	21	53
<b>Cllr Shan Hunt</b>	–	–	–	–
<b>Peter Male</b> Senior Independent Director and Chair of Audit & Risk Committee	20	1	21	21
<b>Neil McGregor-Paterson</b> Chair – Remuneration & Nominations Committee	19	–	19	20
<b>Geoff Potton</b> Chair – Bushmead Homes Ltd	20	1	21	23
	<b>106</b>	<b>6</b>	<b>112</b>	<b>147</b>

In addition to the above, a total of £17k (2014: £23k) was paid to the independent members of the Audit & Risk Committee and Operations Board who are not members of the **bpha** Board. These positions are paid annual remuneration of up to £4k per member.

During the year the Remuneration and Nominations Committee undertook a detailed review of non-executive pay scales based on independent benchmarking and advice, and taking account of time commitments required now that **bpha** was substantially through its initial transformation project. The revised remuneration framework which reflects roles and responsibilities, was approved by the Board and has resulted in a reduction in non-executive pay scales effective 1 January 2015. Robert Burgin, who was appointed as Chair on 1 February 2015 has a salary of £28k per annum.

#### 4. Non-executive directors' and directors' emoluments (continued)

	Basic Salary £'000	Bonus £'000	Benefits in kind £'000	Pension contributions £'000	2015 Total for Services £'000	Compensation for loss of office £'000	2015 Total £'000	2014 Total £'000
<b>Board Executive Directors</b>								
<b>Kevin Bolt<sup>1</sup></b> Chief Executive Officer ( <i>appointed 01/05/2014</i> )	162	16	7	17	<b>202</b>	–	202	34
<b>John Cross</b> Chief Executive Officer ( <i>retired 16/03/2014</i> )	–	–	–	–	–	–	–	159
<b>Paul Gray</b> Chief Financial Officer	135	14	7	16	<b>172</b>	–	172	158
<b>David Keeling<sup>2</sup></b> Chief Operating Officer ( <i>resigned 23/05/2014</i> )	50	–	1	3	<b>54</b>	35	89	141
<b>Kevin Turmore</b> Chief Executive Officer ( <i>appointed 06/01/2014; resigned 21/01/2014</i> )	–	–	–	–	–	–	–	12
<b>Sub Total – Board Executive Directors</b>	<b>347</b>	<b>30</b>	<b>15</b>	<b>36</b>	<b>428</b>	<b>35</b>	<b>463</b>	<b>504</b>
<b>Other Executive Directors</b>								
<b>Simon Century<sup>3</sup></b> Director Strategy & Corporate Finance ( <i>appointed 01/11/2014</i> )	43	7	3	5	<b>58</b>	–	58	–
<b>Liz Hall<sup>3</sup></b> Director Quality & Communications ( <i>appointed 01/11/2014</i> )	31	4	2	6	<b>43</b>	–	43	–
<b>Sarah Ireland<sup>3</sup></b> Director of Development & Sales ( <i>appointed 01/11/2014</i> )	43	7	3	8	<b>61</b>	–	61	–
<b>Kate Nelson</b> Transformation Director ( <i>resigned 31/05/2013</i> )	–	–	–	–	–	–	–	55
<b>Heidi Stewart</b> Business Development Director ( <i>appointed 17/06/2013; resigned 15/06/2014</i> )	22	–	1	–	<b>23</b>	85	108	88
<b>Julie Wittich<sup>3</sup></b> Director of Service Delivery ( <i>appointed 01/11/2014</i> )	38	6	3	7	<b>54</b>	–	54	–
<b>Sub Total – Other Executive Directors</b>	<b>177</b>	<b>24</b>	<b>12</b>	<b>26</b>	<b>239</b>	<b>85</b>	<b>324</b>	<b>143</b>
<b>Grand Total</b>	<b>524</b>	<b>54</b>	<b>27</b>	<b>62</b>	<b>667</b>	<b>120</b>	<b>787</b>	<b>647</b>

Kevin Bolt, who as Chief Executive Officer, is the highest paid Director, is entitled to a contribution of 12% of basic salary to be paid into a defined contribution scheme.

<sup>1</sup> For the period 01/04/2014 to 30/04/2014 Kevin Bolt's remuneration as Interim Chief Executive was paid £20k under a consultancy agreement to a limited company which is included in the basic salary disclosed above. On appointment as Chief Executive Officer on a permanent basis, Kevin Bolt accepted a salary of £155k per annum.

<sup>2</sup> Payment to David Keeling in lieu of notice is included in basic salary.

<sup>3</sup> Payments to Simon Century, Liz Hall, Sarah Ireland and Julie Wittich are from the date of their appointment as Directors. Subsequent to the year end, on 1 July 2015, Sarah Ireland and Julie Wittich were appointed to the Board of bpha.

## 5. Employee information

The average weekly number of persons expressed in full time equivalents employed during the year was:

	2015 Group	2014 Company
Customer Relations	122	137
Property Services	57	60
Development	24	32
Finance	46	28
Corporate Services	37	31
Help to Buy	20	–
	<b>306</b>	<b>288</b>
<b>Staff costs (for the above persons)</b>	<b>£'000</b>	<b>£'000</b>
Wages and salaries	10,145	9,328
Social security costs	989	855
Pension – defined benefit current service cost	1,324	1,466
Pension – defined contribution cost	287	255
	<b>12,745</b>	<b>11,904</b>

The number of staff (excluding directors) who receive remuneration on a full time equivalent basis in excess of £60k are as follows:

The full-time equivalent number of staff who receive remuneration	2015 No.	2014 No.
£60,001 to £70,000	5	7
£70,001 to £80,000	3	2
£80,001 to £90,000	2	3

Full time equivalents are calculated based on a standard working week of 37 hours.

