

Bournville Village Trust Group

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended

31 December 2021

Registered Charity No: 219260

Homes England Registered Number: L0702

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Operating and Financial Review

The Trustees of the Bournville Village Trust Group have pleasure in submitting their annual report and financial statements for the year ended 31 December 2021.

This report is about 2021, so it has again been a challenging year for our communities and the world in general. Throughout 2021 we all suffered as the pandemic affected our lives and work. Through the year BVT drove on with our mission to create and sustain communities where people can thrive and we remain grateful to all those who overcame challenge after challenge to help us do so.

About BVT

BVT was established by George Cadbury in 1900 to provide quality housing accommodation on affordable terms to those in housing need. Those residents who could afford to buy their own homes were able to do so, but others were let on rents that were within the means of the average family. This philosophy still applies today and we have over the years expanded our services into Shropshire and central Birmingham. At the end of 2021, the Group owned 3,809 units of accommodation. We let 3,327 on social housing rents to those in housing need. Rent levels are set by a government formula, but will tend to be around 25% to 50% lower than market rents for similar properties. We also help 142 families access home ownership by offering shared ownership homes, we offered 20 units of supported housing and 58 market rented homes. We also offered 262 units of housing for older people, who are a vital part of our communities.

Bournville was one of the first examples of a mixed tenure community and the Trustees firmly believe that this approach has stood the test of time, avoiding unfair stigma that the uninformed often apply to social housing. BVT is keen to promote the mixed tenure model as a sustainable way for housing development in the future. Where possible we have recreated this mixed tenure in our other communities.

The Bournville Village Trust Group comprises: -

- Bournville Village Trust (BVT)
- Bournville Almshouse Trust (BAT)
- Bournville Works Housing Society Ltd (BWHS)
- Bournville Village Developments Ltd (BVD)
- Bournville Village Enterprises Ltd (BVE)

Bournville Village Trust is the parent body, based in Bournville, Birmingham.

BVT is a charity and a Registered Provider (RP). Its principal activities are: -

- i) The Provision of social housing within the Bournville estate and over 700 homes in Telford and central Birmingham
- ii) Management of the Bournville Estate, comprising over 7,000 properties together with stewardship services in Lightmoor and Lawley villages in Telford.
- iii) Management of a number of offices, shops and health facilities in Birmingham and Telford. BVT runs these as part of our whole community offer, with ensuring access to appropriate facilities within our communities being the primary purpose.
- iv) Community Investment through the provision of community halls, sports and recreation facilities, the delivery of services around financial inclusion, health and wellbeing and digital inclusion.
- iv) Providing management and maintenance services to a number of registered providers and other organisations.
- v) Management of around 3,000 acres of agricultural land around the South-West outskirts of Birmingham. This land was gifted to BVT and is held to ensure its use remains true to our charitable aims.

Bournville Almshouse Trust, a linked charity, is also a charitable provider of social housing based in Bournville, Birmingham. BAT manages 97 properties in total, 33 of which are Almshouses, preferential status is given to retired employees of Cadbury, seeking affordable accommodation. The remaining 64 properties are Endowment Houses, surpluses from which help to support the contributions made by the residents of the Almshouses. BAT is accounted for as a restricted reserve within the BVT financial statements.

BWHS is a Registered Provider owning 313 properties in Bournville. The Trustees of BVT are also the Trustees of BWHS. BWHS was founded in the same period as BVT and shares the values that BVT aspires to. The main difference between BVT and BWHS on founding was that the BWHS properties were specifically aimed at workers of Cadbury Brothers Limited (now known as Mondelez UK Limited). This remains the case today with priority given to current employees of the company and their families.

Bournville Village Developments Ltd is a company that is co-ordinating the development of a modern urban village at Lightmoor in Telford. This village is being jointly developed and funded with Homes England. When the village is completed, it

is expected to comprise around 1,000 properties (25% of which are to be let on an affordable basis), a primary school with community hall, shops and areas of open space. The first four phases are now complete, from a six phase total project, with BVT currently owning 214 properties. A new school was completed in 2010 and is run by the Borough of Telford & Wrekin whilst BVT is responsible for running the community facilities which are an integral part of the school. The Village Centre also includes an office utilised by BVT and 4 commercial units.

Bournville Village Enterprises Ltd is a commercial trading subsidiary set up to undertake market rent activities. BVE leases properties from BVT, lets the homes at a market rent and then returns the profits to BVT as a year-end donation to invest in its charitable purposes.

The Impact of Coronavirus on BVT

This report is written in June 2022 and whilst we have now thankfully emerged from the worst stages of the pandemic and most restrictions on normal life activities have been unwound, we are still seeing high levels of infection amongst our staff and our communities. Alongside this we are working in a period of economic uncertainty, with high inflation rates, rapidly changing interest rates and our communities and staff are facing a cost of living crisis.

BVT already had in place a detailed 30 year business plan, which we regularly update and use for stress testing to ensure we can weather shocks from a variety of potential scenarios. In our stress testing we have looked at our ability to sustain our financial balance whilst facing differential inflation, rising interest rates, rapidly rising material and wage costs, as well as the impact the cost of living crisis may have on our tenants ability to pay their rent.

Our Board of Trustees have in place plans for mitigation action to take if we cannot stay in line with our plans and early warning systems to ensure we act prior to any situation becoming an emergency. This is all designed to ensure we keep the homes of our Tenants safe and the services our communities need running. This careful planning and the resilience shown by our communities and staff have seen us safely through the worst of the pandemic and will guide us through these financially challenging times.

Cash Flow – we along with many organisations expect our cash flow to be reduced due to cost rises and interest rate increases.

BVT has a standard working capital requirement of £1.5m. This is the amount of readily available cash we feel we need to manage our planned spend of £29m per year.

To ensure we do not face any liquidity issues our Board have in place sufficient funding facilities for the next 5 years, with a multi-million pound contingency, in the

form of a rolling credit facility, available should circumstances require us to fall back on additional borrowing.

BVT has in recent years reduced our overall levels of debt and we have high levels of security to offer should new debt be required, so the Board are confident we have financial risks well managed. This is reflected in the Regulator of Social Housing awarding BVT the highest rating for Financial Management in our "In Depth Assessment" undertaken in December 2021 through March 2022.

Social Housing Rental Income – in 2021 BVT as a group brought in £22.9m in income from social housing and a similar level is expected in 2022. It is clear that many families will find themselves in financial difficulties due to global events and the cost of living crisis. This will make paying rent a challenge for many. However, BVT charge only social rents and this means our average rent charge is just £104 per week, which is often 50% lower than a market rent and 20% lower than the affordable rents charged by many Housing Associations. As a consequence our rent will be 100% covered by Universal Credit if any tenant has to make a claim for support. Whilst we expect to see a temporary rise in arrears, amongst tenants renting our social rent homes, as new Universal Credit claims are processed, we do expect to receive most rent due within 2022.

We have also provided welfare benefit and debt advice to customers not in receipt of Universal Credit. Indications from the first quarter of 2022 support our forecast that we will not see a significant increase in bad debts in 2022.

Voids – during the periods of the pandemic we paused some repair work on void properties and so saw an increase in void length. We were able to return to repair work and to assist those in housing need by returning to remote lettings, as the restrictions and Government advice changed. This has allowed us to keep the increase in void losses to a reasonably low level in 2021 and we do not foresee voids having a significant impact on BVT's financial performance during 2022.

Rent from Commercial Tenants – BVT owns shops, health facilities and some other assets to ensure our communities can access a full range of necessary amenities. This sees us receiving a significant amount of rent from these commercial tenants, many of whom experienced some level of hardship due to the pandemic. We supported our commercial tenants with information and advice and facilitating access to Governmental support. We also offered flexibility by negotiating changed payment schedules and the use of rent deposits to cover some rent periods. This along with the skill and dedication of our commercial tenants has allowed the vast majority to survive the pandemic as vibrant business entities. We still acknowledge that a small number of our commercial community may be unable to weather the longer term financial impact, so we have expected increased bad debts in our planning and this shows us that it does not have a significant impact on our overall financial viability.

Agricultural Estates Income – BVT operate an agricultural estate, which was gifted to BVT and we which we use in line with our charitable purpose and the understood original intention of the donors. We have been working closely with our tenants to understand the impact of the pandemic and cost of living crisis on their businesses. Working with our Agricultural Estates Managing Agent, Savills, we are confident we will not have any significant issues with our Agricultural income in 2022.

Heritage – BVT run Selly Manor Museum and the impact of the pandemic saw the Museum have to develop new and innovative ways to interact with our Communities and their national audience, as travel was restricted. This new way of working will continue and be built on in 2022 and this means the financial support which BVT offers, through our commercial profit for purpose activities, to allow the continued operation of Selly Manor, will be smaller in 2022 than it has been in the recent past, whilst our reach will remain extensive.

Care Homes – The Board of BVT recognised some years ago that our small Care Home portfolio was no longer the best method to ensure quality care delivery in our communities. Since then we have been divesting our care activities and in November 2021 BVT transferred the operation of our last care facility, Selly Wood Nursing Home to a specialist care provider. Our dedicated staff ensured a smooth handover and transferred with our residents to the new provider. The sale of Selly Wood House brought surplus of £613k in 2021 and as the scheme was loss making it will improve our surplus in 2022 and beyond by approximately £250k per annum. This means that BVT is no longer active in the residential care market.

Interest Rates – BVT have a prudent approach to managing interest rate risk and at the end of 2021 we had 87% of our debt either at a fixed rate or matched with Stand Alone Financial derivatives (Interest Rate Swaps). This significantly reduces our exposure to the risk of unbudgeted for increases in interest rates, but we have stress tested our ability to manage further significant and sudden interest rate rises and the Board are confident we have appropriate plans in place to accommodate all likely scenarios.

Repairs – we were for a while unable to carry out all repairs due to Government guidelines on controlling the pandemic and the need to keep our tenants and staff safe. We are now back undertaking the full range of repairs and fully caught up on the backlog that built up, by the end of 2021. As Covid infections remain high, we expect to find keeping full capacity running a challenge during 2022, but we saw the main costs of the repairs catch up covered in 2021, so we do not anticipate material financial impact from challenges to our repairs service in 2022.

Planned Maintenance – we had an extensive programme of planned maintenance scheduled for 2021, but the pandemic related restrictions meant some of this could not be delivered and supply chain issues affected BVT as they did most UK businesses. We have rescheduled our plans to ensure all work missed is picked up in a timely fashion and we have a very extensive programme ready to run in 2022.

Overall – BVT Trustees set an internal target for surplus generation as part of the 2022 budget setting. As of June 2022, we have been able to show that with all known and anticipated financial impacts factored in, we are still able to forecast finishing 2022 within close proximity of this target. This allows us to be confident that we remain a very viable entity and our stress testing as further assured us that we have capacity to manage further shocks to our operation, should the pandemic produce further waves of infection and should world events produce further financial shocks.

Corporate Plan

Introduction

In 2020 we commenced our new corporate plan, guided by our founder George Cadbury's vision, our corporate plan sets out our aims, values and plans for the 10 years (2020-2029). In 2021 we continued with this plan.

A foresighted social reformer, George Cadbury valued fairness and integrity. He was brave and innovative and worked, not in isolation, but in partnership with others to help people thrive.

Our Corporate Plan is inspired by his values yet influenced from what we have learnt from listening to residents, staff, partners and civic leaders and by understanding the changes that we see around us regionally and nationally.

Our Mission

Creating and sustaining communities where people can thrive

We want people to thrive and reach their full potential and we are determined to build a strong organisation, driven by our values, to achieve this.

We will build on our solid foundation and be inspired by our legacy, but we won't be afraid to be bold and innovative and try new things to meet the needs of people today and into the future.

We will achieve our mission through a number of distinct aims, which will be well planned and focused. We are in year two of the initial three year explore and refresh stage, with our progress detailed in the following sections. Years four to six will be a delivering phase and year's seven to ten achieving and excelling.

Our Strategic Aims



Place-shaping: Creating and maintaining distinctive, environmentally sustainable places.



Community building: Building strong and inclusive communities.



Championing People: Removing barriers and helping people to achieve their true potential.



Providing great homes: Providing homes and delivering great services.



Building organisational and financial strength: Building a strong organisation driven by clear values.



Sharing our experience: Learning, sharing and influencing others.

Our Values



Partnership – we work with others to achieve great things



Fairness – we treat people as individuals by exercising the right approach at the right time



Quality – we are clear about what we do and we do it well



Integrity – we do the right thing



Innovation – we look for new and better ways of doing things.

Our Key Strategic Objectives

1 Place-Shaping

To achieve our aim of creating and maintaining distinctive, environmentally sustainable places, we will:

1. Refresh and publish our vision for the design and development of distinctive and environmentally sustainable places.
2. Review the design, character and future environmental sustainability of each of our communities in partnership with residents; capturing and delivering outcomes through forward-looking design guides and neighbourhood plans.
3. Deliver stewardship services that are shaped by residents, valued by all customers and create clean and green neighbourhoods.
4. Ensure our community buildings are modern, well-maintained, efficiently operated and meet the needs of the community.
5. Make our parks and open spaces welcoming and accessible for the community to improve people's health and wellbeing. They will be environmentally-friendly and promote biodiversity.
6. Deliver our vision for places by successfully completing Lightmoor Village and College Green health village.
7. Create a long-term strategy for the use of our agricultural estate, making sure there is a strong financial and social return.

How did we do in 2021?

In 2020 we commenced an extensive consultation on the Bournville Village Design Guide, which sets out the expectations for all development and alterations to properties in Bournville. Despite the restrictions caused by the pandemic, this consultation went extremely well and we were so pleased with the tremendous level of community engagement we had. This allowed us to launch a new Bournville Design Guide in 2021 and the positive feedback we have received has been most welcome. We look forward to working with the community to continue to deliver against this design guide in the years to come.

We listened to our residents in Lawley and Lightmoor who guided us through a review and restructure. We now have Estates Officers, Community Development Officers and Partnership & Communication Officers dedicated to each area, which is driving up the quality of our service. We also offered extensive training to our staff and to the Management Committee Members, to help ensure we see continuous improvement. In collaboration with the Telford

and Wrekin Council we have established the Lawley Partnership Board, which brings key stakeholders together to help guide the delivery of the rest of the development in Lawley. This Partnership Board will focus ensuring the delivery of great outcomes in key priorities for the Community such as green spaces, clean spaces and youth activities.

During 2021 we continued our comprehensive review of our approach to place-shaping through the development of a new Design Charter that will set out our vision for the design, development and management of distinctive, environmentally sustainable places. We expect this Design Charter to be ready for publication by the end of 2022.

We have learned so much through the stay local requirements that were in operation through much of the pandemic. Knowing how much our parks and open spaces mean to the communities in which we work, we kept all our spaces open during 2021.

The development of Lightmoor Village continued apace in 2021, following a pause in 2020 due to the pandemic. We were pleased to take into our ownership 10 new properties on Lightmoor in 2021 and all have been let as social rented homes.

In 2021 we undertook a tender exercise to establish the best partner to act as our Agricultural Managing Agent and oversee all the work we do with our Agricultural Tenants. We were pleased to appoint Savills as our Agent and we are already seeing great support being provided to our Tenants and our ability to develop the Agricultural Estate to deliver a strong financial and social return is improving.

2 Community building

To achieve our aim of building strong and inclusive communities, we will:

1. Support and champion opportunities for people to be involved in leading things that are important in their local community and deliver them.
2. Make sure people can, and are able to, be fully involved in shaping our services and projects.
3. Develop our role as a community anchor to facilitate partnerships that see people and agencies work together on issues that matter to the community.
4. Support and build capacity through volunteering to deliver programmes and activities that are important to the community, especially those that promote cohesion, community spirit and wellbeing.

5. Make sure there is a strong voluntary and community sector.
6. Support young people to have a voice and be involved in their community.
7. Make sure our community buildings are well run and provide opportunities for community activities.

How did we do in 2021?

We were pleased to see our Community Halls back in operation in 2021, despite the need to maintain Covid security. We estimate that there were over 20,000 visits to access the services and support offered by our Halls.

We delivered a small grants programme and supported over 15 local charities and community groups. Our other grants programme supported the delivery of services and programmes through our local partners.

