bpha Group Report and Financial Statements

Year ended 31 March 2019

Meet the people behind our homes

Emily
is a busy mum of two who enjoys raising her family in a village

The Ray family
love life in their home in Trumpington, Cambridge

Rosalyn
bought her first home by herself through Shared Ownership

David and Peggy
live life to the full at their new Wootton Vale Retirement Community

External auditor
KPMG LLP

Internal auditor
BDO LLP

Principal solicitors
Blake Morgan
Capsticks
Clarke Willmott
Devonshires
Penningtons Manches
Trowers and Hamlins
Winckworth Sherwood

Valuers
Jones Lang LaSalle
Savills (UK) Limited

Principal bank funders
Bank of Tokyo Mitsubishi
Barclays Bank plc
Clydesdale Bank plc
Handelsbanken plc
Lloyds Banking Group plc
Nationwide Building Society
Royal Bank of Scotland plc
Santander UK plc

Bankers
HSBC Bank plc

Contents


Mill View, Cambridgeshire

Our Highlights

G1
Regulator of Social Housing governance rating (2018: G1)

V1
Regulator of Social Housing viability rating (2018: V1)

A+
(negative) credit rating from Standard & Poor's (2018: A+ (stable))

18,721
homes owned or managed (2018: 18,253)

621
affordable homes built (2018: 385)

190
Shared Ownership sales (2018: 148)

£119.1m
invested in new homes (2018: £87.8m)

£26m
invested in maintaining and improving our existing homes (2018: £22m)

100%
of homes have met Decent Homes Standard since 2010

£34m
surplus before tax (2018: £42m)

41%
operating margin on social housing lettings (2018: 44%)

156%
EBITDA MRI (% of interest payable and similar charges) (2018: 177%)

Wixams, Bedfordshire

Chair's Statement

I was delighted to be appointed as bpha's Chair in April 2018. I would like to thank my predecessor, Robert Burgin, for the way he led the organisation. As he stated in bpha's 2017/18 financial statements, the organisation has become "stronger in every way". The prospect of building on this sound foundation was an exciting one and the reality has been just as positive.

I want to use this opportunity to reflect on my first 12 months in post and to set out some of what I see for the future.

As Kevin Bolt, CEO, states in his opening remarks, bpha, along with many other organisations, has had to operate in unsettled circumstances over the last 12 months. Even in these uncertain times, I am delighted to report that significant progress continues to be made. The essentials continue to be delivered:

- customer service remains at the core of everything bpha does, from repairs to tenancy sustainment, health and safety to community support programmes;
- financial performance continues to be strong;
- our pipeline of new homes is increasing. But just as importantly, we continue to invest for the future.

We are:

- implementing a new CRM system to improve the quality and reliability of our customer service;
- upgrading our finance and business information systems to support our decision making and improve our efficiency and effectiveness;
- strengthening our team at all levels to build capability, capacity and resilience for the future.

Over the last 12 months, Government and the housing industry have issued important consultation documents. This includes the Government's Green Paper, "A new deal for social housing", which highlights the need for all housing association boards to reflect on issues such as service quality, fairness, housing opportunity and social standing.

In addition, the Oxford to Cambridge Arc, which coincides with bpha's area of operation, is taking shape but there are considerable challenges relating to appropriate development. The proposed housing developments, if not properly designed and maintained, will place unsustainable pressures on the natural environment. It is essential for people and the economy that the environment is properly protected and enhanced. This can be achieved if the developments are based on net environment gain and deliver the objectives of the Government's 25-year plan for the environment. There could also be challenges to do with skill shortages, land availability and build quality. More affordable homes are required and quickly, but the housing markets in many of the localities we operate in are highly uncertain, including the effect of Brexit.

Despite the challenges, there are many opportunities. We are clear about what we need to achieve. Our mission and vision have not changed but we recognise that how we achieve them must adapt to current and future circumstances. bpha's Board has been re-imagining what an effective housing association will be like in 2025 and beyond, and the nature of the services we will be providing for our customers. For example:

- houses may look similar to those of today but they will need to be more environmentally sustainable;
- there will be a greater need for affordable homes with a growing proportion of older people;
- the health and social care budgets will continue to be under pressure;
- housing associations, individually and potentially collectively, will need to avoid unhelpful competition with each other and specialist developers.

bpha will be publishing its new 2025–30 Strategy in the autumn of 2019. This will set out specific customer service and new home targets as well as our vision for bpha ways of working to 2025 and beyond. bpha is planning and investing to be 'fit for the future' but we will ensure that we continue to focus on delivering excellent customer service and engagement in the present.

I want to thank our employees and the many contractors and suppliers we have worked with to deliver our excellent results. Without you, none of what we achieve on behalf of our many tenants and residents would be possible, so many thanks and I look forward to continuing to work with you in the coming year.

Dr Paul Leinster CBE

> bpha is planning and investing to be fit for the future.
>
> **Dr Paul Leinster** CBE

Our properties at Ninewells, Cambridgeshire

CEO's Statement

2018/19 was a successful year for bpha delivered under challenging circumstances. The market environment was unusually unsettled; Brexit (of course), the social housing Green Paper, the Hackitt Review, the development of the Oxford to Cambridge Arc, housing market volatility and climate concerns, all played their part. The third year of the Government's rent reduction programme challenged the organisation's income, inflationary cost pressures impacted every aspect of bpha's operations from employment costs through to building materials, and the organisation maintained its on-going investment in more effective business systems to develop its working practices in order to make it 'fit for the future'.

Against this backdrop, the 2018/19 Financial Statements describe the organisation's performance in terms of:

1. what we have delivered for our customers, in effect how well have we delivered our purpose;
2. how well have we looked after our business, our finances, our employees and our physical assets; and
3. what this year has achieved in the context of our longer term aims and strategies.

The report builds on the half-year financial update that we issued in November 2018.

Our customers

bpha exists to serve and support its customers, tenants and communities. Behind every monetary value within this document there is a customer requirement and we strive never to lose sight of this; it is intrinsic to the value that we create and to the quality of the services we are accountable for delivering. In 2018/19 we estimate that we undertook over 250,000 customer contacts ranging from Home Agent tenancy sustainment visits, to calls to OneCall, bpha's Customer Contact Centre, and home safety checks. In addition, we developed a further 621 new affordable homes bringing our housing assets to 18,721 by the end of the year. Overall, we received 297 complaints, a reduction of 36% versus the previous year, and many letters of thanks and commendation. Through the use of our customer engagement portal, Viewpoint, we undertook 12 consultation exercises on topics as diverse as fire safety and anti-social behaviour. Our team of Resident Inspectors completed 185 follow-up calls and visits to help us understand how we can continue to improve our repairs service, which undertook 27,104 repairs in the year.

Alongside celebrating our achievements, we are also conscious of the learnings that we must take on board to improve what we do next year. Our mentality is for continuous improvement and we are aware that this needs to be felt by our customers through tangible outcomes.

Our business

Despite the significant financial challenges of the year, bpha's financial performance has remained strong. Its social housing operating margin remains securely above 40%, new finance has been raised competitively to support the extension of the organisation's development programme and the investments we are making in our operational infrastructure are proceeding to plan.

As a long-term business it is crucial that the organisation continually invests in its own capability. In 2018/19 we have invested significantly in the development of our workforce through proactive training and development initiatives as well as the adoption of more creative recruitment channels. We continue to 'develop our own' talent as well as seek out potential new team members to augment our current talent pool. Whilst the implementation of new systems will aid future service delivery and overall organisational efficiency, having a modern, capable and motivated workforce will always be a decisive factor in the organisation's future performance.

> bpha exists to serve and support its customers, tenants and communities.
>
> **Kevin Bolt** CEO

621
affordable homes built

41%
operating margin on social housing lettings

Strategy and longer-term goals

A single year is important for what is achieved on an ongoing basis, but is only part of the story, and how that year fits within the organisation's longer-term plans and ambitions is crucial. Success is about putting the years together into a reliable, sustainable and effective programme of delivery for now and for the future. The world moves on and it is vital that bpha continues to win and maintain the confidence of its stakeholders in meeting its customers' needs.

In our 2017/18 Annual Financial Statements we showed the progress that we had made over the last few years and detailed six strategically important development areas for the organisation:

- Customer Services;
- Delivery of New Homes;
- Asset Management;
- Internal Efficiency;
- Financial Viability; and
- People, Leadership and Management.

In this report we set out some of the key achievements we have made against these areas of focus. And whilst this report details our financial performance in 2018/19, it also demonstrates how each number relates back to our central focus – our customers; existing ones as well as the ones that bpha looks forward to serving in the future.

Finally, I would just like to take this opportunity to publicly thank bpha employees and the many stakeholders that we work with for their commitment, support and encouragement in 2018/19. They continue to do excellent work for bpha today ... and for the future.

Kevin Bolt
Chief Executive Officer

At a Glance

Homes by usage

The majority of our homes are modern, general needs housing.

General Needs	68%
HomeBuy	4%
Shared Ownership	14%
Care Homes	8%
Other	6%

Homes by type

We offer a range of dwelling types, with the majority being family homes.

Care Home	8%
House	48%
Bungalow	6%
Flat	37%
Other	1%

Age profile of homes

52% of our homes are under 20 years old.

0–10	32%
11–20	20%
21–40	13%
41–60	18%
61+	17%

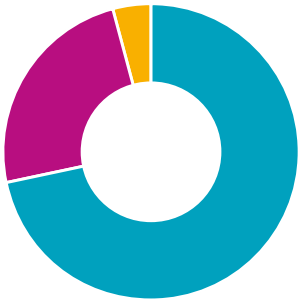
Age profile of tenants

58% of our tenants are below the age of 50, a younger age profile than is typical across the sector.

<25	4%	51–60	16%
25–30	11%	61–70	11%
31–40	23%	71–80	6%
41–50	20%	>80	9%

Analysis of turnover

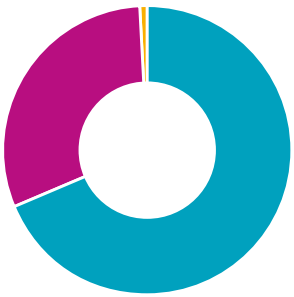
Social housing lettings activity is the core component of our business, representing 72% of our total turnover.



Social housing lettings income	72%
Other social housing activities	24%
Non-social housing activities	4%

Core development activities 2018/19

Our development programme continues to be focused on core affordable housing for rent or Shared Ownership.



Social and Affordable Rent	69%
Shared Ownership	30%
Private/Commercial	1%

We continue to deliver the right homes for our customers where they are most needed.

Jeff Astle
Director of Development and Sales

52%
of our homes are under 20 years old

Our Customers

bpha is a people organisation and our customers are at the heart of everything we do. It is essential for them that we continue to maintain our strong performance levels enabling us to reinvest in the services we provide, build more homes and work to deliver our vision for the future:

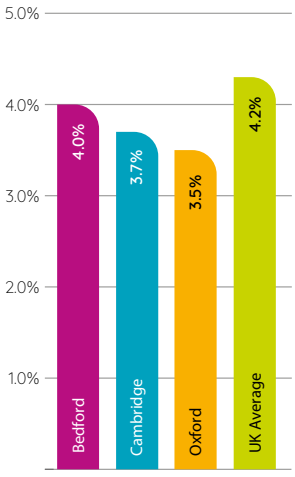
> To build communities where people can live happily in a home they can afford.

We supply homes and services to thousands of customers within our core operating area, which sits in the heart of the Government's designated growth and development area, the Oxford to Cambridge Arc. We own or manage 18,721 homes, but the increasing demand for quality housing at an affordable price means we will always look to build more homes, increase our customer base and meet local need within this geographically large and economically diverse region.

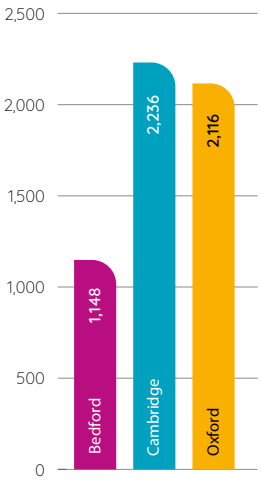
Unemployment in our core operating area is lower than the UK average, which means many of our tenants are economically active, and consequently Universal Credit has had less impact on them and on our business than in other parts of the UK. However, above average house prices and rental costs present significant challenges to many of our customers in accessing their housing needs.

18,721
homes owned or managed

Our operating area – the statistics

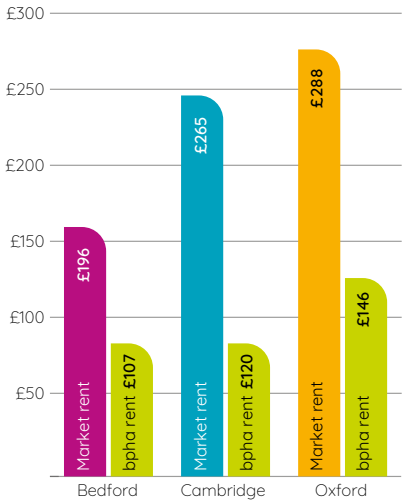


Unemployment – March 2018



Number of households on waiting list

Median house price (x salary)



Market vs bpha – average weekly rent

Sources: GOV.UK, ONS & Nomis – Official Labour Market Statistics 2018/2019

Over
250,000
estimated customer contacts in 2018/19

Customers and Services

Delivering excellent service to our customers is at the very core of bpha and drives everything that we do.

Whether it is developing new homes, maintaining our properties or sustaining tenancies, we aim to provide appropriate, high-quality, good value services. We always strive to get it right first time but when we don't, we will learn from our mistakes and make improvements for the future.

Listening to our customers

A key element of our learning comes from communication with our customers. We are open and transparent in how we work with, listen to, and learn from our customers.

Customer engagement is a top priority for us and over the last year we have opened up new communication channels to allow customers to engage with us in different ways.

One of these new ways of working has been the introduction of 'Task and Finish' workshops. This approach involves a group of customers meeting with employees to co-create policies, processes and standards to improve our services.

A recent Task and Finish workshop focused on a review of bpha's Customer Commitments, a document which shows the level of service that bpha will provide to its residents around communication response times. The group met several times to discuss and agree the new commitments, and these have now been shared with all of our customers.

Our customers have also been active on 'Viewpoint', our digital survey platform, taking part in numerous surveys throughout the year on a variety of subjects, from the social housing Green Paper to fire safety and anti-social behaviour. We also asked people for feedback on an information video to ensure it was pitched appropriately and provided the right information.

Engaging with our communities

Working to improve the places where our customers live is an activity to which bpha is fully committed. Our dedicated Community Development Team plays a key role in this and works across our communities to help ensure that our neighbourhoods are safe and pleasant places to live.

A great example of this in practice is the "Clubhouse" project working with the residents of two streets in Queens Park, Bedford. With the help of two local artists to develop a long-term creativity programme, this project helped bring some positive change to customers in an area that had previously been difficult to manage and engage. It followed an earlier community project in the area which helped in securing a further £46,000 in external funding and resulted in the delivery of sports days, arts and crafts sessions, filmmaking, dance activities and tree planting in the area. Through various community consultations, residents were actively engaged. They are now fully involved in planning and developing events, and their sense of community has grown as one of the outcomes of this project.

Another community initiative undertaken over the last year resulted in the transformation of a plain, concrete wall into an inspiring piece of art. Professional artist Samantha Fox contacted bpha to help her apply for a Cash 4 Your Community grant of £250. Samantha grew up in the Princess Street area of Bedford and wanted to use her artistic skills to help make a difference to the area by brightening up an old brick wall.

Around 50 residents got involved in the project and worked together to create a design, prepare the 50 square foot wall, and even do some of the painting.

Samantha said: "We worked to the theme of 'Clapham and the Community' with the design reflecting the rich cultural diversity of the community. There was such a great reaction from local residents, with people of all ages wanting to get involved – from toddlers to pensioners. It's been a brilliant project to be involved in."

The project ultimately brought local people together as a community to create positive change, enhanced their environment, and also established new friendships in the neighbourhood.

"We worked to the theme of 'Clapham and the Community' with the design reflecting the rich cultural diversity of the community. There was such a great reaction from local residents, with people of all ages wanting to get involved – from toddlers to pensioners. It's been a brilliant project to be involved in."

Samantha Fox
Professional artist

55
community events and activities delivered

Sustaining tenancies for our customers

The majority of our customers live in their homes independently and require little involvement from bpha. Sometimes, however, residents face challenges that can ultimately leave them at risk of losing their home. We proactively identify those customers who may have some vulnerabilities and have introduced new practices to support them in sustaining their tenancies.

A key component of this is our dedicated Tenancy Sustainment service, which we are working to expand to all the counties in our operational area. This service works with residents at the start of tenancies when certain risk factors have been identified. Over the last two years we have provided support to 42 tenants. As a result of this work, 38 tenancies have been maintained, which might otherwise have failed.


Accessible Bungalow

One of these customers is 'Jane' who, following a divorce, lost her executive job, developed issues with alcohol, became homeless and suffered what she describes as "a breakdown". Due to mobility problems, Jane moved into a bungalow, and she was referred to the Tenancy Sustainment team. Following support and help from the team, Jane's situation has improved considerably, and her health continues to improve. Jane is on track to independently manage her tenancy. Due to the success of our tenancy sustainment model, other housing providers are looking to replicate it.

Another key element in our tenancy sustainment approach is the work of our 'Money Advice' team, which during the year provided a dedicated money advice service to 821 households.

The work of the team meant we:

Prevented
58
evictions

Dealt with debts on behalf of customers totalling just over
£1m

Helped to provide food to
186
people through foodbank referrals

Supported tenants to claim over
£65k
in disability benefits

Taking the positives from complaints

We have a robust complaints process to log, manage and respond to customers' feedback.

bpha has invested in developing a culture within the organisation where complaints are viewed as a valuable tool, that we can improve and learn from. A key part of this has been the delivery of comprehensive training to all our Customer Service Advisors, which will be continually refreshed and updated to reflect ongoing feedback from our customers.

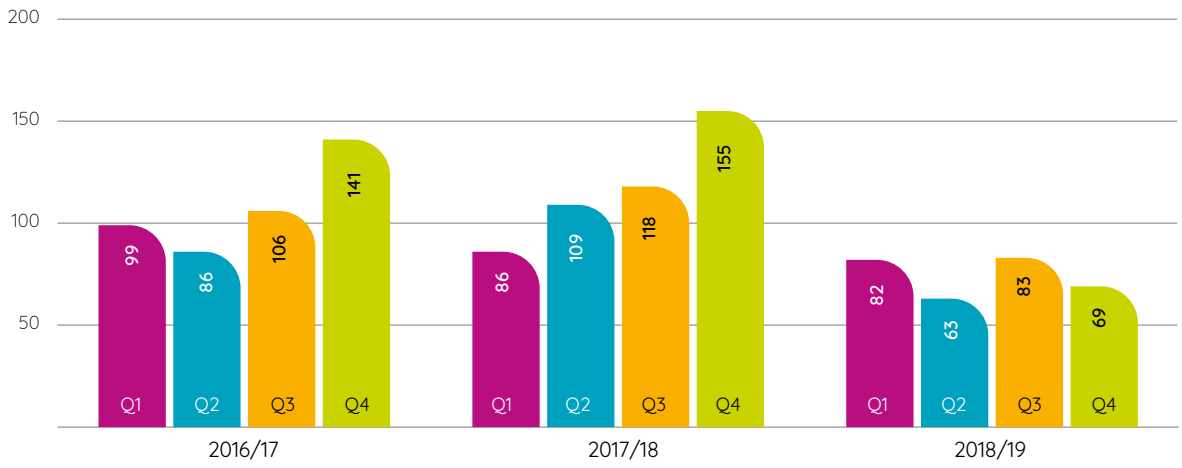
Our complaints process is supported by a Customer Complaints Panel. During the year, the panel identified a number of targets for a reduction in the top three complaint issues. As a result, we received 297 complaints through the year, a reduction of 171 compared to the previous year. Furthermore, over the same period, we received 61 compliments compared to 50 in the previous 12 months.

To ensure we are always outward looking in our approach, we regularly share best practice in the sector with other housing associations via a Complaints Networking Group to discuss ideas, trends and related issues to continually drive improvements.

297
complaints, down by 37% versus previous year

Of the 297 complaints
175
were upheld or partly upheld

Complaints received year-on-year (by quarter)




Wootton Vale Retirement Living Scheme

Retirement Living at its best

Our retirement living offer has been expanding and developing over the last year, with a focus on the provision of high-quality affordable homes for those wishing to live later life in a supportive community.

We now have 16 Extra Care Retirement Communities located across our geographical spread. These provide over 700 modern one and two bedroom apartments carefully laid out to support the needs of our customers and can be adapted to suit those with specialist requirements, reducing the likelihood of care home move on. The extra care communities have a variety of services on site from restaurants to cafés, beauty salons and shops. Within these services we work in partnership with a number of care providers to give residents an individually tailored care and support service as required. We always aim to provide a balanced community and work with our partners to ensure that the varying needs of our residents can be met.

We manage

25

Retirement Living schemes

In the last 12 months fantastic progress has been made with the development of three new extra care retirement communities. The first one, Wootton Vale, opened in March and is now home to over 30 satisfied customers with more to arrive over the coming months. Great feedback has already been received from residents, families and other agencies.

As an organisation we continue to learn from those we work with, we want to understand how the services we provide benefit them as well as what could be improved further. Through 2019 we will be developing our design specification for new extra care services taking this feedback into account.