## 6. Interest receivable and other income

	2015 Group £'000	2015 Company £'000	2014 Company £'000
Interest receivable from unlisted investments	358	197	163

Included within the amounts disclosed in 2015 is interest receivable by Bushmead Homes Limited, a fellow Group company, of £160k.

## 7. Interest payable and similar charges

	2015 Group £'000	2015 Company £'000	2014 Company £'000
On bonds, bank loans, overdrafts and other loans	36,757	36,757	34,863
Less: interest payable capitalised on housing properties under construction	(2,343)	(2,343)	(1,859)
	<b>34,414</b>	<b>34,414</b>	<b>33,004</b>
Termination of hedging and loan arrangements	14,690	14,690	11,904
	<b>49,104</b>	<b>49,104</b>	<b>44,908</b>
Capitalisation rate used to determine finance costs capitalised during the period	5.77%	5.77%	5.77%

## 8. Surplus/(Deficit) for the financial year

	2015 Group £'000	2014 Company £'000
Surplus/(Deficit) on ordinary activities is stated after charging:		
Depreciation of housing properties	10,556	9,967
Depreciation of other tangible fixed assets	565	316
Impairment of long leasehold offices	–	1,411
<b>Auditors' remuneration (excluding VAT)</b>		
Relating to current auditors	46	–
Relating to previous auditors	–	45
For non-audit services from previous auditors		
– pensions advisory	14	–
– IFRS	18	–
– refinancing	–	48
– tax advisory	–	11
– other	15	12
<b>Operating lease payments</b>		
Vehicles, computers and equipment	55	62
Land and buildings	106	100

## 9. Surplus on sale of fixed assets – housing properties

	2015 Group £'000	2015 Company £'000	2014 Company £'000
Disposal proceeds	14,609	14,609	7,026
Carrying value of fixed assets	(9,798)	(9,798)	(4,701)
	<b>4,811</b>	<b>4,811</b>	<b>2,325</b>

## 10(i). Tangible fixed assets

	Tangible fixed assets – Housing Properties (Shared Ownership) £'000	Tangible fixed assets – Housing Properties (General Needs) £'000	Housing properties in course of construction (Shared Ownership) £'000	Housing properties in course of construction (General Needs) £'000	Long leasehold £'000	Furniture and equipment £'000	Total £'000
<b>Cost and valuation</b>							
At 31 March 2014	130,241	1,002,337	12,897	26,103	1,847	5,062	1,178,487
Schemes completed in the year	3,303	44,487	(3,303)	(44,487)	–	–	–
Additions	–	–	22,049	47,523	215	1,276	71,063
Transfers to/from Current Assets	–	–	(23,897)	(11,176)	–	–	(35,073)
Improvements	–	13,271	–	–	–	–	13,271
Interest capitalised	–	–	793	1,550	–	–	2,343
Disposals	(2,670)	(2,112)	–	–	–	–	(4,782)
Impairment	–	–	–	–	–	–	–
Deficit on revaluation	246	(10,165)	–	–	–	–	(9,919)
<b>At 31 March 2015</b>	<b>131,120</b>	<b>1,047,818</b>	<b>8,539</b>	<b>19,513</b>	<b>2,062</b>	<b>6,338</b>	<b>1,215,390</b>
<b>Depreciation</b>							
At 31 March 2014	–	–	–	–	910	2,605	3,515
Charge for year	–	10,556	–	–	68	497	11,121
Transfer to revaluation reserve	–	(10,556)	–	–	–	–	(10,556)
<b>At 31 March 2015</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>978</b>	<b>3,102</b>	<b>4,080</b>
<b>Social Housing Grant</b>							
At 31 March 2014	27,067	208,305	3,478	4,499	–	–	243,349
Additions	–	–	85	11,540	–	–	11,625
Disposals	–	–	–	–	–	–	–
Transfer to RCGF	(607)	(492)	–	–	–	–	(1,099)
Transfers	–	8,473	–	(8,473)	–	–	–
<b>At 31 March 2015</b>	<b>26,460</b>	<b>216,286</b>	<b>3,563</b>	<b>7,566</b>	<b>–</b>	<b>–</b>	<b>253,875</b>
<b>Community Fund Grant</b>							
At 31 March 2014	–	58	–	–	–	–	58
<b>At 31 March 2015</b>	<b>–</b>	<b>58</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>58</b>
<b>Other grants</b>							
At 31 March 2014	4,471	34,407	428	721	–	–	40,027
Additions	–	–	(248)	(134)	–	–	(382)
Improvements	–	285	–	–	–	–	285
Transfers	–	–	–	–	–	–	–
<b>At 31 March 2015</b>	<b>4,471</b>	<b>34,692</b>	<b>180</b>	<b>587</b>	<b>–</b>	<b>–</b>	<b>39,930</b>
<b>Net book value at 31 March 2015</b>	<b>100,189</b>	<b>796,782</b>	<b>4,796</b>	<b>11,360</b>	<b>1,084</b>	<b>3,236</b>	<b>917,447</b>
Net book value at 31 March 2014	98,703	759,567	8,991	20,883	937	2,457	891,538

## 10 (i). Tangible fixed assets (continued)

The Association's housing properties have been valued externally by professional valuers, Savills (UK) Limited. The valuation of the properties was undertaken in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards, ("the RICS Red Book"). Completed housing properties were revalued at Existing Use Value for Social Housing as at 31 March 2015. In valuing the housing properties, a discounted cash flow methodology was adopted and key assumptions included for both years:

Discount rate	4.75%
Long term inflation rate	2.0% pa
Rent increase	up to CPI + 1% pa

The cost, net of Social Housing Grant and sales receipts, in respect of Low Cost Home Ownership properties included in housing properties is £67,385k (2014: £71,942k) and housing properties in the course of construction is £17,185k (2014: £15,449k).

