



Annual report and financial statements

for Bolton at Home Limited

for the year ended 31 March 2017

Company number: 4554680

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Company information

Company registered number: 4554680
Charity registered number: 1139370
Homes and Communities Agency registration number: 4568

Registered office: 98 Waters Meeting Road, Bolton, BL1 8SW

Board:

T Woods
H Fairclough (retired 13.06.17)
B Ismail (appointed 18.05.16)
M Iqbal (retired 18.05.16)
Z Kirk-Robinson (appointed 13.06.17)
K Lewis (retired 05.05.16)
K McKeon
C Griffiths (retired 03.04.17)
C Owston
C Saunders (retired 03.04.17)
C Evans (retired 03.04.17)
L Jones (retired 03.04.17)
I Ismail
E Rowley (retired 03.04.17)
W Gill (co-optee)
D Whitehead (appointed 18.05.16 – retired 18.05.17)

Chief Executive: Jon Lord

Company Secretary: Katrina Cunliffe

Solicitors: Trowers & Hamlins LLP
55 Princess Street, Manchester, M2 4EW

Auditors: Grant Thornton UK LLP
4 Hardman Square, Spinningfields, Manchester, M3 3EB

Chair's Report

This is the Chair's Report for Bolton at Home Limited (BH) and it covers the year ended 31st March 2017.

This section of the Annual Report reflects much of what has been achieved and improved during Bolton at Home's sixth full financial year as a not for profit social housing provider registered with the Homes and Communities Agency (HCA). These achievements and improvements are as a result of Bolton at Home continuing to work closely with our customers and partners. Bolton at Home is a company limited by guarantee and a registered charity with no shareholders. Any surplus is reinvested in improving homes and services for local people.

This is the first set of group financial statements for Bolton at Home Limited, which is made up of 12 months for Bolton at Home Limited with 3 months for Starts with You Limited. The turnover for Bolton at Home Limited was £81,925,000 with a surplus for the year of £12,387,000 (2016: £82,317,000 with a surplus for the year of £15,068,000). The turnover for Starts with You Limited was £106,000 with a surplus for the year of £8,000.

The Board, supported by the Leadership team have reviewed Bolton At Home's Aims and Objectives which are reproduced below:

Aim: To create homes and neighbourhoods we can all be proud of

Objectives:

1. Maximising income for our organisation so that we remain viable
2. Maximising income for our customers
3. Diversification of our range of products and services
4. Delivering an efficient and well run business
5. Achieving profitable growth that can be reinvested back into our organisation

Key work streams over the next five years:

Objective	Key workstream
Maximising income for our organisation so that we can remain viable	Implement and develop the active asset management strategy to create sustainable communities Continue to maintain and further improve our performance on rent collection Developing a strategy for the use of our offices and other sites to achieve efficiencies and reduce costs Revise our approach to service charges
Maximising income for our customers	Implement a Pathways To Work programme Enhance our performance on income maximisation for customers Delivering our commitments to the Greater Manchester Anti Poverty Strategy Implementing measures to maximise the value of customer and organisational spend on fuel Supporting our customers to be more independent and our communities to be more sustainable

Diversification of our range of products and services	Understand the housing need and implications for current and future specialist housing stock Develop a housing, health and wellbeing response to the prevention and response challenge Co-ordinate the BCH response to the changing demand for floating and scheme based support needs Develop and implement a Care and Repair model for Bolton and explore the potential for a GM service
Delivering an efficient and well run business	To achieve financial freedom from current funding arrangements to maximise development opportunities Trial 'zero based' budget process on the new financial ledger Explore opportunities to diversify the business income streams Refresh our business planning approach Ensure BH's work force is aligned to its future needs through Work Force Planning/recruitment/staff engagement Ensure BH's workforce is developed to meet future needs and opportunities and to fully maximise talent Review the effectiveness of governance and ensure governance is aligned to future needs and good governance is embedded across the group Develop and implement mobile working for staff Implement and embed our approach to document and record management via the Electronic Document and Records Management System (EDRMS) Embed our approach to data and information management Develop customer self service opportunities via the CRM system Develop and implement our digital inclusion offer to customers
Achieving profitable growth that can be reinvested back into our organisation	Delivering our growth strategy Establishing successful and profitable subsidiaries Developing new products and services which generate positive income streams to BH, e.g. older people's services, investigation into becoming an energy provider

We have made significant progress to deliver our restructuring programme by reviewing the way our teams deliver services and to ensure they are fit for purpose going forward, meeting the changing needs of our operating environment and customers. The programme has delivered £646,000 of efficiency savings during 2016/17.