We provided 128 capacity building opportunities to local organisations including funding support, partnership working and direct support from our team on matters such as governance, building management and maximising resources.

After the dissolution of a local charity that managed our Shenley Court Hall facility we stepped in, transferring the service to our management protecting 12 jobs and important local services for older people, children and families.

We continued to generate a large number of volunteering opportunities to support the delivery of events and activities across our Community Places portfolio.

3 Championing people

To achieve our aim of removing barriers and helping people to achieve their full potential, we will:

1. Improve the health and wellbeing of people through community-based programmes, inspired by our founder's commitment to people.
2. Understand and tackle the root causes of poverty and promote access to services and support that is responsible and sustainable.
3. Seek funding and work in partnership with others to deliver programmes that champion people.
4. Understand and deliver services that improve the health and wellbeing of older people.

5. Take an evidence-based approach to our work to ensure we understand our impact and achieve value for money.

6. Understand and deliver services to enable young people to achieve their true potential, through education and exploration.

How did we do in 2021?

This is an area of development for BVT in the Corporate Plan. Whilst we are yet to set out our long-term strategy, we both delivered directly and partnered with other organisations, to deliver support services to local communities.

We supported 1,668 families seeking to improve their financial position, during 2021, through our Financial Inclusion Team and Well Winter Support Campaign.

We are also one of seven partners in Birmingham's Community Anchor Network and have worked with partners around employment, training and use of procurement to support local businesses. As part of this scheme BVTs Procurement Manager offered his expertise in tendering for public sector contracts by training SME Leaders who are from financially excluded groups.

We led a successful partnership bid that secured £378K to help households across Birmingham and Telford find practical solutions and support to address fuel poverty issues. In 2021 our partnership helped 113 households with energy advice and support. We are pleased that our Well Winter Campaign has been shortlisted in the Chartered Institute of Housing Hero's Awards 2022.

Our Well Winter programme distributed over £18k of funds to 402 vulnerable households.

We provided over 85 young people aged 5-11 with free holiday play opportunities during the summer, half term and Christmas school breaks.

We provided 39 weeks of subsidised after school childcare for working and student parents. Our Ofsted accredited service can accommodate up to 60 children a day and provides a low cost, safe care option for a diversity of families including students, single parented and low-income households

4 Providing great homes

To achieve our aim of providing homes and delivering great services, we will:

1. Provide new homes that meet the needs and aspirations of people and communities.
 2. Make sure there is a supported housing offer in the communities that we work, through direct delivery and partnerships with specialist experts.
 3. Deliver good quality and value for money housing and maintenance services, shaped by customers.
 4. Actively manage our housing assets, making sure they continue to meet customer need, are well maintained and affordable to live in.
 5. Renew our housing offer to meet the changing needs of older people.
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6. Develop a pathway into housing that helps younger people get access to their first home.
 7. Prevent homelessness by supporting customers to be financially resilient and sustain their tenancy.

How did we do in 2021?

We continued with our development of Lightmoor Village in 2021 and saw 10 new homes made available for families at a social rent and assisted in ensuring many more homes came to market, offering families in Telford a good supply of new homes.

We continued with our Supported Housing offer in Birmingham and Telford and our schemes continue to offer a good choice for those seeking additional support in their homes.

As in the previous year, we again saw some major disruption to our delivery of day to day and planned maintenance in 2021, due both to the pandemic and some supply chain issues.

However, we worked hard to catch up on the backlog of day to day repairs that had built up during the height of the pandemic and have completely cleared the waiting list. Understandably with increased waiting times, customer satisfaction with their last responsive repair was below our 90% target through much of the year and we were disappointed to only have three months at target level or

above. However, as the waiting time for the average responsive repair fell to 15 days by December 2021 (14 days is our target) we saw satisfaction levels rise and we are pleased that our last collection of satisfaction data in February of 2022 saw us at 95%, so we are satisfied that we are moving in the right direction at a rapid pace.

Despite the difficulties brought by 2021, we still completed 99% of emergency repairs on the day they were reported. We also kept 94% of the appointments we made with Customers for repairs, although achieving this with Covid absences did of course drive up our costs. However, we recognise that value for money is not cost alone and meeting customer expectations is important to BVT.

Despite Covid and material supply challenges BVT delivered over £1.8m of planned maintenance investment to our homes during 2021, with 282 Boilers installed, 101 homes fitted with new uPVC Windows, 153 Front and Rear Doors installed, 27 Kitchens and 14 new bathrooms. Customer feedback satisfaction with the quality of replacements and installations were consistently at 100% throughout the year. We will deliver far more in 2022 and beyond.

Building safety is of course a key concern for BVT and throughout 2021 we introduced and utilised technology to ensure our tenants remain safe in their homes. Key building safety inspections such as Fire Risk Assessments, Legionella Risk Assessment, Gas and Electrical Safety Conditions Reports are all monitored via a new compliance Dashboard that is automatically updated every 24 hrs to ensure the right thing is done at the right time in the right place. BVT are utilising QR tracking technology for inspection of fire doors to manage and prioritise future work programmes.

5 Building organisational and financial strength

To achieve our aim of building a strong organisation driven by our values, we will:

1. Build financial strength and discipline and have a clear approach to value for money in everything we do.
2. Be an employer of choice, developing and investing in our staff.
3. Make sure our culture, approach and behaviour reflects our values.
4. Invest in technology to increase efficiency and effectiveness in everything that we do.
5. Deliver good governance, meeting legal and regulatory and health and safety compliance.

6. Build profit for purpose by strengthening our commercial offer to increase financial capacity to invest in our charitable activities.

How did we do in 2021?

During 2021 we carried on with our work in building a strong performance management and continuous improvement programme that supports our value for money strategy.

We had an ambitious value for money action plan in 2021 and the Board monitored closely our progress against targets. We also had Mazars LLP, an independent firm, who act as Internal Auditors for BVT, review our value for money plans and processes and we were pleased that they found our systems to be robust and had no recommendations to make for further improvements. The value for money section of this report and the sector score card will help you see how we currently compare to our peers.

Having had to suddenly move from an office based to a home based work force in 2020, we moved to a hybrid organisation in 2021. The majority of our staff, whose roles allow it, can now opt to work 40% of their time remotely. This has helped us offer more flexibility and to continue to attract high calibre staff in a challenging market place. We have ensured we have sufficiently high quality ICT systems in place to make hybrid working highly productive and cost effective.

In 2021 we again reviewed our gender pay gap and continue to consider new ways to assist women into areas of work where they are underrepresented, such as our in house maintenance team.

In 2021 we continued to develop our organisational development strategy and this has now been launched in 2022, with all staff to benefit from our Personal & Professional Development Plans.

In December 2021 the Regulator for Social Housing commenced their four yearly in-depth assessment of BVT, looking at all aspects of our Governance and Financial Management. We are pleased to report that in March 2022 the Regulator announced that BVT had been again awarded G1 the highest rating for Governance and V1 the highest rating for Financial Viability. Our Board remain determined to find constant improvements and see this recognition as further encouragement to continue on our journey towards excellence.

6 Sharing our experience

To achieve our aim of learning, sharing and influencing others, we will:

1. Recognise our strong heritage and solid socially guided foundations that have led to our success.
2. Promote the importance of garden villages and good urban design.
3. Promote study visits and take opportunities to share our unique story.
4. Revisit George Cadbury's inspiring Rules of Health document to influence a modern approach to the promotion of health and wellbeing.
5. Share what we learn from the work that we do to help people to thrive with others.
6. Deliver a heritage service through Selly Manor Museum, the Carillon, our archive library and visits.

How did we do in 2021?

Sadly the pandemic and the nature of our heritage sites meant there remained limits to physical visits in 2021. However, we did see 10,855 people able to visit Selly Manor Museum and 3,831 children were able to benefit from educational visits. We are pleased to say that Selly Manor Museum won the Central Region Heritage Museum of the year award in 2022.

We built on the digital engagement with our heritage services in 2021 and saw 115,998 people engage with us.

We are still at the exploring phase of our corporate plan in most of the other areas in sharing our experience, but supporting other local agencies during the pandemic, has certainly shown us how much we can learn from others.

Summary of Financial Performance

The Statement of Comprehensive Income for the year ended 31st December 2021, shows a group surplus of £10.5m compared to a group loss of £1.75m for 2020. The main issues to note are: -

- Under the accounting requirements, the Group has to account for the fair value of its portfolio of interest rate hedging instruments. Details of these hedging instruments are set out in note 16. The movement in the fair value of these hedging instruments over the course of the year is reflected in the Statement of Comprehensive Income. The movement for 2021 was a positive value of £7.67m compared to a negative movement of £3.75m for 2020. Such movements reflect the changing market expectations regarding future interest rates. This swing in the valuation of our hedging instruments causes a significant increase in our surplus for 2021.
- BVT also sold Selly Wood House Nursing Home in 2021, to a specialist provider, this along with some other less significant sales saw our surplus on sales of housing and other properties rise by £870k against 2020. This again adds to the size of our 2021 surplus.

Whilst the above accounting actions have positively impacted our surplus position for 2021, we are happy that our operational performance was strong. In 2020 BVT generated a surplus of £453k on land transactions compared to £103k in 2021, alongside this we saw the net cost of our Estates functions rise to £850k in 2021, compared to £696k in 2020. These changes accounted for £504k of the overall negative £709k swing in operating surplus between 2020 and 2021, with the remainder being immaterial changes.

Treasury Management

Trustees have approved a Treasury Policy which sets out the key treasury management policies and practices for the Group. This policy was renewed in 2021. It sets out clear guidelines for BVT on all treasury matters.

The Group had total housing loans of £85.5 million at the end of 2021, compared to £99m at the end of 2020. BVT also has further undrawn available facilities in place of £18m.

During 2020 the Board decided to hold higher levels of cash than normal as a hedge against any unforeseen impacts of the pandemic, especially any issues with accessing drawdowns from facilities in place. In 2021 as the Board were able to

establish the impact the pandemic was having and how this fitted with their risk appetite the decision was made to repay a £10m rolling credit facility with Santander, so the BVT Group cash balance at the end of 2021 was £5.6m, down from £13.9 in 2020.

BVT uses stand-alone interest rate derivatives to manage the interest risk on the loan portfolio, having secured the required wider-range powers from our Regulator. All interest rate derivatives are authorised by the Finance Committee, in line with the overall strategy which is to hedge at least 1/2 of the portfolio, with the overall level of hedging to be at a level that best supports the delivery of the BVT business plan.

As at 31 December 2021 the balance of the loan portfolio was 85% hedged/fixed and 15% unhedged.

Our Treasury Policy requires that adequate funds are available at all times to enable BVT to meet its business and service objectives for at least the following 24 months. BVT utilise external treasury management support and advice to ensure we offer the best value for money possible in our Treasury Management. Having secured a new Rolling Credit Facility from Danske Bank in 2021, BVT has sufficient loan facilities in place to cover our business plan requirements until 2027, with a £5m contingency to cover unexpected events or unforeseen opportunities.

○ **Cash Flow Management**

Cash flows for the period are set out in the Statement of Cash Flows in the financial statements. The Group has a strong cash inflow from operating activities. This is used to service the interest payments on the loans that have been taken out and also to partly fund the capital improvement programme. The balance of the capital improvement programme as well as the development programme are funded from capital receipts and loans.

○ **Covenants**

All loan covenants were met and our 30 year financial forecast demonstrates that BVT can meet all future covenant requirements.

- ✓ Interest Cover on our tightest measure was 195% which exceeds the 110% requirement.
- ✓ Gearing was 52.17% against a maximum level of 66% (please note this calculation is different to the Gearing calculation required by the sector score card shown later in these accounts)
- ✓ Debt per unit was £24,952 per unit against a maximum of £35,426.

Our Value for Money Strategy

BVT recognises its responsibility to achieve Value for Money (VfM) from all its activities, in order to provide all our customers with the highest possible level of service at the most cost-effective price. This means BVT seeks to keep value for money at the forefront of our thoughts and activities in all we do and it remains a standard agenda item for all team meetings. We recognise that VfM is not just about cutting costs, but is about the balance between economy, efficiency and effectiveness. It's about: -

- Procuring goods and services as economically as possible, whilst ensuring that the quality of those goods and services meets our expectations and ensures our tenant's safety is maintained. Also, allowing managers to consider factors such as preference to local suppliers in determining their procurement choices.
- Examining how we work and whether that can be done more efficiently either through simplifying our working practices or making better use of new technology.
- Delivering community services through our partners, recognising that not all services need to be delivered directly by BVT, but enabling and signposting to existing services or helping support new services get off the ground.
- Reviewing the feedback from our customers to see how effective our services are in meeting their needs and constantly looking at how we can do more to improve or expand those services.

The main methods that Trustees used to assess VfM across BVT are as follows:-

- Scrutinising the draft budgets and business plans, ensuring that such budgets and business plans meet key financial targets as well as deliver a reasonable level of headroom against funding covenants.
- Setting the relevant key financial targets and updating these as necessary to reflect changing market and economic conditions, by a process of regular review by the Board and Finance Committee.
- Reviewing all major capital investment decisions and considering the subsequent benefits realisation reports to check that the anticipated benefits have been delivered.

- Reviewing benchmarking data. This benchmarking data now includes the Sector Score Card (covered in detail later in this report), which the Trustees of BVT find very useful in addressing all aspects of our core business and in challenging ourselves to demonstrate VfM.
- Considering organisational change. The Trustees regularly consider organisational change and whilst there is currently no appetite for a merger, as Trustees have not identified how doing so would further our aims and objectives, this will remain an open topic of discussion. BVT will always consider any approach for merger where synergy can be found and where a clear value match is in place. In all aspects of service delivery BVT Trustees consider how and who is best placed to deliver, and this is reflected in our new Corporate Plan with Partnership working being one of our key values.
- Trustees have previously considered and continue to consider through the various Committees the value and risk of those activities outside our social housing core. During 2021 BVT sold its last care facility, Selly Wood Nursing Home, to a specialist provider. This finished the journey the Board had set to exit the care market, which reduced the risk faced by BVT and allowed clearer focus on our core housing activities. BVT remain active in other areas with our Agricultural Estates and Commercial Holdings, as these are necessary to ensure our communities have access to important amenities and honour the understood purpose of past philanthropic gifts. Both these activities are low risk, further our charitable aims, offer acceptable returns and may offer long term opportunities.

Value for Money Overview

In late 2018 we started a strategic review of our Organisation and our services, guided by our founder George Cadbury's vision.

Lead by our Trustees, this review allowed us to work closely with our Tenants and other stakeholders in producing our Corporate Plan 2020-2029.

Clearly our Corporate Plan which started in 2020, has been impacted by the pandemic that prevented some elements of the plan, such as the roll out of our much enhanced planned maintenance programme occurring fully in 2021. However, we were still able to do a lot of work and have in our financial plans for 2022 and beyond made sure we have accommodated the catch up on all delivery that was delayed.

The first three years of our corporate plan are to explore and refresh what we do and there has been much work delivered on this in 2021. We have been engaging with our communities extensively on a range of matters. We have also been building a better shared understanding of how the various components of BVT fit together. As a complex Organisation which has grown organically for over a century, we need to

refine how all our parts fit together and how each can best contribute to delivering our Corporate Plan.

We have been developing our organisational structure to enhance clarity, accountability and transparency. We now have one Department who focus on all matters around our people, one Department who have oversight of our all of our property assets, and we have centralised some functions and rolled out a service improvement methodology that has seen many Teams reviewed and which will eventually see every Team scrutinised and improved.

Having a single Assets Management Department allowed us to launch a new Asset Management Strategy in 2021 and this gives us challenging targets to respond to our Tenants Voice and deliver improvements to our homes throughout our current Corporate Plan period and beyond.

Having refreshed our values in 2020 as the Corporate Plan was developed, we have been driving forward with ensuring we see our values in action in all we do. After working throughout 2021 to embed our values our staff survey in early 2022 showed that 97% of our staff felt they understood our values and corporate aims and that 94% were inspired by our corporate aims.

Sector Scorecard

The table below is known as the "Sector Scorecard", an initiative way to benchmark Housing Associations performance using 15 measures that are specifically required to be published annually, using calculation methods set by the Regulator for Social Housing to ensure consistency. BVT welcomes this initiative and in this our third year using these measures the Trustees have found the exercise insightful and are committed to using these and other measures to assist in improving our future performance.

