bpha

GROUP REPORT AND FINANCIAL STATEMENTS

YEAR ENDED MARCH 2023

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Our highlights...

19,757
Homes owned or managed
(2022: 19,618)

£39m
Invested in maintaining and improving existing homes (2022: £35m)

£55m
Underlying Operating surplus (2022: £62m)

V1
Regulator of Social Housing Viability Rating
(updated June 2023)

103
Shared Ownership sales
(2022: 205)

£53m
Invested in new homes
(2022: £52m)

100%
All homes have met Decent Homes Standard since 2010

40%
Operating margin on core operating business (2022: 42%)

A+(stable)
Standard and Poor's Rating
(2022 A+ (stable))

129%
EBITDA MRI (% of similar interest payable and similar charges)
(2022: 134%)

G1
Regulator of Social Housing Governance Rating

223
Affordable homes built
(2022: 307)

Welcome from Chair

The economy in 2022 was still recovering from the effects of Covid and Brexit when the war in the Ukraine started. Interest rates rose sharply from the low levels of the last decade as did energy prices, driving up inflation, whilst supply chains were further disrupted, depressing consumer and business confidence.

Because of these wider influences, bpha customers have experienced severe financial pressures. We recognise that the 7% rent increase we will be applying this year is unwelcome. Reluctantly, the Board considered it necessary, to enable us to maintain properties to the appropriate standard. This includes investing to meet new regulatory requirements, such as those on fire safety and energy efficiency.

I am pleased to report that bpha's long term approach and plans are keeping the organisation in good shape. This ensures we provide existing and future customers with homes they can feel safe and secure in, and quality, fit-for-purpose services they can rely on, delivered with empathy and care, and in a financially sustainable manner.

The number of homes owned and managed by bpha continues to grow and is now close to 20,000. This year we added a further 223 affordable homes. This is less than in previous years which reflects the difficult housebuilding market. We continue to focus on a specific geography which we know well and where we have strong stakeholder relationships and have built a reputation for doing what we say we will. We remain committed to building as many new high-quality homes as our resources allow, given the constraints of the market and the economy.

It was especially pleasing to complete the regeneration of Ashburnham Court in Bedford, a 54 flat, high-rise block built in 1953. Ashburnham Court is the first building to be completed through Project Vista, our high-rise building regeneration programme in Bedford. It has transformed an aging building and provided it with a new lease of life. We have now started on the regeneration of a second tower block, Bury Court and have exchanged contracts for a third set of blocks in Brickhill.

One of the ways of responding to the ongoing challenges and achieving our aims was to enter partnership discussions with like-minded housing associations. The Board considered it essential that the existing Chief Executive should take us through the partnership discussions to either leave if a merged entity was agreed or to remain until the Board could appoint a new Chief Executive. The Chief Executive had already announced his intention to retire in Spring 2022 but agreed to put his plans on hold during the partnership discussions and recruitment process.

We mutually agreed to end our partnership plans with Flagship and Futures following significant changes in the financial markets and the economy. Despite working closely with our potential partners it was not possible to find a way of crystalising the anticipated financial benefits of coming together due to the ongoing uncertainties. We considered we were better able to serve our residents and communities by continuing as separate entities at this time.

The sad and deeply regrettable death of Awaab Ishak in Rochdale served to underline the responsibility that all housing associations and landlords have for the safety of customers. No one can afford to be complacent about this and we are not. Our health and safety related work has included a detailed review of our existing proactive approach to damp and mould issues. The Board has focused on this aspect of our work in detail and will continue to monitor the implementation of the actions identified.

On behalf of the bpha Board, I would like to thank everyone at bpha for all they have achieved, despite the many challenges they are facing. It has been a very different but successful year. For us, it is all about providing existing and new, good quality and safe homes for people to live in and enjoy, and on ensuring we are an organisation fit for the future, able to continue delivering our goals for our existing and future customers.

In closing, I would like to thank Kevin Bolt our Chief Executive as he retires. Kevin has served the organisation diligently over the last nine years. He has a passion for bpha, the employees and the customers. Through his leadership the organisation is in a good position to build towards its ambitious future goals. I wish him good fortune for the future and join him in welcoming Richard Hill, who joined us as Chief Executive on 1 May 2023.

Paul Leinster

Dr Paul Leinster, CBE

Welcome from CEO

The 2022/23 reporting period was a year of two halves. The first half started in the shadow of the start of Russia's illegal invasion of Ukraine and the second had to deal with the impact of its effect on bpha's operating environment. Whilst this situation was unprecedented and made even more challenging by the lingering effects of the Covid pandemic and Brexit, I am pleased to report that bpha has performed well, adapting to its changing operational environment whilst maintaining its focus on its customers, the services they receive and the homes that they live in.

During the year bpha's overall customer service satisfaction, as measured through TouchPoint, its twice a year survey of c.1,000 customers, increased from 74% to 77%. The launch of its new In house Maintenance Service, which was designed against 23 points raised through a customer engagement exercise, was highly successful and is making a difference to customers' everyday experience of bpha as measured through direct feedback. Money advice and tenancy management support has been given to many customers with bpha helping people to claim benefits as well as supporting people with direct rent assistance.

During the year we spent a further £14m on keeping our homes in good condition and it was very pleasing to see that the number of homes that are rated below EPC band C has now fallen to 1790, 13% of our directly managed stock.

bpha has maintained its core operating margin at 40%, retained its G1 and V1 regulator's rating through its third In Depth Assessment (IDA) and the regular stability check process. It has also maintained its S&P credit rating of A+ Stable and its SHIFT Silver environmental performance rating, moving up the list of 40 Housing Association participants from 23rd to 16th overall. Furthermore, the organisation has taken crucial steps to protect its long-term future through implementing a strategic restructure to focus its resources. The closure of the defined benefit pension scheme reduces a future risk for the organisation whilst ensuring that all employees now benefit from the same, market competitive, pension arrangements.

The whole housing sector has been challenged hugely over the last 12 months. Despite this, bpha has been able to look after its customers effectively, manage its financial performance proactively, and continue with the strategic investments. This is very important for me as I step down from my position as CEO, a role that it has been a privilege and a joy to hold for the last nine years.

In looking back at the achievements and challenges of my time in office, I have been reflecting on the long-term nature of Housing Associations. In this context, their CEOs have to ensure they take good care of their customers and their homes, their employees and the future financial viability of the organisation. CEOs are the responsible caretakers of this hugely valuable public asset that must be as reliable and durable as the homes that are built and maintained. In themselves they are not significant, but they must make sure the organisation can continue to deliver its Mission and work towards its Vision, delivering the same job it has always done but within an ever changing economic, political, regulatory and societal environment.

For the last nine years I hope I have been up to this task. I have been supported by a fantastic team at bpha from our Caretakers, Housing Officers, and Scheme Managers through to the Development Team, CFO and Chairman, and everyone else in between. I would like to thank them all and wish them continued success as I pass the CEO responsibility on to Richard Hill. I hope he enjoys the task as much as I have done. I am certain he will face the challenges of the day with energy, skill and determination as he looks after that most precious, and sadly under-valued, public resource - affordable homes -for a wide and diverse range of people who just want to get on with their lives.

It has been a privilege and a pleasure to be bpha's CEO and to work in a sector with such a fantastically talented and committed bunch of colleagues. Thank you.

Kevin Bolt
Chief Executive Officer
to 30 April 2023

Welcome from our new CEO

It is my privilege to be bpha's new CEO and work with and for the people and communities we serve.

In delivering on this significant responsibility, I am pleased to be able to follow the good work of my predecessor, Kevin Bolt. bpha is a customer-focused, well-run, and stable organisation. All of which are important foundations in a time of continued uncertainty for people and organisations.

In their introductions, Paul Leinster, our Chair, and Kevin have laid out how bpha has continued to focus on working with customers and ensuring safe, efficient, comfortable homes while facing these headwinds.

I look forward to building on this very solid platform. Alongside the challenges are real opportunities. This includes bpha's long-established local expertise, real progress in ensuring sustainable homes, strong partnerships, and increasing customers' influence in shaping their service experience.

Enjoy the report.

RHill

Richard Hill
bpha's Chief Executive Officer from 1 May 2023

Great customer experience and improving our services

bpha exists to provide great homes and services for people and families, prioritising those in most need. We continue to work alongside customers, to make a positive difference in challenging times. This area of the Report focuses specifically on our work with customers and covers:

- Keeping the Customer Voice at the heart of our decisions
- Improving services
- Working with and supporting customers through an exceptional year
- Investing in our communities
- Developing our Independent Living Services

Keeping the Customer Voice at the heart of our decisions

Over the past year, customers have continued to influence and improve our services. The diagram below summarises the planned ways we engaged with them, which was further enhanced by our colleagues listening to and acting on day-to-day feedback.

Engagement

Staying engaged and informed
Social media and other channels
Sharing information – right time and content
'You Said, We Did' information
Engaged Customers' feedback

Giving feedback
Touchpoint – six-monthly comprehensive customer suveys
Customer feedback groups
Specific Customer satisfaction surveys
Feedback on services

Governance and Influence
Board-led Customer Committee
Clear routes for customers to inform decisions at Executive and Board
Input into operational plans

Shaping Services
Customers developing policies and procedures
Feedback on how services can be improved
Task and finish boot camps
Scrutiny of bpha actions – what we say and do

Working with bpha's Engaged Customers

Our Resident Inspectors are a group of engaged customers who continue to provide a valuable customer perspective in how to improve and shape our services. Working with other customers, they made a number of recommendations in 2022/23, including how to develop bpha's boiler maintenance programme. The group has also carried out site inspections of bpha's ground maintenance and cleaning contracts.

Two of our involved customer groups, Resolve and Viewpoint, have also made notable contributions to improving services this year. Resolve, set up to provide oversight and challenge, review our complaints through customers' eyes and suggests service improvements. Viewpoint gathered and shared feedback across a number of areas, including thoughtful feedback on a potential new business partnership for bpha and on our online customer portal.

As well as making sure customers have high standard homes, we also seek feedback to help us provide support where it's most needed. This has, for example, helped us improve the information and overall support around domestic violence.

Choice of engagement channels

The Place is our online customer engagement community; where customers share their views and take part in surveys, quick polls, and conversations. During the year customers have shaped areas including Project Vista, our programme to modernise our high-rise accommodation in Bedford, our domestic abuse policy and the homeowners' section of our website.

Case study

Nuri, has lived in a bpha-managed home in Cardington since 2016, and enjoys being a 'customer voice' to help improve services:

"The most important role I have as an involved customer is to help bpha listen well. As well as my own experiences I can also share helpful examples from other customers.

I have been really pleased with how bpha work with us and respond to what we share. They follow things up and have shown empathy and a commitment to put things right."

"Residents know what is going on, we live it. We have a good knowledge of our areas and can be 100% honest in our feedback. People need and want to be heard.

It's a difficult time for people and I believe this makes our feedback even more important. People are struggling and worried about rising costs. I have been homeless in the past and lived in temporary accommodation. We can provide a very real voice.

I also like helping people and speak four languages: English, Bengali, Hindi and Urdu.

Working alongside bpha, I know customers and the organisation can make a more positive difference together."

Improving our services

Throughout the year we focused on how our services can continue to meet the changing needs of customers. While we are committed to consistently high standards, we also recognise that customers' needs are diverse. We were pleased to see our overall satisfaction score increase to 77%, the highest for two years.

	2021/22	2022/23
Q1&2	SCORE 72%	SCORE 74%
Q3&4	SCORE 74%	SCORE 77%

Customer Communications Centre (CCC)

As well as being the first point of contact for customers, our CCC is often where new bpha colleagues begin a career in housing. The team have some seen some great successes with colleagues moving into other roles. It has been encouraging to see more colleagues follow that route this year, while still being able to strengthen the team.

111,998
calls came into the Customer Communications Centre

39,016
emails answered

3,342
conversations over live chat

59,810
enquiries on contact management system

Responding better to customer complaints

We have improved our complaints process, following a full review that included detailed customer feedback. This includes introducing a new complaints team in spring 2023, to manage complaints through a customer lens from start to finish. The team will agree service improvements across bpha and with customers.

Service focused systems

Our strategic systems programme, "One Vision" continues to improve our customers' experience and the services we provide.

One Vision consolidates all our customer and property data into a single view, enabling our colleagues to see the whole picture and make the right decision at the point of service delivery. This year, we have integrated our new In house Maintenance Service into the programme. Customers can now see current and historic repairs in their personal online portal, and the repairs' reporting process has been streamlined, reducing waiting time.

This also includes proactive messaging so that customers get notified at every stage of the journey. Customers are notified when the repair is scheduled, and receive appointment confirmations seven days, 24 hours before and on the morning of the appointment. We send a final confirmation when the operative is on route, to minimise missed appointments. Enhancements to our portal will soon allow customers to request a repair directly and select a specific appointment time.

The online portal is constantly being upgraded to add new facilities for our customers, who can now see the full financial status of their rent account online, and their electrical and gas safety inspections. Recent updates have also allowed customers to manage their tenancy assignments and track any complaints.

Behind the scenes, we are protecting our customers' data too. Early next year we expect to achieve the Cyber Essentials Plus accreditation, an important step in testing and maintaining our digital security protection.

Safer communities

We reviewed our ASB (anti-social behaviour) approach this year to consider customer feedback and follow best practice. We also made sure we adhere to the required regulation and consumer standards.

We consulted with customers and colleagues and worked with specialists to produce an action plan to help prevent, report and support those experiencing ASB.
This plan covers:

- Implementing, where possible, the Housing Ombudsman's suggested recommendations
- Enhancing and improving our ASB One Vision module, communication, and service
- Colleague training
- Turning customer feedback into improvements

We have also increased CCTV coverage, connecting 21 of our high-rise schemes in Bedford.

Working with and supporting customers in an exceptional year

The cost-of-living crisis has had a substantial impact on many of our customers, some of whom are the most vulnerable in society. We focus on supporting customers in ways that make the biggest difference.

Setting a fair rent

bpha supported the Government's decision to cap social rent increases at 7% in 2023/24. As well as rent, bpha chose to apply this cap to shared ownership, supported and market rents. It was important to limit the financial impact on customers as much as possible, while ensuring bpha had the financial stability to remain true to our social purpose and continue to deliver homes and core services that residents have every right to expect into the future.

In April 2022 we set aside a rent allowance fund of £397,000 to help prevent and reduce arrears for customers impacted by Covid and the rent increase. This fund has helped maintain tenancies and give customers peace of mind.

Money Advice and support

By the end of 2022 we had over 1,600 referrals to our Money Advice Team. The team have helped improve the lives of customers by helping to claim £1,287,519 in welfare benefits as well as managing £900,000 of debt on behalf of customers and negotiating with their creditors. The team has made 157 referrals to local food banks and supplied over 100 homes with financial support to help manage fuel and household costs.

The ultimate impact of being unable to maintain rent payments can be losing a home. Over the year bpha has helped 111 households avoid eviction and stopped court action being taken against 277 customers in arrears.

Working closely with our Money Advice Team and other bpha teams, our specialist Tenant Sustainment Team directly worked with 55 customers to maintain their tenancies. We have been able to increase the capacity of the team and will be working with customers on starter tenancies who need their services, and those who have had their gas supply capped.

Investing in communities

We invest in communities to help create healthy, connected places. A catalyst for this is the strong relationships and partnerships between our community engagement team and local organisations, providing facilities and support.

Here are some examples:

Shackleton School

With many customers' children attending the local school, we have formed a strong partnership, including 12 bpha volunteers listening to children reading. Many of the children are 18 months behind target in their reading.

We worked within the Shackleton community in a variety of ways and we hope this will be a prototype for future community hubs.

We connected with customers to help raise funds for our community hub, the Shackleton Family Zone. We invited our Money Advice Team to local events, have distributed energy efficient lightbulbs, cleared gardens, planted trees and supported eight bpha volunteers to work alongside the community. A Healthy Living event was held at Shackleton School, inviting the community to discuss smoking cessation, cooking and shopping on a budget, training opportunities and healthy living.

Promoting intergenerational connections

Both customers and our young volunteers are delighted with our initiative where six students from Kimberley College regularly attend Wootton Vale Independent Living Scheme to help older customers reduce social isolation and help with digital upskilling.

Northstowe Arts

We partnered Northstowe Arts, as part of the Sustainable Northstowe initiative, promoting a repair, reuse, repurpose and recycle clean-up event.

We also funded a Connections Youth Bus for the winter term in Northstowe. A bpha resident has been fully trained as a youth worker to support young people to engage after school and engage in positive activities.

Developing our Independent living Services

Over 1,200 customers live in bpha Independent (Retirement) Living Schemes for over 55s. bpha is experienced and successful in creating positive, progressive living experiences for such customers. This is an integral part of the bpha offer, giving a real choice for customers in later life and is something we continued to invest in.

This has included, over the past year, rebranding from Retirement Living to Independent Living. Our teams helped create a plan, through sharing their experiences, aspirations and customer feedback to better reflect customers' real experiences and wants. This emphasised that customers prioritise safety, dignity, and choice, with an emphasis on independence.

In the past 12 months, we have been focusing on getting to know our residents. We recognise that residents over the age of 55 may still be working and there are a variety of reasons why they choose to live in one of our schemes. We have also recently incorporated our Supported Housing accommodation into the team and as a result, will be welcoming new colleagues to support these residents.

We reviewed our customer base and are using the results to inform our service development. We also reviewed both our Cleaning and Maintenance and visiting Support teams to ensure that our residents are getting value for money and a high-quality service, also allowing scope for the development of the team.

We celebrated bringing our catering service in-house at our Mill View scheme and have been able to ensure that the provision is high-quality and within budget. The feedback from residents has been very positive and we are currently in the process of doing the same at our Oxlip House scheme.

Case study

One of our Independent Living customers shares his experience.

"I can't think of a more ideal place to be – somewhere I am independent, safe, and cared about."

"I've lived at Betty Dodd Court for seven years, having moved from a flat in the local area. I've lived in the Luton area all my life and have family nearby, so it was important to me that I could continue living here."

"I moved in because mobility problems meant I was struggling where I was. In 2000 I had very bad fatigue. By 2008, it was much worse, and my mobility was deteriorating. My consultant confirmed I have Multiple Sclerosis (MS)."