In addition to the extra care offer, we continue to provide services in a number of traditional sheltered housing schemes across Bedford and the newer retirement living apartments in Cambridge. These homes provide a large number of residents with the safety and security of their own community and the knowledge that they can access 24-hour support through the bpha carelink service.

Our Extra Care Retirement Communities are located in:

- **Abingdon**, Oxfordshire
- **Banbury**, Oxfordshire
- **Bedford** x 4
- **Bicester**, Oxfordshire
- **Bury St Edmonds,** Suffolk
- **Hauxton**, Cambridgeshire
- **Kidlington**, Oxfordshire
- **Luton**, Bedfordshire x 2
- **Oxford** x 2
- **St Albans**, Hertfordshire
- **Trowbridge**, Wiltshire

> We offer a range of care packages tailored to suit individual needs.
>
> **Dalia El-Saleh**
> Head of Retirement Living

Our Retirement Living Communities are home to over

1,600

residents

Valerie and Peggy, Retirement Living Residents

New Affordable Homes

As a top 25 developing housing association, helping to tackle the housing crisis across our region by developing successful new communities remains at the heart of our Core Mission.

As one of the few housing associations which operates right across the Oxford to Cambridge Arc, we fully recognise the important contribution which bpha can bring to housing provision in the region, and are very well placed to deliver high-quality affordable homes in sustainable communities where they are most needed.

Building on our strong track record of delivering new affordable homes over many years, during 2018/19 we completed 621 new homes, equivalent to 3.3% of total homes owned and managed, helping to achieve our vision of "building communities where people can live happily in a home they can afford".

During the year we reshaped our Development Team to provide greater focus on its two main disciplines: New Business and Delivery. This has been designed to help us achieve our ambition of undertaking more land-led schemes, giving us a greater role in placemaking and better control over the quality, design and specification of our homes. In addition, land-led development enables us to flex tenures according to housing need, market conditions and our own development strategy. We have also brought together the operations of Bushmead Homes, our private development subsidiary, with bpha's operations in order to maximise and secure mixed tenure, and Joint Venture development opportunities.

We have plans to develop 3,000 affordable homes by March 2023, together with a number of homes per year for private sale through land led, Section 106 agreements, and Joint Venture arrangements. Our new team structure positions us well to deliver this programme and even more homes beyond.

Building homes to support those in need

A key part of our strategy is to work with our stakeholders to develop good quality homes for those with specific housing needs. Earlier this year, the culmination of several years of work came to fruition with the redevelopment of a former garage site in Bedford into three new bungalows, designed for those with limited mobility.

bpha and Bedford Borough Council initiated the project to meet the needs of Alex, a local man who, along with his family, was struggling to cope with his fast onset Multiple Sclerosis (MS). The family lived in a house which could not be adapted to meet their needs and we worked with them and their occupational therapist to design a suitable bungalow to meet the challenges of family life with the condition. The outcome is a new home that enables Alex and his family to live a more comfortable life, and the regeneration of an underutilised site.

Alex said: "It's been wonderful to work with bpha to design a home that fits my needs but that also works for my family. Before we moved to our new bungalow it would take me hours to get up and down the three flights of stairs, the process was exhausting and debilitating. The bungalow has been designed with a wide hallway, corridors and large door frames to fit my wheelchair and a wet room with some extra features added to make life easier for me – worktops that can easily change height depending on who is cooking. We have all settled into our home so quickly and thanks to bpha our quality of life has improved immeasurably."

Total investment in homes in 2018/19

£133.8m

Launching our new sales brand – Domovo

Our new sales agency, Domovo, was launched early in 2019 to promote the sale of our new homes. Domovo also offers a full estate agency service to other housing associations and registered providers to sell properties on their behalf.

Having invested in state-of-the-art, fully automated marketing intelligence, sales and customer relationship management software, Domovo is able to provide an efficient and effective service to clients who can expect a full professional marketing service, from scheme appraisals through to bespoke marketing and sales strategies, brochures and premium listing on property portals and the Domovo website.

Purchasers can search hundreds of properties for their ideal affordable home via domovohomes.co.uk, receive email alerts when new homes are launched, manage their viewing requests online, and have a dedicated member of staff to guide them through the sales process, from their initial enquiry through to viewings and completion.

Domovo sold 216 homes on behalf of bpha and other clients during 2018/19. One purchaser was Rosalyn Hart, who bought her newly built Shared Ownership home through Domovo on behalf of bpha in the new town being created at Northstowe in Cambridge.

Before the move, Rosalyn shared a house with four other people but after three years, she decided that she wanted to live on her own and buy through Shared Ownership. She bought a 40% stake in her home, which means she pays a mortgage on that share and rent on the remaining 60%.

"I'm paying around the same as I did in the rental property," she said. "But I've got the place to myself and I'm on the property ladder. It's an investment of the money that I've worked hard to save for over the years. I feel so happy that I'm here!

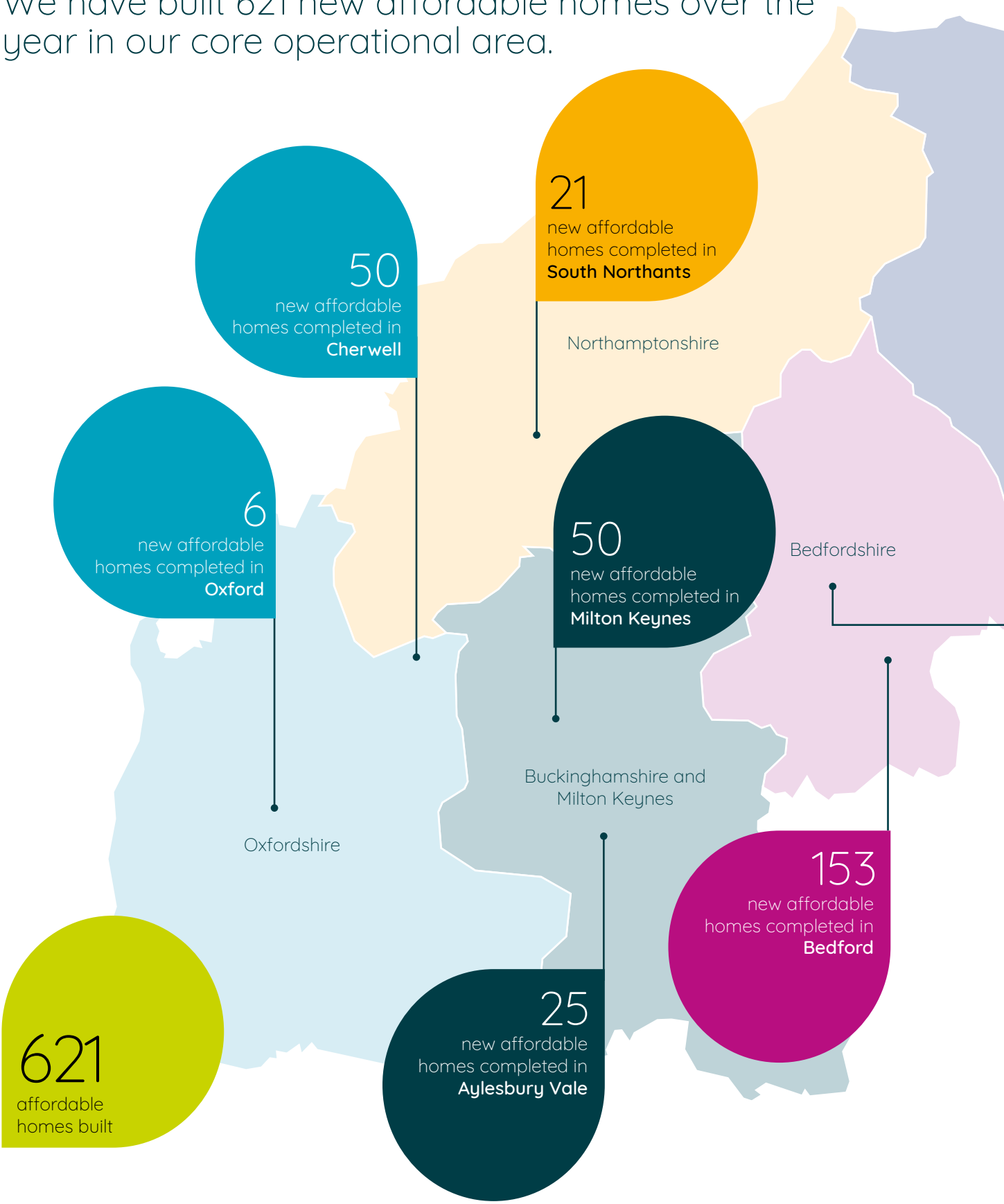
"There are so many good things about my new home. My car has a covered driveway next to the house. Before it was parked in a muddy field, miles away."

> The service I received was brilliant and made buying my first home much easier.
>
> **Rosalyn**
> bpha Shared Owner

Rosalyn in her home

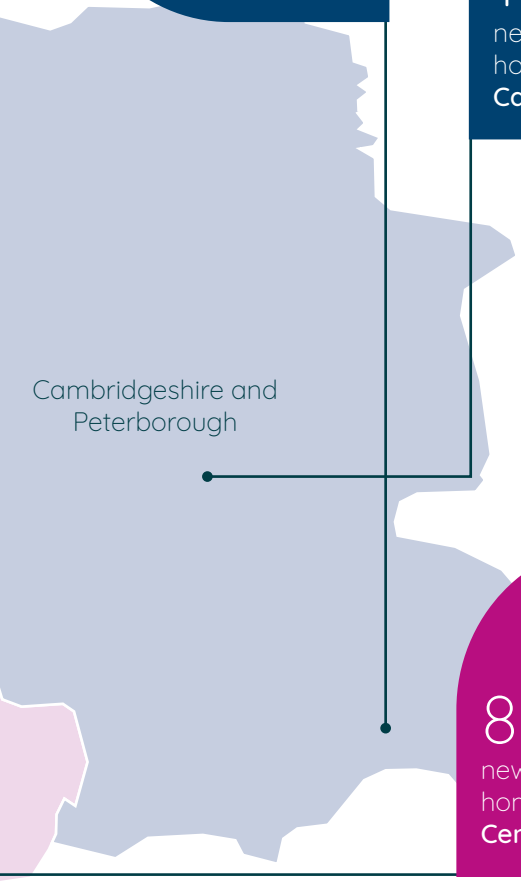
New Affordable Homes Locations in 2018/19

We have built 621 new affordable homes over the year in our core operational area.

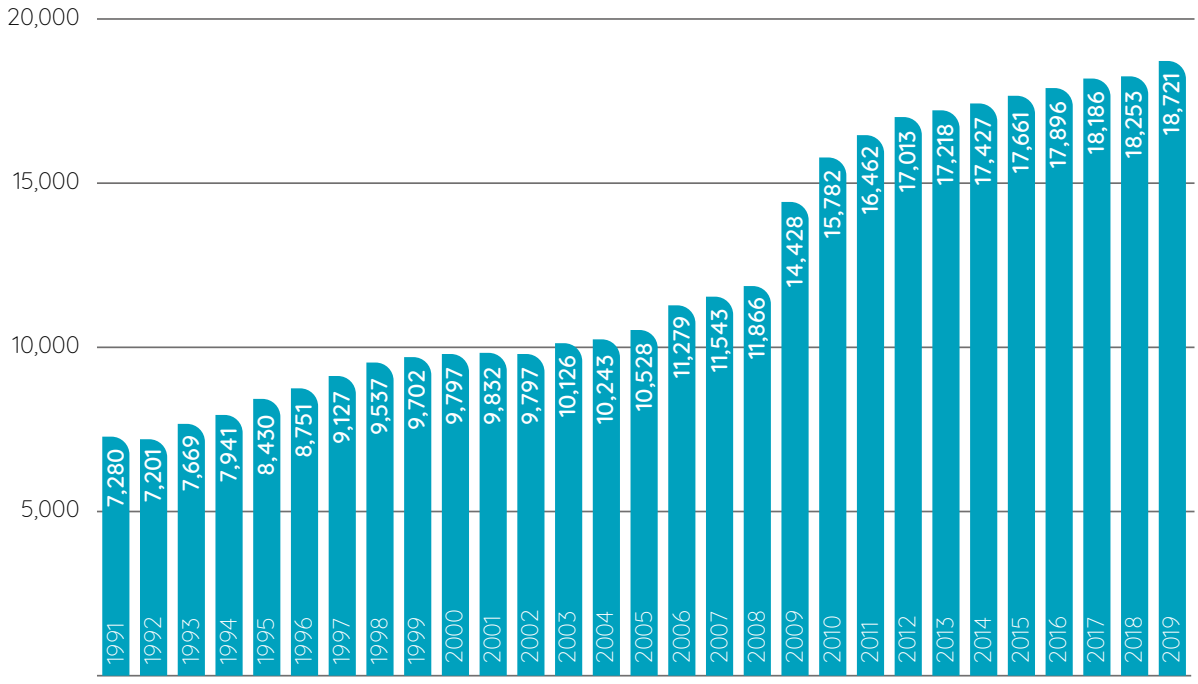


84
new affordable homes completed in **South Cambs**

143
new affordable homes completed in **Cambridge City**



89
new affordable homes completed in **Central Beds**



Total homes owned or managed at year end

Quality, People and Processes

The homes that we build and the people that live in them are at the heart of bpha. To support them effectively we need a highly skilled, engaged and well-motivated team with a diverse range of skills and backgrounds. In turn, our staff must also be supported by efficient processes and innovative systems, so that they can add maximum value, where it matters most, in support of the customer and our corporate objectives.

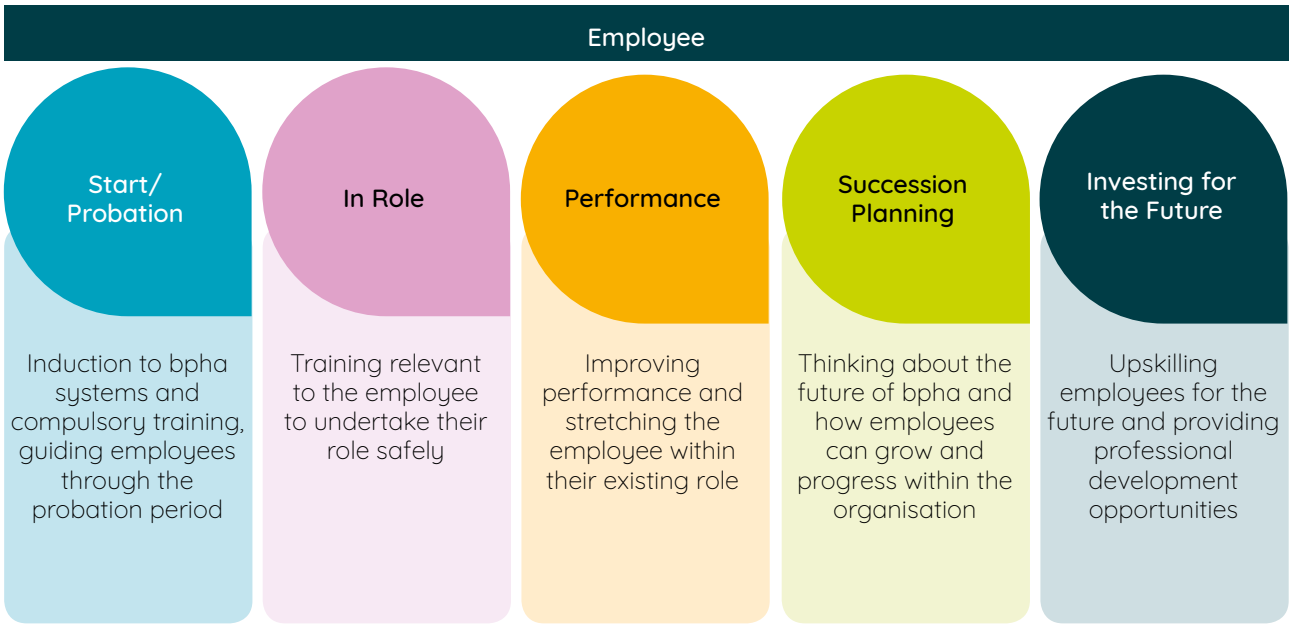
Our employee engagement programmes ensure we both retain the best people and develop their talent and abilities to maximum effect. We are also investing heavily in our systems and processes to ensure efficiency and automation, and to take advantage of the innovative new technologies that are becoming available.

Developing our people

Our Learning and Development framework sets out our approach to investing in our employees, commencing from their first day and throughout their career at bpha.

We deliver a range of job-related training and development, underpinned by compulsory training for both new starters and those employees within specific roles, to help keep our people safe whilst they carry out their work.

Learning and Development Framework



Career development

Bringing the right people into the organisation is essential. We have focused on ensuring that we are a competitive and attractive employer, but we also recognise the value of our existing staff and actively support them to grow and develop. We encourage employees to continue their learning and acquire additional experience and qualifications as part of their career development, and we are proud to say that 39 staff achieved a promotion this year.

Managers Standard

As part of our continued investment in Learning and Development in 2018, we launched our new 'Managers Standard' foundation development programme.

The programme was created to ensure that all new managers are equipped with the skills they need to help them succeed in their roles, support their teams and enable us to deliver the highest standard of service to our customers.

There were 80 new and existing managers enrolled on the programme, who were able to enrich the learnings by sharing their knowledge and experience. The programme was rolled out over a series of half-day sessions with topics including time management, customer service and coaching.

The programme was underpinned with HR-delivered workshops and drop-in sessions around bpha's core policies and processes.

Apprenticeships

Apprenticeships are a great way for young people to blend on-the-job experience with training and education. They also provide an excellent opportunity for organisations to 'grow their own talent' and plan for succession.

During the year, we launched an apprenticeship programme, recruiting two people to join the Property Services team as Trainee Surveyors.

James Wallis joined us in 2018 and currently spends one day a week studying at Bedford College for his Level 3 BTEC in Construction. During the rest of the week, James works with the qualified surveyors to gain practical knowledge to complement his academic studies. Providing excellent customer service is a vital part of his learning.

Daniel Mattin started working at bpha in 2017 as a Customer Services Advisor in the Customer Contact Centre. This gave him a holistic view of the diverse range of services that bpha deliver and a good grounding to start his career in a more technical role.

Having completed their first year of a two-year professional training course, James and Daniel will now be concentrating on developing their new-found construction knowledge and applying their learning to practical issues concerning our residents and their homes.

James Wallis
Apprentice – Trainee Surveyor

Attracting and retaining the best people

To ensure we attract and retain the best people at bpha, we have developed a new 'Total Reward' model which includes the roll out of a new appraisal and variable pay arrangements; the introduction of employee Reward Statements; and the introduction of employee recognition schemes. This includes recognising high achievers, unsung heroes and long service awards, promoting improved employee engagement and retention.

Best Companies

We value the views of our employees and we believe this is important in retaining our best people. We are proud to be rated a '1 star' Best Companies organisation, which ranks us in the Top 100 Companies in the UK Not for Profit Sector. The annual Best Companies employee survey measures how our staff feel about working for bpha, and also measures us against other organisations. A '1 star' rating marks us as an organisation with "Very Good" employee engagement, and a Top 100 spot in the list of Best Companies to work for is an excellent outcome.

However, we aim to keep improving and building on that success and are using Team Champions to address any areas for improvements across the whole organisation. Through this engagement, a number of great ideas were put forward to bring teams together and improve cross organisational communication. Some of the ideas which were actioned included quiz nights, 'pay day' breakfasts, Intranet blogging workshops, daily stand up meetings and family fun days.

Employee Management Forum

Our Employee Management Forum (EMF) is made up from staff across the organisation providing a collective voice to represent the views of our employees. EMF is a key communication channel between our employees and our management teams, helping to ensure that they are informed, supported and most importantly, that their views are listened to.

Gender Pay Gap

As an organisation which takes fair and equal treatment of its employees very seriously, we were pleased to see our 2018 Gender Pay Gap (GPG) drop to 8.4% positive to men, compared to 10% in 2017.

Our GPG is considerably below the national average for not-for-profit organisations of 18.9%. Although we are comfortable with our GPG, we continue to monitor and review pay changes with a view to closing the gap further wherever possible.

39
internal promotions

80
managers enrolled in the 'Managers Standard' programme

Technology and systems

We are investing heavily in our systems to improve our internal efficiency and our customers' experience and service. We are in year two of a five-year programme to transform our systems and processes, and we have delivered the first phases of our new Customer Relationship Management (CRM) system. This system once completed will allow all relevant staff to see all activities relating to all customers and their properties, a genuine single view of the customer that will greatly improve customer service. It will also drive automated processes, ensuring the customer experience is always of a consistent high quality.

Customers will be able to engage with us digitally via a new portal if that is their preference, and we will supplement our existing data with mapping and spatial data from our new GIS system.

In addition, we are keeping customers safer with a new compliance management system, and we will be delivering sector leading financial information, with enhanced property-level granularity from our new finance system.

We have also introduced a new online recruitment system allowing us to create more tailored recruitment campaigns, promote our employer brand and also give a significantly improved user experience.

New bpha terms for recruitment agencies to ensure greater consistency of usage and better processes and reporting metrics have also been introduced.

We strongly believe that apprenticeships provide a fantastic opportunity for young people to thrive as they combine practical bpha training with a continued education.