	Housing properties comprise:		Housing properties in the course of construction comprise:	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Freeholds	777,571	737,893	16,155	24,794
Long leaseholds	119,400	120,377	–	5,080
	<b>896,971</b>	<b>858,270</b>	<b>15,618</b>	<b>29,874</b>

If the social housing properties had not been revalued, they would have been shown the balance sheet at the following amounts:

	2015 Group £'000	2014 Company £'000
Cost of completed properties	927,340	880,133
Social housing and other grants from the HCA and local authorities	(281,967)	(274,308)
Net cost	645,373	605,825

## 10 (ii). Expenditure on works to existing properties

	2015 Group £'000	2014 Company £'000
Amounts capitalised	13,271	12,106

## 10 (iii). Completed properties and work in progress transferred to current assets

	2015 Group £'000	2015 Company £'000	2014 Company Restated £'000
Current asset work in progress	3,897	2,318	6,088
Properties held for sale	13,796	13,796	6,816
<b>Total</b>	<b>17,693</b>	<b>16,114</b>	<b>12,904</b>

Work in progress relating to first tranche shared ownership properties and properties developed for sale has been reclassified from fixed assets to current assets in both the current and prior year with no net impact to total assets less current liabilities.

## 11. Debtors

	2015 Group £'000	2015 Company £'000	2014 Company £'000
<b>Accounts falling due within one year:</b>			
Rental and service charges debtors	3,351	3,351	3,043
Less: provision for bad and doubtful debts	(2,186)	(2,186)	(2,157)
	1,165	1,165	886
Other debtors, prepayments and accrued income	7,762	22,135	6,996
Less: provision for bad and doubtful debts	(453)	(453)	(187)
	7,308	21,681	6,809
Social Housing Grants receivable	1,079	1,079	1,742
Housing Benefit from Local Authorities	723	723	787
<b>Accounts falling due after more than one year:</b>			
Loan to Gloucestershire Care Partnership	250	250	250
Rolled up interest on loan made to Gloucestershire Care Partnership	106	106	99
	<b>10,631</b>	<b>25,004</b>	<b>10,573</b>

Included within the amounts disclosed as other debtors, prepayments and accrued income under 'Company' in 2015 is an intercompany receivable balance due from **bpha** Finance plc, a fellow Group company. This balance has been eliminated upon consolidation and therefore does not form part of the balance reported under 'Group'. Also included within 2015 are amounts receivable from third parties by two fellow Group companies, CPLhomes Management Services Limited (£170k) and Bushmead Homes Limited (£177k).

## 12. Current asset investments

	2015 Group £'000	2014 Company £'000
Marked to market deposits	54,708	19,343

Marked to market deposits represent security given to counterparties of derivatives arrangements.

## 13. Creditors: amounts falling due within one year

	2015 Group £'000	2015 Company £'000	2014 Company £'000
Rent and service charges received in advance	619	619	662
Contracts for capital works and retentions	11,913	11,913	8,955
Taxation and social security	222	222	246
Recycled Capital Grant Fund	4,429	4,429	–
Other creditors	13,748	18,099	16,026
Accruals and deferred income	7,554	7,554	14,907
	<b>38,485</b>	<b>42,836</b>	<b>40,796</b>

Other creditors includes £400k (2014: £361k) in respect of grants received in advance for specific purposes. Included within the amounts disclosed as other creditors in 2015 are amounts payable to **bpha** Finance plc, a fellow Group company. Also included within 2015 are amounts payable to third parties by two fellow Group companies, CPLhomes Management Services Limited (£170k) and Bushmead Homes Limited (£26k).

### Payments to creditors

The Association's policy is to pay purchase invoices when due.

## 14. Creditors: amounts falling due after more than one year

	2015 Group £'000	2015 Company £'000	2014 Company £'000
Debt	698,716	698,732	613,661
Recycled Capital Grant Fund	10,352	10,352	23,087
Disposal Proceeds Fund	590	590	1,235
Major Repairs Fund	4,311	4,312	2,820
Bond Premium	10,379	10,379	–
	<b>724,348</b>	<b>724,365</b>	<b>640,803</b>

## 15. Recycled Capital Grant Fund (RCGF) and Disposal Proceeds Fund (DPF)

	RCGF £'000	DPF £'000	Group 2015 Total £'000	RCGF £'000	DPF £'000	Company 2014 Total £'000
At 1 April	23,087	1,235	24,322	20,205	1,229	21,434
Grants recycled – housing properties	3,113	–	3,113	924	–	924
Grants recycled – Homebuy	2,161	–	2,161	3,049	–	3,049
Interest accrued	104	2	106	55	6	61
Grant repaid	(4,499)	–	(4,499)	–	–	–
Transfer to other Housing Associations	(2,906)	–	(2,906)	–	–	–
Purchase/development of properties	(6,279)	(647)	(6,926)	(1,146)	–	(1,146)
<b>Balance at 31 March</b>	<b>14,781</b>	<b>590</b>	<b>15,371</b>	<b>23,087</b>	<b>1,235</b>	<b>24,322</b>

Included within the RCGF figures above are amounts that, at 31 March 2015, were over three years old and which potentially could become repayable to the HCA. Accordingly, the RCGF and DPF liability has been analysed between amounts potentially due within one year and amounts falling due after more than one year.