Making the move to Betty Dodd Court

"In 2013 I moved to a ground floor flat to help me get around safely, but after a while, even accessing that was too hard. I spoke with Luton Borough Council, who suggested a move to Betty Dodd Court.

"I visited and was so impressed with the individual flats and modern facilities –I am unable to walk at all now and use an electric wheelchair to get around. Betty Dodd facilities meet my needs perfectly."

Having my own space

"The staff are so friendly and good humoured, and I enjoy a brief chat with them most days. There's a difference between what they do and what people think of as carers. I was poorly recently and stayed in my flat. Heidi, the scheme manager, popped round because she hadn't seen me for a couple of days to check I was okay. It's reassuring knowing that staff look out for you."

Investing in our existing homes and communities

To provide good quality, environmentally friendly homes, that customers are proud to live in.

Quality homes

In house Maintenance Service (IHMS)

During 2021 we asked customers what they wanted from a modern, well-run repairs service. They gave us 23 key areas to meet. In October 2022, we mobilised our In house Maintenance Service with each of the 23 areas at its core. The service has initially focused on delivering essential routine and void repairs for customers.

We knew from customer feedback how important it would be to thoroughly onboard the new team – allowing them to understand the ways of working and behaviours that matter to customers as well as the technical skills. The repairs team fed back that the three weeks onboarding helped them think about doing the right thing for each customer they serve. There has also been some excellent feedback from customers. Our new service delivered in excess of 8,000 repairs during the second half of the financial year and has proved to be popular with our customers, achieving an 89% customer satisfaction score for the most recent repair.

Following each repair, the customer can text how things have gone and raise any concerns the same day to put things right. Over the next 12 months the service will be expanded to include electrical repairs, minor aids and adaptations and kitchen and bathroom installations. Online diagnosis tools, repairs reporting, and scheduling of repairs will all be live in early 2023-24, enabling customers to take direct digital control of their jobs and appointments.

We delivered a new repairs management system, and fully integrated that system into our One Vision platform. Our repairs teams now get their jobs electronically from the system, via a mobile device which manages their workload according to specialism, availability, priority and location.

Our systems have been enhanced to ensure that any recurring cases of damp or mould highlighted within our systems auto generate a specific repair and reporting process.

Working for you

Capital Investment programme delivery

Changes in the economy have been challenging for the construction and maintenance industry. Since Covid we have seen capacity, supply and cost affect our investment in homes. However, our network of local suppliers has risen to the challenge and continue to deliver all necessary component replacements and ensure the quality of homes is maintained. 100% of homes met the decent homes standard for the 13th consecutive year.

466
Kitchens

329
Bathrooms

269
Boilers

1,643
Windows and doors

32
Roofs

We again carried out stock condition surveys in 18% of our homes to ensure we have up to date information.

The information we collect includes a record of damp and mould through proactive surveys and feedback from our colleagues. This is logged in and captured on our Customer Relationship Management (CRM) system to enable prompt action.

To improve our data further, in spring 2023 we moved our stock condition information to Asprey Assets, the latest generation of asset management software that will be integrated with our planned works and compliance delivery. Additional functionality will provide greater control and an increased opportunity to ensure that all of our homes are assessed in a rolling five-year period. The new system will also enable us to share more information with customers on future investment in their homes.

Looking after areas around homes

Our long-term agreement for estate maintenance ended and a new supplier has provided services to customers since April 2023. Our new supplier will help us to manage and risk-assess trees, improving the quality of our records and helping us keep customers safe.

Energy Efficiency

Our regeneration programme – Vista

In 2022/23 we were delighted to transform our first tower block, Ashburnham Court, as part of our regeneration programme. Project Vista, a 10-year programme to improve the homes within bpha's Bedford high-rise schemes. Ashburnham is located on a key gateway into Bedford town centre, opposite the town's railway station. The scheme improved the energy efficiency of the block by installing a new terracotta exterior and external wall insulation with high-performance double glazing replacing old windows. Internal and external communal areas were improved, with new lifts and a renewed district heating system. We worked with United Living in delivering the refurbishment in just 18 months. We took great care to keep all residents in their homes during the work and engaged with customers throughout.

In December 2022 we commenced work on our second tower block, Bury Court. This project has a similar brief to Ashburnham and will improve external insulation and internal and external communal areas. The work is due to complete in Spring 2024.

Comfortable, affordable homes

We want all customers to be able to live comfortably in homes they can afford to run and that have the smallest possible impact on the environment. Through ongoing investment, we have continued to increase the number of homes meeting or exceeding Energy Performance Certificate Band C. Currently 87%, which is an increase of 5% from 2021/22, of our rented homes achieve or exceed this standard and we have plans to reach 100% by 2030.

The approach to building safety has seen significant change in recent years with increased legislation regarding carbon monoxide detection and fire safety. Through best practice and not being afraid to lead, we have met these challenges head on. Our carbon monoxide detection installation programme was completed ahead of the legislative changes in October 2022.

Our Building Safety team has helped prepare for the new requirements for our tallest buildings. External wall surveys are underway and initial findings are positive.

During 2022, our long-term heating maintenance contract was retendered. TSG was successful in its bid to deliver our heating maintenance for another five years.

We have added more safety checks and inspections to the system, beyond the normal 'Big Six' of gas, electric, fire, asbestos, Legionella and lifting. All of our checks and inspections are evidence-based and performance of all 47,000 live records are proactively monitored. Gas and electrical check dates are available to customers in their portal, and more information will be added during 2023.

A service with customers at its heart

In 2022/23 we saw an increase in demand for one of our most important customer services, responsive repairs. During the year, we received 37,049 repair requests, compared with 34,044 in 2021/22.

Several factors have driven this increase in the first year unaffected by Covid lockdowns since 2020, including: increased customer confidence, a positive response to repairs moving inhouse, a heightened awareness of damp and mould, and Government campaigns such as 'Make it Right'. A combination of these factors, plus increased inflation, have contributed to our repair costs increasing.

We know that customers value having easy and reliable access to a good quality service. Despite the increase in repairs, we were pleased that four months after the launch of our inhouse service, customers reported a 6% increase in their satisfaction with repairs and a 9% decrease in the time taken to carry out a repair. Bringing our repairs inhouse has been a catalyst for change and transparent service delivery. Improvements include text confirmation, 'on the way' messaging, instant feedback forms and Saturday morning and early evening repairs.

Responsive repair tracking and appointments went live in our customer portal in 2022. Reporting a repair and arranging a surveyor inspection will be available for customers from the summer of 2023. Ongoing improvements of other property related services is progressing well and soon customers will be able to track and rearrange a wider range of appointments online.

We recognise that not all customers prefer digital engagement. We have completed extensive empathy training with front line colleagues to ensure our values translate to great customer service. Our new inhouse team is fundamental to how bpha is perceived by customers, with over 25,000 face-to-face meetings over the year. As part of the onboarding process all our in-house maintenance colleagues underwent specific training to help them to understand more about customers and the challenges they may face.

Building new, quality, sustainable, safe homes

Providing opportunities for people to live in new, quality, sustainable and safe homes and communities has remained a key priority for bpha. During the year we invested over £53m in our development programme.

We have responded to a challenging development environment following Covid, Brexit and the war in Ukraine. A disrupted labour market and supply chain challenges, including contractor insolvencies, have impacted the delivery of new homes and we ended the year having completed 223 new homes against 307 in 2022.

Whilst increased finance costs together with inflationary pressures have impacted on scheme viability, we will continue to build a future pipeline through new s106, land led, partnership and regeneration opportunities. We anticipate that the longer-term economic strength of our main operational area will drive the need for more multi-tenure affordable homes and for further growth.

Investing in new communities

During 2022/23 we have continued to deliver affordable homes across new communities within our operating area.

Developing at scale enables us to commit to long term development programmes and provide effective management and support for the communities we serve.

Northstowe

Over the year we continued our commitment to deliver 300 new affordable homes at Northstowe in South Cambridgeshire. Northstowe is a nationally significant strategic site and a major New Town. The development includes major transport infrastructure works, cycle ways, a guided busway, green spaces, a primary school and several local recreation facilities.

Northstowe was designed as one of ten NHS England 'Healthy New Towns'.

To date 184 homes have been completed and another 98 are in contract. Later in 2023 we will be embarking on the final 18 homes and will mark the completion of this first phase in 2024.

Trumpington Meadows, Cambridge

In 2022 the final phase of our significant 12-year development began at Trumpington Meadows in Cambridge.

With bpha selected as the preferred partner in all 11 phases, Trumpington provides an excellent example of positive collaboration with Barratt David Wilson Homes to deliver this award-winning development.

The 476 affordable homes have been developed alongside homes for outright sale across the site and comprise a mixture of apartments and houses. The high standards set by the Master Developer, Grosvenor Estates, ensured a site-wide design code which has resulted in an attractive new community. The extensive areas of meadows and riverside parkland are an integral part of the development and have become established natural environments, teeming with wildlife for the community to enjoy and supporting residents' health and wellbeing.

Cambourne West

A Special Place

When Josie and Josh discovered they were expecting a baby, they decided it was the right time to buy their own home.

The couple had been renting a two-bed house in Cambridge, that was neither child-friendly nor spacious and also proved expensive.

Josie said:

"We moved into our first house after we got married but the rent kept increasing and when we found out I was pregnant we realised we wouldn't be able to afford to continue renting and would need more space."

With the support and encouragement of their parents, the couple found a home at Northstowe and reserved a plot at the end of January 2022 and moved in just four weeks before baby Annabelle arrived in the summer of 2022.

"It is very special. Buying new offered us a blank canvas and a clean place, somewhere low maintenance and really nice."

The couple decided to buy 35% shares of the house, with a plan to buy more over time. The monthly cost of mortgage and rent on their home is around £200 less than they paid in rent previously.

"It has always been our dream to own our home. We are not big earners, so to be on the property ladder is lovely."

Cambourne West

Handing over 18 affordable homes in spring 2023, was a significant step in our 143-home scheme in Cambourne, Cambridgeshire. Acquired from Taylor Wimpey under s106, our delivery of the homes spans from 2021 to 2026. The site is a major expansion of the new settlement at Cambourne; a village in South Cambridgeshire. The Cambourne West development brings a further 2,350 homes to the area, which provides excellent transport links to Cambridge and Bedford.

With 72 homes for affordable rent and 71 for shared ownership, the properties include two-bedroom flats and one, two and three-bedroom houses.

We look forward to handing over a further 70 homes during 2023/24.

Working with developers on strategic s106 opportunities remains an important feature of our development strategy, but we will also work with smaller developers to deliver affordable homes in areas where we can add to our existing stock and meet local housing need. We were pleased to work with SME developer Bewick Homes, on a bespoke development in Kimbolton, Huntingdonshire where we took handover of six rented and two shared ownership homes in January 2023.

Balliol Road, Kempston, Bedford

We completed this development of 13 homes in June 2022. The development provides much needed family houses for shared ownership along with a mix of one and two-bedroom apartments for affordable rent.

The homes were built by local contractor Parrott Construction on land acquired from Bedford Borough Council. We value our partnerships with local authorities and this scheme is a great example of collaborative working. We look forward to working with Local Authority Partners to bring more sites forward for affordable housing development in the future.

Great employer with excellent people

A Great Place to Work (again!)

We were delighted to be recognised as a Great Place to Work by our colleagues for a fourth consecutive year. We were also again encouraged that over 90% of colleagues chose to contribute to this national employer survey.

In addition to a broad range of questions, specific areas were included to understand how colleagues feel about hybrid working and how change is managed at bpha. We continued to evolve hybrid and flexible working this year. This included our IT team co-creating a colleague booking app to enhance the experience of working at our office.

One bpha colleague said in the Great Place to Work Survey:

"Working flexibly has meant a greater work-life balance while remaining very productive. I feel trusted in my ability to do a great job wherever I am working."

Our colleague groups provided us with rich insights throughout the year to inform our onward people and engagement plans.

Our active employee representative group provides a colleague voice, with members from all areas of bpha. Our Great Place to Work Ambassadors promote the desired bpha culture, while our Mental Health First Aiders and Domestic Abuse Responders are specially trained teams, who give their time, guidance and advice to colleagues. The forum chairs meet monthly to share best practice.

Our People Strategy

Our People Strategy, launched in 2020, has been reviewed and updated during the year to support our teams to provide ongoing high standards of customer service in a changing world. A world with both challenges and opportunities.

Our people strategy focuses on:

- Attraction and retention of talent
- Leadership strength
- Evolving our culture and embedding our values
- Developing people
- Colleague engagement

Attraction and retention of talent

Recruiting new talent, alongside our established colleagues, provides bpha with a healthy blend of new thinking and experience. Our 15% turnover rate is within our desired range to help achieve this mix.

All new starters have a comprehensive induction programme called 'Welcome to bpha', which also focuses on setting people up for success within their specific role and teams. Our In house Maintenance Team's welcome programme involved the team getting together for three weeks in the autumn, to share ideas, hear from customers, align on how to work well together and to understand our values.

Leadership strength

Our existing leadership team has been further strengthened by people promoted from within bpha and new appointments. Our Leaders' Development Programme has focused this year on leading teams through change, promoting a development mindset and supporting the delivery of team and individual objectives.

As part of this programme, our Senior Leadership Team have explored the benefits of a diverse workforce and how to leverage the advantages as a leader. This was supplemented with 'Inclusive Leadership' e-learning.

Case study
Katie, getting it right

Katie, a plumber on our In house Maintenance Team took a break from replacing a bath, to share her thoughts for this Report!

"I've loved working at bpha since joining last year. We had a three-week induction that provided a great grounding. As well as the technical and safety side I enjoyed focusing on what's most important for customers."

"It included spending time listening to customers' experiences in our Customer Contact Centre. I learned a lot and formed a good relationship with the office teams. It's really helped. I was so pleased to see that it's not just about the cost of everything but about making sure you get it right for the customer."

"We spent time understanding the values and I feel very close to them, especially showing empathy and taking responsibility. All customers have different needs and the priority is respecting them and their home. Customers help me put a smile on my face every day here."

Evolving our Culture and embedding our Values

A more inclusive bpha

The managers' e-learning is just one way we are becoming a more inclusive organisation – inclusivity is a key principle of our Equality Diversity and Inclusion (EDI) strategy, launched in 2022.

This strategy recognises that diversity and inclusion are critical to the success of the organisation and essential to achieving our overall goals. To accomplish our strategic commitments, we want and need to:

a) be diverse at all levels of the organisation,

b) create a consistent culture of inclusion for all colleagues, and

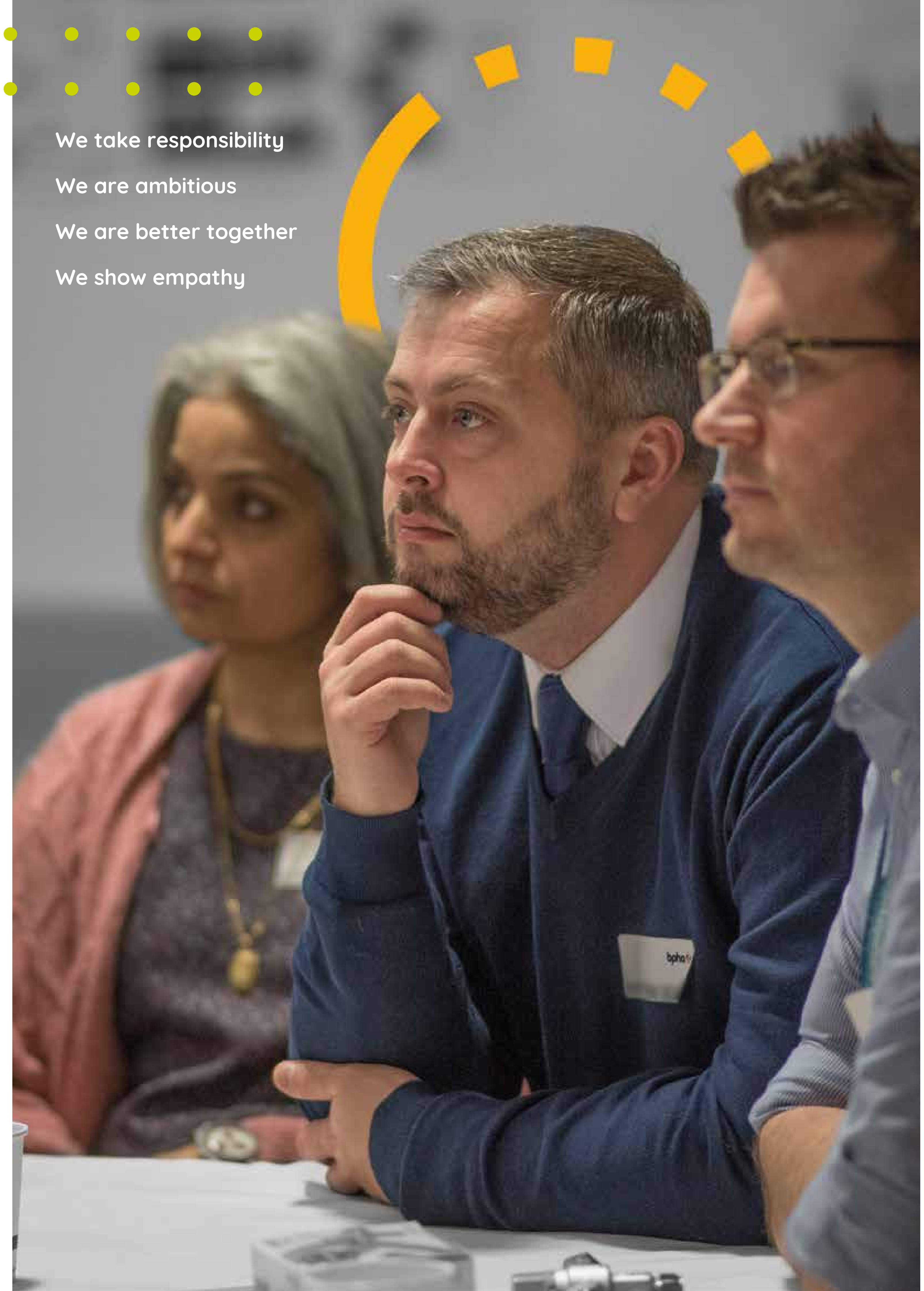
c) have a greater understanding of our customers' experience.