In 2019 we started benchmarking ourselves against the PlaceShapers Group of Housing associations. This gave us over 100 Peers who are also committed to building communities and not simply houses. We believe that this wide group offers BVT a good challenge which drives our value for money activities, as it contains many Associations who are larger than BVT and who do not have the period housing stock, which may at times drive up our costs. We have continued with this group in 2021, as we want to maintain consistency so our progress overtime can be seen and we can be judged against the same large group for at least 3 consecutive years.

In 2022 we will review if BVT should move away from this large peer group and instead select a smaller group with more directly in common with BVT in terms size, range of activity, in house repairs service, older persons schemes and so on.

It should be noted that whilst the sector averages stated in the Sector Scorecard come from the financial year 2020/21, some the peer and sector benchmark figures

provided are for the period April 2019 to March 2020. These are the most up to date figures available to us.

BVT Trustees understand that the unique nature of BVT and the wide range of activities we do, from housing, to agricultural estates, to museum activities and historic buildings, does make some simple benchmarks harder to interpret, but we are committed to ensuring they help us drive our value for money agenda.

Metric Calculation Methodology;

1 - EBITDA MRI (as % interest) Vfm metric - [Operating surplus / (deficit) - (overall) - Gain/(loss) on disposal of fixed assets (housing properties) - Amortised government grant - Grant taken to income + Interest receivable and other income - Capitalised major repairs expenditure for period + Total depreciation charge] Divided by [Capitalised interest in housing properties + Interest payable and financing costs]

2 - Gearing = (Net debt + Carrying value of housing properties) x 100. Where Net Debt = [Short-term loans + Long term loans - Cash and cash equivalents + Amounts owed to group undertakings + Finance lease obligations]. Where carrying value of housing properties = [Tangible fixed assets: Housing properties at cost (Period end) / Tangible fixed assets: Housing properties at valuation (Period end)]

3 - Reinvestment - [Properties Acquired (total housing properties) + Development of new properties (total housing properties) + Works to Existing (total housing properties) + Capitalised Interest (total housing properties) + Schemes completed (total housing properties)] Divided by [Housing properties at cost (Period end)+ Housing properties at valuation (Period end]

4 - Return on Capital Employed = (A + B) x 100. Where A = Return [Operating surplus / (deficit) (overall) including gain / (loss) on disposal of fixed assets (housing properties) + Share of operating surplus/(deficit) in joint ventures or associates] and B =Capital employed [Total fixed assets + Total current assets- Current liabilities]

- Overheads as a % of turnover – we identified that the figure listed in the 2018 sector scorecard was incorrect. This has been corrected.

Metric	Trends and Targets				Benchmarking - Median Figure			
	2019 Actual	2020 Actual	2021 Actual	2021 Target	2022 Target	2023 Target	2020/21 Peers	2020/21 Sector
Business Health								
Operating Margin (all BVT activities)	21.00%	19.35%	17.08%	17.00%	17.52%	17.91%	24.36%	23.54%
Operating Margin (Social Housing alone)	27.00%	24.76%	24.73%	24.00%	25.12%	26.73%	25.15%	25.49%
Interest Cover (EBITDA MRI%)	181.00%	220.81%	180.18%	147.00%	149.60%	142.20%	186.90%	215.95%
Development Capacity and Supply								
New social housing supply delivered as a % of existing stock	0.80%	0.21%	0.27%	0.80%	0.25%	0.94%	1.65%	0.90%
New non-social housing supply delivered as a % of existing stock	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Gearing Ratio	59.00%	54.79%	52.15%	50.00%	48.80%	48.00%	43.43%	33.82%
Effective Asset Investment								
Return on Capital Employed	4.00%	2.99%	3.28%	3.50%	3.47%	3.66%	3.50%	3.10%
Occupancy of Social Housing (%)	100.00%	100.00%	99.97%	100.00%	100.00%	100.00%	99.24%	99.20%
Ratio of responsive repairs to planned maintenance	0.89	1.02	0.83	0.51	0.57	0.40	0.59	0.71
Outcomes Delivered								
Reinvestment %	1.90%	1.48%	2.28%	5.68%	2.81%	5.04%	8.16%	5.10%
Overall satisfaction with BVT as a Landlord	86.00%	Not Collected	Not Collected	86%	86%	88%	85.20%	86.00%
Investment in Community Development	£ 533,000.00	£ 553,000.00	£ 727,000.00	£ 605,997.00	£ 553,131.00	£ 519,878.00	£ 415,421.00	£ 212,444.00
Operating Efficiencies								
Headline social housing cost per unit	£ 3,878.00	£ 3,855.27	£ 4,280.55	£ 4,183.00	£ 3,808.00	£ 3,709.00	£ 3,714.00	£ 3,891.00
Management Cost Per Unit	£ 868.00	£ 918.40	£ 987.70	£ 854.82	£ 1,012.00	£ 928.00	£ 918.50	£ 1,031.50
Service Charge Cost Per Unit	£ 815.00	£ 835.25	£ 789.65	£ 882.58	£ 296.00	£ 251.00	£ 357.50	£ 386.50
Maintenance Cost Per Unit	£ 1,276.00	£ 1,286.89	£ 1,445.04	£ 1,177.10	£ 1,236.00	£ 1,086.00	£ 1,143.00	£ 1,096.00
Major repairs Cost Per Unit	£ 559.00	£ 517.32	£ 685.63	£ 1,086.64	£ 1,123.00	£ 1,342.00	£ 814.00	£ 807.00
Overheads as a % of Turnover	11.00%	10.41%	10.14%	12.62%	11.10%	10.80%	11.77%	13.35%
Rent Collected	101.00%	99.76%	101.62%	100.00%	100.00%	100.00%	99.84%	100.00%

Metric	Trends and Targets				Benchmarking - Median Figure			
	2019 Actual	2020 Actual	2021 Actual	2021 Target	2022 Target	2023 Target	2020/21 Peers	2020/21 Sector
BVT Additional Vfm Metrics								
Satisfaction with most recent responsive repair/overall **	99%	99%	85.45%	90%	91%	92%	80%	80%
Repairs completed on first visit	93%	84.00%	77.17%	92%	92%	93%	85%	90%
Rent loss due to voids as a % of rent due	0.50%	1.75%	1.36%	0.75%	0.50%	0.50%	0.99%	0.94%
Number of Tenants losing their home due to eviction***	0.10%	0.00%	0.00%	0.05%	0.05%	0.05%		

** Due to the pandemic restrictions the 2020 figure is made up of three months worth of data collection and the 2021 is 11 months worth of data only.
 *** Due to the pandemic there were new regulations around evictions for rent arrears, so this information is of limited use for 2020 and 2021, so benchmarking is excluded.
 As this was a target from 2019 it is left in for completeness.

What does the Sector Scorecard tell us?

Business Health

Clearly any organisation must balance achieving their aims with the risk that pushing their financial boundaries brings, BVT is no different. The Trustee Board of BVT have set out a clear position in relation to risk and have golden rules, which define how close to our financial boundaries we may go before we have to pull back and reassess our plans. In 2017 BVT came as close to our maximum debt level and minimum income level as Trustees were prepared to go, so you will see reflected throughout our VfM metrics the changes that Board required to adjust our position.

In 2018 and 2019, we paused some aspects of our planned maintenance programme as we worked on our Corporate Plan, and as we discussed new standards around voids and repairs with Tenant Representatives. This was also necessary as we adjusted to managing the impact of the rent reduction regime. This helped boost our Interest Cover to levels that gave sufficient headroom over Bank Covenant requirements, but it was always a short term reduction with a clear plan to ramp up planned maintenance, which includes items such as new bathrooms, kitchens, boilers, windows and doors.

This ramping up of planned maintenance started in 2020, but was somewhat delayed in both 2020 and 2021 due to access issues caused by the pandemic, so you see its impact more clearly in our 2022 and 2023 targets.

BVT are committed to delivering VfM and we have been working on all of our areas of activity to seek continuous improvements. Our investment in centralised procurement management has paid dividends and we have seen significant improvements in services standards, whilst lowering costs. An example of this VfM in Procurement is external decorating where we saved £22,897 (13%) through a tender in 2021. We saved £19,000 (14%) by retendering for our Agricultural Agency support in 2021, as well as improving the service we and our tenants receive. There are literally dozens of such examples across BVT.

In 2021 we suffered very significant losses on Selly Wood House as we sought to keep our residents safe during the pandemic. BVT see such losses as inevitable in the circumstances and in line with our values. However it highlights our lack of scale and expertise in care provision and the logic behind our move away from Nursing and Care provision, with this aim having been fully achieved by the end of 2021.

This reduction in loss making services is a continuation of our efficiency drive in Non-Social Housing activities is reflected in our targets for 2022 and beyond.

Our targets for Interest Cover in 2022 and 2023 is dramatically impacted by our ramping up of our planned maintenance programme. In 2021 we were only able to deliver a spend of £2m on new components for our homes across the Group, but in 2022 we will spend £3.2m and in 2023 £4.5m. This annual spend will remain very significant for many years with our plan to spend £5.3m in 2024 and £5m in 2025.

We are able to increase and maintain spend at these levels, as we have improved our business health and reduced our debt levels.

Development Capacity and Supply

BVT invested very heavily for an organisation of our size prior to 2017, with the development of our new garden village in Lightmoor and our investment in the Lawley community being at the forefront of this. The Trustees of BVT were clear that as the Lightmoor project neared its end there would always be a fallow period for BVT as we took stock and sought to reduce debt levels and increase surpluses, following two decades of investment.

This decision is clearly reflected in our development metrics. We have seen gearing fall from 63% in 2019, to 52% in 2021, with a target of 49% by 2023. This will still leave BVT above the sector average, so our Trustees have set a long term financial plan that will continue to see debt levels fall and development kept at low levels for the near future. Trustees will continue to monitor this position and are ready to recommence development as soon as our debt level, financial health and the right opportunity come together. The BVT Board are also driving hard with further developing our plans for Carbon Neutrality, with a new Environmental Sustainability Strategy due for completion in 2022. This means the Board are conscious of the need to maintain capacity for extensive investment in this area and until plans are finalised are unwilling to commit to development expenditure that could bring a risk to our ability to retain all our homes.

2021 did see BVT continue to work towards the completion of Lightmoor Village and 9 new homes for social rent were made available to families. This was a 0.27% growth of our stock.

Effective Asset Investment

In 2021 we launched our new Asset Management Strategy, setting out in detail how we will invest in all of our asset classes over the next 10 years.

As part of our strategic review BVT committed to a stock condition review of our general needs housing stock, using external experts to support us. This has allowed us to develop a new 30 year stock investment programme, which we have costed, and included in our plans and commenced delivery of. We are using our Asset Grading model, which was developed in 2019 with the support of external consultants, this allows us to review each property and assess if committing to refurbishment is the correct approach.

BVT is committed to our holistic whole village approach to asset management, so unlike many Landlords we do not feel our communities would benefit from BVT simply selling underperforming homes. However, our Board do recognise that we have a duty to ensure a good financial return from our housing services so we can invest in building new homes and have funds to maintain our existing homes, including improving environmental sustainability. To overcome this potential issue BVT have created a new Subsidiary, Bournville Village Enterprises (BVE) which will commence operation in 2022. BVE will lease around 20 homes from BVT, when they become vacant, and make them available to those wishing to join our communities as market renters. This will significantly improve the income we receive from these homes and will allow us to cover the costs of refurbishing homes when at

social rents such expenditure would be uneconomic. We will ensure a minimum 80% of the surplus we make is directed back into maintaining our existing homes and longer term we will be able to enhance our development programme and make more homes available for social renting. The first 2 of our homes were leased by BVE in early 2022.

We have in 2021 continued to grow our in house Maintenance Team, who deliver our repairs and an increasing amount of our component replacements. This has advanced the process of scaling them up to deliver more of our planned maintenance programme, but by delivering some in house and some via externally tendered contractors we are able to assure ourselves that both sides are delivering real value for money.

Due to the pandemic and access issues we did develop a backlog of day to day repairs in 2021, which we have now successfully cleared. This of course understandably impacted customer satisfaction, but whilst in 2020 we were unable to collect satisfaction data, we were at least able in 2021 to go back to surveys and this will establish a base line for future years. To this end we wish to put forward one important measure as a baseline and update two ongoing measures;

- Percentage of Customers satisfied with their last responsive repair – Target 90% - 2021 Achievement 85%
- Percentage of Tenants satisfied with the standard of their new home on letting Target 90% – 2019 80% - 2020 100% - 2021 97%.
- 3* Gas services cost – Target £175 - 2019 £224 - 2020 £140 – 2021 £154

The main aim throughout the pandemic has of course been to keep our communities safe, and we are pleased to report that we kept our landlord compliance standards high and are grateful to all our Tenants who worked with us to arrange safe access.

In 2020 we detailed that in Telford we had commissioned a review of the sinking funds linked to the Lawley and Lightmoor Estates, so we could continue to work with Residents to improve our value for money in stewardship delivery. That work was finished in 2021 and we are now working to deliver continuous improvement.

Outcomes

As a community based organisation the pandemic saw us invest more than ever in supporting our communities during 2021 and as we stepped in to take over the running for Shenley Court Hall, following the dissolution of the Charity that previously operated the community services, we saw our community spend rise.

Charitable community involvement is a key part of BVT's mission and we will continue to spend in this area, but in 2022 we have set an annual plan target to develop effective measures of social value delivered by our projects, so that we can demonstrate the VfM of these vital activities.

Reinvestment was up on 2020, at 2.28%, as we bought 10 new homes in Lightmoor Village, which have been let to families and invested in improving our existing stock.

As the pandemic continues to recede we will see our planned maintenance programme hitting planned targets in 2022 and we will see reinvestment (see explanation along with sector scorecard) jump to 2.81% in 2022 and 5% in 2023.

Operating Efficiencies

In 2021 our headline social housing cost per unit rose which was expected in our plans and reflected in the target set. However, we did go above our target and there were many reasons behind this, with the main areas as follows;

- Management costs per unit rose from £918 to £987, partly due to increased investment in staff numbers to assist in vital areas such as financial inclusion, but also due to a restructure and staff turnover. We will see this stabilise in 2022 with our target being to reduce back to similar levels of expenditure we saw in 2019.
- Maintenance costs per unit were expected to rise as we invested in our Asset Management Team to oversee the enhanced planned maintenance programme and as we cut surplus generating external repairs contracts to focus on delivering planned maintenance in house. However we are above our target mainly due to significant costs incurred in late 2021 as we did all we could to clear our repairs backlog caused by the various lockdowns. Whilst this has significantly driven up costs, we believe that delivering for our Tenants in such circumstances was the best option despite the costs.
- Major repair costs were up on 2020, but still fell short of our target spend as we could not deliver as full a planned maintenance programme as we had hoped due to the pandemic. We have rescheduled our delivery and the targets for spending in 2022 and 2023 reflect this rescheduling.

We did achieve some positive operating efficiencies in 2021 despite the pandemic.

- Our services charge per unit will fall in 2023 due to the sale of Selly Wood House, which drove up the overall level of BVT's service charge per property. In 2023 our target for service charges is well below our Peers and Sector average, but we do have an ongoing project looking at ensuring all our charges are delivering the best outcome and we recognise that some of our tenants may receive a better service if BVT enhanced our offer by setting up a service charge for their area or scheme. We will be working with our tenants to get their views and wishes on service charges over the next few years.
- Overheads as a percentage of turnover fell further in 2021. This places BVT well below our Peers and the Sector average. We are pleased that corporate costs are well managed in BVT, but as part of reviewing our organisational development offer we will see some minor increases in spending in the future.
- Rent collected was above 100% as we reduced our arrears carried forward from 2020 during 2021. We have once again been so thankful to our amazing tenants who despite all the pressures that have faced have continued to support us by prioritising their rent payments.

Key VfM Actions for 2022

Overview

Following on from the previous year's disruption, 2021 was not a normal year and whilst we did what we could to drive efficiency, economy and effectiveness, there were limits imposed by the pandemic conditions we worked under.

2022 is already proving to be a challenging year but we will continue to seek to deliver VfM and our corporate plan in innovative ways.