The thematic management structure comprises of 3 areas:

- Business Unit
- Customer & Place
- Strategy and Partnerships

The Homes and Communities Agency (HCA) carried out an in depth assessment in March 2016 and following their assessment have decided that BH are compliant with the national standards and awarded a compliant G2 rating for Governance and financial viability. The HCA have been working with us and will review the rating during 2017.

The ratings are defined by the HCA as follows:

G2 – The provider meets the requirements on governance set out in the governance and financial viability standard but needs to improve some aspects of its governance arrangements to support continued compliance.

V2 – The provider meets the requirements on viability set out in the governance and viability standard but needs to manage material financial exposures to support continued compliance.

Our notable operational achievements over the last 12 months include:

- Successfully established two subsidiary companies – Starts with You and R-Haus
- Implemented our new pensions provision for new starters
- Undertaken a comprehensive governance review which will now be implemented in 2017
- Implementation of the Asset Register and asset registration process
- Active Asset Management strategy now underway
- Increased our development activity and increased the number of new homes we make available including 20 new build homes with another 22 homes in progress
- Sold 129 properties to tenants under the Right to Buy scheme
- Increasing our customers' income by £1,781,297 via our debt and money advice team from £1,681,000 in the previous year
- Continued significant reduction in void properties averaging 227 voids per week from 276 in the previous year

We continue to work on our Customer Access Systems to help improve the customer experience when they contact us and ensure we have a single view of the customer.

We have produced and / or revised a number of key corporate strategies to ensure we create the conditions internally to meet our objectives:

- Procurement strategy 2015 - 2018
- Creating social value policy 2015 – 2020
- Asset management strategy 2016 - 2018
- Value for money strategy 2016 – 2019
- Treasury management strategy 2016 - 2019

The value for money strategy is supported by our annual VFM self assessment, which is published on our website so our customers and stakeholders can follow our progress and future plans.

In addition, we have continued to improve our performance in other areas and we have clear strategic priorities to continue to ensure that our customers remain central to everything we do. We continue to have a positive impact on communities: tackling isolation, worklessness, anti poverty and undertaking environmental initiatives in areas that most need our focus and help.

We remain aware of the continuing pressures facing our customers and the wider community in Bolton. That is why we are trying to ensure we focus our efforts on the most vulnerable and at risk, not just through the services we offer, but also through those provided by our key partners and other organisations.

This continues to remain a challenging time for the organisation and our continued responsibility to ensure we meet the challenges of the next 12 months by delivering and ensuring the best services for customers.

We recognise our ambitions can only be realised through the involvement and inclusion of our customers, who we will continue to put first. It will also take the continued dedication of our staff, and a continuation of the mutually supportive arrangements with our partners (the Council in particular). I therefore look forward to facing the challenges ahead and the continued successful delivery of our services and key priorities, working in partnership with the Board, Chief Executive, the management team and all the staff.

Tracy Woods

Director and Chair of Board

Board Report

This section presents the Board Report for Bolton at Home Limited and it covers the year ended 31 March 2017.

Statement of Board members' responsibilities

The Board is responsible for preparing the board report, the strategic report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the Board to prepare financial statements for each financial year. Under that law the Board has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, including the Financial Reporting Standard (FRS 102) applicable in the UK and Republic of Ireland). Under company law, the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the company and of the group. In preparing these financial statements, our Board is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards and the Statement of Recommended Practice Accounting by Registered Housing Providers 2014, have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and of the group and enable them to ensure that the financial statements comply with the Companies Act 2006; the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. They are also responsible for safeguarding the assets of the company and of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board conforms that:

- so far as each board member is aware, there is no relevant audit information of which our auditors are unaware; and
- the Board have taken all steps that we ought to have taken as members to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

Corporate governance

The board has reviewed compliance with the National Housing Federation's Code of Governance – Promoting board excellence for housing associations (2015 edition) and adopted the code with effect from March 2016. Bolton at Home is compliant with all areas of the code except in respect of Board size, as the current company articles provide for 12 board members and five co-optees. This will be amended on conversion to a Community Benefit Society.