Lindsay Todd
Head of HR

1★
Best Companies

THE SUNDAY TIMES
100
BEST NOT-FOR-PROFIT ORGANISATIONS
TO WORK FOR
2019

Looking After Our Homes

Keeping our properties well maintained is a key priority for bpha. We want our residents to enjoy living in their homes and we value the views of our customers and work hard to establish ways to make it easier for them to feedback to us on our service.

Our Resident Inspectors help us to monitor how well we are delivering our services and we use the feedback gained from our customers to shape and improve future service provision. Recently, we designed new leaflets to inform residents of how the process of refurbishing homes works, assisting them in preparing for the work to commence and what to expect while the contractors are in their homes. This was following feedback from our Resident Inspectors who had visited 88 newly refurbished homes and spoken to 250 residents.

The Resident Inspectors have also played a key part in helping to ensure we gather meaningful feedback about the responsive repairs service that our contractors deliver on our behalf.

We set ourselves and our contractors challenging targets to ensure our service provision is efficient and effective.

We endeavour to complete all responsive repairs at the first appointment and consistently exceed our 90% target. We expect 99% of our emergency repairs to be completed on time and routinely achieve 100%. This is good for our residents and helps to protect our valuable assets.

During the year, we invested £26m (2018: £22m) in maintaining and improving existing homes, of which £15m (2018: £12m) was capitalised and £11m (2018: £10m) was charged to revenue.

Our homes condition data allows us to have a good understanding of our future maintenance liabilities and enables us to plan work in cost effective packages, which can vary significantly from year to year. We have been 100% Decent Homes Standard compliant since 2010.

Offering choice through planned works

Choice is never more important than when it affects the areas of the home that are most frequently used.

Therefore, when we improve kitchens and bathrooms, we offer residents as much choice as possible, ensuring they can input into the design of the new room as well as choosing units, worktops, tiles and flooring.

£26m
invested in maintaining and improving existing homes

Working to improve the environment

The thermal efficiency of our properties is a significant factor in our residents living comfortably in their homes. Not only does this help with fuel poverty, the environmental impact of sustainable homes is also a key focus for bpha.

During the year, we installed external wall insulation and new windows and doors on properties to improve energy efficiency ratings.

Not only does this help to make the property cheaper for our residents to heat, it helps to reduce instances of condensation, which can lead to problems with damp and mould.

250
customers benefited from bespoke home improvements

Keeping homes safe with new technology

Keeping our properties and residents safe is a huge priority for bpha. This year we have invested in new technology that will automate the capturing, monitoring and reporting of compliance information around all asset health and safety strands including gas, electrical, legionella, lifts, asbestos and fire.

bpha has a well-established team of Fire Safety Officers who carry out risk assessments, input into the design of our new homes and train all our visiting staff in fire safety. This complements our partnership arrangement with Bedfordshire Fire and Rescue Service, who work with us to provide assurance across our entire stock portfolio.

Our new compliance system will allow the Fire Officers to capture data in 'real time' on a mobile device, thus providing an instant status view.

Following the tragic events of the Grenfell fire in June 2017 and the subsequent Hackitt review around building safety, how housing associations engage and consult with their residents on fire safety has been brought into sharp focus.

With the safety of our customers paramount, we have established a resident 'Task & Finish' group on fire safety to ensure our customers have a clear voice on this important issue. We have numerous events planned over the coming year to ensure we capture our residents' feedback, including Fire Safety Roadshows.

During the year we improved the homes of our customers by replacing:

545
bathrooms

840
boilers

633
fire doors

399
kitchens

1,360
windows
and doors

We also completed:

27,104
responsive
repairs

2,524
home condition
surveys

247
minor
adaptations
(e.g. a handrail)

3,187
emergency
repairs

93
major
adaptations
(e.g. a wet room)

Our Resident Inspectors help us to monitor how well we are delivering our services and we use the feedback gained from our customers to shape and improve future service provision.

Julie Wittich
Executive Director of Assets

Operating and Financial Review

We continue to deliver strong financial performance which enables us to carry on building new properties, maintaining our homes and investing in technology to improve our business processes.

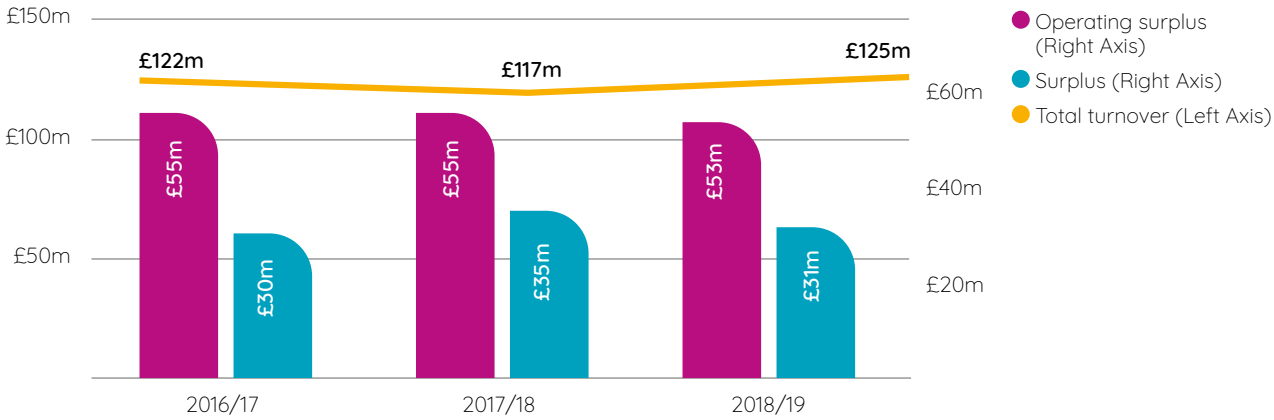
The key performance metrics demonstrate that our core social housing lettings business model works independently from our other income streams, including asset sales. This core business makes a healthy surplus after it has reinvested in improvements.

We operate in a region with a high demand for affordable homes and our focus on our core social housing business, together with a carefully controlled development programme, has resulted in a strong financial performance over the last three years.

Key highlights include:

- operating surplus of £53m in 2019 , representing an operating margin (operating surplus as a percentage of turnover) of over 42.6%;
- underlying surplus of £31m in 2019, in line with previous years;
- further strengthening of liquidity with strong operational cash flow resulting in long term debt only increasing by £43m to £774m (2018: £731m) despite a strong development performance;
- completion of 621 new affordable homes (2018: 385) and a record £119m invested in ongoing developments.

Turnover and surplus

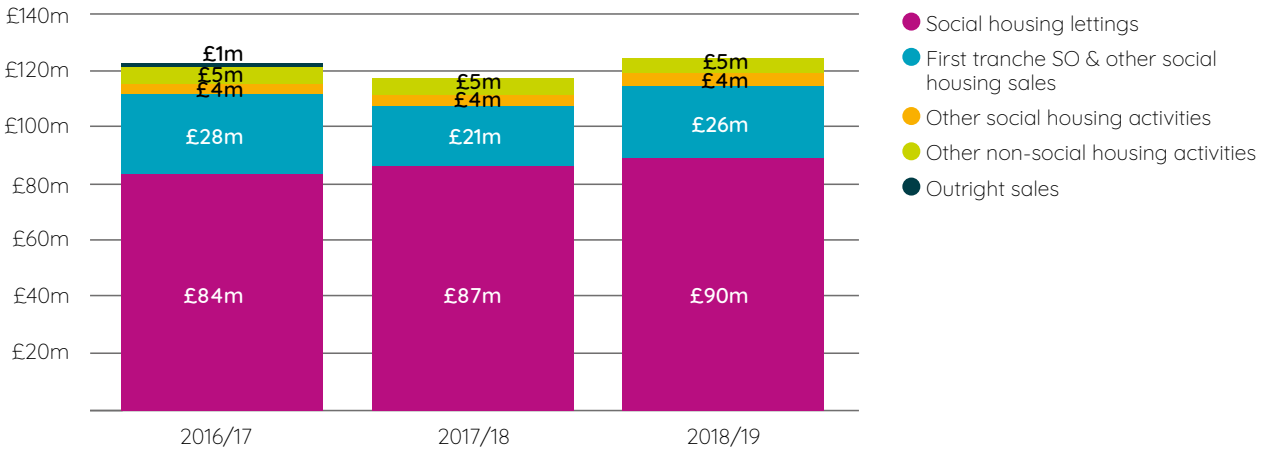


As turnover has increased, operating surplus remained strong, representing 42.6% operating margin. Our margin on social housing lettings was 40.6% in 2019.

	2016/17	2017/18	**2018/19**
Total turnover	£122m	£117m	£125m
Operating surplus	£55m	£55m	£53m
Surplus*	£30m	£35m	£31m

*stated before measurement in fair value of financial instruments & investment properties

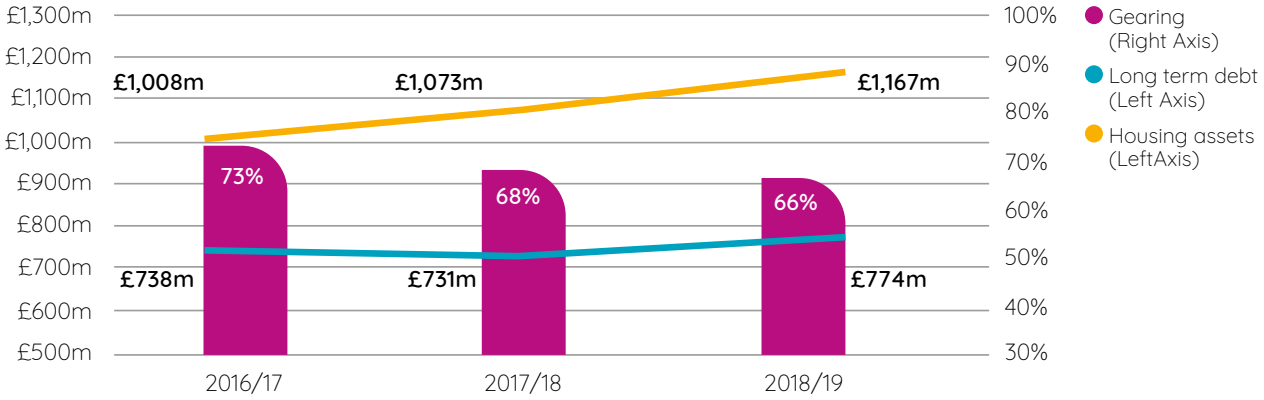
Turnover breakdown



£89m (72%) of our income is from social housing lettings which has steadily increased year on year, whilst tenants benefited from the 1% rent reduction. Our social housing lettings and other social housing activities account for over 96% of our turnover.

	2016/17	2017/18	**2018/19**
Social housing lettings	£84m	£87m	£90m
First tranche SO	£28m	£21m	£26m
Other social housing activities	£4m	£4m	£4m
Other non-social housing	£5m	£5m	£5m
Outright sales	£1m	-	-
	£122m	**£117m**	**£125m**

Gearing, assets and debt



The value of our housing assets has continued to rise, with our housing assets increasing by £94m during the year, mainly as a result of a net 468 unit increase in our property portfolio (new homes completions less asset sales). This, combined with strong cash flow generation, meant that debt has risen at a slower rate, leading to ongoing improvements in our gearing metrics.

	2016/17	2017/18	**2018/19**
Housing assets	£1,008m	£1,073m	£1,167m
Long term debt	£738m	£731m	£774m
Gearing	73%	68%	66%

Three-year summary – key figures

	2017 £'m	2018 £'m	**2019 £'m**
Sub-total: social housing turnover	115.6	111.9	**119.4**
Turnover	**122.4**	**117.3**	**124.5**
Operating surplus	**54.9**	**55.4**	**53.1**
Operating surplus as a % of turnover	44.8%	47.2%	**42.6%**
Net interest	(33.0)	(31.5)	**(33.0)**
Surplus from asset sales	8.6	11.2	**10.9**
Underlying surplus for the year	**30.5**	**35.1**	**31.0**
Gains/(losses) re financial instruments, investment properties and termination of hedging agreements	(1.4)	6.6	**3.1**
Surplus before tax	**29.0**	**41.7**	**34.1**
Depreciation and amortisation	16.4	17.2	**19.1**
Repairs and maintenance	11.4	10.1	**11.0**
Capitalised spending on improvements to housing properties	11.4	10.8	**14.7**
Total spending on repairing and maintaining our housing properties	22.8	20.9	**25.7**
Earnings before interest, tax, depreciation and amortisation, major repairs included (EBITDA MRI)	59.9	61.7	**58.3**
EBITDA MRI as a percentage of interest payable and similar charges	174%	177%	**156%**

	2017 £'m	2018 £'m	**2019 £'m**
Group statement of financial position			
Housing fixed assets	1,008.3	1,073.4	**1,167.4**
Other assets less current liabilities	109.5	75.7	**75.8**
Total assets less current liabilities	**1,117.8**	**1,149.1**	**1,243.2**
Debt (due over one year)	737.8	731.4	**774.0**
Other long term liabilities	185.9	180.9	**197.7**
Total long term liabilities	**923.7**	**912.3**	**971.7**
Reserves: total	**194.1**	**236.8**	**271.5**
Total long term funding and reserves	**1,117.8**	**1,149.1**	**1,243.2**

Clay Farm, Cambridge

Cash generation

Our net cash flow from operating activities is sufficient to cover both debt interest and capital expenditure on existing assets, showing that our core operations are cash generative.

During the year, the net cash generated from operating activities, combined with the proceeds from sales, covered around half of expenditure on development.

	2018/19 £'m
Net cash from operating activities	58.4
Net interest paid	(34.8)
Operating cash flow net of interest	23.6
Improvements to housing properties	(14.8)
Other items	0.8
Operating cash flow net of interest & capex & other	9.6
Proceeds from asset sales	23.7
First tranche shared ownership sales	25.8
Operating and sales cash flow	59.1
Development spend	(121.3)
Net movements in borrowings and deposits	58.9
Net cash flow after development activities	(3.3)

Treasury

We have strict targets to ensure that sufficient liquidity is available to fund ongoing and planned activities. During 2018/19, we had a net increase in facilities of £115m, being a £40m bank revolving credit facility and £75m raised through a tap of the 2044 public bond. At 31 March 2019, £787m of funding was drawn against increased total facilities of £1,052m (includes £3m overdraft).

Facilities and £10m of cash immediately available meant that our liquidity headroom strengthened significantly to £275m. Our security headroom (made up of undrawn facilities which are fully secured and available to draw within 48 hours, plus cash on deposit) has also increased to £134m.

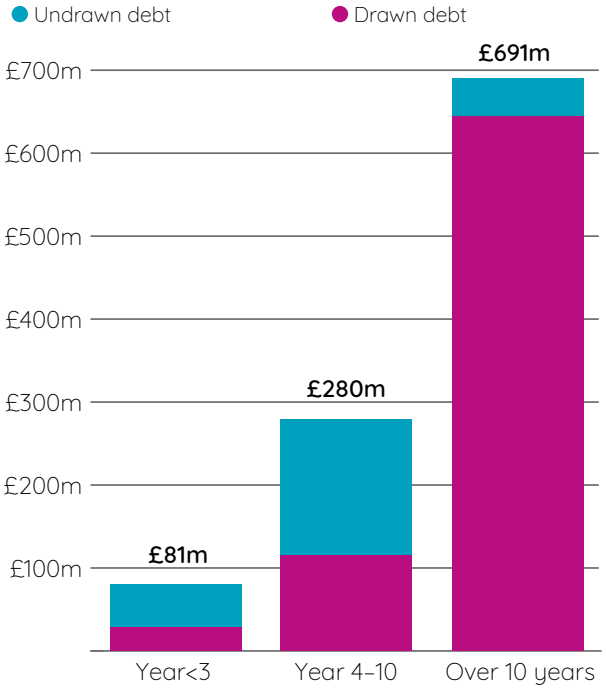
This strong liquidity means that all future committed developments can be funded from existing facilities, without the need to raise new funding. As detailed in the group cash flow statement, strong operational cash flow in the year has contributed significantly towards our development spend, meaning drawn debt only rose to £787.1m (2018: £743.7m).

Our loan covenants are predominantly based upon interest coverage, asset cover and gearing ratios. Covenants are regularly monitored in accordance with our governance framework and were comfortably met throughout the year.

In November 2018 Standard & Poor's reaffirmed our credit rating as A+.

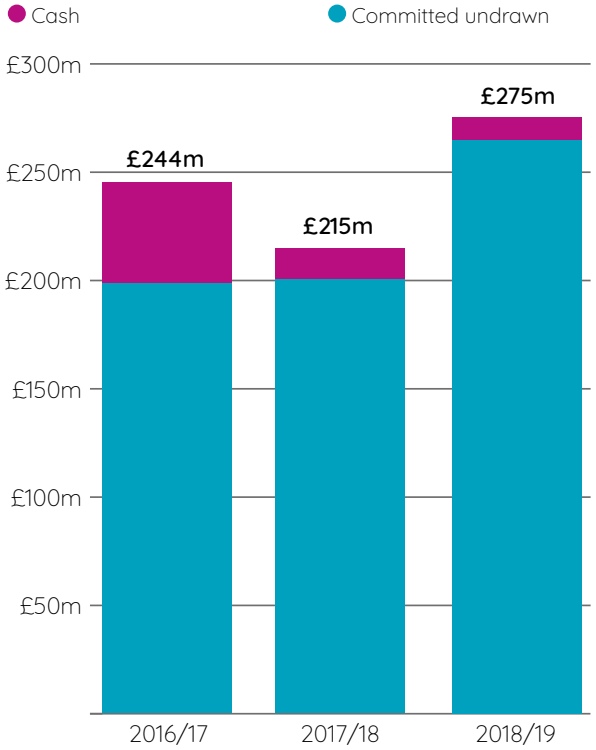
Loan maturity profile

66% of our loan facilities mature after ten years. Facilities due to mature over the next three years are mostly attributable to a £50m revolving credit facility, which is currently undrawn and was replaced during 2018/19.



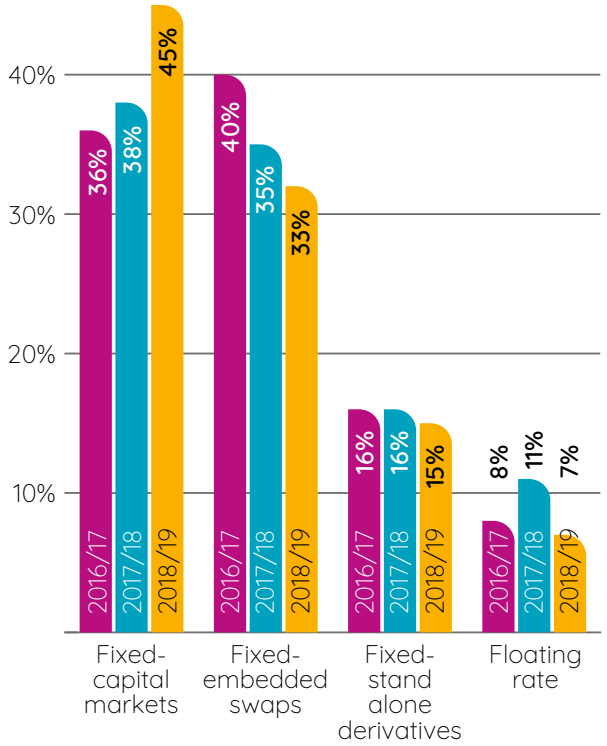
Liquidity

Our liquidity position was strengthened during the year and at 31 March 2019 we had £275m of available liquidity. Our development commitments are fully funded. As £134m of our facilities can be drawn within 48 hours, our policy is to hold a relatively low cash balance.



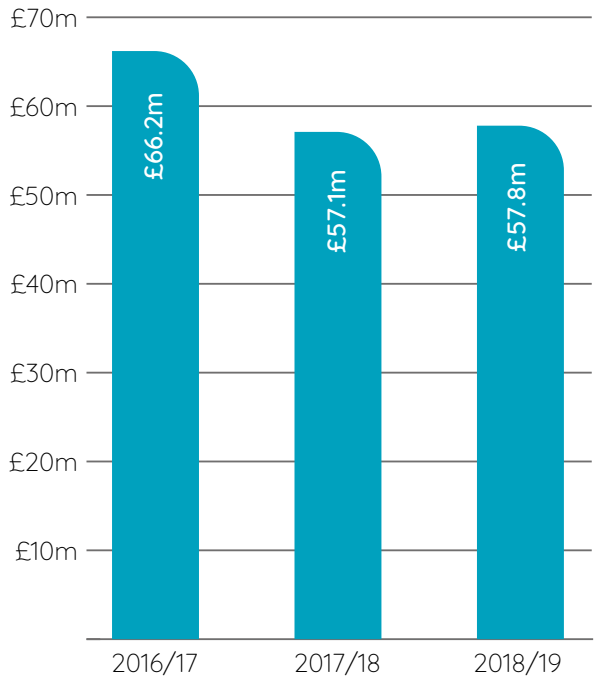
Hedging activity

At 31 March 2019, 93% of our drawn debt was at a fixed rate of interest, of which the majority comprised fixed rate capital market debt and bank debt hedged through embedded swaps. Only 15% related to stand-alone swaps with exposure to margin calls.



Marked to market

Our marked to market position has increased by £0.7m throughout the year, which represents a marginally increased exposure to our stand-alone derivatives. Further details are set out in note 19.