The sector scorecard offers our main financial targets for 2022 and 2023, with each having been set to allow the delivery of our corporate plan.

Business Health

We will ensure that our operating margins remain positive and our interest cover offers good headroom above banking covenants, whilst we deliver our normal activity and our new planned maintenance programme.

The BVT Board will be reviewing their risk appetite in 2022, building on the work the Board did on the "trade offs" between what we would like to achieve and what we have capacity to achieve, in 2021.

We will continue our review on non-social housing activities and in 2022 there will be an in-depth review of the Estates Management service we offer in Bournville. This service is not an additional activity undertaken by BVT, it is a key activity for us and was part of our activities on foundation. BVT received the incredible donation of homes that remain the core of BVT as part of a package that saw us take responsibility for a great deal of land and community in Bournville. So this review will be to ensure we are delivering the best possible value for money service to our community and to make sure what we deliver is what our community needs.

Having launched a new asset management strategy in 2021 we will be building on this in 2022 with more planning for reducing our carbon footprint and for improving the energy efficiency of our homes.

We will push on with our market rent project, to increase the diversity of our housing offer and to bring in additional income to invest in our homes and to help meet the carbon neutral challenge. The Trustee Board are well aware that not disposing of assets that are not fully economic for strategic reasons, does require BVT to be innovative and we will continue to look for new opportunities.

Development

In 2022 we will continue with the final stages of Lightmoor, but have no further development planned, whilst we continue to reduce our gearing level .

We will in 2022 continue to maintain our agricultural estate as we know this has potential for long term development and does meet our charitable objectives and offer an appropriate financial return. We will, however, explore areas that do not sit in our strategically important geographic areas, to see if better economy could be

achieved for BVT through sales or small scale development, where this sits within our charitable remit. At all stages our Board will assure itself we are making the right decisions by looking at all options carefully planned and slotted into our 30 year financial plan, so the financial impact can be clearly seen.

Effective Asset Investment

Following considerable work during 2021, will see in 2022 BVT publish our Environmental and Sustainability Strategy, as we seek to set out how we can ensure our housing stock, much of which is historic and in conservation areas, meets the environmental expectations of the future. This will eventually go on to form a core of our future asset investment strategy and 30 financial planning, but for now we are at the exploratory stages.

We will also be refreshing our asset appraisal data that we developed in 2019 and 2020 to bring it up to date and to start looking at non-housing assets, such as garage sites.

We will be using our refreshed risk appetite and development review to consider how and where we invest in our commercial portfolio and how BVT can best judge the returns and risks that would generate against our alternative options.

Future Activity Plans

We will continue our review on non-social housing activities and in 2022 there will be an in-depth review of the Stewardship service we offer in Bournville. This service is not an additional activity undertaken by BVT it is a core activity for us and was part of our objectives on foundation. BVT received the incredible donation of homes that remain the core of BVT as part of a package that saw us take responsibility for a great deal of land and community building in Bournville. So this review will be to ensure we are delivering the best possible value for money service to our community and to make sure what we deliver is what our community wants.

We will continue to increase our investment in our communities in 2022, with a number of projects set to develop. We will again, however, be looking to start reviews into social value being delivered, so as we emerge from the pandemic we can look to demonstrate that we are delivering the biggest social return for our investment.

Other Value for Money Metrics

BVT uses over 130 monthly key performance indicators (KPIs) which are reviewed by the Executive Team to monitor performance and to drive VfM. We believe all of these indicators are important metrics, and we are especially keen to use metrics to monitor and drive our strategic plan, so we regularly produce and utilise KPI in areas key to our plan.

Championing People

This is a developing area for BVT and in our Corporate Plan it is made clear that we are at the exploring phase. We have just completed our first Neighbourhood Plans for Shenley and Weoley and more will be developed in 2022. We will, as we enhance our information and knowledge of our communities, start to develop, deliver and monitor programmes around, health, access to education and employment. These will add to work we are already delivering in assisting families improve their financial position and to move away from fuel poverty.

Place Shaping

During 2021 we worked on developing new KPI's for our placeshaping work and in 2022 we will start to produce regular information on a wide range of activities, such as delivering alteration reviews to agreed timescales, estates inspection completed to target, the delivery of the landscaping programme by area.

Community Building

We are continuing to develop a range of KPIs to help drive us towards our strategic goals in respect to Community Building. One example of our use of VfM measures in this area relates to resident involvement, either formally or informally in consultation groups across BVT's activities. 2021 saw 7,229 occurrences of resident involvement and over 1000 more occurred in January and February of 2022. This measure helps us ensure we are really listening to our communities.

Providing Great Homes

This area of KPIs is understandably our most extensive and would be the most familiar to people involved in social housing, as it covers our customer services, repairs, lettings and voids.

In 2022 we will return to collecting a full range of satisfaction data from our tenants and this will include the percentage of tenants who are satisfied with BVT as a Landlord. This will allow us to ensure our sector scorecard is complete from next year.

Despite the impact of the pandemic we did make sure we kept our tenants safe and we ensured 99.9% of emergency repairs were delivered on the day they were reported, right through the year, which was well ahead of our 85% target.

We ensured gas servicing continued and delivered 3* gas servicing and repairs for an average cost of £154 throughout the year, which was below our £175 target. We also achieved same day gas repairs on emergency gas issues in 99.3% of cases, throughout the year.

Elsewhere in our great homes delivery we also maintained the quality standards we set in 2020. Throughout 2021 100% of Tenants were satisfied with the component replacement project delivered on their home. 2021 also saw 96.5% of tenants satisfied with the standard of the new home they were offered. We also found 100% of our tenants were happy with our allocations process.

Building Organisational Strength

In this area we look at KPIs for HR, Finance, Health and Safety, ICT, Complaint Handling and other matters key to our core operational ability.

Areas for Improvement

The Board of BVT have listened to our Tenants and committed to an enhanced programme of improvements to our homes. We take the decent homes standard as a minimum level and will continue to look to deliver in advance of it. We planned to deliver new bathrooms, kitchens, boilers and windows in 2021, and did what we could, but once again the pandemic reduced our ability to reach the pace we wanted. We have budgeted to increase our delivery for the next few years and are committed to meeting our Tenants expectations.

Whilst BVT did on the whole maintain standards through the pandemic, we did fall short of our expectations in delivering a quality customer experience at times. We will learn from this and in 2022 we will be developing a new customer experience strategy, which we will look to implement in 2022 and 2023.

Constitution and Governance

BVT is governed by its Deed of Foundation which was amended in June 2021 to enable access to a wider pool of potential trustee candidates by reducing the number of family trustees from 9 to 6, removing the nominated positions from The University of Birmingham, The Society of Friends and Birmingham City Council and creating positions for up to 6 independent trustees (2 co-opted) to help to increase the diversity of BVT's trustees and to bring in the skills required by the board.

The board meets at least 4 times each year and is supported by a range of committees with delegations clearly set out in a suite of Terms of Reference approved by the board. There are a number of governance policies and documents in place to support effective governance across the group.

BVT adopted the National Housing Federation Code of Governance 2020 in March 2021 and completed an annual self-assessment of compliance with the new Code in early 2022. There is one key area of non-compliance with the Code relating to the terms of office of family trustees. The Deed of Foundation does not apply set terms

of office for family trustees but the 6 year rule is applied to independent trustees in compliance with the Code of Governance. Family trustees are subject to annual re-appointment after serving 9 years on the board which takes into consideration individual trustees' performance and the skills requirements of the board and committees.

Areas of the new Code where compliance needs to be strengthened have been identified and actions are scheduled to be implemented in 2022.

A formal governance review is scheduled to take place in 2022 in compliance with the Code of Governance which will include a full review of governance arrangements across the group.

BVT assesses its group compliance with the Regulator for Social Housing's Governance and Financial Viability Standard on an annual basis and certifies that it is compliant with this standard.

Trustees (who held office during this period were)

Adrian Allen FCA - Chair

Duncan Cadbury MSc, DSW, CQSW (Retired 7th October 2021)

Roger Cadbury CBE, MA (Retired 9th December 2021)

Nigel Cadbury BA, Barrister at Law

Claire Bowman

Alison McKittrick BA (Hons)

Prof. Philip Lumley BDS, FDSRCPS, MDentSc, PhD, DSRCS

Caroline Cadbury MA - Vice Chair

Matthew Cadbury MA, MSc, MBA, PhD

Prof. John Nolan BSc, MSc, DEng(Hon), C.Eng, F.I.Struct.E, F.I.C.E. (Retired 10th June 2021)

Claudia Coulson BA (Hons)

Alison Fisher (Appointed 7th October 2021)

Derek Douglas (Appointed 24th November 2021)

Executive Team

Peter Richmond - Chief Executive

David Robinson BA (Hons), ACMA, CGMA, FRSA - Director of Finance & IT

Annette Homer FCIH, FCMI - Director of Business Development

Greg Lakin - MRICS, MCIQB, PG DMS – Director of Assets

Arthur Tsang – Director of Communities

Helen Harvey, BSc (Hons), MBA, FCIH, MCIPD- Director of People and Performance, and Company Secretary

Neil Ashford – MRICS – Director of Maintenance Services

Employee Involvement

In order to provide for consultation between management and employees on matters of concern to employees, the Joint Consultative Committee (JCC) was established many years ago. The Committee comprises staff members and managers, including the Chief Executive. JCC meetings are generally held at least three times per year and in 2021 the JCC discussed areas such as employee wellbeing, hybrid working, dress policy, staff conference, pensions and health and safety.

Public Benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the aims and objectives of BVT and in planning future activities. The Trustees have concluded that the BVT's aims and objectives contribute benefits in many ways, including the following:

- provision of rented housing accommodation to those in housing need
- provision of community facilities and services
- provision of advice and support to residents

Statement of Board's Responsibilities in respect of the Board's report and the financial statements

Registered Provider legislation requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the Group and BVT as at the end of the financial year and of the income and expenditure of the Group and BVT for the year ended on that date. In preparing those financial statements, suitable accounting policies have been used, framed to the best of the Trustees' knowledge and belief, by reference to reasonable and prudent judgements and estimates and applied consistently. The Trustees prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Applicable accounting standards have been followed. The Trustees are also required to indicate where the financial statements are prepared other than on the basis that the Group and BVT are going concerns.

The Trustees are responsible for ensuring that arrangements are made for keeping proper books of account with respect to the Group's and BVT's transactions and assets and liabilities, and for maintaining a satisfactory system of control over the Group's and BVT's books of account and transactions. The financial statements have been prepared in accordance with the requirements of the Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. The Trustees are also responsible for

ensuring that arrangements are made to safeguard the assets of the Group and BVT and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the group and financial information included on the Bournville Village Trust website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Political and Charitable Donations

BVT is a charitable organisation and as such we made no contributions to political organisations. To further the charitable aims of BVT we made charitable donations to other Charitable Organisations who have a connection to the Group, of £36,800 (2020: £42,197)

Alongside this BVT offered Partner Organisations, who furthered our charitable aims, accommodation that equals a benefit in kind donation valued at £15,800 (2020: £19,800).

Disclosure of Information to the Auditor

Trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the Trustees have confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

The Trustees resolved that RSM UK Audit LLP be reappointed as auditor. RSM UK Audit LLP has indicated its willingness to continue in office.

Annual Controls Assurance Statement 2022

Introduction

This statement sets out the evidence officers have collated on the effectiveness of BVT's system of internal controls encompasses a number of elements that together facilitate an effective and efficient business, enabling BVT to respond to a variety of operational, financial, and commercial risks. These elements are:

- Policies and Procedures
- Data Breaches

- Business Planning, Budgeting and Performance Management/ Regular Reporting
- Strategic Risk & Assurance Register
- Operational Risk & Assurance Registers
- Audit & Risk Committee
- Internal Audit Programme
- External Audit Programme
- Third Party Reports
- Compliance with relevant legislation

Policies and Procedures

A series of policies and other documents underpin the internal control process and written procedures support these policies and documents where appropriate. These include rules, standing orders and financial regulations that are regularly reviewed and approved by the Board. They are supported by other major documents and practices such as the Corporate Plan, codes of conduct, a performance management framework, management delegation systems, employment contracts, appraisals and monitoring processes and one-to-one reviews

During 2021 we continued to a review a significant number of policies, with a particular focus on health and safety policies and these policies are all up to date at year-end.

We continue to carry out process mapping to identify where efficiency and effectiveness could be increased. This was particularly applied to aspects of BVT's asset management and HR activities during 2021.

Data Breaches

BVT's Data Protection Officer manages and records all data breaches, both internal and external, that occur. On average, since we began recording, we have 6/7 data breaches each year. The process for reporting data breaches is set out in the Data Breach Notification Procedure.

We recorded 5 data breach incidents in 2021, 4 of these were minor errors in which no personal data was shared. The remaining 1 did see us share, in error, the name and address of an individual with Birmingham City Council. We contacted the individual to inform them of our error and to ensure no further issues occurred.

We are continually learning from data breaches. There is no blame associated with breaches and we actively encourage staff to report all instances they are involved in.

All staff have receive annual GDPR and IT Security training which has given them a good understanding of our GDPR Framework and their responsibilities when managing personal data, as well as useful information on IT Security.

This training is valid for two years. New staff will undergo the training during their induction.

Business Planning, Budgeting and Performance Management/ Regular Reporting

The annual business planning and budgeting process for 2021 was based on achieving the strategic objectives in the Corporate Plan and managing the key risks that might impact on achieving this.

There was regular reporting of both risk and performance across BVT throughout the year. Standardised report templates are in place to ensure that information is presented clearly and consistently across key issues.

A robust, business-led approach to a quarterly performance reporting cycle and reporting from a suite of KPI measures is firmly established and includes a specific suite of KPIs for landlord health and safety compliance.

In 2021 BVT again enhanced financial planning, with a complete rebuild of the 30 year financial plan. This included new assumptions to better reflect the likely long term impact of the pandemic. The automatic generation of Bank Covenant Compliance metrics allowed the 30 year plan to be used by Trustees at their Strategy Days to review a range of financial outcomes, drawn from different delivery options. This comparison tool helped the Board choose between competing options for BVT's finite financial resources, thereby assisting them in setting the business plan for BVT's medium term future.

The advanced stress testing we have been running for some years was updated, in line with our annual cycle. The detailed stress testing run has enabled Trustees to understand BVT's financial position clearly and also understand the impact of various financial scenarios on its financial viability and has resulted in very clear indicators for ensuring:

- a. there is access to sufficient liquidity at all times
- b. financial forecasts are based on appropriate and reasonable assumptions
- c. effective systems are in place to monitor and accurately report on the delivery of our plans
- d. the financial and other implications of risks to the delivery of plans are considered
- e. we monitor, report on and comply with our funders' covenants

Strategic Risk & Assurance Register

A Strategic Risk & Assurance Register is compiled and updated by the Executive Team to help to facilitate the identification, assessment and ongoing monitoring of risks significant to the organisation, also considering the need for further mitigation.

The Register identified the following as BVT's key strategic risks:

- Poor Financial Performance – loss of income and loan covenant headroom
- Environment/Climate Change – responding and affordability
- Brand Damage – modernising effectively, poor review and roll-out of design guides, lack of asset investment, poor delivery of stewardship
- Community & People – not hearing tenant and community voices
- Business Disruption – poor planning and resilience and cyber threats
- Organisational Capacity & Culture – leadership and board diversity
- Data Accuracy/Management – rent setting errors and poor data control
- Strategic Asset Management – lack of effective asset management of development strategies, care home viability, commercial property viability
- Fraud – lack of controls and compliance
- Health & Safety – landlord and employer

All of these risks had controls in place to mitigate them and actions to develop further controls where needed, and all risks scores reduced as a result of these controls.

The Register has been presented each quarter in 2021 to the Audit & Risk Committee and to Trustees.

An annual self-assessment carried out during the year against the Chartered Institute of Internal Auditors (IIA) Risk Maturity Framework to establish BVT's risk maturity on a scale from risk naive to risk enabled showed that that BVT has retained its 'risk managed' rating and has moved slightly more towards a 'risk mature' rating.