## 16. Debt analysis

	2015 Group £'000	2014 Company £'000
<b>Due after more than one year:</b>		
Bank and Building Society loans	496,508	611,794
Bond	200,000	–
Other loans	6,293	6,370
Deferred costs	(4,085)	(4,503)
	<b>698,716</b>	<b>613,661</b>
<b>Debt is repayable as follows:</b>		
Due within one year	–	–
Due after one year and within two years	8,350	15,000
Due after two years and within five years	22,500	23,633
Due after more than five years	667,866	575,028
	<b>698,716</b>	<b>613,661</b>

## 16. Debt analysis (continued)

### Bond, Bank and Building Society loans

Housing loans from banks and building societies are secured by specific charges on the Association's housing properties and are repayable at fixed rates of interest (excluding margin on the loan) ranging from 1.44% to 10.64% and at variable rates linked to LIBOR.

On 11 April 2014 the Association received £140m from the proceeds of a bond issue from **bpha** Finance Plc at a rate of 4.816% with a further £60m held as retained bonds for future sale. Between 23 September 2014 and 18 February 2015 all £60m of retained bonds were sold at a yields of between 3.50% and 4.29%.

### Interest Rate Hedges

The Association has stand-alone International Swaps & Derivatives Association ('ISDA') arrangements in order to hedge against the long-term risk of an increase in variable interest rates under its principal loan facility. As a Co-operative and Community Benefit Society with charitable objectives and a social landlord registered with the Homes and Communities Agency, the Association does not trade for profit and is regulated by the Homes and Communities Agency which has issued extensive guidelines on the use of derivative instruments by registered social landlords.

The Association has applied this guidance in entering into 13 derivative transactions which include two swaptions in which the bank counterparties have the right to enter an equal and opposite swap at various dates in the future. The swaps comprise six held with Barclays Bank plc totalling £130m (against which £15m swaptions are held by Barclays), two with HSBC Bank plc totalling £50m, two with Lloyds Banking Group plc totalling £35.9m (against which £15.9m swaptions are held by Lloyds) and one with Royal Bank of Scotland plc for £25m. All of the amounts are quoted at notional values.

The rates of interest range from 1.40% to 5.08% and maturity dates range from 31 March 2021 to 1 September 2051. The commencement dates of these swaps range from 27 February 2004 to 28 March 2014.

### Borrowing facilities

The Association has undrawn committed borrowing facilities from lenders. The facilities available at 31 March, in respect of which all conditions precedent had been met, were as follows:

	2015 Group £'000	2014 Company £'000
Expiring in two years or more but less than five years	100,000	85,000

## 17. Pensions

The Association is an admitted member of the Bedfordshire Pension Fund ("the fund"). This is a multi-employer scheme with more than one participating employer, which is administered by Bedford Borough Council under the Regulations governing the Local Government Pension Scheme (LGPS), and is a defined benefit scheme.

The employers' contributions to the Fund by the Association for the year ended 31 March 2015 totalled £1,852k (2014: £1,712k) and the employers' contribution rate from 1 April 2014 to 31 March 2015 was 18.8%. From 1 April 2015 the employer's contribution rate will be 19.6% together with a lump sum cash contribution of £819k in the next year (estimated contributions for 2015/16: £1,885k).

Triennial actuarial valuations of the fund are performed by an independent, professionally qualified actuary using the projected unit method. The most recent formal actuarial valuation was completed as at 31 March 2013.

The market value of the fund assets at 31 March 2013 was £1,467m and the level of funding was 70%. The main actuarial assumptions used in the valuation were:

	% per annum
Salary increases	3.30%
Future pension increases	2.50%

## 17. Pensions (continued)

### Financial assumptions

The main financial assumptions used by the actuary in assessing liabilities on a basis consistent with Financial Reporting Standard 17 were:

	2015 Group % per annum	2014 Company % per annum	2013 Company % per annum
Future salary increases *	3.30%	3.60%	5.10%
Future pension increases	2.40%	2.80%	2.80%
Discount rate	3.20%	4.30%	4.50%
Inflation assumption	1.90%	2.80%	2.80%

\* In 2014 future salary increase were assumed to be 1% nominal until 31 March 2015 reverting to the long term assumption shown thereafter.

### Mortality assumptions

The post retirement mortality assumptions used to value the benefit and obligation at March 2013 are based on the fund's VitaCurves with improvements from 2010 in line with the medium cohort and a 1% p.a. underpin. For March 2014 the assumptions are based on the fund's VitaCurves (year of birth, medium cohort and 1% p.a. improvement). For March 2015 it assumes a 1.25% p.a. improvement.