We aspire to achieve the following by 2026:

- At least 95% of our colleagues share their diversity data with us
- Reduce our median gender pay gap
- Increase the ethnic diversity at a manager level to reflect the profile of the local population (to at least 20% from a minority ethnic background)

The EDI strategy is available for all colleagues to view on the Hive (our intranet) and was promoted and discussed widely during National Inclusion Week. The ways we have brought the strategy to life include introducing colleague-led inclusion groups that cover the following areas: Bee You (LGBTQ+), Carers Support Group, Disability, Ethnicity, Side by Side (Gender equality) and Menopause Support Group. The cross-team groups meet regularly, raise awareness across bpha and suggest ways we c an improve inclusivity for colleagues and customers. A number of ideas from the groups have been adopted, including putting a diversity calendar on the Hive and redesigning bpha's business email signature to allow colleagues the option of including their pronouns and name pronunciation.

We have celebrated a diverse range of events over the past 12 months to raise awareness and understanding. These include Interfaith Week, Race Equality Week, LGBT+ History Month, Black History Month and International Day for People with Disabilities.



As part of our EDI Education Programme we introduced all-colleague webinars with a panel of internal and external speakers under the banner of 'Let's talk about.....'. The series so far has covered autism, carers, menopause, and the Windrush generation. Other parts of the education programme included introducing EDI to our colleague induction programme and online learning on inclusive communication and allyship.

Valuing colleagues

Celebrating the great work our colleagues do is an important part of our culture. 'You're Valued!' is our new recognition scheme where anyone in the organisation can spotlight a colleague who they feel has embodied one of our four values via a simple app. Once a quarter, colleagues vote for the best example in each of the four value categories, with the four winners receiving a £50 Love2Shop voucher. They are also automatically put forward for our annual colleague awards.

As well as these spontaneous awards, we continue to celebrate those colleagues who have made a long-term positive impact for our customers. Colleagues who reach five years' service receive a certificate and lanyard badge, while colleagues who have reached 10, 15, 20, 25 and 30 years are invited to a celebration lunch and receive a bonus payment.

Developing our People

In 2022/23 we reviewed our structures and ways of working to make sure that we have the right people, in the right place with the right skills. This focused on making sure we could continue to serve customers well, while remaining a productive, effective organisation within what is a challenging environment for our sector.

Our wider Learning and Development framework was proactively shaped by our business priorities. This included developing bpha apprentices in the areas of customer services, leadership development and repairs.

We also increased the ways our colleagues can develop by adding new subjects and material to our e-learning offer and increasing training via internal subject matter experts. Examples include project management from our PMO function and digital skills from our IT team. Senior managers are also supported with coaching and mentoring of talent identified through workforce planning.

Operating and financial review

Our core business continues to perform strongly despite the ongoing uncertainty in the economic environment. 2022 was an exceptional year for sales of first tranche shared ownership which have reduced significantly in 2023. This has impacted the underlying operating surplus which fell to £55.3m (2022: £62.1m). The business is well placed to manage the 7% rent cap, with an early re-structure of the business having taken place at the end of the financial year.

Following a consultation with colleagues, the defined benefit pension scheme was closed to the current members on 30 September 2022. This closure has enabled the pension debt to be repaid to take advantage of favourable market conditions and de-risks the business from future fluctuations. This resulted in an additional pension cessation cost of £6.7m within operating costs, but this is more than offset through the actuarial gain of £24.5m.

We continue to see strong and steady cashflow from our core operating business which this year delivered £62.7m (2022: £64.2m). During the year we took the opportunity to terminate the last standalone derivative. This will reduce our interest payments in the longer term and removes future fair value fluctuations. Cash holding on the balance sheet has decreased to £19.2m (2022: £40.8m) in part due to payment of the pension cessation debt of £9.7m and payment of swap breakage costs of £7.5m.

Our operating cash flow net of capital repairs and maintenance expenditure continues to cover our interest costs comfortably (excluding interest swap derivative and pension liability termination payments), contributing a cash surplus of £4.1m (2022: £5.7m) to bolster our development spend and give us resilience. Strong liquidity has been maintained to cover expected investment over the forthcoming years in both new and existing assets. Following an exceptional year, the Development and Sales business has seen reduced levels of activity with a turnover of £35.7m (2022: £59.0m).

Repairs and maintenance spend of £38.8m is £3.5m higher than last year due to a catch up following the implementation of our new in-house maintenance service and due to inflationary pressures. Despite a challenging environment, we have delivered significant customer service improvements.

The development programme remains behind expectations due to labour and material shortages and development spend during the year of £52.6m is in line with prior year of £52.4m. Although our development programme continues to be delayed, as the construction sector struggles to get back to full capacity, we have the financial resources to ensure that we can continue to pursue our ambitious development programme and to invest in the maintenance of existing homes.

The net value of our housing and other assets has continued to rise, increasing by £31.4m during the year, driven by a net 139 unit increase in our property portfolio (new homes completions less asset sales). We now have 19,757 units that we own or manage and continue to invest in our development programme to increase our portfolio. Our net debt has increased during the year by £30.8m driven by a combination of a £21.7m decrease in cash holding and an increase of £9.1m in borrowing. These changes combine to deliver a stable gearing metric at 64%.

Our organisation delivers across two distinct areas: The core operating business which primarily comprises the stable and resilient social housing lettings; and our more cyclical development and sales business.

The Core Operating Business

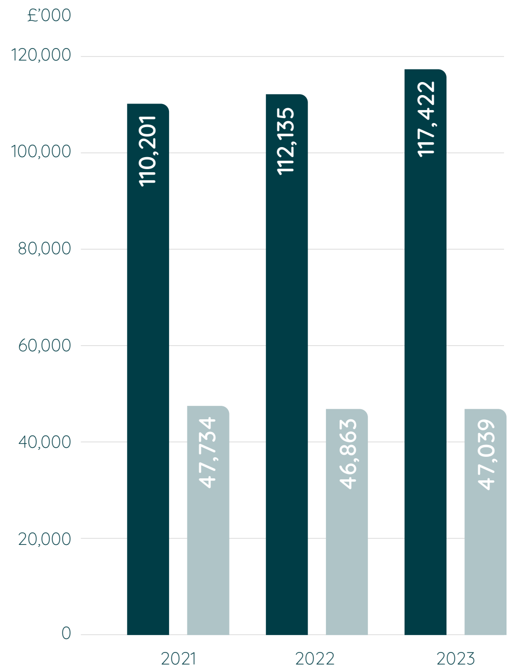
Core operating turnover has increased by £5.3m compared with the same period last year due to a combination of a rent rise and the addition of new properties into the portfolio (223 new affordable homes). Rental cash collections continue to be carefully monitored and managed as we move into a period when we expect that cost-of-living increases will further impact our customers.

We achieved a core operating margin of 40.1% (2022: 41.8%), which is ahead of our target level of 40%.

The Development and Sales Business

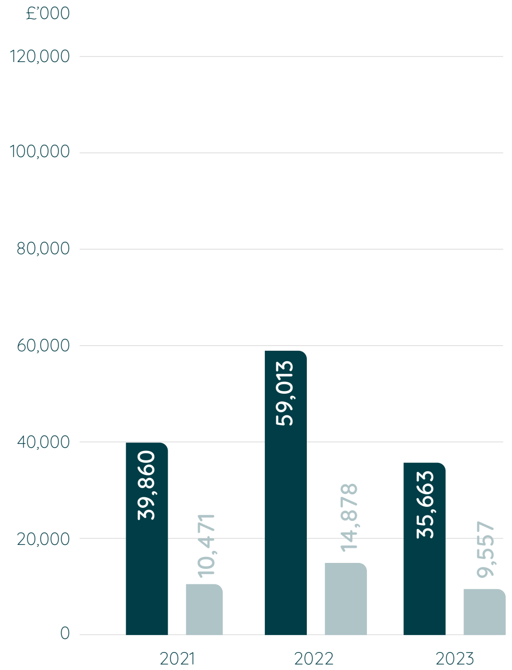
Following an exceptional 2022, the Development and Sales business has seen reduced levels of activity with a turnover of £35.7m (2022: £59.0m). The number of first tranche shared ownership units sold during the year was 103 (2022: 205). Fixed asset sales (primarily shared ownership staircasing) together with the first tranche shared ownership sales, delivered a total surplus of £9.6m (2022: £14.9m).

The Core Operating Business



Key
- Turnover
- Operating Surplus

The Development and Sales Business



Key
- Turnover
- Operating Surplus

Operating and financial review continued

	Operating Surplus		
	2020/21 £'000	2021/22 £'000	2022/23 £'000
Core Operating Business	47,734	46,863	47,039
Development and Sales Business	10,471	14,876	9,557
Aborted Partnership Costs			(582)
Fair value adjustments on investment properties	1,321	311	(660)
Underlying Operating Surplus	**59,526**	**62,050**	**55,354**
Pension Cessation Cost			(6,682)
Total Operating Surplus	**59,526**	**62,050**	**48,672**

Treasury

We maintain strict targets to ensure that sufficient liquidity is available to fund ongoing and planned activities. At 31 March 2023, £865m of funding was drawn against total facilities of £997m (includes £3m overdraft).

During the year we reduced our level of undrawn facilities, however we still retained strong overall liquidity as this was against a lower level of committed future developments. With undrawn facilities of £132m and with immediately available cash of £10m as at 31 March 2023, our liquidity headroom (made up of undrawn facilities which are fully available to draw within 48 hours, plus cash on deposit) was £142m.

This strong liquidity means that all future committed developments can be funded from existing facilities, without the need to raise new funding.

Strong operational cashflow and sales in the year covered a major part of our development spend, with the remaining costs met by £8.4m of additional borrowing. During the year our net debt has increased to £839m (2022: £808m) mainly due to the decrease in cash along with the additional borrowing.

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

In October 2022 Standard & Poor's reaffirmed our credit rating as A+ (stable), and our financial viability rating continued at V1.

Value for money

Board responsibility:

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

- Setting objectives and targets
- Approving the use of resources through the budget and business plan
- Monitoring performance and results

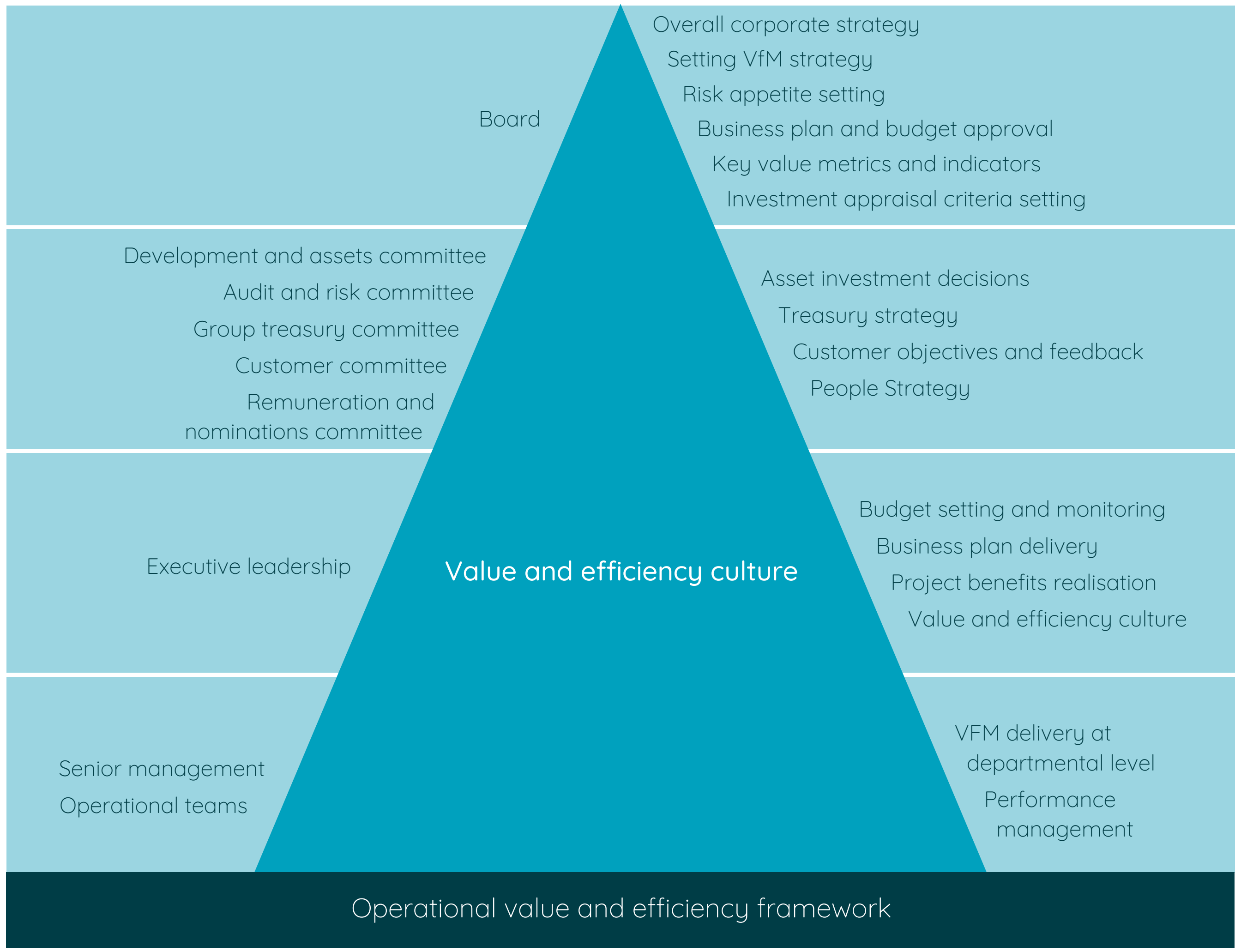
We generate value through delivering services to our customers, maintaining quality homes, building new homes, and supporting thriving communities.

In support of this, we have four interdependent goals:

- The protection and efficient utilisation of existing assets
- The delivery of well defined, appropriate services to a range of tenant and customer groups
- The development of new homes
- The protection and development of our financial capability.

Throughout the year the organisation maintained tight control of costs, invested in improvements to service delivery and existing stock, as well as delivering new homes.

Strategic objectives: value for money



Value for money performance

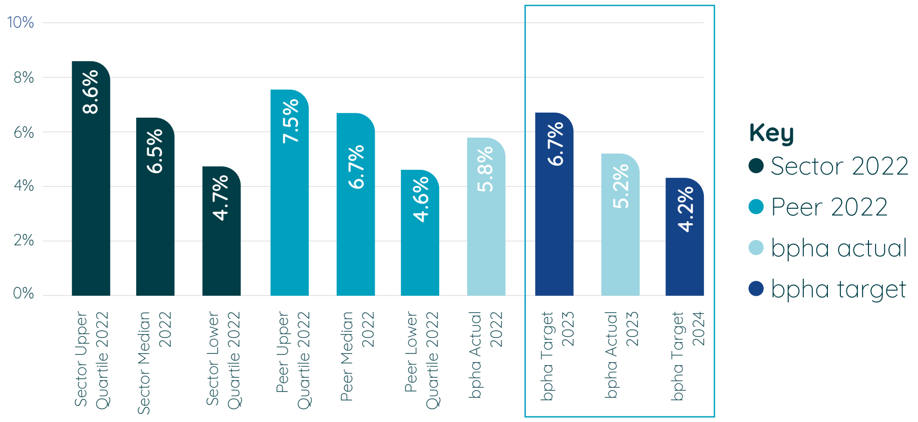
We have continued to achieve a strong performance across a range of indicators. All measures outlined below have been benchmarked against a comparable group of 11 housing associations (peer group) in terms of size and geography, alongside the national averages. This comparison is based on the most recent available information published by the Regulator of Social Housing for the year ending 31 March 2022.

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 %

Reinvestment % measures our investment in the acquisition and development of new properties plus our investment in maintaining existing properties as a proportion of the total value of our housing properties. Last year, our reinvestment performance of 5.8%, was comparable to our peer group's median performance. This year has seen a slight fall to 5.2%, putting our performance below target due to ongoing labour and materials shortages.

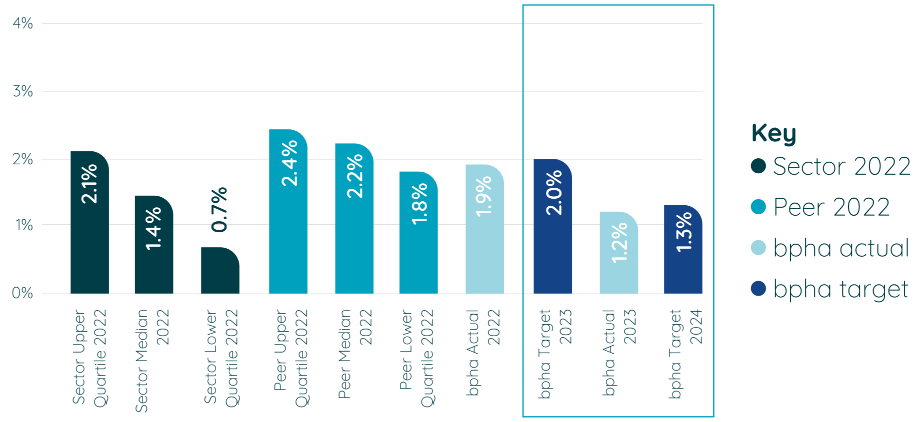
It is anticipated that the year of year reduction will continue into next year and the target has been set accordingly.



New home supply (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 223 affordable homes built or acquired which is 84 less than last year, due to labour and materials shortages causing delays. The delivery of 1.2% new social home supply this year is below our target, our peer group, and the sector median performance.

It is anticipated that the year of year reduction will continue into next year and the target has been set accordingly.