Operational Risk & Assurance Registers

Operational Risk & Assurance Registers are in place and are updated quarterly by the relevant director to help to facilitate the identification, assessment and ongoing monitoring of risks significant to the service, also considering the need for further mitigation. The registers are reviewed by the relevant committees and presented to Audit & Risk Committee for information and assurance, in accordance with our Risk & Assurance Strategy in April 2021.

Audit & Risk Committee

The Audit & Risk Committee alerts Trustees to any emerging issues or concerns it has. In addition, the committee oversees internal audit, external audit and management responses as required in its review of internal controls. The committee is therefore well-placed to provide advice and assurance to Trustees on the effectiveness of the internal control system, including the organisation's system for the management of risk including the scope and effectiveness of the strategy, policies and procedures.

Since the Committee was set up in 2017 it has developed its role and has become an established part of the oversight of internal controls. It met 4 times during 2021 and also held a joint meeting with the Finance Committee. The minutes of all these meetings have been presented to the Board of Trustees.

As part of good governance the Chair of this committee has met with both our External and Internal Auditors outside of the committee meetings to gain independent assurance on BVT's controls over its business.

Internal Audit Programme

Internal audit is an important element of the internal control process. Apart from its normal risk driven programme of work, including recommending improvements to service areas, internal audit is responsible for aspects of the annual review of the effectiveness of the internal control system within the organisation, giving an independent objective assessment of the effectiveness of the risk management and control processes operating at BVT.

The internal audit programme for 2021 was fully delivered and an Annual Internal Audit Assurance Report was presented to the Audit & Risk Committee in January 2022 and to the Board of Trustees in March 2022.

Mazars audit opinion was as follows: -

In our opinion, Bournville Village Trust ('BVT') has in place an appropriate framework for identifying, evaluating and managing the significant risks faced by the organisation.

In the year, we raised two highly important recommendations in relation to the Data Governance and Compliance #1 audits concerning the data governance framework and monthly water checks. The Data Governance audit received a 'Needs Improvement' assurance level with management accepting all three recommendations as part of this audit. It was also noted there was no reports in 2021 with 'Limited' assurance and no critical recommendations were raised.

In respect of the areas of activity which we reviewed, and subject to the weaknesses identified and reported in our internal audit reports Bournville Village Trust has an adequate, effective and reliable framework of internal control

and effective risk management and governance processes which provides reasonable assurance regarding the effective and efficient achievement of the organisation's objectives.

No instances of actual or suspected fraud have been encountered during our audit work.

Audit & Risk Committee took a robust role in terms of ensuring scrutiny and oversight of both the tracking and implementation of internal audit recommendations through regular and more detailed reporting of any outstanding fundamental recommendations as part of the quarterly Risk & Assurance reports.

External Audit

External audit provides feedback to the Trustees on the operation of the internal financial controls reviewed as part of the annual audit.

In May 2022, RSM UK issued their latest Audit Findings Report, based on BVT's 2021 financial statements. RSM reported that there were no internal control weaknesses that they needed to highlight to Trustees.

BVT, BVD and BWHS all received a clean audit opinion and there have been no disagreements with management regarding financial reporting for the purpose of issuing the audit report.

Third Party Reports

External assessments and advice provide additional and useful assurance. Major sources include regulatory judgements; Care Quality Standards (CQC); and independent advice around governance, treasury management, health and safety and supported housing.

Maintenance Services are audited yearly by both the NIC-EIC and GasSafe. NIC-EIC for our electrical compliance and registration and GasSafe for gas compliance and registration

External expertise and impartiality plays an important role in supporting BVT to review aspects of its work. During 2021 BVT used external parties to support the following:

- Preparation for BVT's regulatory In-Depth Assessment
- Review of the HR structure
- Advice on delivery of leadership and management development
- Structural Surveys and Assessments
- Expert Witnesses to defend Legislative Claims (Section 11 and 82 EPA)
- Agricultural Valuations
- Architects - Planning Applications and Advice (Conservation Areas)

- Planning and Sustainability experts (Design Charter)
- External Auditors
- Retained Independent Health and Safety Consultant (PEMCO)
- EPC inspections
- Review of an older persons scheme
- Treasury – ATFS
- Legal Advice for Rent Setting & Regulatory Compliance
- Legal Advice for Treasury & Land Registry
- Technical Financial Accounting Advice (Tax, VAT, SDLT, Investment Recording)
- Cyber Security
- ICT Infrastructure
- Regulatory Compliance
- Commercial valuations
- Commercial sales & marketing advice
- Commercial rents, lease terms and lettings
- Commercial dilapidations valuations and negotiations
- Commercial estate reinstatement valuations and a stock condition survey
- Market rent valuation and marketing

In terms of Care & Supported Housing, Selly Wood House was last inspected by the Care Quality Commission (CQC) in November 2019. The overall rating for the service was “Good” across all assessment areas. The Selly Wood House report was received by the Housing & Community Services Committee. There were no inspections in 2020 or 2021 due to the coronavirus pandemic. Selly Wood House was sold to a specialist care services provider at the end of 2021.

BVT attained Cyber Essentials Accreditation in December 2021, this is externally verified accreditation that BVT’s ICT security arrangements met the standards expected of the highest performing organisations in our industry sector. To further protect ourselves and more importantly our customers, BVT has engaged an industry leading expert security partner who will be providing on-going Cyber Security support services for the organisation.

In March 2020 the Regulator for Social Housing (RSH) regraded BVT’s governance rating from G2 to G1. BVT’s G1/V1 ratings were both reconfirmed in December 2020 following the RSH’s stability checks. A regulatory In-Depth Assessment began in December 2021 which resulted in a G1/V1 rating being awarded in March 2022.

Compliance with relevant legislation

We confirm our compliance with relevant legislation in a number of ways:

- monthly KPI monitoring (a number of KPI targets are set to achieve legal compliance)
- regular review of policies to ensure they reflect current legislation
- constant scanning of trade press for updates and attendance at major

- conferences
- horizon scanning as part of monthly risk discussions to identify any new legislation
- internal and external audits
- relevant employees are required to maintain professional accreditation, which includes remaining up to date with relevant statutory requirements
- use of legal advisors for more complex legal issues that are either beyond the professional capacity of BVT employees, or to seek an opinion on our interpretation of legislation and attendance at legal briefings
- external competent advisor for health and safety
- lists of relevant legislation provided annually to support this statement are provided to BVT's Audit & Risk Committee and Board.

There is a section for compliance with relevant legislation in BVT's standard report template so that any issues or concerns are clearly highlighted to Trustees and Committees.

Coronavirus Pandemic

During 2021 BVT was managing its activities alongside responding to the Coronavirus Pandemic. Throughout this period Trustees were kept fully briefed by setting out the key risks and how these were being managed. Our recovery from this impact has been positive, with services at near normal levels throughout the year and a focus on catching up on any repairs and voids backlogs.

Effectiveness of Controls

Our risk and control mechanisms are generally effective. This annual internal controls certification process has not highlighted any issues that were not previously identified through normal management processes.

The Executive team has reviewed the effectiveness of the system of internal controls, including the sources of assurance agreed by the Board. There is sufficient evidence to confirm that adequate systems of internal control are in place and operated throughout the year.

Reserves

All surpluses generated are reinvested to meet the Group's principal objectives, therefore, the reserves that the Group has accumulated have been largely invested in its housing and other properties and are not represented by cash balances. The rationale for certain restricted reserves is explained within the Accounting Policies section.

Fixed Assets

Details of the changes in fixed assets are set out in note 7 to the financial statements.

Information

Registered Office

350 Bournville Lane
Bournville
Birmingham
B30 1QY

Homes England Registration Number

L0702

Registered Charity Number

219260

Auditor

RSM UK Audit LLP
Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF

Bankers

Lloyds Bank Plc
142 Edgbaston Park Road
Birmingham
B15 2TY

Solicitors

Eversheds LLP
115 Colmore Row
Birmingham
B3 3AL

By order of the Trustees

Helen Harvey 

Secretary

9th June 2022

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF BOURNVILLE VILLAGE TRUST

Opinion

We have audited the financial statements of Bournville Village Trust (the 'Association') for the year ended 31 December 2021 which comprise the Consolidated and Association Statement of Financial Activities, the Consolidated and Association Statements of Financial Position, the Consolidated and Association Statements of Changes in Reserves, the Consolidated and Association Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Association's affairs as at 31 December 2021 and of their income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

We have been appointed as auditors under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities **statement set out on page 33 to 42**, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the

assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the Group and Association operates in and how the Group and Association are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities Act 2011, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019 and tax compliance legislation. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included, reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from internal/external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are Health and Safety at Work Act 1974, the Regulator of Social Housing Regulatory Standards (both Economic and Consumer standards) and the General Data Protection Regulations as set out in the Data Protection Act 2018. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls and other risks as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates and include key procedures to address other risks.

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

Use of our report

This report is made solely to the Association's trustees as a body, in accordance with the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK Audit LLP

Statutory Auditor

Chartered Accountants

St Philips Point

Temple Row

Birmingham

B2 5AF

Date **12.08.22**

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006,

Bournville Village Trust Group

CONSOLIDATED AND TRUST STATEMENTS OF COMPREHENSIVE INCOME for the year ended 31 December 2021

	Notes	Group		Trust	
		2021	2020	2021	2020
		£'000	£'000	£'000	£'000
TURNOVER	1	27,619	28,042	26,726	27,180
Operating expenditure	Normal	(22,902)	(22,616)	(22,310)	(22,096)
OPERATING SURPLUS	1	4,717	5,426	4,416	5,084
Surplus on sale of housing and other properties	5a	866	(4)	866	(4)
Surplus on the sale of land	5a	537	560	527	560
Surplus on sale of other fixed assets	5a	680	66	680	66
Interest receivable	3	7	25	171	198
Interest and financing costs	4	(3,960)	(4,075)	(3,963)	(4,080)
Movement in fair value of financial instruments	16	7,670	(3,745)	7,670	(3,745)
SURPLUS ON ORDINARY ACTIVITIES	20	10,517	(1,747)	10,367	(1,921)

Bournville Village Trust Group

CONSOLIDATED AND TRUST STATEMENTS OF FINANCIAL POSITION as at 31 December 2021

	Notes	Group 2021 £'000	2020 £'000	Trust 2021 £'000	2020 £'000
FIXED ASSETS					
Tangible assets					
Housing properties - Cost	7A	189,459	188,929	177,990	177,517
- Depreciation	7A	(37,541)	(35,055)	(33,901)	(31,729)
		151,918	153,874	144,089	145,788
Other fixed assets	7B	18,844	18,608	18,844	18,608
Fixed asset investments	8	1,041	1,053	9,441	9,453
		171,803	173,535	172,374	173,849
CURRENT ASSETS					
Properties held for sale	9	0	169	0	169
Stock	10	831	1,337	24	4
Debtors	11	1,568	1,931	3,477	4,132
Cash at bank and in hand		5,582	13,917	5,331	13,661
		7,981	17,354	8,832	17,966
CREDITORS: Amounts falling due within one year	12	(9,598)	(9,338)	(12,148)	(11,250)
NET CURRENT ASSETS		(1,617)	8,016	(3,316)	6,716
TOTAL ASSETS LESS CURRENT LIABILITIES		170,186	181,551	169,058	180,565
CREDITORS: Amounts falling due after more than one year					
Provisions for liabilities - pensions	18	638	742	638	742
Financial instruments at fair value	16	21,766	29,436	21,766	29,436
CAPITAL AND RESERVES					
Restricted reserves	19	7,218	6,835	7,218	6,835
Endowments		696	696	696	696
Income and expenditure reserve	20	28,202	18,068	27,846	17,862
		170,186	181,551	169,058	180,565

The financial statements on pages ^{48 to 85}~~47 to 84~~ were approved by the Trustees and authorised for issue on 9 June 2022 and were signed on its behalf by:

A Allen - Chair
C Cabury - Trustee
P Richmond - Chief Executive

Bournville Village Trust Group

STATEMENT OF CHANGES IN RESERVES as at 31 December 2021

Group	Income and expenditure reserve	Restricted reserve	Endowments	Total
	£ £'000	£ £'000	£ £'000	£ £'000
Balance at 1 January 2020	20,880	5,770	696	27,346
Deficit for the year	(1,747)	0	0	(1,747)
Transfer of restricted expenditure from unrestricted reserve	<u>(1,065)</u>	<u>1,065</u>	<u>0</u>	<u>0</u>
Balance at 31 December 2020	18,068	6,835	696	25,599
Surplus for the year	10,517	0	0	10,517
Transfer of restricted expenditure from unrestricted reserve	<u>(383)</u>	<u>383</u>	<u>0</u>	<u>0</u>
Balance as 31 December 2021	<u>28,202</u>	<u>7,218</u>	<u>696</u>	<u>36,116</u>

Trust	Income and expenditure reserve	Restricted reserve	Endowments	Total
	£ £'000	£ £'000	£ £'000	£ £'000
Balance at 1 January 2020	20,848	5,770	696	27,314
Deficit for the year	(1,921)	0	0	(1,921)
Transfer of restricted expenditure from unrestricted reserve	<u>(1,065)</u>	<u>1,065</u>	<u>0</u>	<u>0</u>
Balance at 31 December 2020	17,862	6,835	696	25,393
Surplus for the year	10,367	0	0	10,367
Transfer of restricted expenditure from unrestricted reserve	<u>(383)</u>	<u>383</u>	<u>0</u>	<u>0</u>
Balance as 31 December 2021	<u>27,846</u>	<u>7,218</u>	<u>696</u>	<u>35,760</u>

Bournville Village Trust Group

CONSOLIDATED AND TRUST STATEMENT OF CASH FLOWS for the year ended 31 December 2021

	Notes	Group		Trust	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000
OPERATING ACTIVITIES					
Net cash generated from operations	21	10,315	9,685	9,296	8,862
Interest paid		(4,053)	(4,126)	(3,977)	(4,131)
NET CASH FROM OPERATING ACTIVITIES		6,262	5,559	5,319	4,731
CASH FLOW FROM INVESTING ACTIVITIES					
Proceeds on investment disposals					
Acquisition and construction of tangible fixed assets		(4,091)	(2,576)	(3,978)	(2,480)
Net proceeds on disposal of tangible fixed assets		3,057	808	3,148	808
Capital grants repaid		(102)	0	(99)	0
Interest received		19	18	183	191
NET CASH USED IN INVESTING ACTIVITIES		(1,117)	(1,750)	(746)	(1,481)
CASH FLOW FROM FINANCING ACTIVITIES					
Loans received		0	10,000	0	10,000
Loan principal repayments		(13,500)	(3,586)	(13,500)	(3,586)
NET CASH (USED IN) / FROM FINANCING ACTIVITIES		(13,500)	6,414	(13,500)	6,414
NET DECREASE IN CASH AND CASH EQUIVALENTS		(8,355)	10,223	(8,927)	9,664
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		13,233	3,010	10,406	742
CASH AND CASH EQUIVALENTS AT END OF YEAR	21	4,878	13,233	1,479	10,406

Bournville Village Trust Group

ACCOUNTING POLICIES

LEGAL STATUS

Bournville Village Trust is a charity and is an English registered social housing provider, and is a public benefit entity.

The principal activities and operations are disclosed in the Report of the Board of Trustees.

The address of the Society's registered office and principal place of business is

Birmingham

BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS102"), the Housing SORP 2018 "Statement of Recommended Practice for Registered Housing Providers" and they comply with the Accounting Direction for Private Registered Providers of Social Housing 2019. They are prepared under the historical cost convention, modified to include certain financial instruments at fair value.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of the Trust and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 31 December 2021.

All intra group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

GOING CONCERN

Under the governance requirements, the Trustees confirm that after making enquiries they have reasonable expectation that the Group and Trust have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

TURNOVER AND REVENUE RECOGNITION

Turnover represents rents and service charges receivable in respect of tenanted leasehold and freehold properties, and amounts invoiced in respect of the provision of services to third parties (net of VAT). It also includes turnover from shared ownership first tranche sales, supported people income, donations, proceeds from land sales, overage and income for release of covenant restrictions and revenue grants receivable in the period.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Income from first tranche sales and land sales is recognised at the point of legal completion of the transaction. Services to third parties are recognised at the point of service delivery.