Value for Money

Board responsibility

The Board takes responsibility for Value for Money (VfM) at bpha by:

- setting objectives and targets;
- approving the use of resources through the budget and business plan;
- monitoring performance and results to ensure achievement.

We generate value through our mission to build and maintain quality homes and thriving communities by being increasingly efficient. In support of this, we have four interdependent goals:

- the development of new homes;
- the protection and efficient utilisation of existing assets;
- the delivery of well defined, appropriate services to a range of tenant and customer groups;
- the protection and development of the organisation's financial capability.

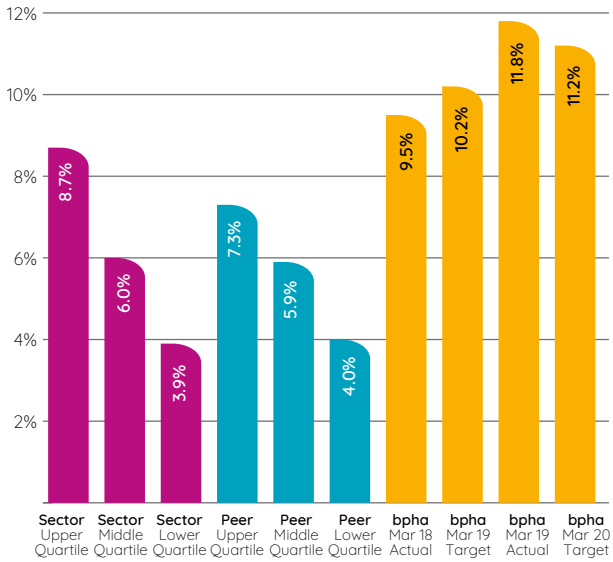
After consideration of the core Value for Money measures set by the Regulator of Social Housing and of other key performance indicators, the Board has concluded that we have been successful in delivering Value for Money, having continued to maintain tight control of costs, invest in improvements to service delivery and existing stock and deliver new homes.

Value for Money performance

We have continued to achieve strong performance across a range of indicators. All measures outlined below have been benchmarked against a comparable group of 13 housing associations (Peer Group) in terms of size and geography, alongside the national averages. This comparison is based on the most recent available information published by the Regulator of Social Housing on 31 March 2018.

These measures have been mandated by the Regulator of Social Housing, including the definition of the measure, which sometimes differs to measures elsewhere in the financial statements and to our financial covenants.

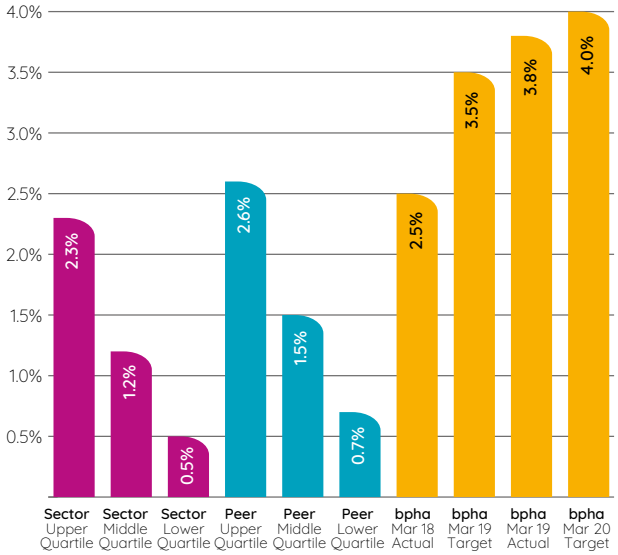
Reinvestment %



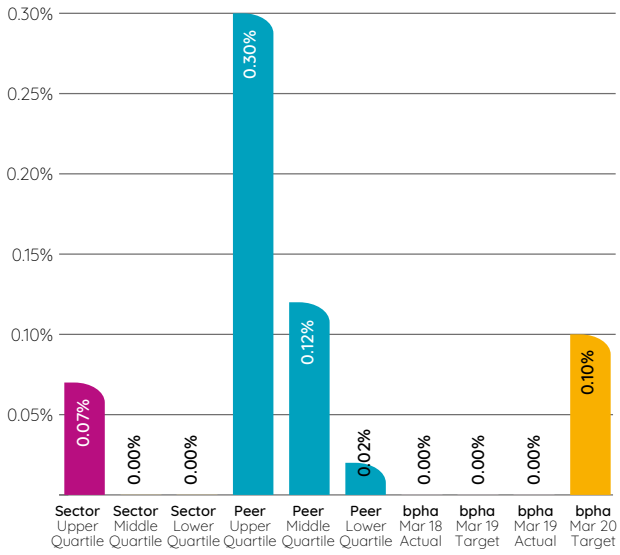
Our reinvestment rates have been historically high compared with others in the sector and even more compared with our peer group. This reflects our twin objectives of maintaining our existing assets and developing new homes. As illustrated by the target for March 2020, we expect the level of reinvestment to remain high as we expand our development programme towards a goal of 700 homes per year.

621
new affordable homes

New supply (Social) %



New supply (Non social) %

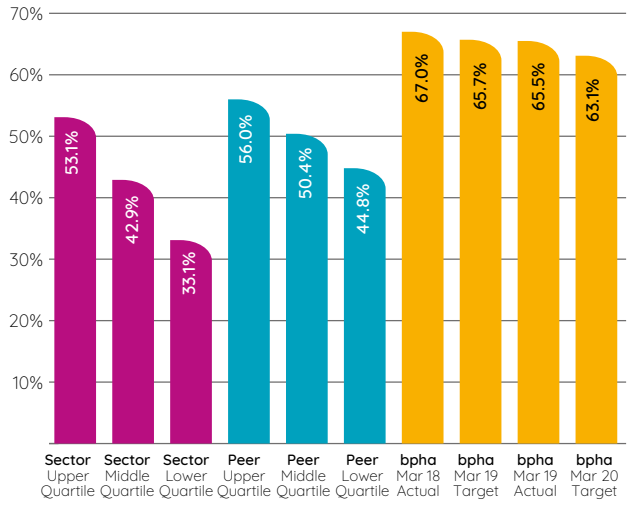


The delivery of new affordable homes is dependent on the timing of development schemes and may not reflect the level of investment during the period. During the year we delivered a further 621 new affordable homes, which was an increase of 236 new homes when compared against the previous year (2018: 385 new affordable homes). The 3.8% proportion of new social housing units delivered during the year remains high compared with others in the sector and our peers, and as illustrated, we expect this measure to remain at a similar level in our targets for next year.

bpha has no history of new supply of non-social homes. However, in line with our strategy we are developing housing for sale and we are projecting to sell 17 new market sale homes by March 2020, placing bpha just below the peer middle quartile measure.

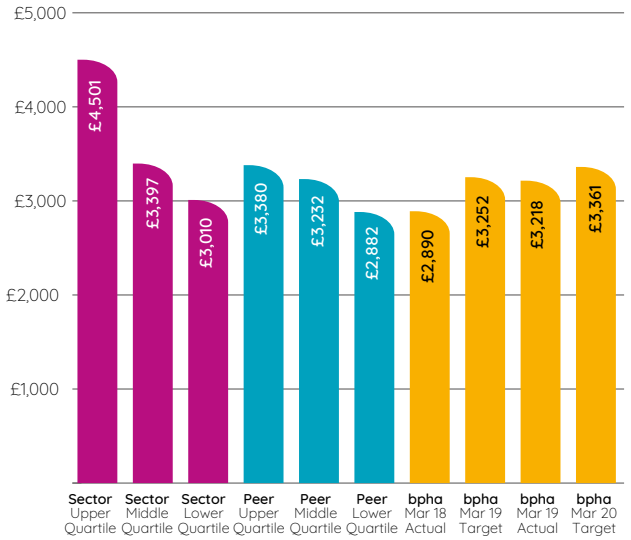
236
more new affordable homes than the previous year

Gearing %



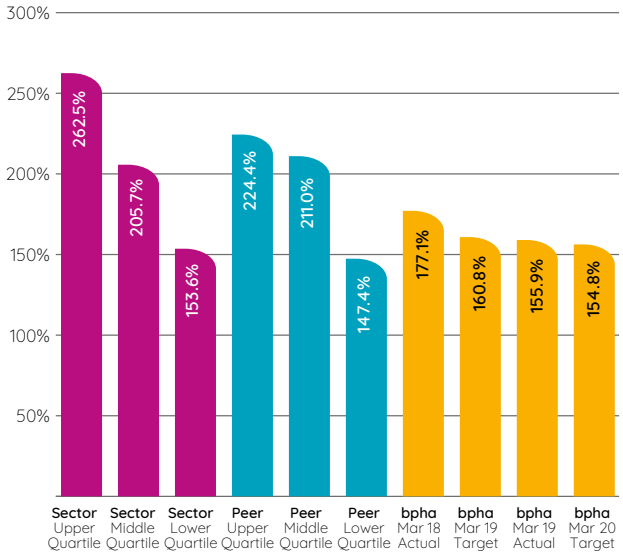
Our level of gearing, measured as the proportion of debt to the book value of housing, shows that we are making use of our assets to raise funds for investment while maintaining a sustainable level of debt. This reflects our objectives of investing in both new and existing homes, and we expect this to remain relatively high compared with others.

Headline social housing cost per unit £



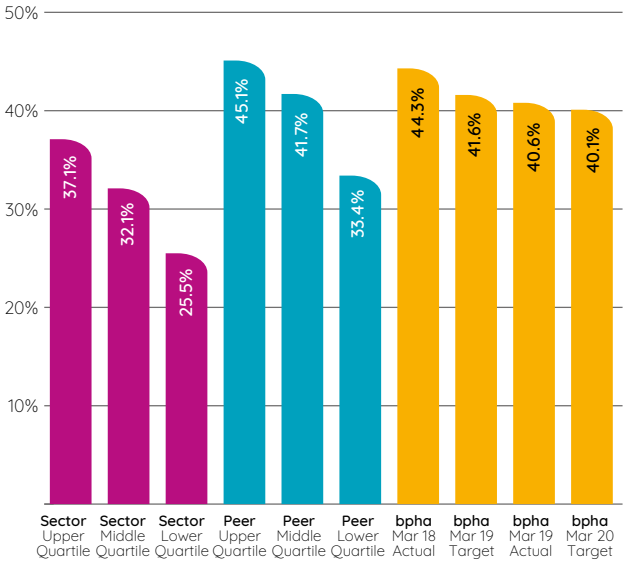
Traditionally, we have been able to demonstrate a high level of control over our costs. Our headline social housing cost per unit has remained below sector averages and close to the middle peer quartile, and in line with the target. We expect this cost to increase in the short term due to our investment in systems and people to support future efficiency gains.

EBITDA MRI interest rate cover %



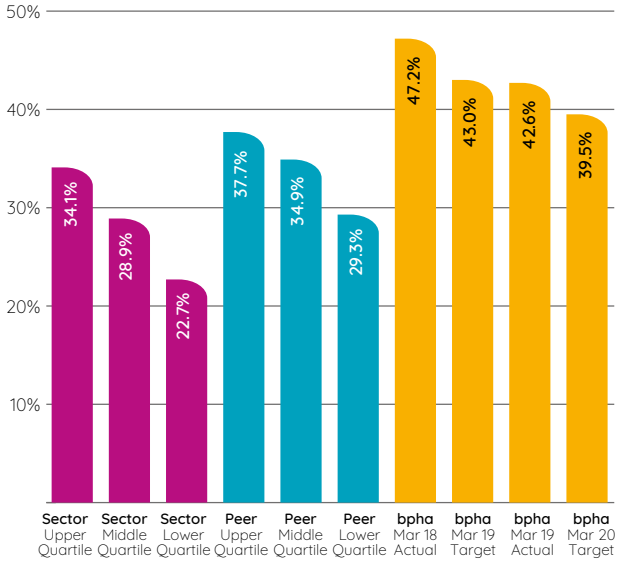
EBITDA MRI is a measure of cashflow and this shows that our earnings continue to exceed our interest charges by a margin, considerably exceeding our funding covenants. We remain above the lower quartile compared both with our close peers and nationally, reflecting bpha's long term track record of delivering new homes supported by higher gearing.

Operating margin (SHL) %



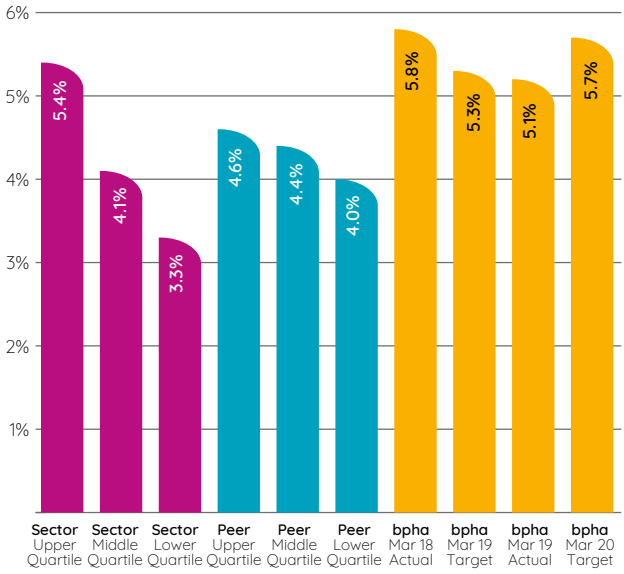
The margin on our social housing lettings remains consistent and is in the top quartile against the sector and the middle quartile against the peer group. The projections for next year show a very similar margin (40.1%) as the current year.

Operating margin (Overall) %



Our overall operating margin has grown in the year, and remains comfortably higher than top quartile against both peers and the sector, reflecting our high levels of efficiency. This measure can be impacted by the volume of sales arising in the development programme, which may differ from year to year, but we aim to ensure that our cost controls free funds for greater investment in new and existing homes. Our target for 2019/20 is 39.5% reflecting increased operating costs as a result of a planned investment in people and technology leading to a slight reduction in margins.

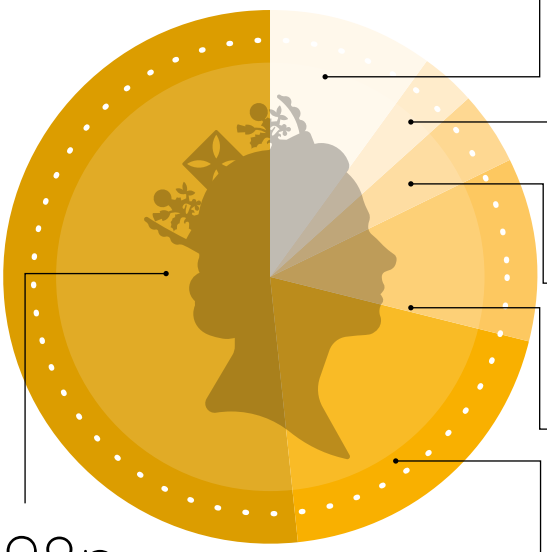
ROCE %



Our return on capital employed exceeds top quartile for our close peers and is just below top quartile nationally, reflecting our control of costs and the effective use of our existing assets to generate funds for reinvestment.

bpha's main source of income is from social and affordable rents. The following analysis highlights an investment of £1.90 for every £1 of rent received.

During the year for every £1 of rent received £1.90 was invested



19p
10% Staff

7p
3% Service charge

8p
4% Maintenance

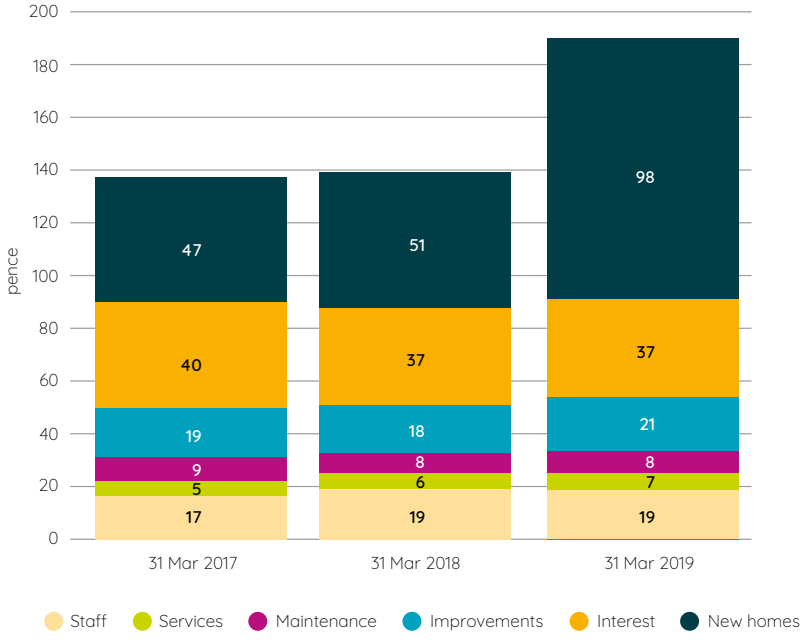
21p
11% Refurbishment

37p
20% Interest

98p
52% New homes (8p from every £1 of rent was invested in new homes)

Staff represents costs associated to management and supporting overheads. Service charge, maintenance and refurbishment are services associated to the continued investment to maintain our homes safe and fit for purpose. The combined investment in these services was 36p, being 18% of the total investment. Interest cost of 37p reflects the cost of funding associated to our borrowings. Investment in new affordable homes amounted to 98p, however, only 8p of rent money was used to fund development of new affordable homes, the balance of 90p was funded by new borrowings and profits generated from sale of homes.

Money invested in pence for every £1 of rent received



Measuring our customer satisfaction

An understanding of our customers and their experiences of being a bpha resident is essential to help us continue to improve our services and their delivery.

To enable us to measure our customer satisfaction we have carried out an annual customer satisfaction survey using Housemark's STAR (Survey of Tenants and Residents). However, in 2018/19, recognising that there were some new, very good alternatives to the STAR approach, we carried out a thorough review of this survey method.

The review recognised some of the limitations of STAR including: the lack of benchmarking available against other housing organisations and that feedback was not necessarily reflecting our most recent performance. It was agreed by our Executive Leadership Team that we would move to the UKCSI Business Benchmarking Survey. This survey is carried out on our behalf by The Institute of Customer Service.

The UKCSI Business Benchmarking Survey contacts residents that have contacted us within the previous quarter and invites them to feedback on the service they experienced. This survey also enables us to be measured against both national and public sector data, including a 'Your Housing Association' benchmark. The survey covers key topics including Net Promoter Score, Right First Time, Customer Effort and Customer Service Index Score.

In addition to this, to ensure our data is as current as possible, our bpha Insights Team carry out three, quarterly in-house surveys called 'TouchPoint'. These are short, bespoke surveys on topics identified as organisational priorities. The TouchPoint surveys also include an overall satisfaction question to enable us to track our performance throughout the year.

TouchPoint surveys are carried out in quarters one, two and three, and Business Benchmarking takes place in quarter four. TouchPoint surveys are due to start in May 2019.

The table below shows the Customer Satisfaction scores for Business Benchmarking, which was carried out in February 2019.

	Measure	General Needs	Shared Ownership	Retirement Living	Overall
Business Benchmarking UKCSI score	**1 to 100**	66.7	57.6	66.0	65.8
Business Benchmarking VFM	**1 to 10**	7.4	5.7	7.1	7.2

As this new survey method was introduced in February 2019, there is not yet a full year of data available, however we recognise that there is room for improvement illustrated in these initial scores.

Therefore, action plans to address the issues highlighted are in development and their progress will be monitored closely.

Governance

The role of the Board

The Board is committed to maintaining the highest standards of governance. The purpose of this report is to explain how the Board and its committees discharge their governance duties and apply the principles of good governance enshrined in their adopted Code of Governance, the National Housing Federation Code of Governance 2015. bpha has remained fully compliant with this code during the year.

It is the responsibility of the Board to:

- provide strategic leadership of bpha Limited (bpha) and its subsidiary companies ('the Group') within a framework of prudent and effective controls which enable risk to be assessed and managed and which is consistent with bpha's charitable purpose;
- set the Group's strategic aims;
- ensure that bpha meets its charitable purpose;
- ensure that the Group's obligations to its customers, its regulators and its wider stakeholders and others are understood and met;
- ensure that the Group meets its statutory and regulatory responsibilities;
- ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
- review organisational and management performance;
- set the Group's values and standards.

The composition and skills of the Board

The Board of bpha is made up of both Executive and Non-executive members, chosen for their skills, qualifications and experience. The Board regularly reviews the skills of its members in light of its corporate strategy to ensure that the Board has the right mix of skills and experience to meet the challenges of the future.

The Board recognises the role of Senior Independent Director as a valuable role in supporting bpha's Chair and acting as a 'sounding board' between the Chair and the Board and between the Board and the Executive Leadership Team. The Board appointed Ian Ailles as Senior Independent Director in March 2019. Ian joined the Board as a Co-Opted Member in July 2015 and was appointed to the Board in January 2017.

Paul Gray stepped down from the Board on the 22 March 2019 following eight years with the organisation. The Board has appointed an interim CFO whilst it seeks a permanent replacement.

Strengthening the Board with new skills and experience

Dr Geraldine O'Sullivan and Shirley Pointer were appointed to the Board in April 2019 and together bring a wealth of experience to bpha.