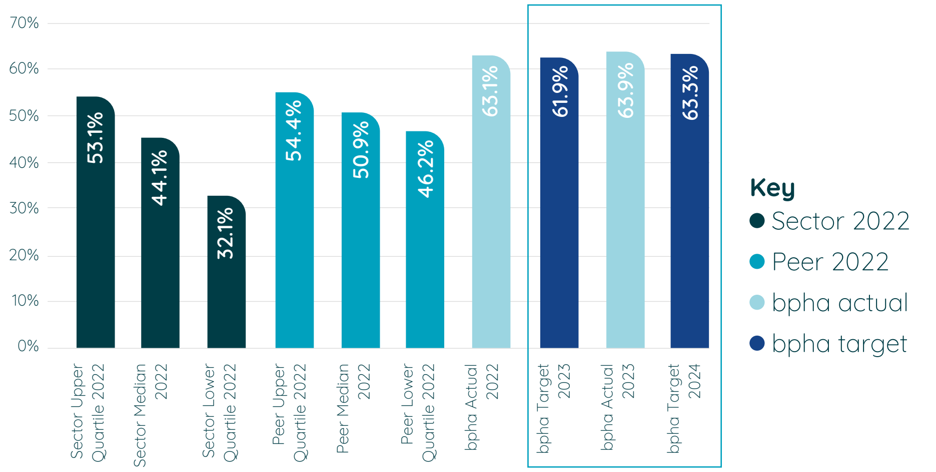


New home supply (non-social) %

In line with our strategy, we are developing limited housing for sale and have several schemes which are being developed by Bushmead Homes (our housebuilding subsidiary). Our new home supply (non-social) % to March 2023 is therefore 0%, which is in with the target. As these schemes are at the build stage, we are not expecting handovers to commence until the financial year ending 31 March 2025. An assessment of our peer group and sector median performance shows that there is a low level (less than 0.5%) of non-social, new homes being supplied more widely.

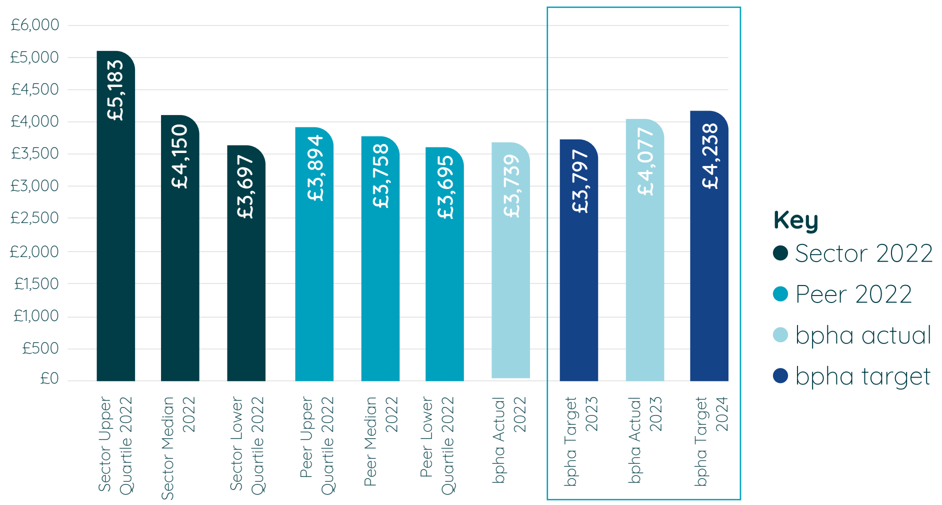
Gearing %

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.



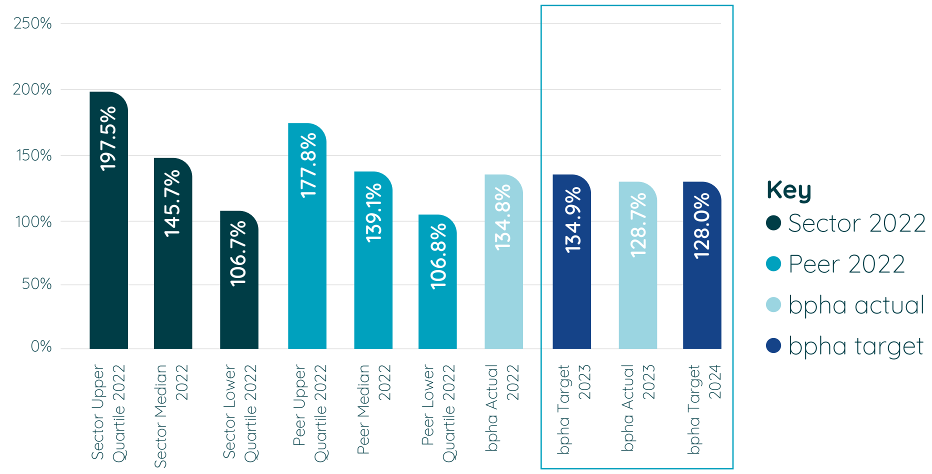
Headline social housing cost per unit £

Our headline social housing cost per unit has increased compared to the prior year by £338 to £4,077. Our performance remains broadly in line with our peer group median and with our expectation for the year. Next year, we are expecting the full impact of inflationary pressures, resulting in an expected increase to £4,238.



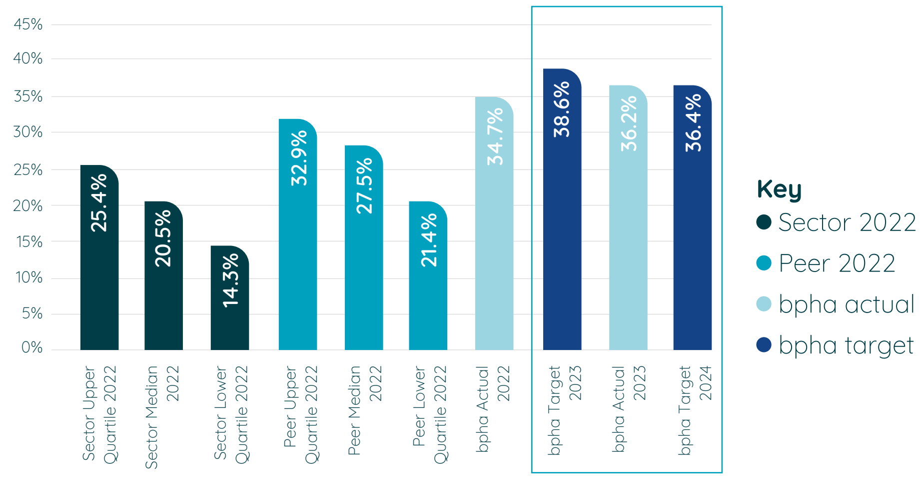
EBITDA MRI interest rate cover %

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. Our performance of 128.7% is below our target, but above the lower quartile for our peer group and the sector.



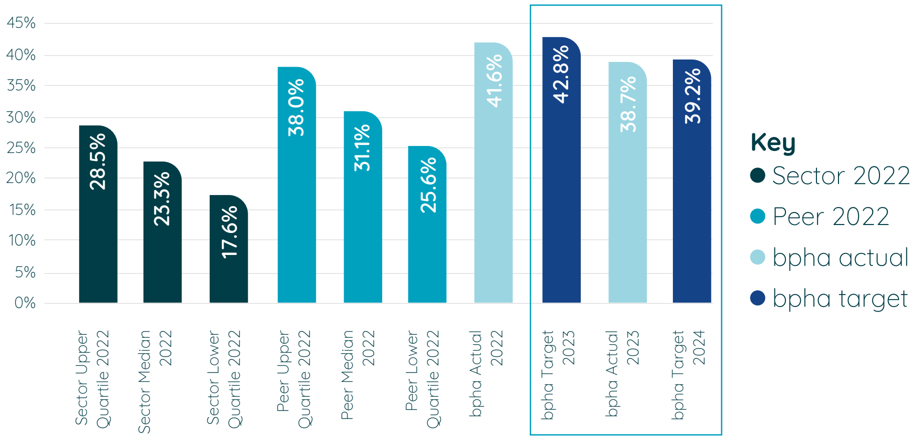
Operating margin (overall) %

Our overall operating margin remains consistently high. It is slightly below our target mainly due to a catch up on repairs following the implementation of our in-house repairs service. This performance remains comfortably above the top end of the higher quartile against both peers and the sector, reflecting our high levels of efficiency. This measure is different to our core operating margin because it can be impacted by the volume of sales arising in the development programme which may differ from year to year.



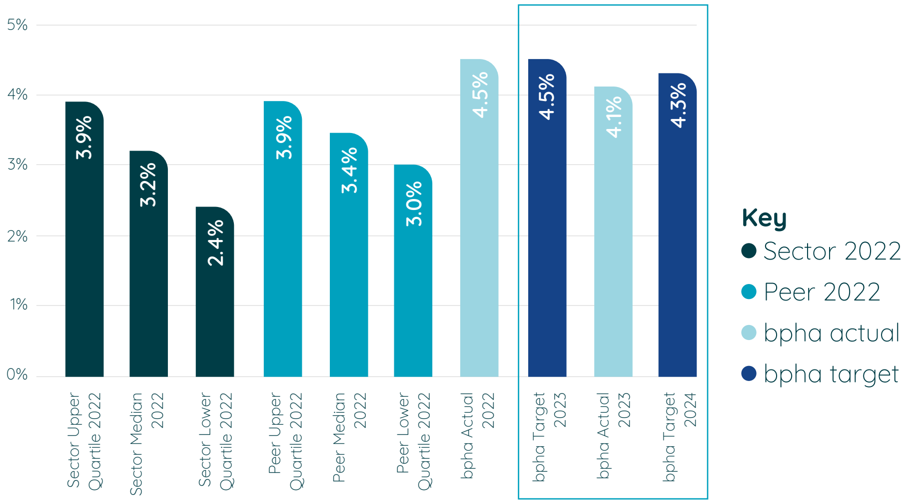
Operating margin (Social Housing Lettings) %

The margin on our social housing lettings remains broadly consistent and is above the top quartile against the sector and our peer group. It is below our target mainly due to the catch up on repairs as explained above.



Return on capital employed %

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



Governance

Our Board drives our social purpose by setting our Vision, Mission and Values and determining strategic priorities that allow us to build and maintain quality homes and thriving communities. The Board ensures that we do this efficiently, while always considering the needs of those we serve.

Our Board met on eight occasions during the financial year, with four meetings focused on the delivery of operational performance and the remainder focused on our strategy, business planning and overall effectiveness. The Board also participated in our annual risk day, led by our Audit and Risk Committee.

Governance

We continue to maintain high standards of governance and accountability. We have adopted and complied with the National Housing Federation's 2020 Code of Governance throughout the year.

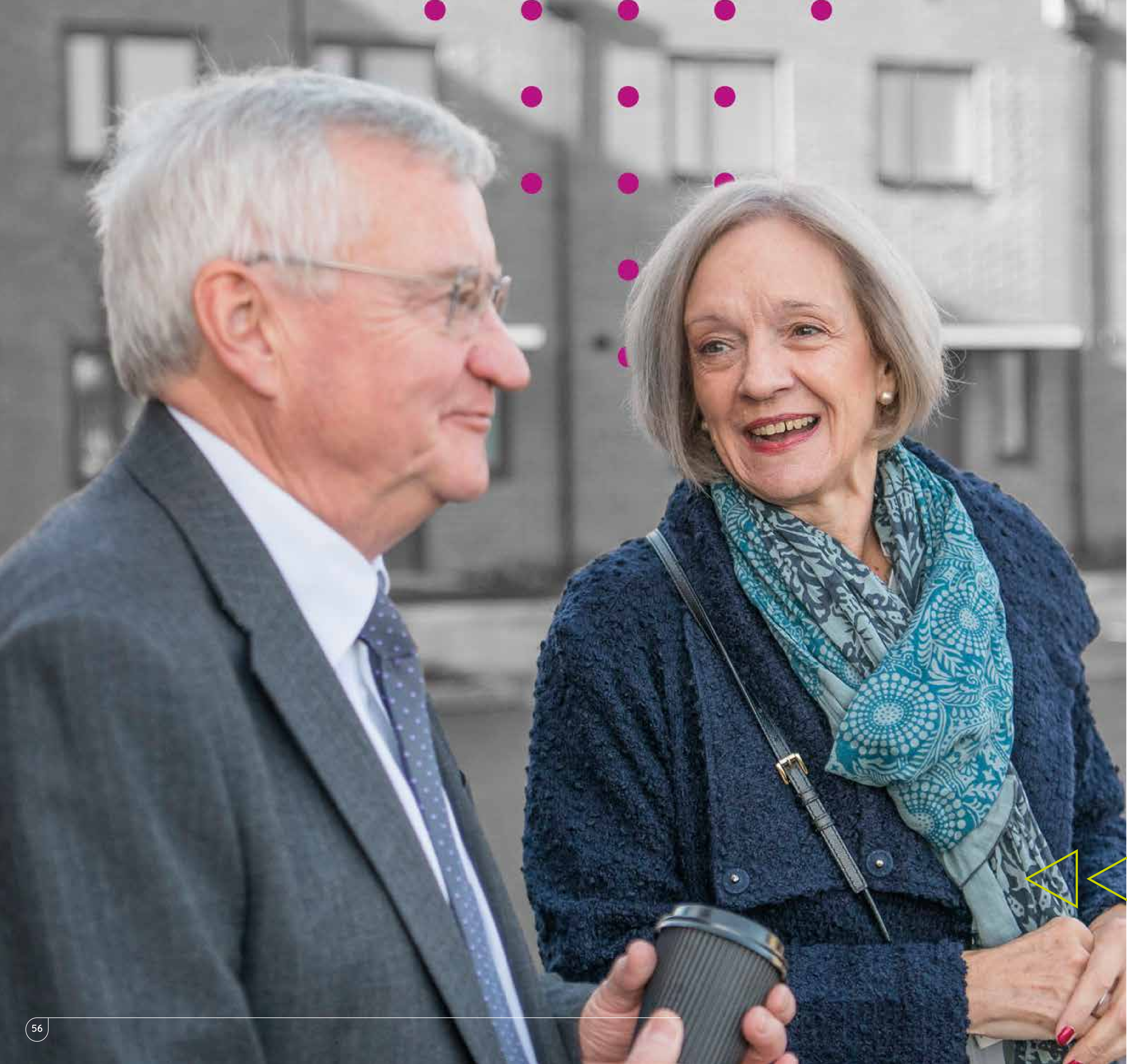
As a social housing provider, we are subject to regulation by the Regulator of Social Housing. We are pleased to have retained our status as a G1/V1 organisation and have fully complied with the Regulator's Governance and Financial Viability Standard.

Culture

The Board has adopted the National Housing Federation's Code of Conduct 2022. This underpins the Board's commitment to acting in the best interests of bpha and its residents, behaving with integrity, conducting ourselves professionally, protecting health, safety, security and wellbeing and making the most positive possible environmental impact. We seek to model the bpha values in all that we do.

We are committed to being open and transparent about any potential conflict of interests involving members of our Board and publish information about each Board Member and their other interests on our website. Each Board member is required to update their declaration for any conflicts of interest at least annually and declare any conflicts with any agenda items at each Board meeting.

The Board is committed to achieving equality of opportunity, diversity and inclusion in all of our activities. During the year we approved the bpha 'Inclusion for Everyone' Equality, Diversity and Inclusion Strategy which sets out our commitment to an inclusive customer experience, diverse talent at all levels of the organisation and an inclusive culture.



Risk Management

The Board has a responsibility to its customers and other stakeholders for the systems of internal control and risk management. The Board meets annually with the Audit and Risk Committee to consider its risk appetite and the principal risks to its strategic delivery. Whilst not providing absolute assurance, our system of internal control has been designed to identify and manage those risks which could adversely affect the delivery of our strategic objectives. The system receives regular scrutiny though our Audit and Risk Committee, with our principal risks set out in the Risk and Assurance report.

Board Effectiveness

The effectiveness of our Board is vital to our strategic delivery. During the year we reviewed our own effectiveness, including our skills and attributes. We have been using the results to inform our appointment process for new Board Members, who will join us during 2023-24.

Our 'Inclusion for Everyone' strategy commits to improving female representation at senior level within the organisation. Of our seven non-executive directors, three are female, two identify as being from ethnically diverse backgrounds and one as having a disability.

We believe that a positive culture of openness and accountability is promoted through the inclusion of executive Board members, who provide knowledge and insight, alongside Non-Executive Members to provide constructive challenge and an external perspective. Our independent committee members bring additional specialist skills. There is more detail about the Board composition below.

The Board works through its committee structure with each committee providing detailed scrutiny and assurance on matters within its remit.

Board and committees
Year ended 31 March 2023

Non-Executive Directors

Paul Leinster
Chair of the Board

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

Paul High
Chair of Development and Assets Committee

Katherine Horrell
Chair of Group Treasury Committee and Development and Asset Committee

Geraldine O'Sullivan
Chair of Customer Committee

Shirley Pointer
Chair of Remuneration and Nominations Committee

Bob Tattar
Retired 31 March 2023

Committee Members

Hari Punchiheva
Non-Executive Director
Started 1 May 2023

Steve Dickinson
Non-Executive Director
Started 1 May 2023

Cliff Broadhurst
Independent Member of Group Treasury Committee and Non-Executive Director Bushmead Homes

Malcolm Zack
Independent Member of Audit and Risk Committee
Retired 5 July 2023

Key

- Audit and Risk Committee
- Development and Assets Committee
- Group Treasury Committee
- Remunerations and Nominations Committee
- Customer Committee

Executive Directors

Kevin Bolt
Chief Executive Officer
Retired 30 April 2023

Richard Hill
Chief Executive Officer
Started 1 May 2023

Julian Pearce
Chief Financial Officer

Jeff Astle
Executive Director of Development and Sales

Executive Team Members

Paul Cook
Director of Property Services and Compliance

Anna Humphries
Director of Customers and Services

Eddie Kelly
Director of External Affairs

Adrian Moore
Director of IT

Gosia Motler
Director of Strategy and Corporate Finance

Lindsay Todd
Director of HR and Employee Engagement

Philippa Spratley
Company Secretary

Director of Governance and Compliance

Customer Committee

Our Customer Committee ensures that the customer experience is at the heart of our decision-making, by hearing directly from both our residents and customer-facing colleagues, as well as receiving more formal feedback through resident surveys.

During the year, we were pleased to welcome two Resident Inspectors to our meeting, as well as members of our Resolve Group. Both provided us with information about the experiences of our customers. We also heard from our surveyors who, as the first point of contact for our customers, were able to provide some key insights through describing a 'typical' day. As well as looking at the quality of our homes, our surveyors also provide a valuable link back to the organisation on wider issues such as complaints and anti-social behaviour.