OTHER INCOME

Interest Income

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

Bournville Village Trust Group

ACCOUNTING POLICIES (continued)

TANGIBLE FIXED ASSETS - HOUSING PROPERTIES

Housing properties are properties for the provision of social housing and are principally properties available for rent and shared ownership. Completed housing and shared ownership properties are stated at cost less accumulated depreciation and impairment losses. Agriculture, commercial, community, communal, and office buildings are stated at cost less accumulated depreciation and impairment losses.

Cost includes the cost of acquiring land and buildings, and expenditure incurred during the development period.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that enhance the economic benefits of the assets, are capitalised as improvements. Such enhancements can occur if improvements result in either:

- An increase in rental income;
- A material reduction in future maintenance costs;
- A significant extension to the life of the property.

Shared ownership properties are split proportionally between fixed assets and current assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds are included in turnover. The remaining element is classed as a fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment. Where the first tranche has been sold prior to the acquisition of properties, these are included in fixed assets only.

SOCIAL HOUSING AND OTHER GOVERNMENT GRANTS

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in Turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. Social Housing Grant (SHG) received for items of cost written off in the Statement of Comprehensive Income Account is included as part of Turnover.

When SHG in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

SHG must be recycled by the Association under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by Homes England. However, SHG may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as Turnover. In certain circumstances, SHG may be repayable, and, in that event, is recorded as a subordinated unsecured repayable debt.

DEPRECIATION OF HOUSING PROPERTIES

Freehold land or assets under construction are not depreciated.

The group separately identifies the major components of its housing properties and charges depreciation so as to write-down the cost of each component to its estimated residual value, on a straight line basis over the following years:

	Years
Structure	100 -150
Kitchen	20
Bathroom	30
Windows	30
Central Heating	30
Boilers	15
Rewiring	30
Front Doors	30
Roofs	60
Door Entry Systems	15
Sewerage	20

BVT considers each commercial and agricultural property and asset individually and applies the most appropriate depreciation rate to the asset, based on a fair assessment of its useful economic life.

Bournville Village Trust Group

ACCOUNTING POLICIES (continued)

IMPAIRMENT OF FIXED ASSETS

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the group estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in the income and expenditure account.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in income and expenditure. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

OTHER TANGIBLE FIXED ASSETS

Tangible fixed assets are initially measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land and investment properties, at rates calculated to write off the cost of each asset to its estimated residual value on a straight line basis over its expected useful life as follows:

Computer Equipment	4 years
Fixtures and Fittings	4 years

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

PROPERTIES UNDER CONSTRUCTION

Properties in the course of construction are carried at cost, less any identifiable impairment loss. Cost includes professional fees and other directly attributable costs that are necessary to bring the property to its operating condition. Depreciation commences when the properties are ready for their intended use.

BORROWING COSTS

Borrowing costs are expensed as incurred unless they are capitalised if directly attributable to a development scheme. Borrowing costs are capitalised from the start of construction through to the time the development is completed and handed over as available for occupation. Costs directly connected with the raising of finance are deducted from loans and written off evenly over the life of the loan in the income and expenditure account.

FIXED ASSET INVESTMENTS

There are two elements to fixed asset investments. Investment of Subsidiary represents the fair value of the proceeds for the acquisition of BWHS as at 4 January 2011 when the organisation became a subsidiary of BVT. This became deemed cost going forward. The THFC Interest Service Reserve equates to an investment required under the terms of our THFC loan and the funds are currently invested in bank deposit accounts. The interest reserve is stated at cost with any accrued interest being credited to the statement of comprehensive income.

Bournville Village Trust Group

ACCOUNTING POLICIES (continued)

STOCKS AND WORK IN PROGRESS

Stocks and work in progress are stated at the lower of cost and net realisable value.

Long-term projects, notably the Lightmoor project undertaken through Bournville Village Developments are assessed on a contract-by-contract basis and reflected in the Income and Expenditure Account by recording turnover and related costs as contract activity progresses. Turnover is ascertained in a manner appropriate to the stage of completion of the contract, and credit taken for surplus earned to date when the outcome of the contract can be assessed with reasonable certainty. The amount by which turnover exceeds payments on account is classified as "amounts recoverable on contracts" and included in debtors; to the extent that payments on account exceed relevant turnover, the excess is included as a creditor. The amount of long term contracts, at cost net of amounts transferred to cost of sales, less provision for foreseeable losses and payments on account not matched with turnover, is included within stocks.

VALUE ADDED TAX

Bournville Village Trust and Bournville Village Developments Ltd are both registered for VAT purposes.

Bournville Village Trust is only able to recover a relatively small percentage of VAT on its expenditure, as the majority of its income is exempt for VAT purposes. Therefore, expenditure is shown inclusive of VAT with the input VAT recovered deducted from relevant expenditure.

Bournville Village Developments Limited is able to recover all VAT on its expenditure. As a result, expenditure is shown net of VAT and VAT recoverable shown as a debtor.

Bournville Works Housing Society is not registered for VAT purposes and is therefore unable to recover any VAT on its expenditure. Therefore, expenditure is shown inclusive of VAT.

LEASES

OPERATING LEASES

Annual rentals are charged to income and expenditure on a straight line basis over the lease term.

EMPLOYEE BENEFITS

The costs of short-term employee benefits are recognised as a liability and an expense.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

RETIREMENT BENEFITS

Defined contribution plans

For defined contribution schemes the amount charged to income and expenditure is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Defined benefit plans

The group participates in a multi-employer defined benefit scheme, the Cadbury Mondelez Pension Fund.

For the Cadbury Mondelez Pension Fund, contributions are recognised in income and expenditure in the period to which they relate as there is insufficient information available to use defined benefit accounting. A liability is recognised for contributions arising from an agreement with the multi-employer plan that determines how the group will fund a deficit. Contributions are discounted when they are not expected to be settled wholly within 12 months of the period end. The rate used to discount the contributions to their present value is based on market yields for high quality corporate bonds with terms and currencies consistent with those at the end benefit obligations.

Bournville Village Trust Group

ACCOUNTING POLICIES (continued)

FINANCIAL INSTRUMENTS

BVT has elected to apply the provisions of sections 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Debtors

Rental and trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Rental debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with rental or trade debtors constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the rental or trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Financial liabilities

Trade creditors

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but the control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to fair value, at each reporting date. Fair value gains and losses are recognised through income and expenditure.

Bournville Village Trust Group

ACCOUNTING POLICIES (continued)

PROVISIONS

Provisions are recognised when the group has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

RESERVES

The group establishes restricted funds for the specific purposes where their use is subject to restrictions imposed by third parties.

- i) **SUPPORTED HOUSING FUND**
This restricted reserve represents funds to cover the replacement of furniture and equipment and any major repairs needed in any of the Trust's supported housing schemes.
- ii) **FUTURE MAINTENANCE RESERVE**
This reserve represents the combined total of all the sinking funds that BVT holds to fund our future maintenance commitments in the areas in which we work.
- iii) **BAT RESERVE**
This reserve represents the net assets of Bournville Almshouse Trust, which under a Uniting Direction from the Charity Commission, is now accounted through this restricted reserve.
- iv) **ELIZA BEECH FUND**
This reserve represents funds to provide residents of BAT with excursions and other entertainment.
- v) **SHROPSHIRE PROJECT RESERVE**
Some community events generate income to fund specific projects or events that otherwise wouldn't happen.
- vi) **COMMUNITY INFRASTRUCTURE RESERVE**
This is a fund holding funds that may only be used for the advancement of Lawley Village.
- vii) **EILEEN HEWER RESERVE**
This fund is used to pay for activities the resident representatives of Lawley select for community advancement.
- viii) **LVCA RESERVE**
The Lawley Village Community Association may call on this fund to support community activity.
- viii) **LAWLEY VAN RESERVE**
The Lawley Village Community Association are funding a van purchased by BVT.
- ix) **BIO-DIVERSITY RESERVE**
This fund holds a donation for the advancement of bio-diversity in Bournville
- x) **LIBRARY FUND RESERVE**
This fund holds a donation received to support the BVT Library and Archive.

Bournville Village Trust Group

ACCOUNTING POLICIES (continued)

ENDOWMENT RESERVES

This reserve represents the permanent endowment of the charity as bequeathed by the Founder.

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including

Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives as per the accounting policy note. The useful economic lives

Impairment of non-financial assets

Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a

Development expenditure

Development expenditure is capitalised in line with the accounting policy. Initial capitalisation of costs is based on

Pension Discount Factor

The discount factor used in the calculation of the pension fund liability is based on the yield for a bond taken out by THFC

Debtors

Debtors are based on the amounts outstanding in our ledgers at the end of the financial year, less any provision for bad debts. The provision for rent arrears is based on all former tenants arrears plus 75% of all current tenant arrears that remain outstanding for more than 8 weeks.

Balances due from group undertakings are assessed at the end of each year to ensure that the debt is recoverable in full.

Valuation of Stand Alone Financial Derivatives

BVT holds Stand Alone Financial Derivatives (Swaps) for the purposes of hedging interest rates on our loans. These Swaps are required to include in these accounts at their "Fair Value" to calculate this "Fair Value" we use our independent Treasury Advisors ATFS, who are industry experts in their field. It is this the "Fair Value" calculated by ATFS that is included in these accounts.

Bournville Village Trust Group

ACCOUNTING POLICIES (continued)

Treatment of Agricultural Estates, Properties let to Commercial Organisations and Market Rented Homes

BVT was gifted, by Cadbury Family members, over many years sections of land and properties that now make up our Agricultural Estates. Whilst there are no detailed records of the expectations of the donors in relation to BVT's use of much of these holdings, we believe that we understand through our continued relationship with members of the Cadbury Family that the purpose behind the donation was that BVT would hold and use the land not for simple commercial gain, but to prevent the inappropriate use of the land and the unsympathetic development of green belt. As simple commercial gain is not our primary purpose for holding this land, we do not treat this land as Investment Holdings.

BVT also owns property we lease to Tenants who use these sites to provide "commercial" services, such as shops, health care centres, offices. The reason BVT owns these properties is to ensure our communities have access to important amenities in their neighbourhood. This means BVT do not simply seek the maximum income from these holdings, but instead prioritises the benefit any prospective Tenants business can bring to our communities. As this is the case, we do not treat these properties as Investment Properties in these accounts.

BVT also owns a small number (58) Market Rented homes. These homes are let to Tenants at a weekly rent that is above our standard Social Rent, but well below the true market rent for the area. As we are not operating these homes on a fully commercial basis, but instead to give people access to affordable high quality homes and to increase the tenure types in our communities, and given that the number is not material in relation to our overall rented homes numbers, we do not treat these as Investment Properties in our accounts.

Profit Share

BVI worked with the Extra Care Charitable Trust to develop an extra care scheme for older people on land owned by BVI in Bournville. The scheme is managed and run by the Extra Care Charitable Trust, but as part of the development arrangement BVT is entitled to a share of the profits on care provision within the scheme and of the surplus on property buy back and sales.

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2021

1 TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

Continuing activities - Group

	2021			2020		
	Turnover	Operating Costs	Operating Surplus/ (Deficit)	Turnover	Operating Costs	Operating Surplus/ (Deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Social Housing Activities						
Income and expenditure from social housing lettings	22,963	(17,360)	5,603	22,805	(17,239)	5,566
Other Social Housing Activities						
First tranche shared ownership sales	0	0	0	233	(196)	37
Services to third parties	487	(690)	(203)	579	(546)	33
Profit share arrangement	244	(25)	219	223	(25)	198
Community activities	98	(727)	(629)	56	(553)	(497)
Non Social Housing Activities						
Market renting	493	(183)	310	475	(142)	333
Agricultural lettings	545	(459)	86	607	(685)	(78)
Estate management	1,481	(2,331)	(850)	1,431	(2,127)	(696)
Commercial lettings	958	(511)	447	970	(486)	484
Business Development	0	(243)	(243)	0	(259)	(259)
Selly Manor museum	104	(197)	(93)	85	(198)	(113)
Land transactions	103	0	103	453	0	453
Pension fund costs	0	(33)	(33)	0	(30)	(30)
Services to third parties	143	(143)	0	125	(130)	(5)
TOTAL	27,619	(22,902)	4,717	28,042	(22,616)	5,426

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2021

1 TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

Continuing activities - Trust

	2021			2020		
	Turnover	Operating Costs	Operating Surplus/ (Deficit)	Turnover	Operating Costs	Operating Surplus/ (Deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Social Housing Activities						
Income and expenditure from social housing lettings	21,525	(16,768)	4,757	21,383	(16,719)	4,664
Other Social Housing Activities						
First tranche shared ownership sales	0	0	0	233	(196)	37
Services to third parties	1,002	(690)	312	1,111	(546)	565
Profit share arrangement	244	(25)	219	223	(25)	198
Community activities	98	(727)	(629)	56	(553)	(497)
Non-Social Housing Activities						
Market renting	493	(183)	310	475	(142)	333
Agricultural lettings	545	(459)	86	607	(685)	(78)
Estate management	1,511	(2,331)	(820)	1,459	(2,127)	(668)
Commercial lettings	958	(511)	447	970	(486)	484
Business development	0	(243)	(243)	0	(259)	(259)
Selly Manor museum	104	(197)	(93)	85	(198)	(113)
Land transactions	103	0	103	453	0	453
Pension fund costs	0	(33)	(33)	0	(30)	(30)
Services to third parties	143	(143)	0	125	(130)	(5)
TOTAL	26,726	(22,310)	4,416	27,180	(22,096)	5,084

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2021

1 TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS (continued)

Particulars of income and expenditure from social housing lettings - Group

	2021				
	General needs housing £'000	Supported housing accommodation £'000	Housing for older people £'000	Shared ownership accommodation £'000	Total £'000
TURNOVER FROM SOCIAL HOUSING LETTINGS					
Rent receivable net of voids	17,827	0	1,141	399	19,367
Service charges receivable	263	0	828	4	1,095
Care and support charges	0	2,198	0	0	2,198
NET RENTAL INCOME	18,090	2,198	1,969	403	22,660
Social housing grant amortisation	184	0	110	9	303
TURNOVER FROM SOCIAL HOUSING LETTINGS	18,274	2,198	2,079	412	22,963
EXPENDITURE ON SOCIAL HOUSING LETTINGS					
Management	2,921	268	506	160	3,855
Service charge costs	298	0	699	0	997
Care and support costs	0	2,085	0	0	2,085
Routine maintenance	3,465	119	196	0	3,780
Planned maintenance	1,813	2	45	0	1,860
Major repairs expenditure	663	0	0	0	663
Bad debts	45	5	3	0	53
Depreciation of properties	3,518	38	402	97	4,055
Depreciation of fixtures and fittings	10	1	1	0	12
OPERATING COSTS ON SOCIAL HOUSING LETTINGS	12,733	2,518	1,852	257	17,360
OPERATING SURPLUS / (DEFICIT) ON SOCIAL HOUSING LETTINGS	5,541	(320)	227	155	5,603
Rent loss due to voids	189	4	66	0	259

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2021

1 TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS (continued)

Particulars of income and expenditure from social housing lettings - Group

	General needs housing £'000	Supported housing accommodation £'000	2020 Housing for older people £'000	Shared ownership accommodation £'000	Total £'000
TURNOVER FROM SOCIAL HOUSING LETTINGS					
Rent receivable net of voids	17,453	0	1,166	396	19,015
Service charges receivable	256	0	809	4	1,069
Care and support charges	0	2,397	0	0	2,397
NET RENTAL INCOME	17,709	2,397	1,975	400	22,481
Social housing grant amortisation	184	21	110	9	324
TURNOVER FROM SOCIAL HOUSING LETTINGS	17,893	2,418	2,085	409	22,805
EXPENDITURE ON SOCIAL HOUSING LETTINGS					
Management	2,763	217	439	160	3,579
Service charge costs	222	0	049	0	071
Care and support costs	0	2,384	0	0	2,384
Routine maintenance	3,267	79	91	0	3,437
Planned maintenance	1,526	5	47	0	1,578
Major repairs expenditure	566	0	0	0	566
Bad debts	188	10	1	0	199
Depreciation of properties	3,973	110	394	113	4,590
Depreciation of fixtures and fittings	10	25	0	0	35
OPERATING COSTS ON SOCIAL HOUSING LETTINGS	12,515	2,830	1,621	273	17,239
OPERATING SURPLUS / (DEFICIT) ON SOCIAL HOUSING LETTINGS	5,378	(412)	464	136	5,566
Rent loss due to voids	151	5	43	0	199