Geraldine brings extensive experience gained within the health service, including as a Consultant Psychiatrist and as Executive Director, Quality and Medical Leadership of the Hertfordshire Partnership University NHS Foundation Trust. As a Non-Executive Director of the Norfolk and University Hospitals NHS Foundation Trust and a Chartered Director, her knowledge of good corporate governance, together with experience of collective Board responsibility, achieved national recognition when she won the Health Service Journal Award for Board Leadership in 2014.

Shirley brings over 20 years' senior HR experience gained in the private and public sectors, including most recently as Director of Human Resources for the Department of Health. She is a Senior Independent Director of the Cambridge University Hospitals NHS Foundation Trust and chairs the Remuneration Committee, and the Workforce and Education Committee.

At the start of the year, the Board appointed Bob Tattar to its Audit and Risk Committee. As a qualified Chartered Accountant, Bob brings strong finance and commercial skills to the Committee. He joined Martin's Properties as Finance Director in March 2018 from Priors Hall Park, a development of 5,000 new homes set in a 1,000 acre site, where he held the position of Chief Operating Officer. Prior to that he was the Head of Commercial Finance at Capco PLC and Divisional Finance Director of the Capital & Counties division of the Liberty International business from 2008. He spent 13 years at Cable & Wireless performing a number of roles including interconnect accounting, project management and risk management, and was also financial controller for global support services. In 2004 he was appointed a partner of King Sturge LLP and a director of its financial services company.

Dr Geraldine O'Sullivan

Shirley Pointer

"We are delighted to welcome our new Non-executive Directors to the Board. They bring with them a range of skills and a wealth of experience that will strengthen the Board's leadership and oversight of bpha's performance."

Professor Paul Leinster
bpha Chair

Compliance with Regulatory Standards

bpha is regulated by the Regulator of Social Housing (RSH). On 19 December 2018 we were pleased to receive confirmation from the RSH of our G1 and V1 ratings for Governance and Viability and we confirm that during the year, the requirements of the Regulator's Governance and Financial Viability Standard were met in full.

Committees and Committee Structure

The Board considers its committee structure each year and has determined that the Board can operate most effectively through the use of committees to provide detailed scrutiny and assurance and to which appropriate matters may be delegated. During the year the Board operated through four committees:

Audit and Risk Committee

The purpose of the Audit and Risk Committee is to:

- bring independent scrutiny and challenge to provide the Board with assurance;
- exercise oversight of the internal and external audit functions;
- provide detailed scrutiny and evaluation of risk;
- advise the Board on internal controls and assess the adequacy of those controls annually.

Remuneration and Nominations Committee

The purpose of the Remuneration and Nominations Committee is to:

- set the Group's principles and parameters of remuneration policy and to oversee remuneration policy and outcomes;
- ensure that all relevant remuneration decisions are lawful, transparent, fair and appropriate;
- lead the process for Board appointments and make recommendations to the Board;
- ensure there is an appropriate strategy in place so that the Group has staff with sufficient capacity, skills, qualifications and expertise to support the delivery of the Corporate Strategy.

Development Committee

The purpose of the Development Committee is to provide the Board with assurance that bpha's development strategy is being delivered in an effective and timely manner and that:

- risks are being effectively managed and mitigated in accordance with the Board's Risk Appetite Statement;
- outcomes are being achieved in a manner that provides demonstrable Value for Money;
- future development pipeline is appropriate to the organisation's longer term aspirations;
- development undertaken by bpha is consistent with the overall objectives of the organisation;
- the committed development plan and the development of the future pipeline of opportunities are fully aligned to the organisation's treasury policies and plans.

Finance and Treasury Committee

The purpose of the Finance and Treasury Committee is to:

- assist the Board in overseeing those financial and treasury matters which it has to formally endorse, recognise or make a decision upon;
- support the Executive Leadership Team and Corporate Finance Team in drafting policy, evaluating financial and treasury options and in bringing forward recommendations for approval;
- review, scrutinise and provide guidance to the Board when major financial transactions are brought forward by the Executive Officers for approval;
- increase the effectiveness of the Board by allowing additional time for scrutiny and challenge over and above that which would normally be feasible in the context of a Board meeting;
- provide assurance to Board members who are not finance or treasury specialists that such options, policy and recommendations that are brought to the Board have been subject to independent challenge;
- review, scrutinise and provide guidance on any other issues within the organisation which have major financial implications.

Subsidiary companies

The Group has one wholly owned trading subsidiary, Bushmead Homes Limited. Bushmead's role is to support the Group's Corporate Strategy in delivering homes for affordable and private sale. Bushmead's Board is appointed by bpha's Board and is chaired by Paul High, a Non-executive Director on the bpha Board.

Bushmead Homes Limited has a 25% interest in Gog Magog LLP which develops homes for outright sale and affordable residential homes for sale to registered providers on the Ninewells Site in south Cambridgeshire.

The Group also has a special purpose vehicle, bpha Finance plc, which was established for the purpose of issuing bonds. The proceeds of any bond are lent to bpha Limited to support its development programme. During the year, bpha Finance plc successfully raised £75m of funding through a tap on its existing corporate bond.

bpha also owns a 50% share in the Oxfordshire Care Partnership and the Gloucestershire Care Partnership. These are joint venture companies with The Orders of St John Care Trust. Within these joint ventures, bpha's prime function is the reprovision of older care homes. The Orders of St John Care Trust is sub-contracted by the joint venture to operate the care homes and provide care.

Board and Committee attendance year ended 31 March 2019

Board

Non-executive directors

Paul Leinster
Chair of the Board

Ian Ailles
Chair of the Audit and Risk Committee and Senior Independent Director

Jill Ainscough
Chair of the Renumeration and Nominations Committee

Paul High
Chair of the Development Committee

Martin Hurst
Chair of the Finance and Treasury Committee

Shan Hunt
Non-executive Director

Peter Male
Senior Independent Director (retired 31 May 2018)

Board

Paul Leinster	●	9/9
Ian Ailles	●	7/9
Shan Hunt	●	7/9
Martin Hurst	●	8/9
Peter Male	●	2/2
Paul High	●	9/9
Jill Ainscough	●	7/9
Kevin Bolt	●	9/9
Paul Gray	●	8/8
Julie Wittich	●	9/9
Jeff Astle	●	9/9

Audit and Risk Committee

Ian Ailles	●	5/5
Peter Male	●	3/3
Jill Ainscough	●	3/5
Tim Ludlow	●	2/2
Bob Tattar	●	4/4
Malcolm Zack	●	4/4

Finance and Treasury Committee

Martin Hurst	●	6/6
Paul High	●	6/6
Cliff Broadhurst	●	6/6
Paul Gray	●	5/6
Gosia Motler	●	6/6

Remuneration and Nominations Committee

Paul Leinster	●	4/4
Shan Hunt	●	3/4
Jill Ainscough	●	3/4

Bushmead Board

Ian Ailles	●	3/4
Paul High	●	4/4
Kevin Bolt	●	4/4
Paul Gray	●	4/4
Jeff Astle	●	4/4

Key

- ● Non-executive director
- ● Board Executive director
- ● Independent member
- ● Executive director (non-Board)

Committee members

Cliff Broadhurst
Independent Member FTC

Tim Ludlow
Independent Member ARC (retired 31 July 2018)

Bob Tattar
Independent Member ARC

Malcolm Zack
Independent Member ARC

Gosia Motler
Head of Corporate Finance and Strategy FTC

Board executive directors

Kevin Bolt
Chief Executive Officer

Julie Wittich
Executive Director of Assets

Jeff Astle
Executive Director of Development and Sales

Paul Gray
Chief Financial Officer (resigned from Board 22 March 2019)

Development Committee

Paul High	●	4/4
Ian Ailles	●	4/4
Martin Hurst	●	4/4
Kevin Bolt	●	4/4
Jeff Astle	●	4/4

Board Strategy Day

Paul Leinster	●	2/2
Ian Ailles	●	2/2
Shan Hunt	●	2/2
Martin Hurst	●	2/2
Peter Male	●	2/2
Paul High	●	2/2
Jill Ainscough	●	2/2
Kevin Bolt	●	2/2
Paul Gray	●	2/2
Julie Wittich	●	2/2
Jeff Astle	●	2/2

ARC Away Day

Paul Leinster	●	2/2
Ian Ailles	●	2/2
Shan Hunt	●	2/2
Martin Hurst	●	2/2
Peter Male	●	2/2
Paul High	●	2/2
Jill Ainscough	●	2/2
Kevin Bolt	●	2/2
Paul Gray	●	2/2
Julie Wittich	●	2/2
Jeff Astle	●	2/2

Executive directors (non-Board)

Liz Parsons
Director of Quality & Communi-cations

Adrian Moore
Director of IT

Anna Humphries
Director of Customers & Services

Philippa Spratley
Company Secretary

Risk and Assurance

bpha has a well-established, dynamic risk management process.

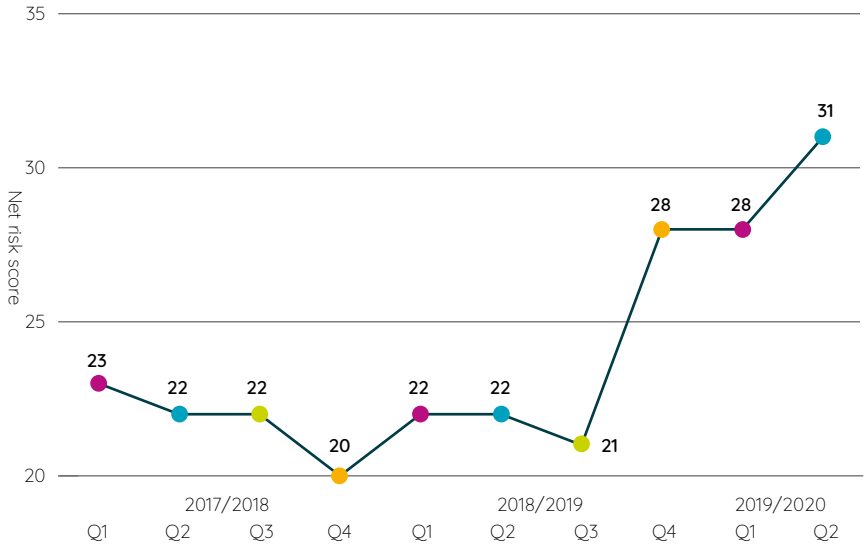
In the last 12 months this has been enhanced through:

- a closer mapping of risks and mitigations against the core goal deliverables of our Corporate Plan;
- mapping of risks more closely into the Stress Testing process;
- an in-depth analysis of risk scores driven by 'likelihood' versus 'impact';
- monitoring the top risk trends.

Analysis of our top ten risks each quarter over the last two and half years has shown that our top risk scores are rising. This trend is important because whilst the specific risks have changed across this period, our overall assessment of their average 'riskiness' is increasing. The drivers for this are generally the state of the property market, specific health and safety risks, and concerns with recruitment and the retention of key skills.


Ninewells, Cambridge

Trend in the Average Net Score of the top ten risks



Whilst bpha works hard to mitigate risks, the increasing scores are indicative of a heightened awareness of the operational volatility that the organisation faces. The current political and economic landscape is unsettled but the demands for higher overall performance levels, in terms of service delivery and new home production, are clear.

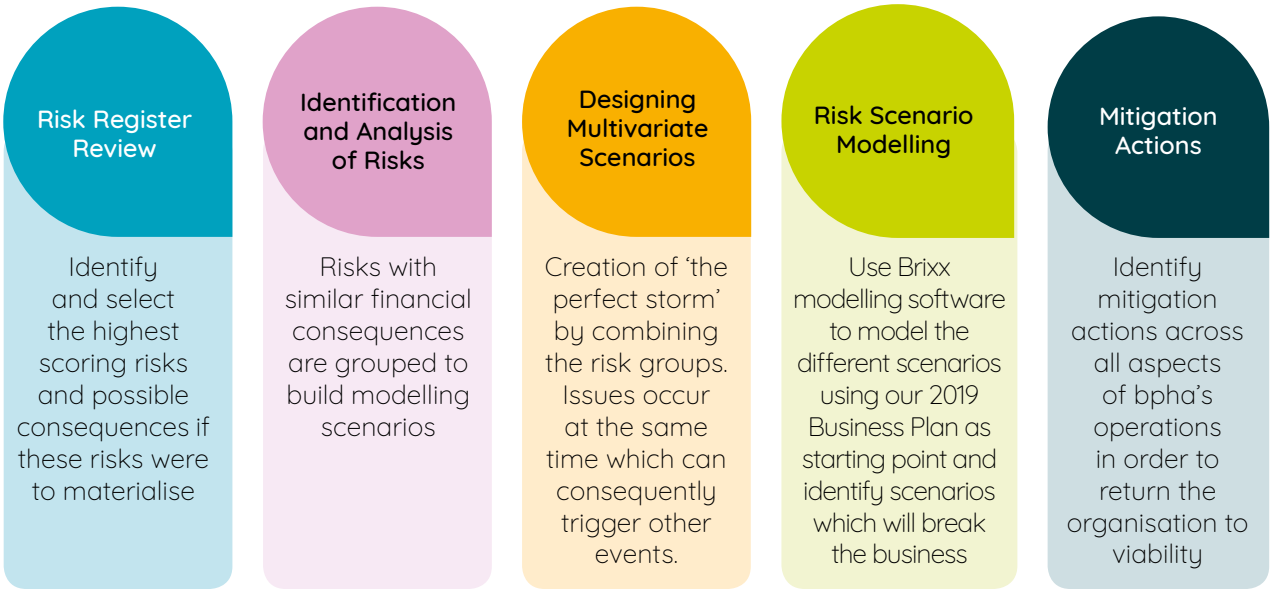
Through continuing to invest in better systems, management processes and workforce development, bpha's approach to risk management is proportionate and proactive. So whilst specific risks are scored more highly, our overall view of the core four risk areas remains stable. The organisation's risk appetite has been reviewed through the Audit and Risk Committee (ARC) and is unchanged from 2017/18. This will be reviewed and challenged formally by ARC and the Board again through its annual review process in February 2020.

Our principal risks and uncertainties

Risk	Impact	Mitigation	Change
Health and Safety and HR Resources	There are many potential risks that could arise to tenants and employees from failure to fully comply with Health & Safety (H&S) requirements. More generally, there are risks associated with dependency on key employees, recruiting, attracting and retaining employees.	There is considerable focus upon H&S at all levels which is managed by a cross functional strategic Health and Safety group. Compliance updates are regularly reported to the Board. The risks in this area have continued to be impacted by the Hackitt Report and the outcomes from this report are monitored closely. It is hoped with the introduction of the new compliance system, Asprey, we will have better reporting in this area. Bringing additional expertise into the HR team and introducing a digital platform all go towards mitigating against loss of key personnel. Work also continues to enhance our Employer Brand.	↔
Financial and Economic	Uncertainty in financial markets and other global economic challenges could adversely affect the UK's economy and housing market with consequent financial impact.	Our committed business plan is fully funded, and liquidity has improved. Our treasury strategy and policy, approved by the Board annually, outlines our risk strategy for, amongst others, financial market risk, liquidity risk and counterparty risk. These risks are monitored quarterly, ensuring we perform within the parameters of the strategy and that we remain loan covenant compliant. The financial impact of Brexit and its uncertainty continues to impact across the whole of the UK, so is not an issue that is solely affecting bpha.	↔
IT Service Disruption and Data Regulatory Compliance	Increased dependence on technology means any loss of core operational systems and technology would disrupt our ability to operate. Increased risk of malicious attack from hackers or malware.	Business continuity plans are maintained and tested, and external advice is taken to ensure that these plans are robust. There is ongoing investment in software systems and IT infrastructure, which is designed to reduce the risk of external threats and other disruptions to core services. The implementation of a project to introduce a new finance system has started and is being monitored closely to ensure delivery to a high standard.	↔
Political and Welfare Reform	Rollout of Universal Credit and changes to the Housing and Planning Act 2016 could impact rental income and debt. Uncertainty about the Government's housing policy and initiatives post-Brexit.	Universal Credit (UC) has continued to be rolled out across our area of operation. Increased focus on debt management and mobile working has facilitated closer customer contact to ensure risks are tightly managed and controlled. Brexit continues to impact on the Government with regards to Housing policy and initiatives, as whilst Brexit continues to be delayed, the impact on Housing as a whole is unknown, so this is being monitored closely. However, we continue to work on the potential impacts from the Housing Green Paper to improve the way we are working.	↔

bpha's annual stress testing is prepared to comply with regulatory requirements and to understand the resilience of the 2019 Business Plan against a series of financial stresses. For this, multivariate analysis is performed to test the plan against relevant economic and business risks to identify the scenarios that would 'break' the business plan to understand their impact on liquidity, covenants and security. Finally, mitigation strategies and a detailed recovery plan are designed and modelled to show how we can prevent business failure and what we would do if, despite mitigations, a failure took place and we had to restore the business to viability.

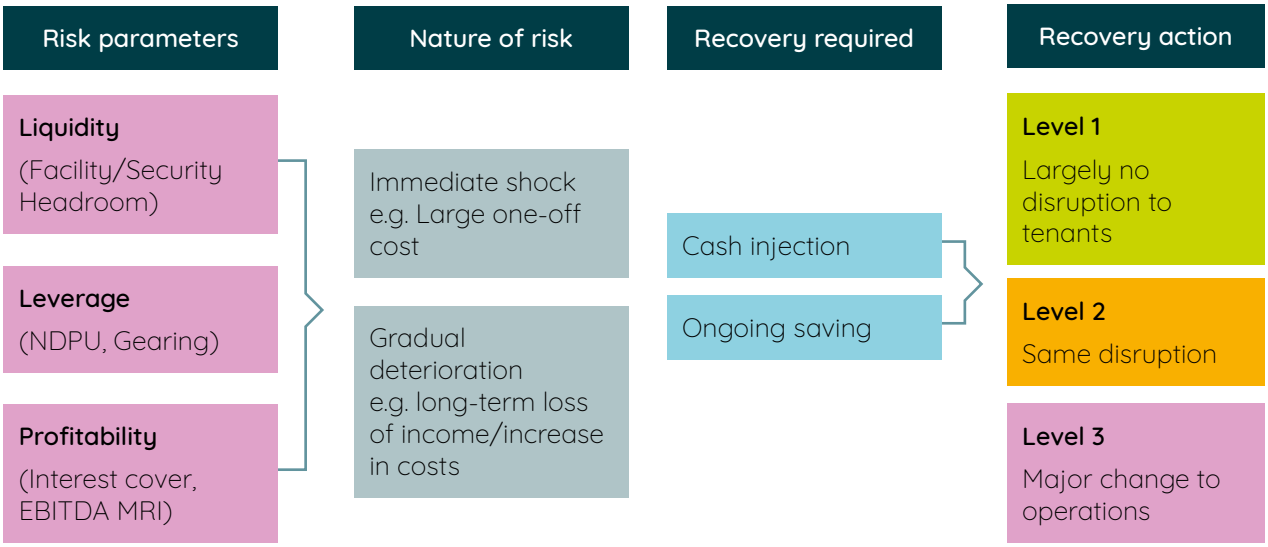
As part of our approach we engage managers across the business and the Executive Leadership Team (ELT) and making reference to our risk register (which is reviewed quarterly and discussed by the senior management) we discuss the scenarios and occurrences that could break the business.



Risk identification	Indicators	Triggers leading to senior management review
Risk and assurance framework Proactive risk identification	Risks moving outside of risk appetite Horizon scanning reported to ARC Review of regulator judgments Findings of deep dives Asset and Liability Register reviews Business plan modelling and stress testing	Concerns from ELT or ARC as a consequence of regular reporting on these indicators Forecast breach of policy
Economic metrics Lead indicators	Mortgage approvals House prices and transaction numbers National GDP Consumer spending Developer start on site	Quarter on quarter decline
KPI monitoring Lagged indicators	Headroom/Covenant/Gearing First tranche and asset sales Rent arrears Customer complaints Number of emergency repairs	Underperformance against budget or target for two consecutive quarters

A key element of a recovery plan is understanding when to act. We have therefore developed a framework of indicators which allow us to monitor key external and internal factors which may lead to an increased probability of risks materialising and causing financial issues for bpha. The table below sets out the key indicators bpha will monitor as a matter of course to identify potential issues and the triggers which give rise to a management review and a decision on whether recovery actions need to be deployed. The lead and lagged indicators have been built into routine KPI monitoring which are monitored and reported monthly to the ELT, alongside existing risk management and assurance processes to allow for comprehensive consideration of risks and potential implications before any mitigating or recovery actions are decided upon.