We focused on bpha's work to support customers with the cost of living. Notably, on how our rent allowance fund is used to deliver support and how our money advice team provide assistance and advice. We heard directly from our Money Advice Manager, who shared some very moving accounts of some customers' circumstances and how the organisation has provided support.

With customer safety a continual priority, we have been looking at the work done by our Fire Safety Group. This, as well as the other key aims of the Social Housing White Paper, are monitored through the Committee and we are looking forward to receiving the first results from the Tenant Satisfaction Measures in the next financial year.

Audit and Risk Committee

The Audit and Risk Committee is appointed by the Board from its Non-Executive members.

We have continued to focus this year on the risks to our strategic delivery, with active horizon scanning which anticipates future risks which may influence our strategic direction. We engage widely with the Board including through our annual risk day. As well as considering its risk appetite and strategic risks, this year's risk day focussed particularly on cyber risk.

At our quarterly meetings we continue to focus on customer and employee safety and provide overall assurance to the Board on health and safety matters including damp and mould. The Board were also provided with a deep dive into Building Safety risks, including related data quality risks.

We seek and receive regular assurance from our internal auditors on internal controls, including meeting them regularly without the executive team.

Our external auditors regularly attend our meetings and we continue to review their appointment and consider their independence in addition to reviewing our annual and half year financial statements.

Remuneration and Nominations Committee

The Committee is appointed by the Board from our non-executive Board members and is responsible for confirming an appropriate strategy is in place to ensure the Group has employees with the skills, qualifications and expertise to deliver its Corporate Strategy.

This year we led the process to select a new Chief Executive Officer through an open recruitment process involving external recruiters, as well as all Board members and executives. We are also engaged in recruiting for new Non-Executive members as part of our succession planning, seeking to attract suitably skilled and diverse candidates through an externally led open recruitment campaign.

We have monitored progress in delivering our people strategy. This aims to deliver the skilled and diverse workforce that we need to deliver high quality services to customers. With low unemployment and skills shortages in the wider economy, we continue to face challenges in attracting employees who are both appropriately skilled and exemplify our values. At the same time the dual financial pressures of high inflation and capped rental income will challenge our ability to attract and retain employees. This year we had to make difficult decisions about staffing levels and the benefits we are able to offer to our employees. However, our ambition to invest in people to fulfil our vision of being an employer of choice remains unchanged.

We remain committed to promoting equality diversity and inclusion in our workforce and during the year we have reviewed and monitored bpha's 'Inclusion for Everyone' strategy which aims to reduce gender pay gap and improve ethnic diversity and female representation at senior level.

Development and Assets Committee

The Committee focuses both on the quality of our existing homes and the provision of new ones.

This year we have seen challenges of a competitive market, cost inflation and issues in the planning system, all contributing to a reduced programme. We are continuing to monitor our development strategy closely and remain committed to the development of affordable new homes.

Our shared ownerships sales have remained strong, while we remain aware of the impact of rising interest rates and consumer confidence on the sales market. The Committee will continue to monitor sales performance closely into the next financial year.

Our existing homes face different challenges and during the year we recommended to Board revised Asset and Environmental Strategies. Key to both strategies is the continual improvement in the EPC ratings of existing homes as well as supporting customers to reduce their carbon footprint through active engagement. We monitor progress against strategic commitments at each quarterly meeting.

We were pleased to again meet the Decent Homes standard. However, we recognise some of the challenges in the wider sector around the quality of homes, particularly issues of damp and mould. We must ensure that our homes are safe and in good condition, meeting all statutory and regulatory requirements. We review the compliance of all our homes with legislative and regulatory health and safety requirements at each meeting and we receive specific assurance around the management of damp and mould concerns raised by customers.

Group Treasury Committee

The Committee provides advice to the Board on the funding and financial implications of the Group's Corporate Strategy and business plans, advising the Board on any implications for the key financial metrics of the Group, and requirements for short to medium term funding.

We review our treasury management policy annually including our treasury risk appetite, liquidity, investments, borrowing and hedging. The Committee receives regular reports from our external treasury advisers and is responsible for reviewing and recommending to Board an appropriate funding strategy which will support the delivery of the Group's Corporate Strategy and long term business plans.

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 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.

bpha also owns a 50% share in the Oxfordshire Care Partnership and the Gloucestershire Care Partnership - joint venture companies that provide care services to Oxfordshire and Gloucestershire County Councils through a sub-contract with The Order of St John's Care Trust.

Risk and Assurance

bpha operates a robust risk management process.

Risks that affect bpha's long term strategic objectives are identified by the Board through a dedicated annual risk day where the Board's risk appetite for critical business objectives is set. Strategic risks are monitored quarterly though Audit and Risk Committee and reported to Board. Operational risks, which are linked to strategic risks, are reviewed quarterly by the Executive, supported by the Assurance and Risk Management Team and reported to Audit and Risk Committee. In addition, two executive strategic risk groups within high risk areas consider specific risks within their remit, reviewing the risk mitigants and the level of assurance over key controls.

The Strategic Health and Safety Group reviews risk and provides assurance on all aspects of health and safety. bpha's building safety and asset compliance is reported to the Development and Asset Committee. Employee health and safety performance is reported to the Remuneration and Nomination Committee and customer health and safety to the Customer Committee. Oversight is also provided by the Audit and Risk Committee.

Technology risks are considered by the Strategic Information Security Group which provides assurance to the Audit and Risk Committee.

Risk Appetite

Positioning Statement

The amount and type of risk that an organisation is willing to pursue or retain to achieve its Strategic Objectives or Goals.

Risk appetite is central to our risk culture, supporting strategic decision making and allowing us to identify the natural tensions between competing interests.

Risk Appetite discussions, aligned to strategic decision making, enable the Board to focus on trade-offs and set priorities.

Risk Appetite is also used to review our current risks and consider whether these are within our appetite.

Risks identified as outside our appetite allow us to consider whether that risk should be accepted or further mitigated.

Alternatively, risks identified as outside appetite may lead us to revisit our original decision or to consider whether our risk appetite is set at an appropriate level.

- **Health and Safety:** bpha prioritises the Health and Safety of its customers and employees. bpha will take all reasonably practicable steps to mitigate health and safety risk.
- **Customers:** bpha wishes to provide services which are inclusive to all its customers and keeps its customers at the centre of its goals and decisions. bpha prioritises the interests of its existing and future customers, whilst acknowledging there may be either financial and / or regulatory constraints that could limit the options that are available in terms of service offering.
- **Technology:** bpha recognises the potential benefits of technology in offering new and /or improved services to its existing and future customers. bpha will adopt new technology proactively, once that technology demonstrates its effectiveness and value for money, whilst taking all reasonably practicable steps to mitigate security and quality risks arising from its use.
- **Finance:** bpha is committed to both maintaining homes for its existing customers and building more homes to house those in need, for which it requires private finance. bpha has a limited risk appetite for any activity which may reduce its ability to raise future funding or which may make that funding significantly more expensive.
- **Development**: In pursuit of its objective to develop homes, bpha accepts risk associated with the development and sales process, provided that the development can be funded within its financial capacity, meets acceptable investment return criteria and does not adversely impact its long-term business model.
- **Governance:** To maintain regulatory compliance and the highest overall standards of governance, bpha has a very limited tolerance for any activity which has the potential to undermine its governance, compromise its integrity or damage its reputation with its customers or wider stakeholder.
- **Diversification:** bpha's approach to diversification of its business model is cautious. Diversification will only be considered where there is a clear alignment to bpha's charitable objectives and where the risk to its existing business is minimal.

Our Strategic Risks

The economic and operating environment remains challenging and our organisational risk profile continues to be higher than in previous years. bpha remains committed to achieving its strategic objectives and has identified the following as risks to achieving those objectives and has identified strategies to reduce those risks.

Investing in existing homes and communities

'to provide good quality, environmentally friendly homes in thriving communities, that our customers are proud to live in.'

Risks to Strategic Objective

- Homes are not designed or maintained to meet safety, quality and environmental standards.
- Communal areas (internal and external) are not designed and maintained to meet safety, quality and environmental standards.
- Homes cannot be accessed to remedy damp and mould issues.
- Homes cannot be improved to meet Carbon Zero.

Mitigations

- Investment in the new asset management system and increased stock condition surveys to improve data quality for strategic decision making.
- Annual business planning and budgeting process to ensure adequate funding for assets based on stock condition surveys.
- Environmental strategy and plan to deliver Carbon Zero targets monitored through Development and Asset Committee.
- In-sourcing of In-House Maintenance Services to improve control of quality and mitigate supplier risks.

Great customer experience and improving our services

'bpha will, through a better understanding of our customers as individuals, provide the right service at the right time to meet their housing needs and aspirations.'

Risks to Strategic Objective

- Changes to regulation and increasing customer expectations challenge existing resourcing levels.
- Lack of/or poor quality data limits customer insight
- Constantly changing needs of customers.

Mitigations

- Prioritisation of resource for customer delivery teams.
- Investment in the Service improvement team to ensure a proactive approach to improving customer services.
- Customer communication plans working with the communications team.
- Ongoing review of staffing requirements, ensuring bpha can adapt to meet demand.
- Improved data collection through targeted collection plans throughout 2023/24.

Building new, quality and sustainable safe homes

'to build communities where people can live happily in a home they can afford.'

Risks to Strategic Objective

- Inability to secure a development pipeline which matches our ambition to deliver new homes.
- Limited market place with fewer suitable contractors to build out schemes and contractor insolvency.
- Inflation impacting build costs.
- Lack of new grant availability and ability to utilise sufficient RCGF to support schemes.
- Inability to sell new homes impacting cross subsidy model.
- Potential longer term changes to the planning system (s106 mechanisms and First Homes).

Mitigations

- A proactive risk management approach to engagement with the contractors and developers.
- Developing the strategic relationship with our Local Authorities.
- Ongoing review of staffing requirements, ensuring bpha can secure the necessary resource and skills in a challenging market.
- Continuous monitoring of the investment criteria.

Great employer with excellent people

'to have the right people, in the right roles, supported by the right terms and conditions and culture.'

Risks to Strategic Objective

- Failure to maintain a culture which attracts and retains suitably skilled and diverse employees.
- Failure to invest in training / development of employees to provide the skills needed.

Mitigations

- Continuous monitoring of pay and benefits package and maintain the popular colleague recognition schemes.
- Equality, Diversity and Inclusion programme to deliver strategy goals and recruitment focus.
- Wellbeing strategy and initiatives to promote bpha culture.
- Workforce planning framework with investment in training and development to provide the skills needed.

Assurance

Bpha operates an assurance model aligned to the Institute of Internal Auditors three lines model. Head of Internal Audit services are outsourced to BDO.

Senior Managament Oversight

First line
Operational teams
Business Risk Owners
Design and implement controls

Second Line
Governance
(incl. Risk & Compliance)
Review of controls (design and implementation effectiveness) to reduce likelihood of risks crystallising and breaches occurring

Third Line
External/Internal audit
Committee oversight

Assurance is provided by the outputs from second and third line activities which given the nature of activities, are complementary

The line 2 activity of providing accurate and current information to give key stakeholders confidence over the management of risk, efficiency and effectiveness of internal controls and the status of organisational compliance with statutory obligations

Reviewing and reporting the status of risk against our appetite, risk crystallization, status of mitigants

Efficiency and effectiveness of internal controls – reviewed by compliance and risk monitoring activity

Status of organisational compliance with statutory obligations and best practice

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 have 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 2022. 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.

P. Spratley

Philippa Spratley
Company Secretary
15 August 2023

Independent auditor's report to BPHA

Opinion

We have audited the financial statements of bpha ("the Association") for the year ended 31 March 2023 which comprise the group statement of comprehensive income, the group statement of financial position, the group cash flow statement, the group statement of changes in equity 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, including 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 2023 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 prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

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.

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's 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").

In our evaluation of the Board's conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group's and the Association's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Board's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Association's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the Group or the Association will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, audit committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because of the limited opportunities identified.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual account pairings.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Association's Board is responsible for the other information, which comprises the Board's Annual Report, the Statement on Internal Financial Control. 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 its 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 explained more fully in their statement set out on page 70, 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, 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
15 August 2023

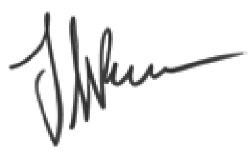
bpha group statement of comprehensive income for the year ended 31 March 2023

	Note		2023 Group £'000		2023 Association £'000	2022 Group £'000	2022 Association £'000
Turnover	3		**133,004**		**133,004**	**144,317**	**140,908**
Cost of sales	3		(10,597)		(10,584)	(25,344)	(21,061)
Operating costs (before pension cessation cost)		(74,317)	-	(74,314)		(68,928)	(68,875)
Pension cessation cost		(6,682)	-	(6,682)			
Operating costs (after pension cessation cost)	3		(80,999)		(80,996)	(68,928)	(68,875)
Gain on disposal of tangible fixed assets	3, 10		7,924		7,924	11,695	11,708
			-				
Valuation (loss)/gain on investment properties	3, 13		(660)		(660)	311	311
			-				
Operating surplus	3		**48,672**		**48,688**	**62,051**	**62,991**
Interest receivable and similar income	7		919		860	914	911
Interest payable and similar charges	8		(34,186)		(34,186)	(34,616)	(34,616)
Movement in fair value of financial instruments	20		1,080		1,080	11,666	11,666
Gift aid			-		-	-	990
Surplus before tax			**16,485**		**16,442**	**40,015**	**41,942**
Tax on surplus on ordinary activities	11		-		-	599	-
Surplus for the year	9, 23		**16,485**		**16,442**	**40,614**	**41,942**
Other comprehensive income							
Actuarial gains/(losses) on pension scheme	21		24,543		24,543	9,713	9,713
Other comprehensive income for the year	23		**24,543**		**24,543**	**9,713**	**9,713**
Total comprehensive income for the year			**41,028**		**40,985**	**50,327**	**51,655**

The financial statements were approved by the Board of Directors on 15 August 2023.

Signed on behalf of the Board by:

Richard Hill
Chief Executive Officer



Julian Pearce
Chief Financial Officer

Philippa Spratley
Company Secretary

bpha group statement of financial position at 31 March 2023

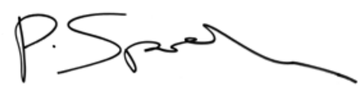
	Note	2023 Group £'000	2023 Association £'000	2022 Group £'000	2022 Association £'000
Fixed assets					
Housing properties and other fixed assets	12	1,316,406	1,316,321	1,285,053	1,285,165
Fixed asset investments	13, 29	16,420	33,098	17,080	33,758
HomeBuy loans receivable		24,213	24,213	26,140	26,140
		1,357,039	**1,373,632**	**1,328,273**	**1,345,063**
Current assets					
Properties for sale and work in progress	12	28,816	16,882	25,075	16,392
Trade and other debtors	14	6,431	6,929	6,016	6,734
Short term investments	15	1,900	1,900	1,919	1,919
Cash and cash equivalents		19,156	14,849	40,825	33,006
		56,303	**40,560**	**73,835**	**58,054**
Creditors: amounts falling due within one year	16	(39,074)	(38,552)	(38,970)	(38,541)
Net current assets		**17,229**	**2,008**	**34,865**	**19,513**
Total assets less current liabilities		**1,374,268**	**1,375,640**	**1,363,138**	**1,364,576**
Creditors: amounts falling due after more than one year					
Other creditors	17	(964,187)	(965,488)	(958,014)	(959,339)
Other provisions	20	-	-	(8,601)	(8,601)
Pension liability	21	-	-	(27,470)	(27,470)
		(964,187)	**(965,488)**	**(994,085)**	**(995,409)**
Net assets		**410,081**	**410,152**	**369,053**	**369,167**
Capital and reserves					
Called up share capital	22	-	-	-	-
Revenue reserve	23	410,081	410,152	369,053	369,167
Total funds		**410,081**	**410,152**	**369,053**	**369,167**

The financial statements were approved by the Board of Directors on 15 August 2023.