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2021

1 TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS (continued)

Particulars of income and expenditure from social housing lettings - Trust

	2021				Total £'000
	General needs housing £'000	Supported housing accommodation £'000	Housing for older people £'000	Shared ownership accommodation £'000	
TURNOVER FROM SOCIAL HOUSING LETTINGS					
Rent receivable net of voids	16,397	0	1,141	399	17,937
Service charges receivable	263	0	828	4	1,095
Care and support charges	0	2,198	0	0	2,198
NET RENTAL INCOME	16,660	2,198	1,969	403	21,230
Social housing grant amortisation	176	0	110	9	295
TURNOVER FROM SOCIAL HOUSING LETTINGS	16,836	2,198	2,079	412	21,525
EXPENDITURE ON SOCIAL HOUSING LETTINGS					
Management	2,793	268	506	160	3,727
Service charge costs	298	0	699	0	997
Care and support costs	0	2,085	0	0	2,085
Routine maintenance	3,492	119	196	0	3,807
Planned maintenance	1,731	2	45	0	1,778
Major repairs expenditure	626	0	0	0	626
Bad debts	43	5	3	0	51
Depreciation of properties	3,148	38	402	97	3,685
Depreciation of fixtures and fittings	10	1	1	0	12
OPERATING COSTS ON SOCIAL HOUSING LETTINGS	12,141	2,518	1,852	257	16,768
OPERATING SURPLUS / (DEFICIT) ON SOCIAL HOUSING LETTINGS	4,695	(320)	227	155	4,757
Rent loss due to voids	175	4	66	0	245

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2021

1 TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS (continued)

Particulars of income and expenditure from social housing lettings - Trust

	2020				
	General needs housing £'000	Supported housing accommodation £'000	Housing for older people £'000	Shared ownership accommodation £'000	Total £'000
TURNOVER FROM SOCIAL HOUSING LETTINGS					
Rent receivable net of voids	16,039	0	1,166	396	17,601
Service charges receivable	256	0	809	4	1,069
Care and support charges	0	2,397	0	0	2,397
NET RENTAL INCOME	16,295	2,397	1,975	400	21,067
Social housing grant amortisation	176	21	110	9	316
TURNOVER FROM SOCIAL HOUSING LETTINGS	16,471	2,418	2,085	409	21,383
EXPENDITURE ON SOCIAL HOUSING LETTINGS					
Management	2,648	217	439	160	3,464
Service charge costs	222	0	649	0	871
Care and support costs	0	2,384	0	0	2,384
Routine maintenance	3,341	79	91	0	3,511
Planned maintenance	1,475	5	47	0	1,527
Major repairs expenditure	548	0	0	0	548
Bad debts	184	10	1	0	195
Depreciation of properties	3,567	110	394	113	4,184
Depreciation of fixtures and fittings	10	25	0	0	35
OPERATING COSTS ON SOCIAL HOUSING LETTINGS	11,995	2,830	1,621	273	16,719
OPERATING SURPLUS / (DEFICIT) ON SOCIAL HOUSING LETTINGS	4,476	(412)	464	136	4,664
Rent loss due to voids	140	5	43	0	188

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2021

2 ACCOMMODATION IN MANAGEMENT AND DEVELOPMENT

	Group		Trust	
	2021 Number	2020 Number	2021 Number	2020 Number
UNITS OWNED AT YEAR END:				
General needs housing	3,327	3,318	3,014	3,005
Shared ownership	142	144	142	144
Supported Housing	20	22	20	22
Housing for older people	262	262	262	262
Market rented	58	58	58	58
	<u>3,809</u>	<u>3,804</u>	<u>3,496</u>	<u>3,491</u>
UNITS IN MANAGEMENT AT YEAR END:				
General needs housing	3,478	3,469	3,478	3,469
Shared ownership	142	144	142	144
Supported Housing	20	22	20	22
Housing for older people	262	262	262	262
Market rented	58	58	58	58
	<u>3,960</u>	<u>3,955</u>	<u>3,960</u>	<u>3,955</u>

The above numbers include 127 (2020:127) units owned by BVT but managed by other associations.

3 INTEREST RECEIVABLE AND SIMILAR INCOME

	Group		Trust	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Interest on bank deposits	19	18	19	18
Interest on intercompany loans	0	0	164	173
Other interest receivable	(12)	7	(12)	7
	<u>7</u>	<u>25</u>	<u>171</u>	<u>198</u>

4 INTEREST PAYABLE AND SIMILAR CHARGES

	Group		Trust	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Interest arising on:				
Bank loans and overdrafts	2,737	2,838	2,737	2,838
Other Loans	1,206	1,208	1,209	1,213
Interest & Financing Costs - Pensions	17	29	17	29
	<u>3,960</u>	<u>4,075</u>	<u>3,963</u>	<u>4,080</u>

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2021

5 OPERATING SURPLUS

	Group		Trust	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Operating surplus is stated after charging / (crediting):				
Depreciation of other tangible fixed assets owned	148	170	148	170
Depreciation of housing properties	4,179	4,727	3,810	4,322
Depreciation of non-housing properties	400	424	400	424
Operating lease rentals	156	141	156	141
Amortisation of capital grant	(306)	(326)	(298)	(318)

Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows;

Audit services - statutory audit of the company	57	47	38	38
Other services:				
All other non-audit services	0	5	0	4

5a SURPLUS ON SALE OF FIXED ASSETS

Group	2021				2020	
	Sale of Housing Properties £'000	Sale of Land £'000	Sale of Other Fixed Assets £'000	Sale of Housing Properties £'000	Sale of Land £'000	Sale of Other Fixed Assets £'000
Disposal proceeds	1,908	537	750	105	560	82
Carrying value of fixed assets	(1,034)	0	(38)	(100)	0	(16)
Cost of sales	(8)	0	(32)	(9)	0	0
	<u>866</u>	<u>537</u>	<u>680</u>	<u>(4)</u>	<u>560</u>	<u>66</u>
Trust						
Disposal proceeds	1,908	527	750	105	560	82
Carrying value of fixed assets	(1,034)	0	(38)	(100)	0	(16)
Cost of sales	(8)	0	(32)	(9)	0	0
	<u>866</u>	<u>527</u>	<u>680</u>	<u>(4)</u>	<u>560</u>	<u>66</u>

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2021

6 EMPLOYEES

The average monthly number of persons (including directors) employed by the Trust and Group expressed in full time equivalents during the year was:

	Group		Trust	
	2021 No.	2020 No.	2021 No.	2020 No.
Office and management	124	120	124	120
Housing support and care	52	71	52	71
Maintenance	65	66	65	66
	<u>241</u>	<u>257</u>	<u>241</u>	<u>257</u>

The above figures are calculated on the number of staff employed in the Group and Trust, working a standard 37 hour working week for the majority of staff and a standard 39 hour week for maintenance staff. The calculation has been done on a month by month basis and then averaged out over the course of the year.

Staff costs for the above persons:

	Group		Trust	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Wages and salaries	8,287	8,176	8,287	8,176
Redundancy Payments	156	63	156	63
Social security costs	783	750	783	750
Defined benefit pension cost	604	628	604	628
Defined contribution pension cost	382	343	382	343
Other pension costs	33	33	33	33
	<u>10,245</u>	<u>9,993</u>	<u>10,245</u>	<u>9,993</u>

The full time equivalent number of staff who received remuneration over £60,000 (including directors):

	Group		Trust	
	2021 No.	2020 No.	2021 No.	2020 No.
£60,000 - £70,000	12	9	12	9
£70,001 - £80,000	3	1	3	1
£80,001 - £90,000	2	2	2	2
£90,001 - £100,000	4	5	4	5
£100,001 - £110,000	2	1	2	1
£110,001 - £120,000	1	0	1	0
£140,001 - £150,00	1	1	1	1

The bandings above include redundancy payments as detailed in staff costs above.

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2021

DIRECTORS

In respect of the directors (BVT executive team) who are considered to be the key Management Personnel of Bournville Village Trust:

	Group		Trust	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Remuneration and fees	648	650	648	650
Company contributions to pension schemes	52	49	52	49
Compensation for loss of office	0	10	0	10
Money value of benefits in kind	54	51	54	51
	<u>754</u>	<u>760</u>	<u>754</u>	<u>760</u>

	No.	No.	No.	No.
The number of directors to whom retirement benefits are accruing under:				
Defined contribution schemes	7	8	7	8
	<u>7</u>	<u>8</u>	<u>7</u>	<u>8</u>

	Highest paid director	
	2021 £'000	2020 £'000
Remuneration	134	132
Company contributions to pension schemes	10	10
	<u>144</u>	<u>142</u>

The highest paid director in 2021 and 2020 was the Chief Executive.

The Chief Executive is a member of the BVT Pensionsaver scheme and BVT made pension contributions of £10,083 in 2021. (2020: £9,848)

No other payments are made to Trustees other than expenses as detailed below:

	2021 £	2020 £
Trustee payments comprise of:		
Trustee expenses	<u>4,322</u>	<u>1,541</u>

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2021

7A TANGIBLE FIXED ASSETS - HOUSING PROPERTIES (Predominantly freehold) - GROUP

	Housing properties held for letting £'000	Shared ownership properties £'000	Properties in the course of construction £'000	2021 Total £'000
Cost				
At 1 January	180,625	8,115	189	188,929
Additions	0	0	555	555
Component replacements and improvements	2,013	0	0	2,013
Properties acquired	901	0	0	901
Component disposals	(984)	0	0	(984)
Property disposals	(1,584)	(144)	0	(1,728)
Transfer to other fixed assets	(227)	0	0	(227)
At 31 December	180,744	7,971	744	189,459
Depreciation and impairment				
At 1 January	(34,202)	(853)	0	(35,055)
Charge for year	(3,923)	(97)	0	(4,020)
Component disposals	824	0	0	824
Property disposals	671	12	0	683
Transfer to other fixed assets	27	0	0	27
At 31 December	(36,603)	(938)	0	(37,541)
NET BOOK VALUE				
At 31 December 2021	144,141	7,033	744	151,918
At 31 December 2020	146,423	7,262	189	153,874

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2021

7A TANGIBLE FIXED ASSETS - HOUSING PROPERTIES (Predominantly freehold) - TRUST

	Housing properties held for letting £'000	Shared ownership properties £'000	Properties in the course of construction £'000	2021 Total £'000
Cost				
At 1 January	169,213	8,115	189	177,517
Additions	0	0	555	555
Component replacements and improvements	1,900	0	0	1,900
Properties acquired	901	0	0	901
Component disposals	(928)	0	0	(928)
Property disposals	(1,584)	(144)	0	(1,728)
Transfer to other fixed assets	(227)	0	0	(227)
At 31 December	169,275	7,971	744	177,990
Depreciation and Impairment				
At 1 January	(30,876)	(853)	0	(31,729)
Charge for year	(3,559)	(97)	0	(3,656)
Component disposals	774	0	0	774
Property disposals	671	12	0	683
Transfer to other fixed assets	27	0	0	27
At 31 December	(32,963)	(938)	0	(33,901)
NET BOOK VALUE				
At 31 December 2021	136,312	7,033	744	144,089
At 31 December 2020	138,337	7,262	189	145,788

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2021

7A EXPENDITURE ON WORKS TO EXISTING PROPERTIES

	Group		Trust	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Improvement work capitalised	135	90	123	87
Components capitalised	1,878	1,360	1,777	1,267
Amounts charged to income and expenditure	6,489	5,788	6,211	5,586
	<u>8,502</u>	<u>7,238</u>	<u>8,111</u>	<u>6,940</u>

TOTAL GRANTS RECEIVED

	Group		Trust	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Total cumulative amounts received or receivable at 31 December:				
Capital grant	36,002	36,027	35,048	35,073
	<u>36,002</u>	<u>36,027</u>	<u>35,048</u>	<u>35,073</u>

FINANCE COSTS

	Group		Trust	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Aggregate amount of finance costs included in the cost of housing properties and communal areas in note 7b	2,800	2,800	2,800	2,800
	<u>2,800</u>	<u>2,800</u>	<u>2,800</u>	<u>2,800</u>

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2021

7B TANGIBLE FIXED ASSETS - OTHER

Group & Trust	Agricultural estates £'000	Commercial buildings £'000	Community buildings £'000	Offices £'000	Communal areas £'000	Computer £'000	Fixtures and fittings £'000	2021 Total £'000
Cost								
At 1 January	4,864	8,775	2,870	4,735	2,185	1,068	1,324	25,821
Component replacements	38	0	0	0	0	0	0	38
Additions	0	0	0	0	0	108	59	167
Disposals	0	0	0	0	0	(58)	(309)	(367)
Component disposal	(2)	0	0	0	0	0	0	(2)
Property Acquisitions	0	417	0	0	0	0	0	417
Transfers from housing properties	0	227	0	0	0	0	0	227
At 31 December	4,900	9,419	2,870	4,735	2,185	1,118	1,074	26,301
Depreciation and impairment:								
At 1 January	(1,325)	(2,575)	(397)	(765)	0	(982)	(1,169)	(7,213)
Charge for year	(93)	(180)	(30)	(97)	0	(64)	(84)	(548)
Released on disposal	0	0	0	0	0	56	273	329
Component disposal	2	0	0	0	0	0	0	2
Transfers from housing properties	0	(27)	0	0	0	0	0	(27)
At 31 December	(1,416)	(2,782)	(427)	(862)	0	(990)	(980)	(7,457)
Carrying amount:								
At 31 December 2021	3,484	6,637	2,443	3,873	2,185	128	94	18,844
At 31 December 2020	3,539	6,200	2,473	3,970	2,185	86	155	18,608

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2021

8 FIXED ASSET INVESTMENTS

Group - Cost	Interest Service Reserve £'000	Investment in Subsidiary £'000	Total £'000
At 1 January 2021	1,053	0	1,053
Interest credited	(12)	0	(12)
At 31 December 2021	1,041	0	1,041

Trust - Cost	Interest Service Reserve £'000	Investment in Subsidiary £'000	Total £'000
At 1 January 2021	1,053	8,400	9,453
Interest credited	(12)	0	(12)
At 31 December 2021	1,041	8,400	9,441

9 PROPERTIES FOR SALE

	2021 £'000	2020 £'000
Group & Trust		
Properties expected to be sold in the current year	0	169
	0	169

10 STOCK

	2021 £'000	2020 £'000
Group		
Materials and consumables	24	4
Work in progress	807	1,333
	831	1,337
Trust		
Materials and consumables	24	4

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2021

11 DEBTORS	Group		Trust	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Amounts falling due within one year:				
Gross Rental Arrears				
Housing	967	1,001	913	946
Non-housing	394	527	394	527
Market rented	12	14	12	14
Supported housing	44	71	44	71
Shared ownership	10	12	10	12
Less: Provision for bad and doubtful debts	(636)	(633)	(630)	(629)
	791	992	743	941
Balance due from managed associations	0	7	0	7
Balance due from group undertakings	0	0	1,957	2,254
Prepayments and accrued income	145	453	145	453
Other debtors	632	479	632	477
	1,568	1,931	3,477	4,132
12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR				
	Group		Trust	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Bank loans (note 17)	3,595	3,500	3,595	3,500
Rent and service charges received in advance	855	634	830	607
Recycled capital grant funds (note 14)	59	117	59	114
Deferred capital grants (note 14)	306	326	298	318
Trade creditors	162	90	159	73
Balances due to managed associations	704	684	704	684
Balance due to group undertakings	0	0	3,150	2,571
Other taxation and social security costs	172	182	172	182
VAT	136	108	133	108
Other creditors	354	426	354	426
Accruals and deferred income	3,255	3,272	2,694	2,667
	9,598	9,339	12,148	11,250

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2021

13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Trust	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Debt (note 17)	81,864	95,460	81,864	95,460
Loan arrangement fees	(646)	(744)	(646)	(744)
Deferred Income	308	409	308	409
Recycled Capital Grant Fund (note 14)	36	55	36	55
Deferred capital grant (note 15)	30,104	30,593	29,332	29,814
	111,666	125,773	110,894	124,994

Included in > 1 year creditors are:

	Group		Trust	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Amounts repayable by instalments falling due in less than five years	17,943	27,825	17,943	27,825
Amounts repayable by instalments falling due after more than five years	47,516	51,135	47,516	51,135
Amounts repayable other than by instalments falling due after more than five years	20,000	20,000	20,000	20,000
Less amounts repayable in less than one year	(3,595)	(3,500)	(3,595)	(3,500)
	81,864	95,460	81,864	95,460

14 RECYCLED CAPITAL GRANT FUND

Funds pertaining to its activities within areas covered by:

	Group		Trust	
	HCA 2021 £'000	HCA 2020 £'000	HCA 2021 £'000	HCA 2020 £'000
Opening balance				
Inputs to RCGF:				
As at 1 January	172	160	169	157
Grants recycled	25	12	25	12
Interest accrued	0	0	0	0
Grants repaid	(102)	0	(99)	0
	95	172	95	169
Amounts 3 years old or older where repayment may be required:	15	102	15	99

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2021

15 DEFERRED CAPITAL GRANTS

	Group		Trust	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
As at 1 January	30,919	31,255	30,132	30,460
Grant transferred on sale of property	(177)	0	(177)	0
Amortisation in year	(306)	(326)	(298)	(318)
Transfer to recycled capital grant fund	(25)	(12)	(25)	(12)
Write back of amortisation on property disposal	0	2	0	2
As at 31 December	30,411	30,919	29,632	30,132

16 FINANCIAL INSTRUMENTS

Group and Trust

	2021 £'000	2020 £'000
Financial liabilities:		
Measured at fair value through profit or loss		
At 1 January	29,436	25,691
Movement during year	(7,670)	3,745
At 31 December	21,766	29,436

Interest rate swaps

The Group has taken out a number of interest rate hedging arrangements as part of the Treasury Management Strategy which seeks to achieve a mix of fixed and variable rate loans within the overall portfolio. All of the hedging instruments are stand alone interest rate swaps which have been taken out over the last 15 years and which have fixed rates of interest varying between 4.14% and 5.81%. At 31 December 2021, the total nominal value of interest rate hedging instruments was £51.5m (2020 £51.5m).