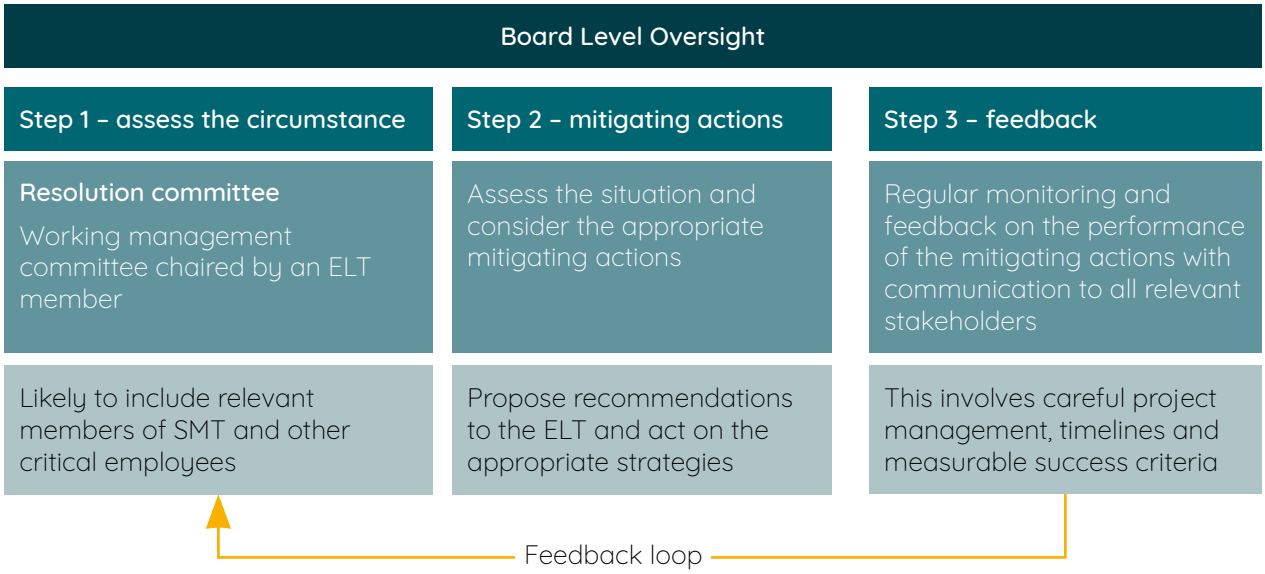
The nature of recovery actions depends on the situation faced, and this can be broadly categorised as a large one-off impact event or a gradual deterioration of the financial position or performance.



Depending on the severity of the event, we will then tailor the levels of recovery actions to be deployed.

This process would be overseen by a Task and Finish group of the Board using a detailed project management approach. This group would undertake a thorough assessment of circumstances, decisions on appropriate recovery actions, implementation planning, assessment of effectiveness of the recovery actions and adjustments as necessary to achieve the required outcome.

The diagram below sets out bpha's governance approach to resolution of a distress scenario:



Statement of Board's responsibilities in respect of the Board's report and the 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, including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

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;
- assess the group's and the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the group or the association or to cease operations, or has no realistic alternative but to do so.

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 them 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 2015. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

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

Statement as to disclosure of information to auditors

The Directors who held office at the date of approval of this Board's Report confirm that, so far as they are each aware, there is no relevant information of which the association's auditors are unaware, and each Director has taken steps that they ought to have taken as a Director to make themselves aware of any relevant information and to establish that the association's auditors are aware of this information.

Auditors

A resolution to reappoint KPMG LLP as auditors of the association for a second term of three years was approved by Board on 4 July 2018.

Approval of Report

The Report of the Board, including the Strategic Report and Governance Report, was approved by the Board on 10 July 2019 and signed on its behalf by:

Philippa Spratley
Company Secretary
10 July 2019

Trumpington Meadows

Independent Auditor's Report to bpha limited

Opinion

We have audited the financial statements of bpha Limited ("the association") for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the state of affairs of the group and the association as at 31 March 2019 and of the income and expenditure 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 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group and the association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the valuation of financial instruments and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and, at the date of this report, its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The association's Board has prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the association or to cease their operations, and as they have concluded that the group and the association's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Board's conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and association's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the association will continue in operation.

Other information

The association's Board is responsible for the other information, which comprises the strategic report and the governance report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 we are required 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.

We have nothing to report in these respects.

Board's responsibilities

As more fully explained in their statement set out on page 52, the association's Board is responsible for the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the group or the association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Harry Mears
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

12 September 2019

bpha Group Statement of Comprehensive Income
for the year ended 31 March 2019

	Note	2019 Group £'000	2019 Association £'000	2018 Group £'000	2018 Association £'000
Turnover	3	**124,529**	**123,788**	**117,322**	**116,390**
Cost of sales	3	(12,992)	(12,992)	(9,599)	(9,599)
Operating costs	3	(58,455)	(58,177)	(52,346)	(52,167)
Operating surplus	3	**53,082**	**52,619**	**55,377**	**54,624**
Gain on disposal of tangible fixed assets	10	10,926	10,926	11,195	11,195
Interest receivable and similar income	7	828	643	1,090	871
Interest payable and similar charges	8	(33,846)	(33,846)	(32,615)	(32,615)
Movement in fair value of financial instruments	19	(796)	(796)	9,142	9,142
Valuation gain/(loss) on investment properties		3,935	3,935	(2,530)	(2,530)
Gift aid		-	551	-	2,316
Surplus before tax		**34,129**	**34,032**	**41,659**	**43,003**
Tax on surplus on ordinary activities	11	-	-	347	-
Surplus for the year	9,22	**34,129**	**34,032**	**42,006**	**43,003**
Other comprehensive income					
Actuarial gains/(losses) on pension scheme	20	611	611	643	643
Other comprehensive income for the year	22	**611**	**611**	**643**	**643**
Total comprehensive income for the year		**34,740**	**34,643**	**42,649**	**43,646**

Ian Ailles
Chair, Audit and Risk Committee

Kevin Bolt
Chief Executive Officer

Philippa Spratley
Company Secretary

bpha Group Statement of Financial Position
at 31 March 2019

	Note	2019 Group £'000	2019 Association £'000	2018 Group £'000	2018 Association £'000
Fixed assets					
Housing properties and other fixed assets	12	1,170,551	1,170,551	1,075,854	1,075,854
Fixed asset investments	28, 29	14,770	33,283	10,835	20,847
HomeBuy loans receivable		33,233	33,233	38,138	38,138
Investment in associates	29, 30	632	-	3,106	-
		1,219,186	**1,237,067**	**1,127,933**	**1,134,839**
Current assets					
Properties for sale and work in progress	12	36,624	23,509	19,383	17,878
Trade and other debtors	13	9,077	7,874	11,967	9,034
Short term investments	14	9,780	9,780	10,115	10,115
Cash and cash equivalents		16,619	13,263	19,996	16,982
		72,100	**54,426**	**61,461**	**54,009**
Creditors: amounts falling due within one year	15	(48,038)	(48,328)	(40,348)	(40,245)
Net current assets		**24,062**	**6,098**	**21,113**	**13,764**
Total assets less current liabilities		**1,243,248**	**1,243,165**	**1,149,046**	**1,148,603**
Creditors: amounts falling due after more than one year					
Other creditors	16	(887,070)	(888,252)	(828,018)	(828,743)
Other provisions	19	(57,848)	(57,848)	(57,052)	(57,052)
Pension liability	20	(26,837)	(26,837)	(27,223)	(27,223)
		(971,755)	**(972,937)**	**(912,293)**	**(913,018)**
Net assets		**271,493**	**270,228**	**236,753**	**235,585**
Capital and reserves					
Called up share capital	21	-	-	-	-
Revenue reserve	22	271,493	270,228	236,753	235,585
Total funds		**271,493**	**270,228**	**236,753**	**235,585**

Ian Ailles
Chair, Audit and Risk Committee

Kevin Bolt
Chief Executive Officer

Philippa Spratley
Company Secretary

bpha Group Statement of Changes in Equity
for year ended 31 March 2019

Group	Note	Called up share capital £'000	Revenue reserve £'000	Total equity £'000
Balance at 1 April 2017		**-**	**194,104**	**194,104**
Total comprehensive income for the 2017/18 year				
Surplus for the year		-	42,006	42,006
Actuarial (losses) on pension scheme		-	643	643
Balance at 31 March 2018	22	**-**	**236,753**	**236,753**
Total comprehensive income for the 2018/19 year				
Surplus for the year	22	-	34,129	34,129
Actuarial gains on pension scheme	22	-	611	611
Balance at 31 March 2019	22	**-**	**271,493**	**271,493**

Association	Note	Called up share capital £'000	Revenue reserve £'000	Total equity £'000
Balance at 1 April 2017		**-**	**191,939**	**191,939**
Total comprehensive income for the 2017/18 year				
Surplus for the year		-	43,003	43,003
Actuarial gains on pension scheme		-	643	643
Balance at 31 March 2018	22	**-**	**235,585**	**235,585**
Total comprehensive income for the 2018/19 year				
Surplus for the year	22	-	34,032	34,032
Actuarial gains on pension scheme	22	-	611	611
Balance at 31 March 2019	22	**-**	**270,228**	**270,228**

Group Cash Flow Statement
for year ended 31 March 2019

	Note	2019 Group £'000	2019 Association £'000	2018 Group £'000	2018 Association £'000
Cash flows from operating activities					
Total comprehensive income for the year	a	34,740	34,643	42,649	43,646
Adjustments for:					
Depreciation, amortisation and impairment		19,124	19,124	16,989	16,989
Cost of fixed asset sold		12,768	12,768	13,704	13,704
Proceeds from sale of tangible fixed assets		(23,694)	(23,694)	(24,899)	(24,899)
First tranche Shared Ownership surplus		(12,816)	(12,816)	(11,778)	(11,778)
Change in value of investment property		(3,935)	(3,935)	2,530	2,530
Interest receivable and similar income		(817)	(642)	(1,089)	(871)
Interest payable and similar charges		34,171	34,171	32,615	32,615
Movement in fair value of financial instruments		796	796	(9,142)	(9,142)
Internal development on-costs		(3,056)	(3,056)	(3,845)	(3,845)
Amortisation of government grant		(256)	(256)	(266)	(266)
	b	22,285	22,460	14,819	15,037
Decrease/(increase) in trade and other debtors		3,367	1,639	(989)	1,108
(Decrease)/increase in trade and other creditors		(893)	(501)	1,692	2,425
(Decrease)/increase in pension liability provision		(1,096)	(1,096)	(1,084)	(1,084)
	c	1,378	42	(381)	2,449
Net cash from operating activities	d=a+b+c	**58,403**	**57,145**	**57,087**	**61,132**

	Note	2019 Group £'000	2019 Association £'000	2018 Group £'000	2018 Association £'000
Cash flows from investing activities					
Disposals of tangible fixed assets		23,694	23,694	24,899	24,899
Proceeds from sale of first tranche Shared Ownership		25,807	25,807	21,377	21,377
Investment in subsidiaries		-	(8,500)	-	(1,925)
Investment in joint arrangements		2,475	-	938	-
Interest received		817	641	1,088	870
Acquisition of tangible fixed assets (non-property)		(2,033)	(2,032)	(89)	(89)
Purchase and development of housing properties		(137,422)	(125,812)	(93,947)	(92,542)
Proceeds from the receipt of government grants		1,272	1,272	2,392	2,392
Net cash outflow from investing activities	e	**(85,390)**	**(84,930)**	**(43,342)**	**(45,018)**
Cash flows from financing activities					
Net movement on borrowings		58,445	58,901	(6,880)	(6,805)
Interest paid		(35,641)	(35,185)	(34,310)	(34,234)
Mark to market collateral movement		350	-	-	-
(Decrease) on revolving credit facilities and deposits		-	-	(148)	(224)
Net cash withdrawal from short term deposits and investments		456	350	3,408	3,408
Net cash from financing activities	f	**23,610**	**24,066**	**(37,930)**	**(37,855)**
Net (decrease) in cashand cash equivalents	g=d+e+f	(3,377)	(3,719)	(24,185)	(21,741)
Cash and cash equivalents at 1 April 2018		19,996	16,982	44,181	38,722
Cash and cash equivalents at 31 March 2019	26	**16,619**	**13,263**	**19,996**	**16,982**

1. Legal status

bpha Limited (the association) is registered under the Cooperative and Community Benefit Societies Act 2014 Register (No:26751R) and is registered with the Regulator of Social Housing (RSH) (No:LH 3887) as a social landlord. It is a public benefit entity.

2. Principal accounting policies

Basis of consolidation

The association is the ultimate parent undertaking for the group and has prepared consolidated financial statements as there are three subsidiaries, bpha Finance plc, Bushmead Homes Limited and CPL homes Management Services Limited, that are considered to be material components of the group. The group financial statements consolidate the accounts of the association and all of its subsidiaries at 31 March 2019.

Subsidiary financial statements are prepared for the same reporting periods as the association, using consistent accounting policies. Intra-group balances and transactions, including unrealised profits arising from intra-group transactions, are eliminated in full on consolidation.

Basis of accounting

The financial statements of the group and association are prepared under the historical cost convention and, in accordance with Financial Reporting Standard 102 (FRS 102) which is the applicable financial reporting standard in the UK and Republic of Ireland and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers Update 2014 (SORP 2014), and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015.

Going concern

After having reviewed the group and association's forecasts and projections, the Board has a reasonable expectation that the group and association have adequate resources to continue in operational existence for the foreseeable future. The group and association therefore continues to adopt the going concern basis in preparing these financial statements.

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements management have made a number of judgements and estimates in relation to the treatment of certain items, which include:

Capitalisation of property development and other costs: distinguishing the point at which a potential property development project is more likely than not to go ahead. This forms the basis for capitalisation of associated development and other costs.

Allocation of costs for mixed tenure developments: costs incurred in the development of schemes may not be directly attributable to specific units; total scheme costs are allocated to individual units on a per-bedroom or unit size basis depending on the appropriateness for each scheme.

Financial instruments: determining the categorisation of financial instruments as basic or other and, if hedge effective, whether or not to adopt hedge accounting.

Useful lives of depreciable assets: fixed assets are depreciated over their useful lives taking into account estimated residual values. Further details are set out in the accounting policy notes below.

Impairment: details of judgements in relation to impairment are set out in the accounting policy note below.

In certain areas, in exercising judgement or making estimates, management have taken account of the advice of independent qualified parties who provide technical expertise and/or valuations. In the event that management feel it appropriate to apply a different valuation to that of the independent advisors then attention will be drawn to this within the financial statements.

Key areas where management take account of independent third-party advice in determining valuations include the following:

- Financial instruments – refer to note 19;
- Pension costs and fund valuation – refer to note 20;
- Investment properties – refer to note 28.

Impairment

The carrying amounts of the association's assets, other than investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Additionally, because the association's assets are held for their service potential, the depreciated replacement cost is also considered as part of the impairment review. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that

generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU").

The calculation of the recoverable amount for impairment testing, including the depreciated replacement cost of housing properties held for social benefit, is an accounting estimate that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

Joint arrangements
Joint arrangements are those contractual undertakings in which the group exercises joint control over the operating and financial policies of the arrangement. Where the joint arrangement is carried out through a legal entity, it is treated as a jointly controlled entity. Joint arrangements are held as fixed asset investments, shown at cost, less any amounts written-off.

Where the group has entered into a contractual arrangement that is classed as a jointly controlled entity, the jointly controlled entity is accounted for using the equity method, which reflects the group's share of the profit or loss, other comprehensive income and equity of the jointly controlled entity.

Turnover
Turnover comprises rental and service charge income receivable (net of void losses), first tranche sales of shared ownership properties, sales of properties built for sale, supporting people income, fees, and other services included at the invoiced value (excluding VAT where applicable) of goods and services supplied in the year, amortisation of deferred capital grants, and other revenue grants receivable. It also includes, in accordance with FRS 102, amortisation of Social Housing Grant (SHG) by applying the accrual model such that deferred grant income is released as income over the life of the asset. Revenue grants are recognised when the conditions for receipt of agreed grant funding have been met.

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.

Cost of sales
Included within operating costs are costs relating to newly developed properties sold in the year. These costs include expenditure incurred during the course of development of those properties, including capitalised interest, direct overheads, marketing and other incidental costs incurred during the course of sale of those properties.

Improvements to existing properties
The amount of expenditure incurred which relates to an improvement, which is defined as delivering an increase in the net rental stream or the life of a component, is capitalised. Expenditure incurred on other major repairs, cyclical and day-to-day repairs to housing properties is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Leased assets
Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. The aggregate benefits of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

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 Statement of Comprehensive Income includes VAT to the extent that this is suffered by the association and not recoverable from HM Revenue & Customs.

Interest payable
Interest payable is capitalised on borrowings to finance developments to the extent that it accrues in respect of the period of development. Capitalised interest is calculated on borrowings of the association as a whole to the extent that they can be deemed to be financing the development programme. Other interest payable is charged to the Statement of Comprehensive Income in the year.

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.

The association 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 association 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.

The association has a number of subsidiary companies, some of which do not have charitable status and which therefore are subject to Corporation Tax. For these entities, the charge for Corporation Tax is based on the result for the period and takes into account deferred taxation. Deferred taxation is provided on differences between the treatment of certain items for taxation and accounting purposes, unless it is probable that the difference will not reverse in the foreseeable future.

Housing properties and other tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the cost of acquiring land and buildings, directly attributable development costs, interest at the average cost of borrowing for 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.

Housing properties are principally properties available for rent and properties subject to shared ownership leases.

Properties under construction are stated at cost within fixed assets and are transferred into housing properties when completed. The costs of shared ownership properties under construction are split proportionately between current and fixed assets; the proportion relating to expected first tranche sales is classed as a current asset and the remaining element is classed as a fixed asset which is transferred into housing properties when completed.

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

Depreciation

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 group believes that the lives used are reasonable based on their experience. The most material assumption is the lives of housing property components: these were determined in 2010 when component accounting was first adopted. Where a component is replaced, any residual carrying value is fully written off in the year of replacement, and the cost of the replacement component is capitalised.

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.

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.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the group expects to consume an asset's future economic benefits.

Investment properties
Investment properties consist of commercial properties and other properties not held for social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently at fair value at the year end date, with changes in fair value recognised in the Statement of Comprehensive Income. Fair value is determined annually by appropriately qualified external valuers and is derived from current market rents and investment property yields for comparable properties, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided on investment properties.

Concessionary loans
A concessionary loan is a loan made or received between a public benefit entity or an entity within a public benefit entity group and another party:

a) at below the prevailing market rate of interest;

b) that is not repayable on demand; and

c) is for the purposes of furthering the objectives of the public benefit entity or public benefit entity parent.

These loans are measured at the amount advanced at the inception of the loan less amounts received and any provisions for impairment. Any associated grant is recognised as deferred income until the loan is redeemed.

The association has a number of arrangements that are considered to be concessionary loans:

Homebuy and other similar schemes – Under a Homebuy scheme, the association received a HomeBuy grant representing a percentage of the open market purchase price of a property in order to advance interest free or low interest loans to a homebuyer. The loans advanced by the association meet the definition of concessionary loans and are shown as fixed assets investments on the Statement of Financial Position. The HomeBuy grant provided by the Government to fund all or part of a HomeBuy loan has been classified as a deferred income creditor, due in more than one year.

In the event that the property is sold, the association recovers the equivalent loaned percentage value of the property at the time of the sale. The grant is reclassified to Recycled Capital Grant Fund when the loans are redeemed up to the amount of the original grant and to the extent the proceeds permit. The association is able to retain any surplus proceeds less sale costs attributable to the equivalent loaned percentage share of the value of the property. If there is a fall in the value of the property the shortfall of proceeds is offset against the grant creditor.

Rent and service charge agreements – The association has made arrangement with individuals and households for arrears payments of rent and service charges. These arrangements are effectively loans granted at nil interest rate.

Properties for sale
Properties held for sale including shared ownership properties 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.

Basic financial instruments
Tenant arrears, trade and other debtors – Recognised initially at transaction price. Tenants and other debtors that are collected through the administration of payment plans or over an agreed finite period of time are discounted to determine their net present value with a subsequent impairment evaluation undertaken and resultant impact recorded in the Statement of Comprehensive Income.

Trade and other creditors – Recognised initially at transaction price. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments – Recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest rate method, less any impairment losses. Where the group has incurred a premium or discount on its bond issues, the balance is shown net against the associated bond liability and is charged over the term of the debt using the effective interest rate method.

Investments in subsidiaries, jointly controlled entities and associates – Recognised at transaction price including attributable transaction costs.

Cash and cash equivalents – Comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Current asset investments
Current asset investments are stated at market value and include mark 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.

Social housing and other grants
Social housing grants received in relation to assets that are presented at deemed cost at the date of transition to FRS 102 have been accounted for using the performance model as required by SORP 2014. In applying this model, such grant has been presented as if it were originally recognised as income within the Statement of Comprehensive Income in the year it was receivable and is therefore included within brought forward reserves.

Social housing grants received since the transition date in relation to newly acquired or existing housing properties are accounted for using the accrual model set out in FRS 102 and SORP 2014. As required by SORP 2014, a grant is carried as deferred income in the Statement of Financial Position and released as income within the Statement of Comprehensive Income account on a systematic basis over the useful economic lives of the assets for which it was received. In accordance with SORP 2014, the useful economic life of the housing property structure has been selected (see table of useful economic lives above).

Where a social housing grant funded property is sold, the grant becomes recyclable and is transferred to a Recycled Capital Grant Fund (RCGF) or Disposal Proceeds Fund (DPF) until it is reinvested in a replacement property or repaid. If there is no requirement to recycle or repay the grant on disposal of the assets, any unamortised grant remaining within creditors is released and recognised as income within the Statement of Comprehensive Income.

Grants relating to revenue are recognised as income in the Statement of Comprehensive Income over the same period as the expenditure to which they relate once performance related conditions have been met.

Grants due from government organisations or received in advance are included as current assets or liabilities.

Other grants include grants from local authorities and other organisations. Grants in respect of revenue expenditure are credited to the Statement of Comprehensive Income in the same period as the expenditure to which they relate.

Deferred income
Deferred income comprises both premiums on leases which are released over the life of the lease and other income received, such as unamortised grant, which is carried forward over the lives of the assets concerned.