Signed on behalf of the Board by:

Richard Hill
Chief Executive Officer

Julian Pearce
Chief Financial Officer



Philippa Spratley
Company Secretary

Group cash flow statement for year ended 31 March 2023

Cash Flows from Operating Activities

	Note	2023 Group £'000	2023 Association £'000	2022 Group £'000	2022 Association £'000
Cash flows from operating activities					
Surplus for the year	a	**41,028**	**40,985**	**50,327**	**51,655**
Adjustments for:					
Depreciation and impairment		22,750	22,773	24,420	23,417
Cost of fixed assets sold		9,316	9,316	12,485	12,485
Proceeds from sale of tangible fixed assets		(20,080)	(20,080)	(26,831)	(26,831)
1st Tranche shared ownership surplus		(5,886)	(5,886)	(9,732)	(9,512)
Change in value of investment property		660	660	(311)	(311)
Interest receivable and similar income		(879)	(820)	(914)	(911)
Interest payable and similar charges		31,945	31,945	32,969	32,969
Movement in fair value of financial instruments		(1,080)	(1,080)	(11,666)	(11,666)
Internal development on-costs		(2,475)	(2,468)	(3,020)	(3,018)
Amortisation of government grant		(770)	(770)	(576)	(509)
	b	**33,501**	**33,590**	**16,824**	**16,113**
(Increase)/decrease in trade and other debtors		(170)	41	991	995
Increase in trade and other creditors		5,257	3,551	3,990	4,330
(Decrease) pension liability provision		(16,892)	(16,892)	(7,960)	(7,960)
	c	**(11,805)**	**(13,300)**	(2,979)	(2,635)
Net cash from operating activities	d=a+b+c	**62,724**	**61,275**	**64,172**	**65,133**

Group cash flow statement for year ended 31 March 2023

Cash Flows from Operating Activities (continued)

	Note	2023 Group £'000	2023 Association £'000	2022 Group £'000	2022 Association £'000
Cash flows from investing activities					
Disposal of tangible fixed assets		20,080	20,080	26,831	26,831
Proceeds from sale of 1st Tranche Shared Ownership		15,583	15,583	32,183	28,738
Interest received		879	820	456	453
Acquisition of tangible fixed assets (Non Property)		(1,032)	(1,032)	(1,089)	(1,089)
Capitalised repairs of housing properties		(21,578)	(21,571)	(21,152)	(21,352)
Purchase and development of housing properties		(52,642)	(47,612)	(52,411)	(50,806)
Proceeds from the receipt of government grants		-	-	1,587	1,587
Net cash from investing activities	e	**(38,710)**	**(33,732)**	**(13,595)**	**(15,638)**
Cash flows from financing activities					
Net movement on borrowings		8,408	7,708	(12,595)	(13,270)
Interest paid		(36,011)	(35,328)	(37,680)	(37,015)
Swap breakage costs		(7,521)	(7,521)	(34,297)	(34,297)
Mark To Market Collateral Movement		-	-	8,980	8,980
Net cash withdrawal from short term deposits and investments		19	19	947	947
Defined benefit contributions		(10,578)	(10,578)	(577)	(577)
Net cash from financing activities	f	**(45,683)**	**(45,700)**	**(75,222)**	**(75,232)**
Net (decrease) / increase in cash and cash equivalents	g=d+e+f	(21,669)	(18,157)	(24,645)	(25,737)
Cash and cash equivalents b/f		40,825	33,006	65,470	58,743
Cash and cash equivalents c/f	27	**19,156**	**14,849**	**40,825**	**33,006**

bpha group statement of changes in equity for year ended 31 March 2023

Group	Called up share capital £'000	Revenue reserve £'000	Total equity £'000
Balance at 31 March 2021	-	318,726	318,726
Total comprehensive income for the 2021/22 year			
Surplus for the year	-	40,614	40,614
Actuarial gains on pension scheme	-	9,713	9,713
Balance at 31 March 2022	-	369,053	369,053
Total comprehensive income for the 2022/23 year			
Surplus for the year	-	16,485	16,485
Actuarial gains on pension scheme	-	24,543	24,543
Balance at 31 March 2022	-	410,081	410,081

Association	Called up share capital £'000	Revenue reserve £'000	Total equity £'000
Balance at 31 March 2021	-	317,512	317,512
Total comprehensive income for the 2021/22 year			
Surplus for the year	-	41,942	41,942
Actuarial gains on pension scheme	-	9,713	9,713
Balance at 31 March 2022	-	369,167	369,167
Total comprehensive income for the 2022/23 year			
Surplus for the year	-	16,442	16,442
Actuarial gains on pension scheme	-	24,543	24,543
Balance at 31 March 2023	-	410,152	410,152

Notes to the financial statements for year ended 31 March 2023

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

bpha is the ultimate parent undertaking for the group and has prepared consolidated financial statements as there are two subsidiaries, bpha Finance plc and Bushmead Homes Limited, that are material components of the group. The group financial statements consolidate the accounts of bpha and all its subsidiaries at 31 March 2023.

Subsidiary financial statements are prepared for the same reporting periods as bpha, 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 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 2018 (SORP 2018) and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022.

As required in the updates to the FRS, SORP and Accounting Direction, operating surplus includes any profit or loss on the sale of property, plant and equipment, investment property and intangible assets. Any future profit or loss on the disposal of a discontinued operation would be excluded from operating surplus and explanations of the discontinuation would be made in the notes to the accounts.

Going Concern

The Board has assessed and approved the bpha group 30-year Business Plan. This evidences the immediate financial viability of the group and the resilience of its long-term plans to various stress scenarios. The stress scenarios tested include the severe but plausible downturn scenario of an economic recession, including higher cost inflation, higher interest rates, a freeze in rent increases, high bad debts, and a housing market slow down with a resultant reduction in open market property values.

bpha group has available cash and borrowing facilities which are sufficient to meet its ongoing obligations for at least 12 months. Regarding the longer-term plan and the ability to meet loan agreement obligations, all covenants and liquidity requirements are met throughout the next 10-year plan period. Consequently, the Board does not see a requirement to deviate from business as usual but will continue to monitor performance closely.

The Board therefore has a reasonable expectation that bpha group has adequate resources to continue in operational existence for at least 12 months from the date of signing. For this reason, the Board continues to adopt the going concern basis in preparing the group's financial statements.

Judgements in applying accounting policies and key sources of estimation uncertainty
In preparing the financial statements management have made 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 are usually directly attributable to specific tenures in line with contractual agreements. In cases where total scheme costs must be allocated between tenures, this is done on a floor area basis.

Financial instruments: determining the categorisation of financial instruments as basic or other and, if hedge effective, whether 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.

Evaluation of pension liability: the pension plan liabilities are based upon assumptions.

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 has taken account of the advice of independent qualified parties who provide technical expertise and/or valuations. If we 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:

- Investment properties – refer to note 13
- Financial instruments – refer to note 20
- Pension costs and fund valuation – refer to note 21

Impairment
The carrying amounts of bpha'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 bpha's assets are held for their service potential, the depreciated replacement cost is also considered as part of the impairment review. For 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 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 development of those properties, including capitalised interest, direct overheads, marketing, and other incidental costs incurred during the 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
bpha charges Value Added Tax (VAT) on some of its income and can therefore recover part of the VAT it incurs on expenditure. The Statement of Comprehensive Income includes VAT to the extent that this is suffered by bpha and not recoverable from HMRC.

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 bpha 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
bpha has charitable status and is not subject to Corporation Tax on surpluses arising because of, or earned in furtherance of, its charitable objectives.

bpha is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK Corporation Tax purposes. Accordingly, bpha 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.

bpha has several 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 including any 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
bpha separately identifies the major components which comprise its housing properties and charges depreciation 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 and are reviewed periodically. 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 – Pitched	60
Roofs – Flat	30
Windows and Doors	30
Electrics	30
Lift	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 properties are stated at the lower of cost and net realisable value. Short leasehold properties 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.

bpha has arrangements that are concessionary loans:

HomeBuy and other similar schemes – Under a HomeBuy scheme, bpha 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 bpha 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.

If the property is sold, bpha 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. bpha can 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 – bpha 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 properties 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 are discounted to determine their net present value with a subsequent impairment evaluation undertaken and the 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. After 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 grant
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. 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 is accounted for using the accrual model set out in FRS 102 and SORP. 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, the useful economic life of the housing property structure has been selected (see table of useful economic lives).

Where a social housing grant funded property is sold, the grant becomes recyclable and is transferred to the Recycled Capital Grant Fund (RCGF) 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.

Other grants include grants from local authorities and other organisations. 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.

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 bpha has a present legal or constructive obligation because 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.

bpha'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
bpha 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 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 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 20.

Pension costs
bpha operated a defined benefit pension scheme which closed to new members from 31 March 2010. The scheme was closed to existing members on 30 September 2022 and bpha exited the scheme on 16 February 2023.

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 colleagues 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 colleagues.

There are several 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 21 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 colleagues. The charge to the Statement of Comprehensive Income which represents bpha's contribution to the scheme for the accounting period is detailed in the notes to the financial statements.

Other employee benefits
The policy of bpha is to recognise the cost of all employee benefits to which colleagues have become entitled because 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.

bpha'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 bpha's Board.

Segmental reporting
For segmental reporting, the chief operating decision maker (CODM) is the Board. In line with the segments reported to the CODM, the presentation of these financial statements and accompanied notes are in accordance with Accounting Direction for Private Registered Providers of Social Housing 2019 and is considered appropriate. Information about income, expenditure, and assets attributable to material operating segments are presented based on the nature and function of housing assets held by the group. This is appropriate based on the similarity of the services provided, the nature of the risks associated, the type and class of customer and the nature of the regulatory environment in which the group operates. Refer to Note 3 for further disclosed information.

3: Turnover, Operating Costs and Operating Surplus – Group

Year ended 31 March 2023

	Units	2023 Turnover £'000	Cost of Sales £'000	Operating costs £'000	Surplus on disposals £'000	Valuation gain on investment £'000	Operating surplus £'000	Operating surplus %
Social housing lettings								
Social housing lettings (before pension cessation cost)	18,730	109,749	-	(67,322)	-	-	42,427	38.7%
Pension cessation costs		-	-	(4,952)	-	-	(4.952)	
Total social housing lettings		109,749	-	(72,274)	-	-	37,475	34.1%
Other social housing activities								
Management fees		298	-	-	-	-	298	
First tranche shared ownership sales		15,583	(10,584)	(3,351)	-	-	1,648	
Other (including Homebuy and Help to Buy Agents)		3,315	-	(2,053)	-	-	1,262	
Pension cessation costs		-	-	(756)	-	-	(756)	
Total other social housing activities		19,196	(10,584)	(6,160)	-	-	2,452	
Total social housing activities		**128,945**	**(10,584)**	**(78,434)**	**-**	**-**	**39,927**	
Activities other than social housing activities								
Non social housing activities	1,027	4,059	-	(1,591)	-	-	2,468	
Profit/(Loss) on private sales		-	(13)	-	-	-	(13)	
Surplus on disposal of fixed assets		20,080	-	(2,844)	(9,312)	-	7,924	
Fair value adjustments on investment properties		-	-	-	-	(660)	(660)	
Pension cessation costs		-	-	(974)	-	-	(974)	
Total activities other than social housing activities		24,139	(13)	(5,409)	(9,312)	(660)	8,745	
Total social and non social activities	19,757	**153,084**	**(10,597)**	**(83,843)**	**(9,312)**	**(660)**	**48,672**	
Capital receipts from disposal of fixed assets		(20,080)	-	2,844	17,236	-	-	
Adjusted social and non social activities		**133,004**	**(10,597)**	**(80,999)**	**7,924**	**(660)**	**48,672**	36.6%

Our business performance, as presented in our Operating and Financial Review, makes reference to our Development and Sales business which comprises asset and first tranche sales. The capital receipts for asset sales are included as revenue for this business in line with our treatment for first tranche shared ownership sales. For clarity, therefore, this treatment is reflected in the table above by including the capital receipts in the turnover column under the heading of "Surplus on disposal of fixed assets". Capital receipts are then removed at the bottom of the table, under the heading of "Capital receipts from disposal of fixed assets" to reconcile to our turnover as presented in the statement of comprehensive income.

3: Turnover, Operating Costs and Operating Surplus – Group

Year ended 31 March 2022

	Units	2022 Turnover £'000	Cost of Sales £'000	Operating costs £'000	Surplus on disposals £'000	Valuation gain on investment £'000	Operating surplus £'000	Operating surplus %
Total social housing lettings	18,584	103,604	-	(60,467)	-	-	43,137	41.6%
Other social housing activities								
Management fees		278	-	-	-	-	278	
First tranche shared ownership sales		28,738	(19,226)	(3,530)	-	-	5,982	
Other (including Homebuy and Help to Buy Agents)		4,228	-	(3,215)	-	-	1,013	
Total other social housing activities		33,244	(19,226)	(6,745)	-	-	7,273	
Total social housing activities		**136,848**	**(19,226)**	**(67,212)**	**-**	**-**	**50,410**	
Activities other than social housing activities								
Non social housing activities	1,034	4,025	-	(1,590)	-	-	2,435	
Loss on private sales		3,444	(6,118)	(126)	-	-	(2,800)	
Surplus on disposal of fixed assets		26,831	-	(2,653)	(12,483)	-	11,695	
Fair value adjustments on investment properties		-	-	-	-	311	311	
Total activities other than social housing activities		34,300	(6,118)	(4,369)	(12,483)	311	11,641	
Total social and non social activities	19,618	**171,148**	**(25,344)**	**(71,581)**	**(12,483)**	**311**	**62,051**	
Capital receipts from disposal of fixed assets		(26,831)	-	2,653	24,178	-	-	
Adjusted social and non social activities		**144,317**	**(25,344)**	**(68,928)**	**11,695**	**311**	**62,051**	43.0%

Notes to the financial statements for year ended 31 March 2023

3: Turnover, Operating Costs and Operating Surplus – Association

Year ended 31 March 2023

	Units	2023 Turnover £'000	Cost of Sales £'000	Operating costs £'000	Surplus on disposals £'000	Valuation gain on investment £'000	Operating surplus £'000	Operating surplus %
Social housing lettings								
Social housing lettings (before pension cessation cost)	18,730	109,749	-	(67,924)	-	-	41,825	38.1%
Pension cessation costs		-	-	(4,952)	-	-	(4,952)	
Total social housing lettings		109,749	-	(72,876)	-	-	36,873	33.6%
Other social housing activities								
Management fees		298	-	-	-	-	298	
First tranche shared ownership sales		15,583	(10,584)	(3,351)	-	-	1,648	
Other (including Homebuy and Help to Buy Agents)		3,315	-	(2,053)	-	-	1,262	
Pension cessation costs		-	-	(756)	-	-	(756)	
Total other social housing activities		19,196	(10,584)	(6,160)	-	-	2,452	
Total social housing activities		**128,945**	**(10,584)**	**(79,036)**	**-**	**-**	**39,325**	
Activities other than social housing activities								
Non social housing activities	1,027	4,059	-	(1,592)	-	-	2,467	
Impairment of investment in subsidiary		-	-	606	-	-	606	
Surplus on disposal of fixed assets		20,080	-	(2,844)	(9,312)	-	7,924	
Fair value adjustments on investment properties		-	-	-	-	(660)	(660)	
Pension cessation costs		-	-	(974)	-	-	(974)	
Total activities other than social housing activities		24,139	-	(4,804)	(9,312)	(660)	9,363	
Total housing activities	19,757	**153,084**	**(10,584)**	**(83,840)**	**(9,312)**	**(660)**	**48,688**	
Capital receipts from disposal of fixed assets		(20,080)	-	2,844	17,236	-	-	
Adjusted social and non social activities		**133,004**	**(10,584)**	**(80,996)**	**7,924**	**(660)**	**48,688**	36.6%

Notes to the financial statements for year ended 31 March 2023

3: Turnover, Operating Costs and Operating Surplus – Association

Year ended 31 March 2022

	Units	2022 Turnover £'000	Cost of Sales £'000	Operating costs £'000	Surplus on disposals £'000	Valuation gain on investment £'000	Operating surplus £'000	Operating surplus %
Total social housing lettings	18,584	103,604	-	60,541	-	-	43,063	41.6%
Other social housing activities								
Management fees		278	-	-	-	-	278	
First tranche shared ownership sales		28,738	(19,226)	(3,530)	-	-	5,982	
Other (including Homebuy and Help to Buy Agents)		4,263	-	(3,215)	-	-	1,048	
Total other social housing activities		33,279	(19,226)	(6,745)	-	-	7,308	
Total social housing activities		**136,883**	**(19,226)**	**(67,286)**	**-**	**-**	**50,371**	
Activities other than social housing activities								
Non social housing activities	1,034	4,025	-	(1,590)	-	-	2,435	
Impairment of investment in subsidiary			(1,835)	-	-	-	(1,835)	
Surplus on disposal of fixed assets		26,831	-	(2,653)	(12,470)	-	11,708	
Fair value adjustments on investment properties		-	-	-	-	311	311	
Total activities other than social housing activities		30,856	(1,835)	(4,243)	(12,470)	311	12,619	
Total housing activities	19,618	**167,739**	**(21,061)**	**(71,529)**	**(12,470)**	**311**	**62,990**	
Capital receipts from disposal of fixed assets		(26,831)	-	2,653	24,178	-	-	
Adjusted social and non social activities		**140,908**	**(21,061)**	**(68,876)**	**11,708**	**311**	**62,990**	44.7%

Notes to the financial statements for year ended 31 March 2023

3: Income and Expenditure from Social Housing Lettings – Group

	General Housing	Low cost home ownership	Supported Housing	Residential Care Homes	Others	2023	2022
Units	12,183	3,016	1,302	862	1,367	18,730	18,584
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income from social housing lettings							
Rent receivable net of identifiable service charges	75,087	11,562	6,933	5,408	680	99,670	94,306
Charges for support services	65	15	163	-	-	243	205
Service Charge Income	4,040	1,563	2,842	94	579	9,118	8,641
Net rents receivable	79,192	13,140	9,938	5,502	1,259	109,031	103,152
Revenue grants from local authorities and other agencies	720	-	-	-	-	720	452
Total income from social housing lettings	79,912	13,140	9,938	5,502	1,259	109,751	103,604
Expenditure on letting activities							
Management cost	(13,268)	(3,285)	(1,418)	-	-	(17,971)	(15,798)
Pension cessation cost	(3,656)	(905)	(391)	-	-	(4,952)	-
Total management cost	(16,924)	(4,190)	(1,809)	-	-	(22,923)	(15,798)
Service charge cost	(7,891)	(1,954)	(843)	-	(885)	(11,573)	(9,749)
Routine Maintenance	(11,444)	-	(1,223)	-	-	(12,667)	(9,911)
Planned maintenance	(4,460)	-	(477)	-	-	(4,937)	(4,875)
Rent losses from bad debts	(526)	(130)	(56)	-	-	(712)	(655)
Depreciation	(16,526)	-	(1,766)	(1,169)	-	(19,461)	(19,479)
Total expenditure on social housing lettings	(57,771)	(6,274)	(6,174)	(1,169)	(885)	(72,273)	(60,467)
Operating surplus on social housing lettings	22,141	6,866	3,764	4,333	374	37,478	43,137
Void losses	(683)	(169)	(73)	-	(77)	(1,001)	(845)

Notes to the financial statements for year ended 31 March 2023

3: Income and Expenditure from Social Housing Lettings – Association

	General Housing	Low cost home ownership	Supported Housing	Residential Care Homes	Others	2023	2022
Units	12,183	3,016	1,302	862	1,367	18,730	18,584
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income from social housing lettings							
Rent receivable net of identifiable service charges	75,087	11,562	6,933	5,408	680	99,670	94,306
Charges for support services	65	15	163	-	-	243	205
Service Charge Income	4,040	1,563	2,842	94	579	9,118	8,641
Net rents receivable	79,192	13,140	9,938	5,502	1,259	109,031	103,152
Revenue grants from local authorities and other agencies	720	-	-	-	-	720	452
Total income from social housing lettings	79,912	13,140	9,938	5,502	1,259	109,751	103,604
Expenditure on letting activities							
Management cost	(13,672)	(3,385)	(1,461)	-	-	(18,518)	(15,819)
Pension cessation cost	(3,656)	(905)	(391)	-	-	(4,952)	-
Total management cost	(17,328)	(4,290)	(1,852)	-	-	(23,470)	(15,819)
Service charge cost	(7,891)	(1,954)	(843)	-	(885)	(11,573)	(9,745)
Routine Maintenance	(11,444)	-	(1,223)	-	-	(12,667)	(9,911)
Planned maintenance	(4,460)	-	(477)	-	-	(4,937)	(4,875)
Rent losses from bad debts	(526)	(130)	(56)	-	-	(712)	(655)
Depreciation	(16,574)	-	(1,771)	(1,173)	-	(19,518)	(19,535)
Total expenditure on social housing lettings	(58,223)	(6,374)	(6,222)	(1,173)	(885)	(72,877)	(60,541)
Operating surplus on social housing lettings	21,689	6,766	3,716	4,329	374	36,874	43,064
Void losses	(683)	(169)	(73)	-	(77)	(1,001)	(845)