The fair value of these hedging instruments has been calculated by BVT's Treasury Management advisors, ATFS, using proprietary pricing information and analytical software used under licence from Bloomberg Finance LP. The fair value is based on the difference between the fixed rate of the swap as against the expected rate of 3m LIBOR at each quarterly payment date through to the maturity of each swap.

16a Financial assets

	Group		Trust	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Debt instruments measured at amortised cost:				
Rent debtors	1,432	1,662	1,374	1,604
Other debtors	608	791	611	794
Cash	5,582	13,917	5,331	13,661
	7,622	16,370	7,316	16,059
Financial liabilities				
Measured at amortised cost:				
Bank loans	85,459	98,960	85,459	98,960
Trade Creditors	162	90	159	73
Balances Due to Managed Associations	704	684	704	684
Balances Due to Group Companies	0	0	3,150	2,571
Other Creditors	2,608	2,732	2,048	2,136
	88,933	102,466	91,520	104,424

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2021

17 BORROWINGS

	Group		Trust	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Creditors: amounts falling due within one year:				
Bank loans	3,595	3,500	3,595	3,500
	<u>3,595</u>	<u>3,500</u>	<u>3,595</u>	<u>3,500</u>
Creditors: amounts falling after more than one year:				
Bank loans	81,864	95,460	81,864	95,460
	<u>81,864</u>	<u>95,460</u>	<u>81,864</u>	<u>95,460</u>
Total	<u>85,459</u>	<u>98,960</u>	<u>85,459</u>	<u>98,960</u>

Housing loans are secured by specific charges on the Group's housing properties and are repayable at rates of interest between 1.04% and 12.86%. The net book value secured to lenders is £88,670,000.

Of the amounts due in more than five years or more, £20,000,000 (2020: £20,000,000) is wholly repayable by lump sum in more than five years. The remainder is repayable by instalments.

18 PROVISIONS FOR LIABILITIES

Group and Trust	2021	2020
	Pension £'000	Pension £'000
As at 1 January	742	1,252
Utilised in year	(121)	(539)
Unwinding of discount	17	29
Increase in payment obligation	0	0
	<u>638</u>	<u>742</u>
As at 31 December	<u>638</u>	<u>742</u>

The pensions deficit payments provision was in place to represent the net present value of the commitment to the multi-employer Cadbury Mondelez Pension Fund in respect of past deficits. In 2019 the triennial actuarial valuation of the scheme showed that the historic defect had fallen to a non-material amount. This ends the requirement on BVT to make payments towards reducing this historic defect. However, BVT are required to support the Pension Trustees in their efforts to de-risk the scheme and we have agreed a schedule of payments to occur in 2020, 2021 and 2022. We have retained a provision of a sufficient amount to cover these agreed payments. BVT has used a discount rate of 2.25% (2020: 2.25%) which approximates market yields for high quality corporate bonds (See note 25).

Bourville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2021

19 RESTRICTED RESERVES GROUP AND TRUST	Supported Housing Fund £'000	Future Maintenance Reserve £'000	BAT Reserve £'000	Eliza Beech Fund £'000	Shropshire Project Reserve £'000	Community Infrastructure Reserve £'000	Eilsen Haver Reserve £'000	LVCA Reserve £'000	Lawley Van Reserve £'000	Sto Diversity Reserve £'000	Library Fund Reserve £'000	2021 Total £'000	2020 Total £'000
At 1 January	181	3,412	2,883	(4)	45	278	24	3	0	0	5	6,835	5,770
Income	0	1,212	510	14	0	0	4	6	15	0	5	1,767	2,028
Expenditure	(182)	(858)	(312)	(17)	0	0	(4)	(4)	(4)	0	(3)	(1,384)	(861)
Net transfer from Income and Expenditure Reserve	(182)	354	198	(3)	0	0	0	2	11	0	2	383	1,065
At 31 December	(1)	3,766	3,081	(7)	45	278	24	5	11	0	7	7,218	6,835

BVT uses Restricted Reserves for the purpose intended by the donor of the funds. Where a project costs more than donations in the fund BVT will allow the fund to become negative, so we can see the full expenditure, then write the fund back to zero the following year, through this route BVT covers the additional cost.

Bournville Village Trust Group

INCOME AND EXPENDITURE ACCOUNT FOR BAT RESERVE for the year ended 31 December 2021

INCOME	2021 £'000	2020 £'000
Income from lettings		
Rental income	472	460
Service charge income	22	22
	<u>494</u>	<u>482</u>
Interest receivable	3	5
Grant Amortisation	9	9
	<u>506</u>	<u>496</u>
EXPENDITURE		
Services	26	27
Management	56	61
Routine maintenance	84	42
Planned maintenance	66	70
Rent (recoveries)/losses from bad debts	(1)	4
Depreciation of housing properties	79	93
	<u>310</u>	<u>297</u>
Surplus for the year	<u>196</u>	<u>199</u>

This page is for the information of the committee only and does not form part of the statutory accounts.

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2021

20	INCOME AND EXPENDITURE RESERVE	Group		Trust	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000
	At 1 January	18,068	20,880	17,862	20,848
	Surplus for the year	10,517	(1,747)	10,367	(1,921)
	Transfer to restricted reserves	(383)	(1,065)	(383)	(1,065)
	At 31 December	<u>28,202</u>	<u>18,068</u>	<u>27,846</u>	<u>17,862</u>

21	RECONCILIATION OF SURPLUS / (DEFICIT) TO NET CASH GENERATED FROM OPERATIONS	Group		Trust	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000
	Surplus / (deficit) for the year	10,517	(1,747)	10,367	(1,921)
	Adjustments for:				
	Impairment	0	0	0	0
	Depreciation of tangible fixed assets	4,720	5,322	4,358	4,915
	Amortisation of capital grant	(306)	(326)	(298)	(318)
	Surplus on sale of tangible fixed assets	(2,083)	(622)	(2,073)	(622)
	Interest receivable	(7)	(25)	(171)	(198)
	Interest and financing costs	3,960	4,075	3,963	4,080
	Movement in value of financial instruments	(7,670)	3,745	(7,670)	3,745
	Pension deficit release	0	0	0	0
	Operating cash flows before movements in working capital	<u>9,139</u>	<u>10,422</u>	<u>8,476</u>	<u>9,681</u>
	Movement in stocks	607	78	(20)	98
	Movement in debtors	356	(41)	655	(142)
	Movement in creditors	213	(774)	185	(775)
	Cash generated from operations	<u>10,315</u>	<u>9,685</u>	<u>9,296</u>	<u>8,862</u>

CASH AND CASH EQUIVALENTS

	Group		Trust	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Cash and cash equivalents represent:				
Cash at bank	5,582	13,917	5,331	13,661
Demand deposits included within creditors falling due in less than one year (note 13)	(704)	(684)	(3,854)	(3,255)
	<u>4,878</u>	<u>13,233</u>	<u>1,477</u>	<u>10,406</u>

Demand deposits represent amounts owed to managed associations and group companies.

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2021

22 ANALYSIS OF CHANGES IN NET DEBT

Group	At 1 Jan 2021 £'000	Cash flows £'000	Other non cash changes £'000	At 31 Dec 2021 £'000
Cash and cash equivalents:				
Cash at bank	13,917	(8,335)	0	5,582
Demand deposits included within creditors falling due in less than one year (note 13)	(684)	(20)	0	(704)
	<u>13,233</u>	<u>(8,355)</u>	<u>0</u>	<u>4,878</u>
Borrowings:				
Debt due within one year	(3,500)	13,500	(13,595)	(3,595)
Debt due after one year	(95,459)	0	13,595	(81,864)
	<u>(98,959)</u>	<u>13,500</u>	<u>0</u>	<u>(85,459)</u>
Total	(85,726)	5,145	0	(80,581)

Trust	At 1 Jan 2021 £'000	Cash flows £'000	Other non cash changes £'000	At 31 Dec 2021 £'000
Cash and cash equivalents:				
Cash at bank	13,661	(8,330)	0	5,331
Demand deposits included within creditors falling due in less than one year (note 13)	(3,255)	(599)	0	(3,854)
	<u>10,406</u>	<u>(8,929)</u>	<u>0</u>	<u>1,477</u>
Borrowings:				
Debt due within one year	(3,500)	13,500	(13,595)	(3,595)
Debt due after one year	(95,459)	0	13,595	(81,864)
	<u>(98,959)</u>	<u>13,500</u>	<u>0</u>	<u>(85,459)</u>
Total	(88,553)	4,571	0	(83,982)

22 CAPITAL COMMITMENTS

	Group		Trust	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Capital expenditure contracted for but not provided for in the financial statements	<u>5,328</u>	<u>570</u>	<u>5,328</u>	<u>570</u>
Expenditure authorised by Trustees but not contracted	<u>4,549</u>	<u>4,311</u>	<u>4,318</u>	<u>4,175</u>

The above commitments will be funded through revenue surpluses and capital receipts.

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2021

23 OTHER FINANCIAL COMMITMENTS - GROUP AND TRUST

The total future minimum lease payments under non-cancellable operating leases for fixed assets are as follows:

Group and Trust	Other 2021 £'000	Other 2020 £'000
Amounts due:		
Within one year	48	43
Between one and five years	119	163
More than five years	0	0
	167	206

24 RETIREMENT BENEFITS

Up until 31 March 2010, all staff within the Group were eligible to join the Cadbury Pension Fund. Until July 2001, staff were eligible to join the final salary scheme which was a multi employer scheme, but was then closed to new entrants. From July 2001, new staff were eligible to join the CHOICES pension scheme which is also a multi employer scheme based on career average earnings. From 1 April 2010, new staff are eligible to join the BVT Pensionsaver scheme, which is a defined contribution scheme set up through Legal & General.

In April 2016, the Cadbury Pension Fund merged with the Mondelez UK Retirement Benefit Plan to form the Cadbury Mondelez Pension Fund. The latest formal valuation of the fund was undertaken at 5 April 2019 by a professional qualified actuary. It was identified that the scheme had a past service deficit of £5m at this date, but given the continuation of agreed deficit reduction contributions it is expected that this deficit would have been removed in June 2019. All scheme members have agreed to follow the Principal Employer in making continued additional payments into the scheme to all the Trustees to further de-risk the scheme for the protection of all Employers and Members. BVT made additional contributions of £121,000 in 2020, £330,000 in 2021 and will make a further contribution of £330,000 in 2022.

For those employees who remain in the final salary scheme, the Group paid contributions at the rate of 47.8% above the NI lower earnings limit (LEL) to 31st March 2021, from April 2021 this rate rose to 56.3% and remained at this rate throughout 2021. Employee contributions remained at 5% throughout 2021 and 2022.

For those employees in the Cadbury Earnings Plan, the Group paid contributions at the rate of 45.2% above the NI lower earnings limit to 31st March 2021, from April 2021 this rate rose to 53.6% and remained at this rate throughout 2021 and 2022. Employee contributions remained at 9% throughout both 2021 and 2022.

There are three different sections of the CHOICES scheme. The Group paid contributions up to a maximum of 48.1% of pensionable pay throughout the year. Employee contributions ranged from 2% to 8% throughout the year.

In 2021 the Principal Employer of the Cadbury Mondelez Pension Fund informed BVT of their desire to close the scheme. Following consultation with BVT Staff who were active scheme members, BVT agreed to the schemes closure on the 31st March 2022. All former scheme members who are still active BVT employees have been offered access to the BVT defined contribution pension saver scheme, administered by Legal and General, with 5 years of enhanced contributions by BVT.

For the BVT Pensionsaver scheme, the Group paid contributions at the rate of 8% of pensionable pay for the year, with members contributing as much as they liked subject to a minimum contribution of 4% of pensionable pay.

The best estimate of contributions to be paid to the schemes for 2022 is £1,140,000 plus the £330,000 deficit contributions detailed above.

It is not possible to identify the share of underlying assets and liabilities of the Cadbury Mondelez Pension Fund belonging to individual participating employers.

Due to the nature of the schemes, the Income and Expenditure account charge for the year under FRS102 represents the employer contribution payable.

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From January 2014, BVT began to auto-enrol its staff into a new section of the BVT Pensionsaver scheme. Contributions to this new scheme are 5% employee contributions and 3% employer contribution.

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2021

FINANCIAL ASSUMPTIONS

The financial assumptions underlying the valuation of the Cadbury Mondelez Pension Fund were as follows:-

		2021	2020
		% p.a.	% p.a.
Discount Rate	Pre retirement	4.0	4.0
	Post retirement	3.05	3.05
Rate of salary increases		3.95	3.95
CPI Inflation		2.2	2.2
RPI inflation		3.2	3.2

25 CONTINGENT LIABILITIES

BVT owns 100% of the issued share capital amounting to £100, of Bournville Village Developments Limited (BVD), a company incorporated in England and Wales. BVD is engaged in the co-ordination and construction of an urban village at Lightmoor in Telford. BVT funds some of the working capital requirements of BVD and has agreed a loan facility for this purpose. As at 31/12/21, the outstanding balance on the loan stood at £1.96m (2020 £2.25m). The Board of BVT have confirmed their intention to continue to fund BVD as necessary to allow the completion of Lightmoor Estate

Each BVT Trustee owns 1 share out of the total 324 shares in issue of Bournville Works Housing Society Ltd (BWHS), a charitable Registered Provider of social housing, registered under the Cooperative and Community Benefit Societies Act 2014. BWHS became a subsidiary of BVT in 2011 and in 2016 put in place a coterminous board arrangement whereby the Trustees of BVT took over from the BWHS Management Committee.

Exemption has been taken under FRS102 from the requirement to disclose transactions with subsidiaries.

BVT gives regular annual grants to Avoncroft Museum, a Registered Charity, from surpluses made on rental income from commercial properties granted to BVT by the Croft Trust, which previously owned Avoncroft Museum. This support has continued in 2021 and is £15,000 per annum. Also in 2020 following a request for urgent financial support and support at the Board level made by Avoncroft Museum to BVT, Pete Richmond (Chief Executive) and David Robinson (Finance Director) joined the Trustee Board of Avoncroft in unpaid positions.