Our Board and Committees and overall governance structure are reviewed with external support every three years with internal reviews in the intervening years.

A detailed self-assessment against all of the HCA standards of the regulatory code has been carried out and confirm compliance with the governance and financial viability standard.

Financial risk management objectives and policies

We use various financial instruments, including loans and cash, and other items such as rental arrears and trade creditors that arise directly from our operations. The main purpose of these financial instruments is to raise finance for our operations.

The existence of these financial instruments exposes our group to a number of financial risks. We consider that the main risks arising from the financial instruments are interest rate risk, liquidity risk and credit risk. Our Board review and agree policies for managing each of these risks and they are summarised below.

Interest rate risk

Our operations are financed through a mixture of retained surpluses and bank borrowing. Our exposure to interest fluctuations on borrowings is managed by the use of both fixed and variable rate facilities.

Liquidity risk

Our company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable need and invest cash assets safely and profitably. In addition to drawn borrowing, we have £25m of undrawn facilities.

Credit risk

Our principal credit risk relates to tenant arrears. This risk is mitigated by providing support to eligible tenants with their application for housing benefit and to closely monitor the arrears of self-funding tenants. Welfare reform and resulting changes to the benefits system has been identified as a key organisational risk. A team is currently working to put in place measures to mitigate their effects on us and to monitor the impact of the changes against the provisions made.

Internal Control

The board is responsible for establishing and maintaining a system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and it can only provide reasonable and not absolute assurance against material misstatement and loss.

Key elements in the system of internal control include effective governance arrangements for board and committees, business planning, performance frameworks and accountability to customers. Evidence of other effective operation of internal controls includes financial regulations, schemes of delegation and an anti-fraud and corruption policy. In addition, there are findings of internal and external audits, outcomes of regulatory activity including the Homes and Communities Agency, Charity Commission and outcomes from Investors in People and Business in the Community certifying bodies.

In February 2015, the board approved a new risk management framework and have agreed a risk appetite statement for the business and risk tolerances. The risk management process includes a risk assessment to identify strategic risks and puts in place actions and action plans to mitigate risk. A risk register is produced and this is reported on a quarterly basis to Audit Committee. The board reviews all high level risks each quarter and undertakes a full review of the register each year. The board considers if any new risks have emerged at each business meeting. A comprehensive approach to stress testing has been developed by the organisation and led by the Director of Finance which focuses on current issues facing the organisation and housing sector and draws on key risks identified in the risk register and liabilities from the liabilities register in order to test the resilience of the business plan.

Bolton at Home has an anti fraud and corruption policy which was reviewed in June 2016 and a fraud response plan. The policy covers prevention, detection and reporting of fraud and the recovery of assets. A fraud register is maintained and is monitored quarterly by the Audit Committee including analysis of trends in the nature of fraud and fraud allegations.

The system of internal controls operates on a continuous basis. Assurance on the effectiveness of controls is obtained throughout the year. A review of assurances is carried out each year and is approved by Board.

The Board confirms no weaknesses were found in the internal controls for the year ended March 2017 which might otherwise have resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements.

The organisation's legal advisors also undertake a review of all board reports to ensure compliance with the law, governing bodies and regulatory requirements is maintained.

Bolton at Home has adopted the National Housing Federation's Code of Governance 2015 and Excellence in Standards of Conduct. During the year, David Tolson Partnerships supported BH with the Governance review with an aim of moving to full compliance with the 2015 code. Decisions were made by the board at meetings in August and September 2016 to support the move to a new populated governance structure by April 2017. However some of the agreed actions have been held up by the proposed move to convert to a Community Benefit Society, the latest target date for this conversion now being the end of September 2017.

During the year, the organisation undertook a self assessment of its compliance with the Home and Communities Agency national standards. This exercise provided assurance on a range of governance areas where key improvements were identified to strengthen compliance and progress in these being monitored.