4. Number of Units Owned and in Management

Analysis of movement 2022 to 2023	2023	2022	Category change	Additions	Disposals	Total movement
Owned – General	8,896	8,901	1	-	(6)	(5)
Owned – Affordable	2,588	2,473	1	114	-	115
Near market rents	404	405	(1)	-	-	(1)
Rent to HomeBuy	295	318	(23)	-	-	(23)
General housing	**12,183**	**12,097**	**(22)**	**114**	**(6)**	**86**
Shared ownership	2,828	2,769	23	109	(73)	59
Key worker – Shared ownership	188	191	-	-	(3)	(3)
Low cost home ownership	**3,016**	**2,960**	**23**	**109**	**(76)**	**56**
Owned – Supported	140	140	-	-	-	-
Owned – Supported – Managed by others	153	147	6	-	-	6
Owned – Housing for older people	1,009	1,010	(1)	-	-	(1)
Owned – Housing for older people – Managed by others	-	-	-	-	-	-
Supported housing	**1,302**	**1,297**	**5**	**-**	**-**	**5**
Owned – Elderly residential care homes	862	862	-	-	-	-
Residential care homes	**862**	**862**	-	-	**-**	**-**
Owned – Students/Nurses	498	498	-	-	-	-
Owned – Elderly nursing care homes	496	496	-	-	-	-
Owned – Managed by others	2	2	-	-	-	-
Commercial	31	38	(6)	-	(1)	(7)
Non-social	**1,027**	**1,034**	**(6)**	**-**	**(1)**	**(7)**
Total owned	**18,390**	**18,250**	**-**	**223**	**(83)**	**140**
Open Market HomeBuy	353	374	-	-	(21)	(21)
MyChoice HomeBuy/Shared equity	225	249	-	-	(24)	(24)
Leaseholders	692	668	(1)	26	(1)	24
Leaseholders – Reversionary interest	4	4	-	-	-	-
Managed for others	93	73	1	19	-	20
Others	**1,367**	**1,368**	**-**	**45**	**(46)**	**(1)**
Total owned and in management	**19,757**	**19,618**	**-**	**268**	**(129)**	**139**

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 2023 for the non-executive directors amounted to £131k (2022: £131k).

Non-executive directors	£'000 Salary	£'000 Expenses	2023 £'000 Total	2022 £'000 Total
Paul Leinster Chair of the Board	28	-	28	28
Ian Ailles Chair of the Audit and Risk Committee and Senior Independent Director	23	-	23	23
Paul High Chair of the Development and Assets Committee	17	-	17	17
Katherine Horrell Treasury Non-Executive Director and Committee Chair (appointed 01 July 2021)	17	-	17	13
Geraldine O'Sullivan Chair of the Customer Committee and Independent Non-Executive Director	17	-	17	17
Shirley Pointer Chair of the Remuneration and Nominations Committee	17	-	17	17
Bob Tattar Independent Non-Executive Director (retired 31 March 2023)	12	-	12	12
Martin Hurst Chair of the Group Treasury Committee (retired 30 June 2021)	-	-	-	4
Grand Total	**131**	**-**	**131**	**131**

In addition to the above, a total of £8k (2022: £8k) was paid to members of the Audit and Risk Committee and of the Group 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.

5. Non-executive Directors' and Directors' Emoluments (continued)

Board Executive Directors	Salary £'000	Benefits in kind £'000	Pension contributions £'000	2023 Total £'000	2022 Total £'000
Kevin Bolt Chief Executive	231	9	27	267	247
Delayed retirement payment	114	-	14	128	-
Julian Pearce Chief Financial Officer	186	7	-	193	187
Jeff Astle Executive Director of Development and Sales	155	7	9	171	160
Sub Total – Board Executive Directors	**686**	**23**	**50**	**759**	**594**

Other Executive Directors	Salary £'000	Benefits in kind £'000	Pension contributions £'000	2023 Total £'000	2022 Total £'000
Gosia Motler Director of Strategy and Corporate Finance	137	7	17	161	156
Anna Humphries Director of Customers and Services	135	7	17	159	149
Paul Cook Director of Property Services and Compliance	125	7	18	150	135
Adrian Moore Director of IT	112	7	15	134	135
Eddie Kelly Director of External Affairs	114	7	7	128	124
Philippa Spratley Director of Governance and Compliance	104	7	13	124	119
Lindsay Todd Director of HR and Employee Engagement	103	6	14	123	113
Sub Total – Other executive directors	**830**	**48**	**101**	**979**	**931**
Grand Total	**1,516**	**71**	**151**	**1,738**	**1,525**

Kevin Bolt, who as Chief Executive, was the highest paid Director, was entitled to a contribution of 12% of basic salary to be paid into a defined contribution scheme. Kevin Bolt retired from the Board and left the business on 30 April 2023. The delayed retirement payment (£128k) noted above was paid at his time of leaving and provided within the 2022/23 accounts. Accordingly the remuneration of the highest paid director was £395k for 2023 and £247k for 2022.

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

Notes to the financial statements
for year ended 31 March 2023

6. Employee Information

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

Department	Female	Male	2023 Total	Female	Male	2022 Total
Executive Leadership Team	7	6	13	8	6	14
Development and Sales	31	22	53	36	20	56
Finance and IT	49	33	82	48	37	85
HR, Governance and External Affairs	32	7	39	35	6	41
Service Delivery	178	130	308	180	96	276
	297	198	495	307	165	472

Employee costs (for the above persons)	2023 £'000	2022 £'000
Wages and salaries	19,481	16,631
Social security costs	2,018	1,777
Pension - defined benefit current service cost (note 21)	567	1,020
Pension - defined contribution cost	1,433	1,040
	23,499	20,468

The number of colleagues (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 colleagues who receive remuneration	2023	2022
£60,001 to £70,000	23	22
£70,001 to £80,000	16	12
£80,001 to £90,000	11	11
£90,001 to £100,000	5	3
£100,001 to £110,000	3	3
£110,001 to £120,000	3	-
£120,001 to £130,000	1	-

Full-time equivalents are calculated based on a standard working week of 37 hours from a year end position.
Association information has not been separately disclosed within this note as group is materially the same as association.

7. Interest Receivable and Other Income

	2023 Group £'000	2023 Association £'000	2022 Group £'000	2022 Association £'000
Interest Receivable	508	449	40	37
My Choice HomeBuy Interest Receivable	411	411	874	874
	919	**860**	**914**	**911**

8. Interest Payable and Similar Charges

	2023 Group £'000	2023 Association £'000	2022 Group £'000	2022 Association £'000
On bonds, bank loans, overdrafts and other loans	42,553	42,553	64,900	64,900
Movement on termination of swap (note 20)	(7,521)	(7,521)	(28,857)	(28,857)
Other loan costs	1,739	1,739	1,471	1,471
On defined benefit pension scheme (note 21)	648	648	733	733
Less: interest payable capitalised on housing properties under construction	(3,233)	(3,233)	(3,631)	(3,631)
	34,186	**34,186**	**34,616**	**34,616**
Capitalisation rate used to determine finance costs capitalised during the period	**4.00%**	**4.00%**	**4.30%**	**4.30%**

Notes to the financial statements
for year ended 31 March 2023

9. Surplus for the Financial Year

	2023 Group £'000	2022 Group £'000
Surplus on ordinary activities is stated after charging:		
Depreciation of housing properties	19,572	19,604
Depreciation of other tangible fixed assets	1,480	1,466
Impairment losses on inventories	920	2,893
Auditors' remuneration (excluding VAT)		
for audit services	145	84
for non-audit services		
service charges	8	7
other	-	-
Operating lease payments		
Vehicles, computers and equipment	39	36
Land and buildings	227	227

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

During the year, development schemes were reviewed. Following this review, impairment provisions were made to reduce the land value held in current assets into line with the latest view of likely net realisable value.

10. Gain on Disposal of Fixed Assets - Housing Properties

	2023 Group			2022 Group		
	Disposal Proceeds £'000	Cost of Sales £'000	Gain on Disposal £'000	Disposal Proceeds £'000	Cost of Sales £'000	Gain on Disposal £'000
Shared Ownership staircasing	12,649	(6,343)	6,306	18,793	(8,361)	10,432
Asset Management and Other Sales	3,045	(648)	2,397	3,911	(1,484)	2,427
Right To Buy	1,022	(394)	628	345	(216)	129
MyChoice HomeBuy	2,203	(1,348)	855	2,835	(1,837)	998
Open Market HomeBuy	1,161	(579)	582	947	(585)	362
	20,080	**(9,312)**	**10,768**	**26,831**	**(12,483)**	**14,348**
Operating cost			**(2,844)**			**(2,653)**
Gain on disposal of tangible fixed assets			**7,924**			**11,695**

Notes to the financial statements for year ended 31 March 2023

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 subsidary 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			2023 Group £'000		2022 Group £'000
Total Tax			-		(599)
Reconciliation of effective tax rate					
Profit for the year	- bpha group		17,671		40,614
	- Less: bpha Limited (excluding gift aid)		(17,628)		(40,952)
	- Less: Items eliminated on consolidation:				
	Impairment of Investment in Subsidiary	-		(1,835)	
	Depreciation eliminated	(56)		(56)	
	Intercompany (loss)	(139)		-	
			(195)		(1,891)
			(152)		(2,229)
Total tax (credit)/expense			-		(599)
(Loss) / Profit excluding taxation			(152)		(2,828)
Taxation					
Tax using the UK corporation tax rate of 19%			(29)		(537)
Tax credit not adjusted			38		-
Remeasurement of deferred tax for changes in tax rates			(9)		(144)
Expenses not deductible for tax purposes			-		82
Total (credit)/tax expense			-		(599)

Notes to the financial statements for year ended 31 March 2023

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 £'0000	Total £'000
Cost							
At 31 March 2022	**204,399**	**1,147,193**	**13,072**	**34,089**	**1,830**	**12,956**	**1,413,539**
Schemes completed in the period	1,243	29,610	(1,243)	(29,610)	-	-	-
Additions	-	-	13,114	31,468	-	1,020	45,602
Transfer to Current Assets	-	-	(11,074)	-	-	-	(11,074)
Improvements	-	14,283	-	6,910	-	-	21,193
Interest capitalised	-	-	1,676	1,557	-	-	3,233
Disposals	(5,390)	(2,069)	-	-	(1,046)	(9,381)	(17,886)
At 31 March 2023	**200,252**	**1,189,017**	**15,545**	**44,414**	**784**	**4,595**	**1,454,607**
Depreciation							
At 31 March 2022	**-**	**116,032**	**-**	**-**	**1,631**	**10,823**	**128,486**
Charge for year	-	19,572	-	-	125	1,355	21,052
On disposals	-	(910)	-	-	(1,046)	(9,381)	(11,337)
At 31 March 2023	**-**	**134,694**	**-**	**-**	**710**	**2,797**	**138,201**
Net book value							
At 31 March 2023	**200,252**	**1,054,323**	**15,545**	**44,414**	**74**	**1,798**	**1,316,406**
Net book value at							
At 31 March 2022	**204,399**	**1,031,161**	**13,072**	**34,089**	**199**	**2,133**	**1,285,053**

Notes to the financial statements for year ended 31 March 2023

12. Expenditure on Improvements to Existing Properties

	2023 Group £'000	2022 Group £'000
Amounts capitalised	21,193	20,485
Routine and planned maintenance	17,604	14,785
	38,797	**35,270**

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

12. Completed Properties and Work in Progress Transferred to Current Assets

	2023 Group £'000	2023 Association £'000	2022 Group £'000	2022 Association £'000
Current asset work in progress	21,745	9,811	17,743	9,061
Completed properties held for sale	7,071	7,071	7,331	7,331
	28,816	**16,882**	**25,074**	**16,392**

The cost of shared ownership properties in the course of construction is apportioned between the equity percentage expected to be retained by the association and the portion expected to be sold. 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)".

Current asset work in progress is stated in the table above net of an impairment provision for the group of £3,813k (2022: £2,893k) and the association of £887k (2022: £0). This impairment provision has been made during the year following a review of development schemes. It brings the current asset values in line with the latest view of likely net realisable values.

Notes to the financial statements for year ended 31 March 2023

13. Investment Properties

	2023 Group £'000	2023 Association £'000	2022 Group £'000	2022 Association £'000
Investment properties	16,420	16,420	17,080	17,080
The reported balance and movement in the investment properties following the annual valuation was:				
Opening balance	17,080	17,080	16,769	16,769
Revaluation in the year	(660)	(660)	311	311
Closing balance	**16,420**	**16,420**	**17,080**	**17,080**

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)) 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.

14. Trade and Other Debtors

	2023 Group £'000	2023 Association £'000	2022 Group £'000	2022 Association £'000
Accounts falling due within one year:				
Rental and service charges debtors	6,422	6,422	5,529	5,529
Less: provision for bad and doubtful debts	(4,429)	(4,429)	(4,366)	(4,366)
	1,993	1,993	1,163	1,163
Other debtors	1,972	1,766	2,532	2,532
Deferred tax asset	599	-	599	-
Prepayment and accrued income	3,070	3,064	3,490	3,483
Amounts owed by group undertakings	-	1,309	-	1,324
	5,641	6,139	6,621	7,339
Less: provision for bad and doubtful debts	(1,203)	(1,203)	(1,768)	(1,768)
	4,438	4,936	4,853	5,571
Accounts falling due after more than one year:				
Loan to Gloucestershire Care Partnership Limited	417	417	409	409
Less: provision for bad and doubtful debts	(417)	(417)	(409)	(409)
	6,431	**6,929**	**6,016**	**6,734**

15. Current Asset Investments

	2023 Group £'000	2023 Association £'000	2022 Group £'000	2022 Association £'000
Cash collateral on securing loan and interest	1,900	1,900	1,919	1,919
Current asset investments	**1,900**	**1,900**	**1,919**	**1,919**

Notes to the financial statements
for year ended 31 March 2023

16. Creditors: Amounts Falling due within One Year

	2023 Group £'000	2023 Association £'000	2022 Group £'000	2022 Association £'000
Trade Creditors	1,389	1,389	475	471
Contracts for capital works and retentions	5,123	4,902	6,609	6,484
Accruals and deferred income	3,922	3,916	4,448	4,442
Debt (note 19)	12,500	12,500	12,500	12,500
Interest payable	7,556	1,297	7,843	1,584
Rent and service charges received in advance	3,482	3,482	3,195	3,195
Taxation and social security	37	49	22	43
Recycled Capital Grant Fund (note 18)	3,074	3,074	388	388
Amounts due to group undertakings	-	6,259	-	6,259
Other creditors	1,991	1,684	3,490	3,175
	39,074	**38,552**	**38,970**	**38,541**

Accruals and deferred income includes £0k (2022: £252k) in respect of grants received in advance for specific purposes.

Payments to Creditors

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

17. Creditors: Amounts Falling due After More than One Year

		2023 Group £'000	2023 Association £'000	2022 Group £'000	2022 Association £'000
Debt (note 19)		847,323	552,621	838,209	542,847
Amounts due to group undertakings		-	296,003	-	296,685
Recycled Capital Grant Fund (note 18)		8,276	8,276	8,703	8,703
Deferred government grant		57,158	57,158	57,558	57,558
Grant on HomeBuy and MyChoice HomeBuy loans		18,686	18,686	20,034	20,034
Major Repairs Fund held on behalf of	– Oxfordshire Care Partnership	4,000	4,000	4,493	4,493
	– Leaseholders	5,428	5,428	4,965	4,965
Bond premium		23,316	23,316	24,052	24,052
		964,187	**965,488**	**958,014**	**959,337**

Notes to the financial statements for year ended 31 March 2023

18. Recycled Capital Fund (RCGF) Group and Association

Recycled Capital Grant Fund	Total £'000
At 1 April 2022	**9,091**
Grants recycled	
Housing Properties	979
MyChoice HomeBuy	772
Open Market HomeBuy	576
Interest Accrued	245
Purchase/Development of Properties	(313)
Balance at 31 March 2023	**11,350**
Amount falling due within 1 Year	3,074
Amount falling due after more than 1 Year	8,276
	11,350

Notes to the financial statements for year ended 31 March 2023

19. Debt Analysis

The Group has a policy to ensure that it has diverse funding sources and at the year end it had a mixture of secured and unsecured facilities, with 48% of all drawn debt through capital markets. Bank and capital markets debt is subject to fixed rates of interest (excluding margin on the loan) ranging from 1.47% to 10.64% and at variable rates linked to the benchmark rate (currently SONIA) with all secured funding having specific charges on the association's housing properties. Our syndicated bank loan facility has an amortised repayment profile and will be fully repaid by January 2041 with other bank and capital markets debt being repaid by January 2047.

In capital markets the Group has raised £350m by issuing its secured public bond through its subsidiary bpha Finance plc, which is repayable in 2044. In addition the Group has issued £125m US private placement through bpha Limited which has five tranches with maturities between 2030 and 2040. The private placement has been issued with £118m on an unsecured basis wih the remaining £7m issued on a secured basis.

At 31 March 2023 within the Group's drawn debt portfolio there was a total of £118m of unsecured debt.