Based on these assumptions, the average future life expectancies at age 65 are:

	Males 2015	Males 2014	Females 2015	Females 2014
Current pensioners	22.4 years	22.4 years	24.3 years	24.3 years
Future pensioners	24.4 years	24.4 years	26.8 years	26.8 years

### Major categories of plan assets as a percentage of total plan assets:

	2015 Group %	2014 Company %
Equities	60%	66%
Bonds	24%	19%
Property	9%	8%
Cash	7%	7%

### Actual return on plan assets:

	2015 Group £'000	2014 Company £'000
Actual return on plan assets	3,987	1,585

## 17. Pensions (continued)

### Estimated value and expected return on assets

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the year (i.e. as at 1 April 2014 for the year to 31 March 2015). The return on bonds are the yields applicable at the relevant date. The return on equities and property is then assumed to be a margin above bond yields. For 2015 the expected rates of return are set equal to the discount rate.

The value of assets in the Fund and the expected rates of return were:

	2015 Group Assets £'000	2015 Company Expected Return %	2014 Company Assets £'000	2014 Company Expected Return %	2013 Company Assets £'000	2013 Company Expected Return %
Equities	21,743	3.20	20,888	6.60	20,077	5.70
Bonds	8,698	3.20	6,013	3.90	5,449	3.20
Property	3,262	3.20	2,532	4.80	2,294	3.90
Cash	2,537	3.20	2,215	3.70	860	3.00
<b>Total</b>	<b>36,240</b>		<b>31,648</b>		<b>28,680</b>	

### Amounts for the current and previous four years are as follows:

	2015 Group £'000	2014 Company £'000	2013 Company £'000	2012 Company £'000	2011 Company £'000
Present value of defined benefit obligation	(61,259)	(50,831)	(48,417)	(40,618)	(35,588)
Fair value of scheme assets	36,240	31,648	28,680	24,892	24,226
<b>Deficit on scheme</b>	<b>(25,019)</b>	<b>(19,183)</b>	<b>(19,737)</b>	<b>(15,726)</b>	<b>(11,362)</b>
Experience (losses)/gains on plan liabilities	431	(348)	43	(354)	(1,649)
Experience gains/(losses) on plan assets	2,153	796	1,417	(1,584)	486

### Analysis of the amount charged to the Income and Expenditure account:

	2015 Group £'000	2014 Company £'000
Current service cost	1,324	1,466
<b>Total operating charge</b>	<b>1,324</b>	<b>1,466</b>

### Analysis of net loss on pension assets:

	2015 Group £'000	2014 Company £'000
Expected return on pension scheme assets	1,834	1,451
Interest on pension scheme liabilities	(2,186)	(2,189)
Losses on curtailments	–	(36)
<b>Net loss on assets</b>	<b>(352)</b>	<b>(774)</b>

## 17. Pensions (continued)

### Analysis of the amount recognised in statement of total recognised surpluses and deficits (STRSD)

	2015 Group £'000	2014 Company £'000
Actual return less expected return on pension scheme assets	2,153	796
Changes in financial and demographic assumptions underlying the present value of scheme liabilities	(8,165)	282
<b>Actuarial (losses)/gains recognised in STRSD</b>	<b>(6,012)</b>	<b>1,078</b>

The cumulative actuarial loss at 31 March 2015 is £19,013k (2014: £13,001k loss).

### Movement in deficit during the year

	2015 Group £'000	2014 Company £'000
Association's share of scheme deficit at beginning of year	(19,183)	(19,737)
<b>Movement in year:</b>		
Current service cost	(1,324)	(1,466)
Employer contributions	1,852	1,712
Contributions in respect of unfunded benefits	–	4
Other finance costs	(352)	(774)
Actuarial (losses)/gains	(6,012)	1,078
<b>Association's share of scheme deficit at end of year</b>	<b>(25,019)</b>	<b>(19,183)</b>

### Changes in present value of defined benefit obligation are as follows:

	2015 Group £'000	2014 Company £'000
Opening defined benefit obligation	50,831	48,417
Current service cost	1,324	1,466
Interest cost	2,186	2,189
Contributions by members	408	428
Actuarial losses/(gains)	8,165	(282)
Losses on curtailments	–	36
Estimated unfunded benefits paid	–	(4)
Estimated benefits paid	(1,655)	(1,419)
<b>Closing defined benefit obligation</b>	<b>61,259</b>	<b>50,831</b>

## 17. Pensions (continued)

Changes in the fair value of plan assets are as follows:

	2015 Group £'000	2014 Company £'000
Opening fair value of plan assets	31,648	28,680
Expected return on assets	1,834	1,451
Contributions by members	408	428
Contributions by employer	1,852	1,712
Contributions in respect of unfunded benefits	–	4
Actuarial gains	2,153	796
Unfunded benefits paid	–	(4)
Benefits paid	(1,655)	(1,419)
<b>Closing fair value of plan assets</b>	<b>36,240</b>	<b>31,648</b>

### History of experience gains and losses

	2015 Group £'000	2014 Company £'000	2013 Company £'000	2012 Company £'000	2011 Company £'000
Difference between expected and actual return on scheme assets	2,153	796	1,417	(1,584)	(1,649)
Experience gains and (losses) on share of scheme liabilities	431	(348)	43	(354)	486
Total amount recognised in statement of total recognised surpluses and deficits	<b>(6,012)</b>	<b>1,078</b>	<b>(3,527)</b>	<b>(4,064)</b>	<b>8,437</b>

## 18. Called up share capital

Each non-executive member of the Board other than the Local Authority nominated member, together with Bedfordshire Borough Council holds one ordinary share of £1 in the Association.

The shares provide members with the right to vote at general meetings, but do not provide any rights to dividends or distribution on winding up. Shares are cancelled when the holder ceases to be a qualifying member of the Board.