Provisions
A provision is recognised in the Statement of Financial Position when the association has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

The association's receivables provision policy is based on review of the age profile of its debt, historical collection rates and the class of debt. Bad and doubtful debts are provided on all debtors' arrears and are dependent on the status of the tenancy or debtor and on the age of the debt.

Current tenant debtors are provided for at a level which is based on reviews of individual balances, while former tenants are provided for in full. Other debtors are reviewed on a case-by-case basis.

Other financial instruments and hedging
The association uses interest rate swaps to reduce its exposure to future increases in interest rates on floating rate loans. Amounts payable and receivable in respect of these agreements are recognised as adjustments to interest payable over the period of the agreement. These interest rate swaps are classified either as basic or other financial instruments in accordance with the requirements of FRS 102.

Other financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value at each reporting date. The group considers whether each individual derivative contract is hedge effective. If it is hedge effective, the group considers whether or not to hedge account for the derivative contract according to business circumstances and then applies this consistently in successive years over the life of the contract. To the extent that a derivative is not hedge effective, or the group chooses not to hedge account, the gain or loss on remeasurement to fair value is recognised immediately in the Statement of Comprehensive Income. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of derivatives is disclosed in Note 19.

Pension costs
The association operates 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 to the finances of the group. These pension scheme assets are measured using market values and pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability. In accordance with FRS 102 section 28, the pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the Statement of Comprehensive Income, actuarial gains and losses.

Pension costs are assessed in accordance with the advice of independent qualified actuaries. Costs include the regular cost of providing benefits which, it is intended, should remain a substantially level percentage of the current and expected future earnings of the employees covered. Variations from the regular pension costs are spread evenly through the Statement of Comprehensive Income over the average remaining service lives of the current employees.

There are a number of critical underlying assumptions when measuring the defined benefit scheme, including standard rates of inflation, mortality, discount rates and anticipation of future salaries. Variation in these assumptions may significantly impact the defined benefit obligation and annual expense. These assumptions and calculations are prepared by an independent actuary.

These actuarial assumptions may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Refer to Note 20 for the valuation of the Local Government Pension Scheme deficit funding contributions and valuations of defined benefit assets/liabilities.

Since 1 April 2010 a defined contribution scheme has been available to employees. The charge to the Statement of Comprehensive Income which represents the association's contribution to the scheme for the accounting period is detailed in the notes to the financial statements.

Other employee benefits

The policy of the association is to recognise the cost of all employee benefits to which employees have become entitled as a result of service rendered during the reporting year.

Contingent liabilities

A contingent liability is either a possible but uncertain obligation as a result of a past event, or present obligation that arises from past events but is not recognised because:

- it is not probable that an outflow of economic resources will be required; or
- the amount of the obligation cannot be measured with sufficient reliability.

The association's policy is not to provide for contingent liabilities. Full disclosure of any contingent liabilities is made within the financial statements.

Capital commitments

These are predominantly commitments towards developments which have been contracted and which have started on site, or which have been approved by the association's Board.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

3. Turnover, operating costs and operating surplus

	Units	**2019 Turnover £'000**	Cost of Sales £'000	Operating costs £'000	Operating surplus £'000	Operating surplus %
Social housing lettings	17,694	89,439	-	(53,099)	36,340	40.6%
Other social housing activities						
Management fees		159	-	-	159	
First tranche shared ownership sales		25,807	(12,992)	-	12,815	
Other (including HomeBuy and Help to Buy agents)		4,021	-	(2,919)	1,102	
		29,987	(12,992)	(2,919)	14,076	46.9%
Total social housing activities		**119,426**	**(12,992)**	**(56,018)**	**50,416**	**42.2%**
Non-social housing activities	1,027	5,103	-	(2,437)	2,666	52.2%
Total housing activities	**18,721**	**124,529**	**(12,992)**	**(58,455)**	**53,082**	**42.6%**

	Units	2018 Turnover	Cost of Sales	Operating costs	Operating surplus	Operating surplus %
Social housing lettings	17,224	86,455	-	(48,151)	38,304	44.3%
Other social housing activities						
Management fees		207	-	-	207	
First tranche shared ownership sales		21,377	(9,599)	-	11,778	
Other (including HomeBuy and Help to Buy agents)		3,891	-	(1,876)	2,015	
		25,475	(9,599)	(1,876)	14,000	55.0%
Total social housing activities		**111,930**	**(9,599)**	**(50,027)**	**52,304**	**46.7%**
Non-social housing activities	1,029	5,392	-	(2,319)	3,073	57.0%
Total housing activities	**18,253**	**117,322**	**(9,599)**	**(52,346)**	**55,377**	**47.2%**

Association information has not been separately disclosed within this note as group is materially the same as association.

Prior year turnover of £692k was reclassified from social housing lettings to non-social housing lettings.

3. Income and expenditure from social housing lettings

	General Housing	Low Cost Home ownership	Supported Housing	Residential Care Homes	Others	**2019**	2018
Unit numbers	**11,457**	**2,593**	**1,256**	**953**	**1,435**	**17,694**	**17,224**
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income from social housing lettings							
Rent receivable net of identifiable service charges	62,596	8,322	5,994	4,545	445	81,902	78,904
Charges for support services	-	-	136	-	-	136	129
Service charge income	4,061	866	1,942	-	254	7,123	7,150
Net rents receivable	**66,657**	**9,188**	**8,072**	**4,545**	**699**	**89,161**	**86,183**
Revenue grants from local authorities and other agencies	278	-	-	-	-	278	272
Total income from social housing lettings	**66,935**	**9,188**	**8,072**	**4,545**	**699**	**89,439**	**86,455**
Expenditure on letting activities							
Management	(13,278)	(2,971)	(1,439)	-	-	(17,688)	(16,107)
Service charge cost	(4,060)	(919)	(445)	-	(509)	(5,933)	(5,449)
Routine maintenance	(6,628)	-	(727)	-	-	(7,355)	(6,598)
Planned maintenance	(3,310)	-	(363)	-	-	(3,673)	(3,544)
Rent losses from bad debts	(846)	(192)	(93)	-	-	(1,131)	(1,231)
Depreciation	(12,734)	-	(1,396)	(3,189)	-	(17,319)	(15,222)
Total expenditure on social housing lettings	**(40,856)**	**(4,082)**	**(4,463)**	**(3,189)**	**(509)**	**(53,099)**	**(48,151)**
Operating surplus on social housing lettings	**26,079**	**5,106**	**3,609**	**1,356**	**190**	**36,340**	**38,304**
Void losses	**(617)**	**(45)**	**(124)**	**-**	**1**	**(785)**	**(1,405)**

Association information has not been separately disclosed within this note as group is materially the same as association.

4. Number of units owned and in management

			Analysis of movement 2018 to 2019			
	2019	2018	Category change	Additions	Disposal	Total movement
Owned – General	8,897	8,858	11	36	(8)	39
Owned – Affordable	1,752	1,412	3	339	(2)	340
Near market rents	403	407	(4)	-	-	(4)
Rent to HomeBuy	405	477	(72)	-	-	(72)
General housing	**11,457**	**11,154**	**(62)**	**375**	**(10)**	**303**
Shared ownership	2,278	2,079	63	192	(56)	199
Key worker – Shared ownership	205	209	-	-	(4)	(4)
Shared ownership – Managed by others	110	113	(3)	-	-	(3)
Low cost home ownership	**2,593**	**2,401**	**60**	**192**	**(60)**	**192**
Owned – Supported	145	137	8	-	-	8
Owned – Supported – Managed by others	151	161	(10)	-	-	(10)
Owned – Housing for older people	658	602	1	55	-	56
Owned – Housing for older people – Managed by others	302	299	3	-	-	3
Supported housing	**1,256**	**1,199**	**2**	**55**	**-**	**57**
Owned – Elderly residential care homes	953	953	-	-	-	-
Residential care homes	**953**	**953**	**-**	**-**	**-**	**-**
Owned – Students/Nurses	498	498	-	-	-	-
Owned – Elderly nursing care homes	496	496	-	-	-	-
Owned – Managed by others	2	2	-	-	-	-
Commercial	31	33	(1)	5	(6)	(2)
Non-social	**1,027**	**1,029**	**(1)**	**5**	**(6)**	**(2)**
Total owned	**17,286**	**16,736**	**(1)**	**627**	**(76)**	**550**
Open Market HomeBuy	430	484	-	2	(56)	(54)
MyChoice HomeBuy/Shared equity	342	398	-	-	(56)	(56)
Leaseholders	622	617	(13)	19	(1)	5
Leaseholders – reversionary interest	4	4	-	-	-	-
Managed for others	37	14	13	17	(7)	23
Others	**1,435**	**1,517**	**-**	**38**	**(120)**	**(82)**
Total owned and in management	**18,721**	**18,253**	**(1)**	**665**	**(196)**	**468**

Association information has not been separately disclosed within this note as group is materially the same as association.

5. Non-executive directors' and directors' emoluments

The board of directors of the association comprises of non-executive directors and executive directors together with co-opted members. Total emoluments in the period to 31 March 2019 for the non-executive directors amounted to £115k (201: £101k).

Non-executive Directors	£'000 Salaries	£'000 Expenses	**2019 £'000 Total**	2018 £'000 Total
Robert Burgin Chair (retired 31/03/2018)	-	-	-	29
Paul Leinster Chair (appointed 23/04/2018)	26	-	26	-
Jill Ainscough Chair – Remuneration and Nominations Committee	17	-	17	17
Ian Ailles Chair of Audit and Risk Committee (appointed 01/08/2017; previously co-opted) Appointed as Senior Independent Director 27/03/2019	17	1	18	17
Cllr Shan Hunt Non-executive Director	11	-	11	-
Martin Hurst Chair – Finance and Treasury Committee	17	1	18	18
Peter Male Senior Independent Director (resigned 31/05/2018)	7	-	7	20
Paul High Chair – Development Committee and Bushmead Homes Limited (appointed 18/04/2018; previously co-opted)	17	1	18	-
	112	**3**	**115**	**101**
Co-opted Members				
Paul High (Appointed 18/04/2018; previously co-opted) Chair – Development Committee and Bushmead Homes Limited	1	-	1	20
	113	**3**	**116**	**121**

In addition to the above, a total of £14k (2018: £12k) was paid to members of the Audit and Risk Committee and of the Finance and Treasury Committee who are not members of the bpha Board. These positions are paid annual remuneration of up to £4k per member.

Association information has not been separately disclosed within this note as group is materially the same as association.

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FOR THE YEAR ENDED 31 MARCH 2019

5. Non-executive directors' and directors' emoluments (continued)

Board executive directors	Salary £'000	Benefits in kind £'000	Pension contributions £'000	**2019 Total £'000**	2018 Total £'000
Kevin Bolt Chief Executive Officer	192	8	22	222	207
Paul Gray Chief Financial Officer (resigned 22/03/2019)	162	7	19	188	181
Julie Wittich Director of Assets (on maternity leave until 05/06/2017)	123	7	26	156	129
Jeff Astle Director of Development & Sales (appointed 02/01/2018)	138	7	8	153	36
Sarah Ireland Director of Development & Sales (resigned 15/06/2017)	-	-	-	-	30
Sub Total – Board Executive Directors	**615**	**29**	**75**	**719**	**583**
Other executive directors					
Liz Parsons Director Quality and Communications	102	7	21	130	124
Adrian Moore Director of IT (appointed 02/01/2018)	105	7	10	122	30
Anna Humphries Director of Customers and Services (appointed 02/07/18)	80	5	7	92	-
Margaret Dodwell Interim Operations Director (28/11/2016 to 31/12/2017)	-	-	-	-	93
Sub Total – Other Executive Directors	**287**	**19**	**38**	**344**	**247**
Grand Total	**902**	**48**	**113**	**1,063**	**830**

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.

Paul Gray resigned from the Board on 22 March and left the business on 30 April 2019. In addition to the amounts above, a loss of office payment of £75k was paid at his time of leaving and provided within the 2018/19 accounts.

Association information has not been separately disclosed within this note as group is materially the same as association.

6. Employee information

The number of persons expressed in full time equivalents employed at the year end was:

Department	**Female**	**Male**	**2019 Total**	Female	Male	2018 Total
Executive and Senior Management Team	12	6	18	17	9	26
Development and Sales	67	36	103	56	31	87
Finance and IT	38	38	76	26	33	59
Quality and Communications	17	8	25	14	5	19
Service Delivery	103	68	171	102	62	164
HR and Governance	11	4	15	12	2	14
	248	160	408	227	142	369

Employee costs (for the above persons)	**2019 £'000**	2018 £'000
Wages and salaries	13,377	12,609
Social security costs	1,384	1,325
Pension – defined benefit current service cost (note 20)	1,301	1,529
Pension – defined contribution cost	654	583
	16,716	**16,046**

The number of employees (excluding directors) who receive remuneration on a full-time equivalent basis, including employer pension contribution, in excess of £60k are as follows:

The full-time equivalent number of employees who receive remuneration	**2019**	2018
£60,001 to £70,000	12	14
£70,001 to £80,000	13	13
£80,001 to £90,000	5	4
£90,001 to £100,000	5	6
£100,001 to £110,000	-	-
£110,001 to £120,000	-	-
£120,001 to £130,000	-	-
£130,001 to £140,000	1	1

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

Association information has not been separately disclosed within this note as group is materially the same as association.

7. Interest receivable and other income

	2019 Group £'000	2019 Association £'000	2018 Group £'000	2018 Association £'000
Interest Receivable	113	113	287	287
My Choice Home Buy Interest Receivable	530	530	584	584
Interest receivable from joint venture	185	-	219	-
	828	**643**	**1,090**	**871**

Included within the amounts disclosed above is interest receivable by Bushmead Homes Limited, a fellow group company, of £185k (2018: £219k).

8. Interest payable and similar charges

	2019 Group £'000	2019 Association £'000	2018 Group £'000	2018 Association £'000
On bonds, bank loans, overdrafts and other loans	35,265	35,265	33,013	33,013
Other loan costs	1,590	1,590	1,084	1,084
On defined benefit pension scheme (note 20)	710	710	711	711
Less: interest payable capitalised on housing properties under construction	(3,719)	(3,719)	(2,193)	(2,193)
	33,846	**33,846**	**32,615**	**32,615**
Capitalisation rate used to determine finance costs capitalised during the period	**4.84%**	**4.84%**	**4.80%**	**4.80%**

9. Surplus for the financial year

	2019 Group £'000	2018 Group £'000
Surplus on ordinary activities is stated after charging:		
Depreciation of housing properties	18,449	15,842
Depreciation of other tangible fixed assets	999	1,147
Auditors' remuneration (excluding VAT)		
- for audit services	61	55
- for non-audit services		
- service charges	6	6
- other	35	-
Operating lease payments		
- Vehicles, computers and equipment	31	45
- Land and buildings	165	165

Association information has not been separately disclosed within this note as group is materially the same as association.

10. Gain on disposal of fixed assets – housing properties

	Disposal Proceeds £'000	**2019 Group Cost of Sales £'000**	**Gain on Disposal £'000**	Disposal Proceeds £'000	2018 Group Cost of Sales £'000	Gain on Disposal £'000
Shared Ownership Staircasing	15,193	(7,122)	8,071	15,580	(7,522)	8,058
Asset Management & Other Sales	338	(171)	167	2,007	(1,111)	896
Right To Buy	782	(568)	214	433	(282)	151
MyChoice HomeBuy	4,812	(3,332)	1,480	4,780	(3,463)	1,317
Open Market HomeBuy	2,570	(1,576)	994	2,099	(1,326)	773
	23,695	**(12,769)**	**10,926**	**24,899**	**(13,704)**	**11,195**

11. Taxation

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.

The association has a number of subsidiary companies, some of which do not have charitable status and which therefore are subject to corporation tax. For these entities, the charge for corporation tax is based on the result for the period and takes into account deferred taxation. Deferred taxation is provided on differences between the treatment of certain items for taxation and accounting purposes, unless it is probable that the difference will not reverse in the foreseeable future.

The tables below present disclosure in respect of Bushmead Homes Limited, whose results are consolidated into the bpha group accounts.

Total tax expense recognised in the group statement of comprehensive income

	2019 Group £'000	2018 Group £'000
Total Tax	-	(347)

Reconciliation of effective tax rate

		2019 Group £'000	2018 Group £'000
Profit for the year after taxation	- bpha group	34,127	42,006
	- Less: bpha Limited	(33,480)	(40,687)
		647	1,319
Total tax (credit)/expense		-	(347)
Profit excluding taxation		**647**	**972**
Tax using the UK corporation tax rate of 19%		123	185
Tax exempt revenue		(196)	(42)
Relief as a result of gift aid distribution		(122)	(143)
Total tax expense in respect of current period (128)		195	-
Adjustments in respect of prior periods		-	(347)
Recognition of previously unrecognised tax losses		-	-
Total (credit)/tax expense		**-**	**(347)**

12. 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**
Cost							
At 31 March 2018	**147,449**	**919,563**	**15,470**	**42,930**	**1,594**	**7,800**	**1,134,806**
Schemes completed in the period	15,076	68,976	(15,076)	(68,976)	-	-	-
Additions	565	-	42,996	76,148	-	2,024	**121,733**
Transfer to current asset	-	-	(19,387)	-	-	-	**(19,387)**
Improvements	-	14,725	-	-	6	-	**14,731**
Interest capitalised	-	-	1,099	2,454	-	-	**3,553**
Disposals	(4,464)	(5,506)	-	-	-	-	**(9,970)**
At 31 March 2019	**158,626**	**997,758**	**25,102**	**52,556**	**1,600**	**9,824**	**1,245,466**
Depreciation							
At 31 March 2018	-	52,040	-	-	1,194	5,718	**58,952**
Charge for year	-	18,449	-	-	59	940	**19,448**
On disposals	-	(3,485)	-	-	-	-	**(3,485)**
At 31 March 2019	**-**	**67,004**	**-**	**-**	**1,253**	**6,658**	**74,915**
Net book value at At 31 March 2019	**158,626**	**930,754**	**25,102**	**52,556**	**347**	**3,166**	**1,170,551**
Net book value at At 31 March 2018	**147,449**	**867,523**	**15,470**	**42,930**	**400**	**2,082**	**1,075,854**

Under FRS102 (s.17.32) the group is required to disclose the carrying value of property pledged as security for liabilities and contractual commitments. The carrying value of this property at the end of the year was £849m (2018: £804m).

Expenditure on improvements to existing properties

	2019 Group £'000	2018 Group £'000
Amounts capitalised	14,725	11,822
Routine and planned maintenance	11,028	10,143
	25,753	**21,965**

Association information has not been separately disclosed within this note as group is materially the same as association.

12. Tangible fixed assets (continued)

Completed properties and work in progress transferred to current assets

	2019 Group £'000	2019 Association £'000	2018 Group £'000	2018 Association £'000
Current asset work in progress	29,867	16,752	11,288	9,783
Completed properties held for sale	6,757	6,757	8,095	8,095
	36,624	**23,509**	**19,383**	**17,878**

The cost of shared ownership properties in the course of construction is apportioned between the equity percentage expected to be retained by the association. The cost attributable to the percentage to be sold is included within current assets, and that expected to be retained is included in fixed assets "Housing properties in the course of construction (shared ownership)".

13. Trade and other debtors

	2019 Group £'000	2019 Association £'000	2018 Group £'000	2018 Association £'000
Accounts falling due within one year:				
Rental and service charges debtors	4,216	4,216	3,746	3,746
Less: provision for bad and doubtful debts	(3,819)	(3,819)	(2,010)	(2,010)
	397	397	1,736	1,736
Other debtors	2,951	2,924	6,834	4,803
Prepayment and accrued income	6,257	2,825	5,288	2,887
Amounts owed by group undertakings	-	2,256	-	1,499
	9,208	8,005	12,122	9,189
Less: provision for bad and doubtful debts	(528)	(528)	(1,891)	(1,891)
	8,680	7,477	10,231	7,298
Accounts falling due after more than one year:				
Loan to Gloucestershire Care Partnership Ltd	386	386	378	378
Less: provision for bad and doubtful debts	(386)	(386)	(378)	(378)
	9,077	**7,874**	**11,967**	**9,034**

Included within the amounts disclosed as "Amounts owed by group undertakings" under 'Association' are intercompany receivable balance due from Bushmead Homes Ltd and bpha Finance plc, fellow Group companies. These balances have been eliminated upon consolidation and therefore do not form part of the balance reported under 'Group'. Included within the amounts disclosed as "Other debtors" under 'Group' are amounts due from an associate, Gog Magog Partnership LLP of £2,453k (2018: £1,597k).

14. Current asset investments

	2019 Group £'000	2019 Association £'000	2018 Group £'000	2018 Association £'000
Mark to market cash collateral deposit	7,890	7,890	8,240	8,240
Cash collateral on securing loan and interest	1,890	1,890	1,875	1,875
	9,780	**9,780**	**10,115**	**10,115**

15. Creditors: Amounts falling due within one year

	2019 Group £'000	2019 Association £'000	2018 Group £'000	2018 Association £'000
Trade creditors	1,963	1,935	2,283	2,283
Contracts for capital works and retentions	18,235	18,129	12,392	12,315
Accruals and deferred income	6,994	6,600	9,220	8,967
Debt (note 18)	7,500	7,500	7,500	7,500
Interest payable	7,969	1,710	6,196	1,644
Rent and service charges received in advance	2,245	2,245	1,576	1,576
Taxation and social security	175	175	139	139
Disposal Proceeds Fund (note 17)	555	555	-	-
Amounts due from group undertakings	-	7,108	-	4,552
Other creditors	2,402	2,371	1,042	1,269
	48,038	**48,328**	**40,348**	**40,245**

Other creditors includes £373k (2018: £398k) in respect of grants received in advance for specific purposes.