Drawn debt	2023 Group £'000	2022 Group £'000
Breakdown of debt:		
Bank and building society loans	427,500	419,000
The Housing Finance Corporation	36,000	36,000
Bonds	400,000	400,000
Other loans	1,337	1,429
	864,837	856,429
Deferred costs	(5,014)	(5,721)
	859,823	**850,708**

	2023 £'000	2022 £'000
Debt is repayable as follows:		
Due within one year	12,500	12,500
Due after one year and within two years	12,500	12,500
Due after two years and within five years	55,525	37,500
Due after more than five years	779,298	788,208
	859,823	**850,708**

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

Under FRS102 (s17.32) 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 £850m (2022: £854m).

The remaining properties not pledged as security are available to support our unsecured debt and the charging valuation provided by external valuers at the end of the year was £510m (2022: £463m).

20. 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.

During the year the Group through its annual review of its financial instruments undertook to rationalise its derivative portfolio. The Group terminated interest rate derivatives with a nominal of £30m and maturity dates during 2041, reducing future risk of margin calls and reducing future interest costs.

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

Counterparty	Nominal 2023 £'000	Nominal 2022 £'000	Market valuation; liability at 2023 £'000	Market valuation; liability at 2022 £'000	Movement 2023 £'000
(i) Interest rate swaps: bpha pays fixed, receives variable	-	9,880	-	3,728	(3,728)
(ii) Margin swap: bpha pays floating plus margin, receives floating	-	20,000	-	4,558	(4,558)
(iii) Swaptions – banks' option to enter swaps to exactly offset specific swaps detailed above	-	9,880	-	315	(315)
Total	**-**	**39,760**	**-**	**8,601**	**(8,601)**

The movement for the year is the change in market valuation until termination date. In 2022/23 there is £7.5m of break costs in relation to the Lloyds derivatives.

Reconciliation of change in value of Financial Instruments	2023 £'000	2022 £'000
Market value; liability at start of year	8,601	49,125
Change in market value; (decrease) in liability	(1,080)	(11,667)
Termination	(7,521)	(28,857)
Market value; liability at end of year	-	**8,601**

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

21. Pensions

The association was an admitted member of the Bedfordshire Pension Fund ("the fund") until the cessation date of 16 February 2023. The fund 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 and closed the scheme completely on 30 September 2022, therefore at 31 March 2023 there were 0 (2022: 87) employees who were active members of the fund. Upon closure of the scheme on 30 September 2022, the association entered into a deferred debt agreement with the fund. Notice was then given to exit the deferred debt agreement and a cessation debt of £9,700k was agreed as at 16 February 2023 and paid prior to the end of the year. The following tables show the movements of the fund assets and obligations under the rules set out by FRS 102 and result in a fund deficit of £3,018k at the cessation date of 16 February 2023. Because at the same date, the cessation debt was £9,700k, the difference of £6,682k has been charged to operating costs to bring the fund liability to zero as at 31 March 2023.

The employers' contributions to the Fund by the association for the year ended 31 March 2023 totalled £1,170k (2022: £1,389k) which included both a lump sum contribution together with an amount relating to employees for which the employers' contribution rate was 22.1%.

Financial Assumptions

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

	2023* % per annum	2022 % per annum
Discount rate	4.61%	2.75%
Pension Increases	2.99%	3.25%
Salary increases	2.99%	2.30%

21. Pensions (continued)

Mortality Assumptions

The post retirement mortality assumption adopted for all calculations is based on Club Vita mortality analysis. These base tables are then projected using the CMI_2021 Model, allowing for a long-term rate of improvement of 1.25% per annum, smoothing parameter of 7.0, an initial addition parameter of 0.0% per annum and a 2021 weighting of 5%.

The assumed life expectancies, based on the assumptions set out about are shown in the table below:

	Males 2023	Males 2022	Female 2023	Female 2022
Retiring today	21.4 years	22.0 years	24.2 years	24.4 years
Retiring in 20 years	22.4 years	22.9 years	25.7 years	26.0 years

Sensitivity Analysis

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

Change in assumptions at 16 February 2023:	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present Value of Total Obligation	57,762	58,741	59,746
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present Value of Total Obligation	58,817	58,741	58,666
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present Value of Total Obligation	59,686	58,741	57,820
Adjustments to life expectancy assumptions	+1 Year	None	-1 Year
Present Value of Total Obligation	61,039	58,741	56,536

Actual Return on Plan Assets:

	2023* £'000	2022 £'000
Interest income on plan assets	1,316	1,024
(Loss) / return on assets less interest	(166)	4,281
Actual return on plan assets	**1,150**	**5,305**

*Period to 16 February 2023

21. Pensions (continued)

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.

	2023* Assets £'000	2023* Assets %	2022 Assets £'000	2022 Assets %
Equities	35,703	63%	33,455	61%
Bonds	10,312	19%	13,580	25%
Property	8,300	15%	6,764	12%
Cash	1,408	3%	1,129	2%
Total	**55,723**	**100%**	**54,928**	**100%**

Amounts for the Current and Previous Four Years are as Follows:

	2023* £'000	2022 £'000	2021 £'000	2020 £'000	2019 £'000
Present value of defined benefit obligation	(58,741)	(82,398)	(86,206)	(68,172)	(73,593)
Fair value of scheme assets	55,723	54,928	50,199	42,841	46,756
Deficit on scheme	**(3,018)**	**(27,470)**	**(36,007)**	**(25,331)**	**(26,837)**
Experience (loss) / gain on defined benefit obligation	(5,611)	(248)	665	1,787	-
(Loss)/return on assets less interest	(166)	4,281	6,622	(4,014)	1,596

Analysis of the Amount Charged to The Statement of Comprehensive Income:

	2023 £'000	2022 £'000
Service cost	567	1,772
Net interest	648	733
Administration expenses	46	60
Total operating charge	**1,261**	**2,565**

The operating charge for 2023 represents charges to the date of closure of the scheme on 30 September 2022.

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

	2023 £'000	2022 £'000
Interest on assets	(1,316)	(1,024)
Interest cost	1,964	1,757
Net interest charge	**648**	**733**

*Value is as at 16 February 2023

Notes to the financial statements for year ended 31 March 2023

21. Pensions (continued)

Analysis of the Amount Recognised in Other Comprehensive Income:

	2023 £'000	2022 £'000
(Loss) / return on assets less interest	(166)	4,281
Changes in financial and other assumptions underlying the present value of the scheme	24,709	5,432
Actuarial gain recognised in Other Comprehensive Income	**24,543**	**9,713**

Movement in Deficit During the Year

	2023 £'000	2022 £'000
Association's share of scheme deficit at beginning of year	(27,470)	(36,007)
Movement		
Current service cost	(567)	(1,247)
Past service cost (including curtailments)	-	(525)
Administration expenses	(46)	(60)
Employer contributions	1,170	1,389
Other finance costs	(648)	(733)
Actuarial gains	24,543	9,713
Association's share of scheme deficit at 16 February 2023	**(3,018)**	**(27,470)**

Changes in Present Value of Defined Benefit Obligation are as Follows:

	2023* £'000	2022 £'000
Opening defined benefit obligation	82,398	86,206
Current service cost	567	1,247
Past service cost (including curtailments)	-	525
Interest cost	1,964	1,757
Contributions by members	106	198
Changes to financial and other assumptions	(24,400)	(5,432)
Estimated benefits paid	(1,894)	(2,103)
Closing defined benefit obligation	**58,741**	**82,398**

*Period to February 2023

Notes to the financial statements for year ended 31 March 2023

21. Pensions (continued)

Changes in the Fair Value of Plan Assets are as Follows:

	2023* £'000	2022 £'000
Opening fair value of plan assets	54,928	50,199
Return on assets	1,316	1,024
Contributions by members	106	198
Contributions by employer	1,170	1,389
Administration Expenses	(46)	(60)
Other actuarial gains	309	-
(Loss) / return on assets less interest	(166)	4,281
Benefits paid	(1,894)	(2,103)
Closing fair value of plan assets	**55,723**	**54,928**

History of Experience Gains and Losses

	2023 £'000	2022 £'000	2021 £'000	2020 £'000	2019 £'000
Actuarial gains / (losses) on plan assets	(166)	4,281	6,622	(4,014)	1,596
Experience (losses) / gains on share of scheme liabilities:	(5,611)	(248)	665	1,787	-
Total amount recognised in other comprehensive income	24,543	9,713	(10,363)	1,971	611

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

*Period to 16 February 2023

22. 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.

	2023 Group £	2022 Group £
Allotted, issued and fully paid ordinary shares	**7**	**7**

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

23. Reserves

	Group Revenue Reserve £'000	Association Revenue Reserve £'000
At 1 April 2022	**369,053**	**369,167**
Surplus for year	16,485	16,442
Other comprehensive income for the year	24,543	24,543
At 31 March 2023	**410,081**	**410,152**

Notes to the financial statements
for year ended 31 March 2023

24. Financial Commitments

	Group 2023 £'000	Association 2023 £'000	Group 2022 £'000	Association 2022 £'000
Capital commitments				
Capital expenditure that has been contracted for but has not been provided for in the financial statements	48,682	46,668	121,288	103,468
Capital expenditure that has been authorised by the Board but has not yet been contracted for	10,263	10,263	29,922	29,922

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 2023 £m	Group Funding Plan 2022 £m
Surpluses	42	77
Loans	7	44
	49	**121**

Operating leases

At 31 March 2023, the association had non-cancellable operating lease rentals payable as follows:

	Group 2023 £'000	Group 2022 £'000
Less than one year	116	267
Between one and five years	23	139
More than five years	-	-
	139	**406**

During the year £267k was recognised as an expense in the profit and loss account in respect of operating leases (2022: £263k).

25. Grant Movement and Contingent Liability

	Group Reserve Amount £'000	Group Creditor Amount £'000	Group Total Amount £'000	Group Deferred grant Work In Progress £'000	Group Total Grant £'000
At 31 March 2021	**(271,072)**	**(46,093)**	**(317,165)**	-	**(317,165)**
Adjustment to separate Deferred Grant WIP and Completed	-	7,111	7,111	(7,111)	-
Adjustment to Contingent Liability Estimate	27,528	-	27,528	-	27,528
Grant Addition - WIP	-	-	-	(11,906)	(11,906)
Grant transfer from WIP to Completed	-	(5,231)	(5,231)	5,231	-
Grant recycled	1,542	-	1,542	-	1,542
Grant amortised	(440)	440	-	-	-
At 31 March 2022	**(242,442)**	**(43,773)**	**(286,215)**	(13,786)	**(300,001)**
Grant Addition - WIP	-	-	-	(313)	(313)
Grant transfer from WIP to Completed	(254)	(898)	(1,152)	1,152	-
Grant recycled	1,000	-	1,000	-	1,000
Grant amortised	(465)	465	-	-	-
At 31 March 2023	**(242,161)**	**(44,206)**	**(286,367)**	**(12,947)**	**(299,314)**

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

As at 31 March 2023, grant which has been written off to reserves represents a contingent liability of £242.2m (2022: £242.4m). This contingent liability will be realised if the assets to which the written off grant relates are disposed.

Grant amortised of £465k (2022: £440k) 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.

26. Reconciliation of Net Cashflow to Movement in Net Debt

	2023 Group £'000	2023 Association £'000	2022 Group £'000	2022 Association £'000
Increase in cash	(21,669)	(18,157)	(24,645)	(25,737)
Cashflow from (increase) in liquid resources	(19)	(19)	(9,928)	(9,928)
Cashflow from (increase) / decrease in debt and lease finance and set up fees	(8,408)	(8,408)	12,595	12,595
(Increase) in net debt from cashflows	(30,096)	(26,584)	(21,978)	(23,070)
Non-cashflow items	(707)	(690)	(389)	(379)
Total changes in net debt for the period	(30,803)	(27,274)	(22,367)	(23,449)
Net debt brought forward at 1 April 2022	(807,964)	(815,977)	(785,597)	(792,528)
Net debt at 31 March 2023	**(838,767)**	**(843,251)**	**(807,964)**	**(815,977)**

27. Analysis of Net Debt

	1 April 2022 £'000	Cashflow £'000	Non-cashflow items £'000	31 March 2023 £'000
Loans	(856,429)	(8,408)	-	(864,837)
Loan set up fees	5,721	-	(707)	5,014
Debt	(850,708)	(8,408)	(707)	(859,823)
Cash at bank and in hand	40,825	(21,669)	-	19,156
Fixed and current asset investments	1,919	(19)	-	1,900
Net debt	**(807,964)**	**(30,096)**	**(707)**	**(838,767)**

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

28. Post balance sheet events

There have been no material post balance sheet events.

29. Investment in Subsidiaries

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

	2023 Group £'000	2023 Association £'000	2022 Group £'000	2022 Association £'000
Bushmead Homes Limited	-	16,665	-	16,665
Bpha Finance plc	-	13	-	13
	-	**16,678**	**-**	**16,678**

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

	2023 £'000	2022 £'000
Income from central services	**165**	**142**

Income from central services represents a reallocation of cost incurred by fellow group companies and is calculated on a cost of provision basis. The association statement of financial position includes the following transactions between the association and Bushmead Homes Limited:

	2023 £'000	2022 £'000
	£000	£000
Purchase of completed affordable properties	**(1,608)**	**-**

Notes to the financial statements
for year ended 31 March 2023

29. Investment in subsidiaries (continued)

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:

	2023 £'000	2022 £'000
Interest income	**13,244**	**13,244**

The Accounts Include the Following Transactions between the Association and bpha Finance plc:

	2023 £'000	2022 £'000
Bond premium and interest - bpha Finance plc	13,244	13,244
Bond premium and interest - Association	(13,244)	(13,244)
	-	-

The Amounts due From/(to) bpha Finance plc at the Year End are:	2023 £'000	2022 £'000
Amounts due for investment in bpha Finance plc	(13)	(13)
	(13)	**(13)**

Notes to the financial statements for year ended 31 March 2023

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 takes the financial and other risks associated with the operation. If the profits OSJCT attains from the operations exceed an agreed level then the excess will be retained by OCP and GCP but 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 objectives 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 17).

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 2023 and the net assets as at 31 March 2023. 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. The partnership is currently not trading.

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.

Company advisors

External Auditor
KPMG LLP

Internal Auditor
BDO LLP

Principal Solicitors
Blake Morgan LLP
Capsticks Solicitors LLP
Clarke Wilmott LLP
Devonshires Solicitors LLP
Pennington Manches Cooper LLP
Trowers and Hamlins LLP
Wentworth Sherwood LLP

Valuers
Jones Lang LaSalle
Savills (UK) Ltd

Bankers
HSBC Bank plc

Five year summary key figures

Group Statement of comprehensive income	2019 £'m	2020 £'m	2021 £'m	2022 £'m	2023 £'m
Turnover					
Core operating business	98.7	103.0	110.2	112.1	117.4
Development and Sales Business	49.5	41.8	39.9	59.0	35.7
	148.2	**144.8**	**150.1**	**171.1**	**153.1**
Operating surplus					
Core operating business	44.4	44.7	47.7	46.9	47.0
Development & Sales Business	19.6	14.8	10.5	14.9	9.6
Fair value adjustments on investment properties	3.9	0.9	1.3	0.3	(0.7)
Pension Cessation Cost	-	-	-	-	(6.7)
Aborted Partnership Costs	-	-	-	-	(0.6)
	67.9	**60.4**	**59.5**	**62.1**	**48.7**
Operating surplus as a % of turnover	45.8%	41.7%	39.7%	36.3%	31.8%
Net interest	(33.0)	(32.7)	(34.4)	(33.7)	(33.3)
Underlying surplus for the year	**34.9**	**27.7**	**25.1**	**28.3**	**15.4**
Gains/(losses) re financial instruments and termination of hedging agreements	(0.8)	(9.5)	12.5	11.7	1.1
Surplus before tax	**34.1**	**18.2**	**37.6**	**40.0**	**16.5**
Repairs and maintenance	11.0	12.1	13.2	14.8	17.6
Capitalised spending on improvements to housing properties	14.7	14.5	12.4	20.5	21.2
Total spending on repairing and maintaining our housing properties	**25.7**	**26.6**	**25.5**	**35.3**	**38.8**
Earnings before interest, tax, depreciation and amortisation, major repairs included (EBITDA MRI)	58.3	55.4	59.6	51.2	48.1
EBITDA MRI as a percentage of interest payable and similar charges	156%	144%	151%	134%	129%

Turnover includes the capital receipts from disposal of fixed assets.

	2019 £'m	2020 £'m	2021 £'m	2022 £'m	2023 £'m
Group statement of financial position					
Housing fixed assets	1,167.4	1,224.6	1,248.6	1,282.9	1,314.6
Other assets less current liabilities	75.8	117.9	117.3	80.2	59.7
Total assets less current liabilities	**1,243.2**	**1,342.5**	**1,365.9**	**1,363.1**	**1,374.3**
Debt (due over one year)	774.0	848.8	862.9	850.7	859.8
Other long term liabilities	197.7	202.2	184.3	143.3	104.4
Total long term liabilities	**971.7**	**1,051.0**	**1,047.2**	**994.0**	**964.2**
Reserves: total	271.5	291.5	318.7	369.1	410.1
Total long term funding and reserves	**1,243.2**	**1,342.5**	**1,365.9**	**1,363.1**	**1,374.3**

	2019 £'m	2020 £'m	2021 £'m	2022 £'m	2023 £'m
Group cash flow					
Net cash from operating activities	60.0	58.7	60.2	64.2	62.7
Net interest paid	(34.8)	(38.0)	(38.8)	(37.2)	(35.1)
Operating cashflow net of interest	25.2	20.7	21.4	27.0	27.6
Improvements to housing properties	(14.1)	(14.1)	(13.6)	(21.2)	(21.6)
Other items	(0.8)	(0.3)	1.4	(0.1)	(1.9)
Operating cashflow net of interest, capex & other	10.3	6.3	9.2	5.7	4.1
Proceeds from asset sales	23.7	18.5	18.5	26.8	20.1
First tranche shared ownership sales	25.8	23.3	21.4	32.2	15.6
Operating and sales cashflow	59.8	48.1	49.1	64.7	39.8
Development spend	(122.0)	(82.7)	(45.5)	(52.4)	(52.6)
Net movements in borrowings and deposits	58.8	58.6	21.2	(2.7)	8.4
Pension cessation costs	-	-	-	-	(9.7)
Swap breakage costs	-	-	-	(34.3)	(7.5)
Net cashflow after development activities	(3.4)	24.0	24.8	(24.7)	(21.6)

Notes

Notes

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