	2015 Group £	2014 Company £
Allotted, issued and fully paid ordinary shares	<b>6</b>	<b>6</b>

## 19. Reserves

	Revaluation Reserve £'000	Revenue Reserve £'000	Group Total Reserves £'000
<b>At 1 April 2014</b>	<b>252,445</b>	<b>14,661</b>	<b>267,106</b>
Deficit from fellow Group companies brought forward	–	(114)	(114)
Surplus for year	–	159	159
Surplus on revaluation on properties	637	–	637
Actuarial loss relating to pension scheme	–	(6,012)	(6,012)
Transfer in respect of realised gains on disposal of revalued properties	(1,484)	1,484	–
<b>At 31 March 2015</b>	<b>251,598</b>	<b>10,178</b>	<b>261,776</b>

### Revaluation reserve

	2015 Group £'000	2014 Company £'000
Net book value of housing properties	896,971	858,270
Net cost of housing properties (Note 10)	(645,373)	(605,825)
Revaluation reserve	<b>251,598</b>	<b>252,445</b>

## 20. Financial commitments

### Capital commitments

	2015 Group £'000	2014 Company £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	73,122	39,068
Capital expenditure that has been authorised by the Board but has not yet been contracted for	89,154	171,187

Uncontracted capital expenditure includes two strategic sites in Cambridge that will be contracted for in phases over the next five years. The above commitments will be financed primarily through borrowings, under existing loan arrangements or from access to debt capital markets, together with social housing grant and sale of shared ownership properties.

### Operating leases

At 31 March 2015, the Association had minimum annual commitments in respect of operating leases expiring:

	2015 Group £'000	2014 Company £'000
Between one and two years	22	54
Between two and five years	106	92
	<b>128</b>	<b>146</b>

## 21. Number of units owned and in management

	2014 Company	Category Change	Additions	Disposal	2015 Group
Owned – General and Supported	9,524	(73)	39	(50)	9,440
Owned – Affordable	650	43	204	(53)	844
Owned – Students/Nurses <sup>1</sup>	498	–	–	–	498
Owned – Elderly Residential Care Homes	791	–	82	–	873
Owned – Elderly Nursing Care Homes <sup>1</sup>	496	–	–	–	496
Shared Ownership	1,532	2	205	(84)	1,655
Key Worker – Shared Ownership	238	–	–	(6)	232
Owned - Managed by Others <sup>2</sup>	587	34	–	(6)	615
Near Market Rents	452	(4)	21	(3)	466
Rent to Homebuy	624	(2)	–	–	622
Commercial <sup>1</sup>	–	–	7	–	7
<b>Total Owned</b>	<b>15,392</b>	<b>–</b>	<b>558</b>	<b>(202)</b>	<b>15,748</b>
Open Market Homebuy	767	–	–	(79)	688
My Choice Homebuy/Shared Equity	644	–	1	(60)	585
Leaseholders	512	–	33	(6)	539
Leaseholders – reversionary interest	4	–	–	–	4
Managed for Others	108	–	82	(93)	97
<b>Total Other Properties</b>	<b>2,035</b>	<b>–</b>	<b>116</b>	<b>(238)</b>	<b>1,913</b>
<b>Total Owned and in Management</b>	<b>17,427</b>	<b>–</b>	<b>674</b>	<b>(440)</b>	<b>17,661</b>

<sup>1</sup> These units are treated as non-social housing.

<sup>2</sup> Included within these units are 2 units that are treated as non-social housing.

## 22. Contingent liabilities

There are no contingent liabilities at 31 March 2015 (2014: nil)

## 23. Reconciliation of operating surplus to net cash inflow from operating activities

	2015 Group £'000	2015 Company £'000	2014 Company £'000
Operating surplus for the year excluding interest and tax payable	44,446	44,671	36,960
Depreciation	11,121	11,121	11,694
Internal development on-costs	(1,957)	(1,957)	(2,857)
Pensions operating charge	1,324	1,324	1,466
Pensions contributions paid	(1,852)	(1,852)	(1,716)
Increase in properties for sale	(4,789)	(3,210)	(1,804)
(Increase)/decrease in debtors	(714)	(10,691)	(3,497)
Increase/(decrease) in creditors	4,374	8,726	10,371
<b>Net cash inflow from operating activities</b>	<b>51,953</b>	<b>48,132</b>	<b>50,617</b>

## 24. Reconciliation of net cashflow to movement in net debt

	2015 Group £'000	2015 Company £'000	2014 Company £'000
Increase in cash	13,982	3,732	11,259
Cashflow from increase/(decrease) in liquid resources	35,365	41,217	(22,004)
Cash inflow from increase in debt and lease finance and set up fees	(84,653)	(84,653)	(21,392)
Increase in net debt from cashflows	(35,306)	(39,704)	(32,137)
Non-cashflow items	(418)	(418)	288
Total changes in net debt for the period	(35,724)	(40,122)	(31,849)
<b>Net debt brought forward at 1 April</b>	<b>(576,432)</b>	<b>(576,432)</b>	<b>(544,583)</b>
<b>Net debt at 31 March</b>	<b>(612,156)</b>	<b>(616,554)</b>	<b>(576,432)</b>

## 25. Analysis of net debt

	1 April 2014 Company £'000	Cashflow items £'000	Non-cashflow items £'000	31 March 2015 Group £'000
Bank loans	(611,794)	(84,714)	–	(696,508)
Other loans	(6,370)	61	–	(6,309)
Loans set up fees	4,503	–	(418)	4,085
Changes in debt	(613,661)	(84,653)	(418)	(698,732)
Cash at bank and in hand	17,886	13,982	–	31,868
Current asset investments	19,343	35,365	–	54,708
Changes in net debt	(576,432)	(35,306)	(418)	(612,156)

## 26. Post balance sheet events

There have been no material post balance sheet events.