Payments to creditors

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

16. Creditors: Amounts falling due after more than one year

	2019 Group £'000	2019 Association £'000	2018 Group £'000	2018 Association £'000
Debt (note 18)	773,977	775,159	731,394	732,120
Recycled Capital Grant Fund (note 17)	15,466	15,466	14,061	14,061
Disposal Proceeds Fund (note 17)	-	-	197	197
Deferred government grant	41,038	41,038	37,825	37,825
Grant on HomeBuy and MyChoice HomeBuy loans	24,917	24,917	28,499	28,499
Major Repairs Fund (note 30) held on behalf of				
- Oxfordshire Care Partnership	2,268	2,268	2,770	2,770
- Leaseholders	3,292	3,292	2,778	2,778
Bond premium	26,112	26,112	10,493	10,493
	887,070	**888,252**	**828,017**	**828,743**

17. Recycled Capital Fund (RCGF) and Disposal Proceeds Fund (DPF)

	RCGF £'000	**DPF £'000**	**2019 Group Total £'000**	RCGF £'000	DPF £'000	2018 Group Total £'000
At 1 April	14,061	197	14,258	10,793	554	11,347
Grants recycled						
- housing properties	1,189	-	1,189	3,862	-	3,862
- MyChoice HomeBuy	2,009	-	2,009	10	-	10
- Open Market HomeBuy	1,576	-	1,576	1,326	-	1,326
Interest accrued	100	1	101	45	-	45
Purchase/development of properties	(3,469)	357	(3,112)	(1,975)	(357)	(2,332)
Balance at 31 March	**15,466**	**555**	**16,021**	**14,061**	**197**	**14,258**
Due within one year	-	555	555	-	-	-
Due after more than one year	15,466	-	15,466	14,061	197	14,258
	15,466	**555**	**16,021**	**14,061**	**197**	**14,258**

Association information has not been separately disclosed within this note as group is materially the same as association.

18. Debt analysis

Bank and capital markets debt are secured by specific charges on the association's housing properties and are subject to fixed rates of interest (excluding margin on the loan) ranging from 1.29% to 10.64% and at variable rates linked to LIBOR. Our syndicated loan facility has an amortised repayment profile under which the first repayment was made in March 2017 and the loan will be fully repaid by January 2041. The other bank and capital markets debt will be repaid by January 2047.

During the year ended 31 March 2014, the group raised £200m by issuing a bond through its subsidiary, bpha Finance plc. An additional £75m bond issue was made in October 2018 through bpha Finance. The £275m bond total carrying a coupon of 4.816% is repayable in 2044 and is secured by specific charges on the association's properties.

18. Debt analysis (continued)

	Drawn debt 2019 Group £'000	2018 Group £'000
Due after more than one year:		
Bank and building society loans	467,000	498,500
The Housing Finance Corporation	36,000	36,000
Bonds	275,000	200,000
Other loans	1,608	1,740
	779,608	736,240
Deferred costs	(5,631)	(4,846)
	773,977	**731,394**

	2019 £'000	**2018 £'000**
Debt is repayable as follows:		
Due within one year	7,500	7,500
Due after one year and within two years	7,500	7,500
Due after two years and within five years	37,500	32,500
Due after more than five years	728,977	691,394
	781,477	**738,894**

Association information has not been separately disclosed within this note as group is materially the same as association.

19. Financial instruments

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 registered social landlord, the Association does not trade for profit and is regulated by the Regulator of Social Housing, which has issued extensive guidelines on the use of derivative instruments by registered social landlords.

The Association has applied this guidance in entering into derivative transactions which include swaptions in which the bank counterparties have the right to enter an equal and opposite swap at various dates in the future and these are detailed in the table below.

All of the interest rate swaps detailed under (i) below are hedge effective but the Association has chosen not to hedge account for these.

19. Financial instruments (continued)

Counterparty	**Nominal 2019 £'000**	Nominal 2018 £'000	**Market valuation; liability at 2019 £'000**	Market valuation; liability at 2018 £'000	**Movement 2019 £'000**
(i) Interest rate swaps: bpha pays fixed, receives variable	120,880	120,880	51,870	50,778	1,092
(ii) Margin swap: bpha pays floating plus margin, receives floating	20,000	20,000	5,399	5,462	(63)
(iii) Swaptions – banks' option to enter swaps to exactly offset specific swaps detailed above	24,880	24,880	579	812	(233)
TOTAL	**165,760**	**165,760**	**57,848**	**57,052**	**796**

1. The movement for the year is the change in market valuation until termination date or, in the case of swaps retained, until 31 March.

Reconciliation of change in value of financial instruments

	2019 £'000	2018 £'000
Market value; liability at start of year	57,052	66,194
Change in market value; increase /(decrease) in liability	796	(9,142)
Termination payments		
Market value; liability at end of year	**57,848**	**57,052**

Association information has not been separately disclosed within this note as group is materially the same as association.

20. 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 association closed admission of new members to the fund from 31 March 2010. At 31 March 2019 there were 85 (2018: 103) employees who were active members of the fund.

The employers' contributions to the fund by the association for the year ended 31 March 2019 totalled £1,909k (2018: £1,970k) which included both a lump sum contribution together with an amount relating to current employees for which the employer's contribution rate from 1 April 2018 to 31 March 2019 was 21.1%. From 1 April 2019 the employer's contribution rate will remain at 21.1% with an additional lump sum cash contribution of £1,181k to be made in the next year (estimated total contributions for 2019/20: £1,936k).

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 2016 and the next will be completed during 2019.

The market value of the fund assets at 31 March 2016 was £1,733m and the level of funding was 71%. The main actuarial assumptions used in the valuation were:

20. Pensions (continued)

	2016 % per annum
Salary increases	3.20%
Future pension increases	2.10%

Financial assumptions

The main financial assumptions used by the actuary in assessing liabilities on a basis consistent with FRS 102 were:

	2019 % per annum	2018 % per annum
Pension Increase Rate	2.4%	2.4%
Salary Increase Rate	2.7%	2.7%
Discount Rate	2.4%	2.7%

Mortality assumptions

The post retirement mortality assumptions used to value the benefit and obligation at March 2017 are based on the fund's VitaCurves. Mortality improvements from the 2016 valuation are in line with the 2013 version of the Continuous Mortality Investigation longevity improvements model which for March 2017 assumes a 1.25% p.a. improvement in mortality rates.

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

	Males 2019	Males 2018	**Females 2019**	Females 2018
Current Pensioners	20.7 years	22.4 years	23.2 years	24.5 years
Future Pensioners	21.7 years	24.0 years	24.7 years	26.2 years

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 March 2019:

	£'000	£'000	£'000
Adjustment to discount rate	**+0.1%**	**0.0%**	**-0.1%**
Present Value of Obligation	72,227	73,593	74,987
Projected Service Cost	1,340	1,371	1,403
Adjustment to long term salary increase	**+0.1%**	**0.0%**	**-0.1%**
Present Value of Obligation	73,832	73,593	73,356
Projected Service Cost	1,372	1,371	1,370
Adjustment to pension increases and deferred revaluation	**+0.1%**	**0.0%**	**-0.1%**
Present Value of Obligation	74,746	73,593	72,462
Projected Service Cost	1,403	1,371	1,340
Adjustments to life expectancy assumptions	**+1 Year**	**None**	**-1 Year**
Present Value of Obligation	76,241	73,593	71,039
Projected Service Cost	1,415	1,371	1,329

20. Pensions (continued)

Actual return on plan assets:

	2019 £'000	2018 £'000
Interest income on plan assets	1,185	1,115
Return/(Loss) on plan assets excluding amounts included in net interest	1,596	(793)
Actual return on plan assets	**2,781**	**322**

Major categories of plan assets with estimated values and as a percentage of total plan assets:

The expected rates of return for all fund assets are set equal to the discount rate for both the current and prior year as required under FRS 102.

	2019 Assets £'000	2019 Assets %	2018 Assets £'000	2018 Assets %
Equities	32,152	69%	24,062	55%
Bonds	7,595	16%	6,562	15%
Property	4,797	10%	4,375	10%
Cash	2,212	5%	8,750	20%
Total	**46,756**	**100%**	**43,749**	**100%**

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

	2019 £'000	2018 £'000	2017 £'000	2016 £'000	2015 £'000
Present value of defined benefit obligation	(73,593)	(70,972)	(70,016)	(61,007)	(61,259)
Fair value of scheme assets	46,756	43,749	42,420	37,080	36,240
Deficit on scheme	**(26,837)**	**(27,223)**	**(27,596)**	**(23,927)**	**(25,019)**
Experience gains / (losses) on plan liabilities	-	-	1,412	623	431
Experience (losses) / gains on plan assets	1,596	(793)	3,483	(1,253)	796

Analysis of the amount charged to the Statement of Comprehensive Income:

	2019 £'000	2018 £'000
Current service cost	1,348	1,526
Administration expenses	76	-
Past service cost (including curtailments)	-	3
Total operating charge	**1,424**	**1,529**

20. Pensions (continued)

Analysis of net interest charged to the Statement of Comprehensive Income:

	2019 £'000	2018 £'000
Expected return on pension scheme assets	(1,185)	(1,115)
Interest on pension scheme liabilities	1,895	1,826
Net interest charge	**710**	**711**

Analysis of the amount recognised in Other Comprehensive Income:

	2019 £'000	2018 £'000
(Loss) / Return on plan assets excluding amounts included in net interest	1,596	(793)
Changes in financial and other assumptions underlying the present value of scheme liabilities	(985)	1,436
Actuarial gains / (losses) recognised in Other Comprehensive Income	**611**	**643**

Movement in deficit during the year

	2019 £'000	2018 £'000
Association's share of scheme deficit at beginning of year	(27,223)	(27,596)
Movement in year:		
Current service cost	(1,348)	(1,526)
Past service cost (including curtailments)	-	(3)
Administration expenses	(76)	-
Employer contributions	1,909	1,970
Other finance costs	(710)	(711)
Actuarial gains/(losses)	611	643
Association's share of scheme deficit at end of year	**(26,837)**	**(27,223)**

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

	2019 £'000	2018 £'000
Opening defined benefit obligation	70,972	70,016
Current service cost	1,348	1,526
Past service cost (including curtailments)	-	3
Interest cost	1,895	1,826
Contributions by members	266	290
Actuarial (gains)/losses	985	(1,436)
Estimated benefits paid	(1,873)	(1,253)
Closing defined benefit obligation	**73,593**	**70,972**

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

	2019 £'000	2018 £'000
Opening fair value of plan assets	43,749	42,420
Expected return on assets	1,185	1,115
Contributions by members	266	290
Contributions by employer	1,909	1,970
Administration expenses	(76)	-
Actuarial (losses)/gains	1,596	(793)
Benefits paid	(1,873)	(1,253)
Closing fair value of plan assets	**46,756**	**43,749**

History of experience gains and losses

	2019 £'000	2018 £'000	2017 £'000	2016 £'000	2015 £'000
Actuarial (losses) / gains on plan assets	1,596	(793)	3,483	(1,253)	2,614
Experience gains and (losses) on share of scheme liabilities	-	-	1,412	623	431
Total amount recognised in other comprehensive income	611	643	(3,423)	1,631	(5,551)

Association information has not been separately disclosed within this note as group is materially the same as association.

21. 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.

	2019 Group £	2018 Group £
Allotted, issued and fully paid ordinary shares	**6**	**6**

Association information has not been separately disclosed within this note as group is materially the same as association.

22. Reserves

	Group Revenue Reserve £'000	Association Revenue Reserve £'000
At 1 April 2018	**236,753**	**235,585**
Surplus for year	34,129	34,032
Other comprehensive income for the year	611	611
At 31 March 2019	**271,493**	**270,228**

23. Financial commitments

	2019 £'000	2018 £'000
Capital commitments		
Capital expenditure that has been contracted for but has not been provided for in the financial statements	**99,862**	127,168
Capital expenditure that has been authorised by the Board but has not yet been contracted for	**50,754**	50,205

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.

Based on the Group funding strategy, the contracted capital commitments are planned to be funded by:

	Group Funding Plan 2019 £m	Group Funding Plan 2018 £m
Recycled capital grant funding	8	15
Surpluses	68	67
Loans	24	45
	100	**127**

Operating leases

At 31 March 2019, the association had non-cancellable operating lease rentals payable as follows:

	Group 2019 £'000	Group 2018 £'000
Less than one year	9	149
Between one and five years	1,047	902
More than five years	-	150
	1,056	**1,201**

During the year £217k was recognised as an expense in the profit and loss account in respect of operating leases (2018: £210k).

Association information has not been separately disclosed within this note as group is materially the same as association.

24. Grant movement and contingent liability

	Group Reserve Amount £'000	Group Creditor Amount £'000	Group Total Amount £'000
At 31 March 2017	**(275,204)**	**(32,737)**	**(307,941)**
Additions to grant for completed units under the performance model	-	(2,827)	(2,827)
Additions to grant for completed units and work in progress under the accrual model	-	(2,527)	(2,527)
Grant recycled	1,883	-	1,883
Grant amortised	(266)	266	-
At 31 March 2018	**(273,587)**	**(37,825)**	**(311,412)**
Additions to grant for work in progress under the accrual model	-	(3,469)	(3,469)
Grant recycled	1,189	-	1,189
Grant amortised	(256)	256	-
At 31 March 2019	**(272,654)**	**(41,038)**	**(313,692)**

1. This excludes grant relating to HomeBuy and MyChoice HomeBuy loans (refer to note 17)

As at 31 March 2019, grant which has been written off to reserves represents a contingent liability of £272.7m. This contingent liability will be realised if the assets to which the written off grant relates are disposed.

Grant amortised of £256k (2018: £266k) is included under other income (see note 3) and forms part of turnover reported for the group.

Association information has not been separately disclosed within this note as group is materially the same as association.

25. Reconciliation of net cashflow to movement in net debt

	2019 Group £'000	**2019 Association £'000**	2018 Group £'000	2018 Association £'000
(Decrease)/Increase in cash	(3,377)	(3,719)	(24,185)	(21,740)
Cashflow from (decrease)/increase in liquid resources	(350)	(350)	(3,408)	(3,408)
Cash inflow from increase in debt and lease finance and set up fees	(42,432)	(42,435)	7,029	7,029
Decrease in net debt from cashflows	(46,159)	(46,504)	(20,564)	(18,119)
Non-cashflow items	(185)	(185)	(185)	(185)
Total changes in net debt for the period	(46,344)	(46,689)	(20,749)	(18,304)
Net debt brought forward at 1 April	(708,783)	(711,797)	(688,034)	(693,493)
Net debt at 31 March	(755,127)	(758,486)	(708,783)	(711,797)

26. Analysis of net debt

	01 April 2018 £'000	Cashflow £'000	Non-cashflow items £'000	**31 March 2019 £'000**
Loans	(733,187)	(43,550)	-	(776,737)
Other loans	(10,552)	132	-	(10,420)
Loan set up fees	4,846	970	(185)	5,631
Debt	(738,893)	(42,448)	(185)	(781,526)
Cash at bank and in hand	19,996	(3,377)	-	16,619
Fixed and current asset investments	10,115	(350)	15	9,780
Net debt	**(708,783)**	**(46,175)**	**(170)**	**(755,127)**

Association information has not been separately disclosed within this note as group is materially the same as association.

27. Post balance sheet events

There have been no material post balance sheet events.

28. Investment properties

	Group 2019 £000	**Association 2019 £000**	Group 2018 £000	Association 2018 £000
Investment properties	14,770	14,770	10,835	10,835
The reported balance and movement in the investment properties following the annual valuation was:				
Opening balance	10,835	10,835	13,365	13,365
Movement during the year	3,935	3,935	(2,530)	(2,530)
Closing balance	**14,770**	**14,770**	**10,835**	**10,835**

The valuation of investment properties is carried out by an independent valuer who holds a recognised and relevant professional qualification (Royal Institution of Chartered Surveyors' (RICS) qualification) and has recent experience in the location and class of the investment properties being valued. The valuations were undertaken in accordance with RICS Professional Standards January 2014 (the "RICS Red Book") published November 2013 and effective from 6 January 2014, in particular in accordance with the requirements of VPS3 entitled Valuation reports. The principal components of the valuations are the use of the property, location, income received, tenant covenant, length of lease, tenure and condition of the property. The properties have been valued on an investment basis, adopting the comparable method of valuation whereby valuations have had regard to recent market transactions of similar properties.

29. Investment in subsidiaries

The investments in the group and association comprise of investments in fellow group companies, which are eliminated on consolidation:

	Group 2019 £000	**Association 2019 £000**	Group 2018 £000	Association 2018 £000
Bushmead Homes Limited	-	18,500	-	10,000
Bpha Finance Plc	-	13	-	12
	-	**18,513**	**-**	**10,012**

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 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 association for the financial year and are consolidated within the group accounts. They represent a reallocation of cost incurred by fellow group companies and are calculated on a cost of provision basis.

The association statement of comprehensive income includes the following transactions between the association and Bushmead Homes Limited:

	2019 £000	2018 £000
Income from central services	**115**	**126**

bpha Finance Plc

bpha Finance plc is a special purpose vehicle for the purpose of issuing asset backed securities and on-lending the proceeds to bpha Limited. bpha Finance plc has issued 50,000 ordinary shares of £1 each, all of which are paid up to 25 pence. bpha Limited owns all of the issued share capital.

The association's statement of comprehensive income includes the following transactions between the association and bpha Finance plc:

	2019 £000	2018 £000
Interest income	**11,339**	**9,632**

The accounts include the following transactions between the association and bpha Finance plc:

	2019 £000	2018 £000
Bond premium and interest	11,339	9,632
Bond interest	(11,339)	(9,632)
	-	**-**

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

Amounts due for investment in bpha Finance plc	(13)	(13)
	(13)	**(13)**

CPLhomes Management Services Limited

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

Shortly following the financial year ended 31st March 2017, CPLhomes Management Services Limited ceased to manage the properties owned by Flagship previously held on its management portfolio. In addition, the board of CPLhomes Management Services Limited have taken the business decision that bpha Limited should take over direct management of its properties. This resulted in CPLhomes Management Services Limited having no managed properties on its portfolio. As a result, it was not trading at 31 March 2019 and is expected to be wound up in the coming year.

The transactions noted below represent the only transactions of this association for the financial year and are consolidated within the group accounts. They represent rent, service charges and management fees and are conducted on a commercial arm's length basis.

The association statement of comprehensive income include the following transactions between the association and CPLhomes Management Services Limited:

	2019 £000	2018 £000
Rent and service charge income	-	53
Rent and service charge expense	-	(53)
	-	**-**

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

	2019 £000	2018 £000
Amounts receivable for rent and service charges	-	-
Amounts payable for rent and service charges	-	-
	-	**-**

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, is now dormant but is retained for contractual reasons relating to the Cambridge Challenge.

Pension schemes

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. See Note 20 for detailed information on this scheme.

Since April 2010 a Defined Contribution Group Personal Pension Plan, operated by Royal London, has been available to all new employees. From April 2014 the scheme has been extended to meet our auto enrolment obligations whereby all employees meeting statutory requirements are enrolled into the scheme. The scheme is operated on a salary exchange basis.

Each scheme member has a separate pension 'pot' which is normally managed under the default pensions choice recommended by the pension provider. The member does, however, have the option to choose their own investment plan. All arrangements regarding this are carried out directly between the scheme member and pension provider.

Pension costs are dependent upon the contribution rate chosen by employees. Employer contributions are double employee contributions up to a maximum of 5% (10% employer's), this is extended to 6% and 12% for members of the Executive Leadership Team.

30. 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 ventures 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 take 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 if the operations are loss making, the loss is sustained by OSJCT and therefore, 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.

bpha group holds a major repairs fund on behalf of OCP to cover the costs of repairs per agreement with OCP (see note 16).

Under FRS102 section 15 'Investment in 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 2019 and the net assets as at 31 March 2019. 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 ventures and accordingly consolidates a nil interest.

31. 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 FRS102 Section 14 'Investments in Associates' 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 2019 and its share of the assets and liabilities as at 31 March 2019:

	Group 2019 £'000	**Association 2019 £'000**	Group 2018 £'000	Association 2018 £'000
Share of turnover of associates	5,986	-	7,176	-
Share of cost of sales of associates	(5,126)	-	(6,047)	-
	860	**-**	**1,129**	**-**
Share of assets	6,165	-	7,676	-
Share of liabilities	(3,720)	-	(6,042)	-
Share of net assets	**2,445**	**-**	**1,634**	**-**
Investment as at 01 April	3,107	-	4,044	-
Capital issued in the year	-	-	-	-
Capital returned in the year	(2,475)	-	(938)	-
Investment as at 31 March	**632**	**-**	**3,106**	**-**

Wootton Vale

NOTES

bpha Limited
Registered as a society under the
Co-operative and Community
Benefit Societies Act 2014
Registered number: 26751R

Registered with the Regulator
of Social Housing
Registered number: LH 3887

Tel: 0330 100 0272
www.bpha.org.uk/investor-relations