## 27. Related party transactions

### Board Members

Geoff Potton is the non-executive Chairman of MDA Consulting Limited, a business providing quantity surveying services in the year to Bushmead Homes Limited, a fellow group company. Cllr Shan Hunt is the appointee of Bedford Borough Council, a local authority having nomination rights over initial tenancies to new build Association properties in their area. All transactions with the related parties are on normal commercial terms and the Board members are not able to use their position for their personal advantage or that of the related party. During the year, MDA Consulting Limited was paid £7,920 for services rendered to Bushmead Homes Limited.

## 27. Related party transactions (continued)

### Oxfordshire Care Partnership (OCP) (see note 28)

The income and expenditure account includes the following transactions between the Association and OCP:

	2015 Group £'000	2014 Company £'000
Income from lease rentals	4,170	4,244
Management Fee receivable	45	93
	<b>4,215</b>	<b>4,337</b>
Major Repairs contribution	773	773
Major Repairs expenditure	(844)	(804)
<b>Balance taken (from)/to Major Repairs Fund</b>	<b>(71)</b>	<b>(31)</b>

	2015 Group £'000	2014 Company £'000
<b>The amounts due from OCP at the year end are:</b>		
Income from lease rentals	412	923
Management fee receivable	29	28
Major repairs contribution	773	193
Extra Care Scheme Grant	–	850
	<b>1,214</b>	<b>1,994</b>

#### The amounts due to OCP at the year end are:

Fund for future Major Repairs expenditure	<b>2,044</b>	<b>2,820</b>
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### Gloucestershire Care Partnership (GCP) (see note 28)

The income and expenditure account includes the following transactions between the Association and GCP:

	2015 Group £'000	2014 Company £'000
Income from lease rentals	2,378	2,103
Interest receivable	7	7
	<b>2,385</b>	<b>2,110</b>

#### The amounts due from GCP at the year end are:

	2015 Group £'000	2014 Company £'000
Income from lease rentals	1,091	–
Interest receivable on loan	107	99
Loan from <b>bpha</b>	250	250
	<b>1,448</b>	<b>349</b>

## 27. Related party transactions (continued)

### Investment in subsidiaries

	2015 Group £'000	2014 Company £'000
Bushmead Homes Limited	5,350	500
<b>bpha Finance plc</b>	13	13
	<b>5,363</b>	<b>513</b>

### Bushmead Homes Limited

Bushmead Homes Limited was a subsidiary of the Association at the year end and is limited by shares. **bpha** Limited has the right to appoint members to the Board of the subsidiary and thereby exercise control over it. **bpha** Limited owns all £5.3m of the issued share capital.

Bushmead Homes Limited's principal activity is property development for open market sale.

The transactions noted below represent the only transactions of this company for the financial year and are consolidated within the Group accounts.

The income and expenditure account includes the following transactions between the Association and Bushmead Homes Limited:

	2015 Group £'000	2014 Company £'000
Income from central services	136	9

### The amounts due from Bushmead Homes Limited at the year end are:

	2015 Group £'000	2014 Company £'000
Income from central services	8	9
Recharges for monies (received)/paid by <b>bpha</b> Ltd on behalf of Bushmead Homes Ltd	(4)	189
	<b>4</b>	<b>198</b>

### bpha Finance plc

The income and expenditure account includes the following transactions between the Association and **bpha** Finance plc:

	2015 Group £'000	2014 Company £'000
Interest income	8,200	–

The amounts due from/(to) **bpha** Finance plc at the year end are:

	2015 Group £'000	2014 Company £'000
Bond premium and interest	13,862	–
Bond interest	(8,200)	–
Amounts due for investment in <b>bpha</b> Finance plc	(13)	–
	<b>5,649</b>	–

## 27. Related party transactions (continued)

### CPLhomes Management Services Limited

CPLhomes Management Services Limited is a majority owned subsidiary that currently provides housing management services in respect of properties in the Cambridge area.

The income and expenditure account includes the following transactions between the Association and CPLhomes Management Services Limited:

	2015 Group £'000	2014 Company £'000
Rent and service charge income	1,169	–
Rent and service charge expense	(1,169)	–
	–	–

The amounts due from/(to) CPLhomes Management Services Limited at the year end are:

	2015 Group £'000	2014 Company £'000
Amounts receivable for rent and service charges	1,196	–
Amounts payable for rent and service charges	(1,302)	–
	(106)	–

### Cambridgeshire Partnerships Limited (CPL)

During the financial year 2007/08 the HCA selected a bid from Cambridgeshire Partnerships Limited, led by **bpha** and incorporating other Housing Association partners, to deliver the vision of the Cambridge Challenge.

Cambridgeshire Partnerships Limited which is an associated company in which **bpha** has a 25% stake, has incurred legal and audit costs of £4k during the year. These costs represent the only transactions of this entity for the financial year.

## 28. Joint arrangements

The Association holds 50% of the shares in each of two joint arrangement companies, The Oxfordshire Care Partnership (OCP) and The Gloucestershire Care Partnership (GCP). The joint arrangements are managed through a Board of Trustees on which the Association and its partner, The Orders of St John Care Trust (OSJCT), are equally represented.

OCP's and GCP's principal activities are the provision of care to elderly people through care homes. OCP and GCP provide housing, accommodation, nursing or other assistance to people who are elderly or disabled and the provision of associated facilities and amenities for such people. The joint arrangements have been structured such that the Association owns the Care Homes and receives rents on these, and that OSJCT are the Care Home operator and takes the financial and other risks associated with the operation. If the profits OSJCT attains from the operations exceed an agreed level then the excess will be retained by OCP and GCP but, other than a small contribution to certain fixed costs, OCP and GCP would not suffer any loss.

Any surplus from the joint arrangement companies shall be applied solely towards the promotion of charitable objects as determined by the trustees. No profits by way of dividends will be distributed to the members of the companies.

Under FRS 9 'Associates and Joint Ventures', the Association is required to prepare additional information including, on an equity accounting basis, its share of the results of the joint arrangement companies for the period to 31 March 2015 and the net assets as at 31 March 2015. However, since the Association has no rights to the net profits or assets of the companies and has no rights to dividends, other returns or to assets in the event of being wound up, the Association considers that it has no equity interest in the arrangements and accordingly consolidates a nil interest.

In the interest of full disclosure, further details of both joint arrangements' finances are set out below and are not consolidated into the **bpha** Group accounts:

### Income and expenditure account for the year 31 March 2015

	2015 Association £'000	2015 OCP £'000	2015 GCP £'000	Group 2015 Total £'000	Company 2014 Total £'000
<b>Turnover: Continuing activities</b>	118,168				
Operating costs	(73,722)				
<b>Operating surplus/(deficit): Continuing activities</b>	<b>44,446</b>	185	(25)	44,606	36,905
Surplus on sale of fixed assets	4,811	–	–	4,811	2,325
Interest receivable and similar income	358	12	2	372	176
Interest payable and similar charges	(34,414)	–	(7)	(34,421)	(33,012)
Loss on settlement of loans	(14,690)	–	–	(14,690)	(11,904)
Other finance costs	(352)	–	–	(352)	(774)
<b>Surplus/(deficit) on ordinary activities before and after tax</b>	<b>159</b>	<b>197</b>	<b>(30)</b>	<b>326</b>	<b>(6,284)</b>

## 28. Joint arrangements (continued)

### Balance Sheet as at 31 March 2015

	2015 Association	2015 Joint arrangement OCP	2015 Joint arrangement GCP	Group 2015 Association including Joint arrangements	Company 2014 Association including Joint arrangements
	£'000	£'000	£'000	£'000	£'000
<b>Fixed Assets</b>					
Tangible assets	917,447	–	–	917,447	891,538
Investments	13,919	–	–	13,919	15,131
In subsidiaries	–	–	–	–	513
Investment in associates	3,362	–	–	3,362	–
<b>Joint Arrangements:</b>					
Share of gross assets	–	3,625	1,044	4,669	–
Share of gross liabilities	–	(1,832)	(1,300)	(3,132)	–
					1,404
	934,728	1,793	(256)	936,264	908,586
<b>Current Assets</b>					
Properties for sale	17,693	–	–	17,693	12,904
Debtors	10,631	–	–	10,631	10,573
Investments	54,708	–	–	54,708	19,343
Cash	31,868	–	–	31,868	17,886
	114,900	–	–	114,900	60,706
<b>Less: Creditors</b>					
Amounts falling due within one year	(38,484)	–	–	(38,484)	(40,796)
<b>Net Current Assets</b>	76,416	–	–	76,416	19,910
<b>Total Assets less Current Liabilities</b>	<b>1,011,143</b>	<b>1,793</b>	<b>(256)</b>	<b>1,012,680</b>	<b>928,496</b>
<b>Creditors</b>					
Amounts falling due after more than one year	724,348	–	–	724,348	640,803
Net pension liability	25,019	–	–	25,019	19,183
<b>Capital and Reserves</b>					
Called-up share capital	–	–	–	–	–
Revenue reserve	10,178	1,793	(256)	11,715	16,065
Revaluation reserve	251,598	–	–	251,598	252,445
	<b>1,011,143</b>	<b>1,793</b>	<b>(256)</b>	<b>1,012,680</b>	<b>928,496</b>

## 29. Investment in Associates

**bpha** Limited (via Bushmead Homes Limited) has a 25% interest in Gog Magog Partnership LLP, whose principal activity is the development of residential accommodation for private sale and of affordable residential accommodation for sale to registered providers. Associates are accounted for in accordance with FRS 9 Associates and Joint Ventures in the consolidated financial statements using the equity method. Within the subsidiary undertaking individual financial statements in which the investment is held, this is held as a fixed or current asset investment shown at cost less amounts written off. **bpha** Limited is required to prepare additional information including its share of the Associate's turnover for the period to 31 March 2015 and the its share of the assets and liabilities as at 31 March 2015:

	2015 Group £'000	2015 Company £'000	2014 Company £'000
Share of turnover of associates	178	–	–
Share of cost of sales of associates	(178)	–	–
	–	–	–
Share of assets	5,082	–	–
Share of liabilities	(5,082)	–	–
Share of net assets	–	–	–

## bpha Employee Conference, January 2015



*Focusing on Customer Service as well as more effective and efficient ways of working.*





**Registered Office**  
**bpha Limited**  
Bedford Heights  
Manton Lane  
Bedford  
MK41 7BJ

Tel: 01234 221301  
Fax: 01234 221229  
info@bpha.org.uk  
**www.bpha.org.uk**