The organisation also underwent an In Depth Assessment (IDA) during May 2016 which confirmed the governance rating for the organisation as G2. Whilst recognising that Bolton at Home complied with the governance requirements of the Governance and Financial Viability Standard, the assessment noted improvements were needed in the areas below:

- embed recent changes made to its risk assurance framework, including integrating internal control arrangements and improve governance control over a key risk area (data integrity)
- maintaining a thorough, accurate and up to date record of assets and liabilities

Bolton at Home's internal auditors have carried out a plan of risk based audits. One report on repairs, of limited assurance, has been considered by Audit Committee. The two audit objectives judged to be of limited assurance were:

- a) Relevant costs are allocated to each job, income is recovered according to the Schedule of Rates, and variances are analysed
- b) Management information is available and performance is monitored

As a result of the audit, an 11 point action plan was agreed by management with the last recommendation having a targeted completion date of end of September 2017. Our new internal auditors will be performing follow up testing to monitor implementation of the recommendations, reporting the results back to Audit Committee

All other reports have had overall assessments of reasonable assurance or above.

Public benefit

Our Board have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the objectives and strategies and in planning future strategy. In particular, the Board members consider how planned activities will contribute to the aims and objectives they have set.

Going concern

Our business activities, our current financial position and factors likely to affect our future development are set out within the strategic report. We have in place long term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with our day to day operations for the next 18 months. The Board is satisfied that the business plan has sufficient funding and is sufficiently robust to ensure that there will be no financial covenant breaches in the next 18 months. Therefore our Board has a reasonable expectation that we have adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, we continue to adopt the going concern basis in the financial statements.

Directors

We, the Directors, are also trustees of Bolton at Home (refer to page 3 for those who served during the year).

Employees

Details of the number of employees and related costs can be found in Note 6 of the financial statements on page 36.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment continues through the medical redeployment scheme, and that appropriate training is arranged. It is our policy that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

We place considerable value on the involvement of our employees and have continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of our organisation. This is achieved through joint consultation arrangements, meetings such as the Joint Consultative Committee and Joint Consultative Forum, and consultation with staff on an individual basis where appropriate.

External auditor

A resolution to reappoint Grant Thornton UK LLP as auditor for the ensuing year will be proposed at the Annual General meeting in accordance with section 485 of the Companies Act 2006.

The report was approved by our Board on
on its behalf:

and signed

98 Waters Meeting Road
Bolton BL1 8SW

By order of the Board

Katrina Cunliffe
Company Secretary

Strategic Report

This section presents our operating and financial review and strategic report for Bolton at Home Limited, covering the year ended 31 March 2017.

Activities

We were incorporated on 7 October 2002 as an Arm's-Length Management Organisation (ALMO), wholly owned by Bolton Council, responsible for the management and maintenance of Bolton Council's housing stock.

On 28 March 2011, we took ownership and control of housing stock units from Bolton Council. Our company status altered to a registered provider of social housing, registered with the HCA and a charity registered with the Charity Commission for England and Wales. In 2017/18 we are working to convert (subject to various approvals) to a community benefit society and an exempt charity. The proposed change is partly due to the changes in the regulatory framework.

Our stock totals just fewer than 18,000 properties and we have ambitions to develop new supply and explore new equity model products and other forms of tenure; and explore the potential for establishing a Development Company.

Our aim is to create 'homes and neighbourhoods we can all be proud of' by

- Maximising income for our organisation so that we remain viable
- Maximising income for our customers
- Diversification of our range of products and services
- Delivering an efficient and well run business
- Achieving profitable growth that be reinvested back into our organisation

As part of our ambitions to diversify, maximise business opportunities and create profitable businesses within the group, we have successfully established two subsidiary companies. 'Starts with You' (SWY) is a social enterprise wholly owned by Bolton at Home. SWY has two strands to its business delivering support and environmental services across Greater Manchester. 'R Haus' provides homes to rent at market rates involving searching out opportunities to acquire properties, which will provide the best return on investment and is initially focussed in the local area.

Above all, our commitment to providing and maintaining high quality homes, and to building strong and sustainable communities, remains resolute.

We are a leading member of the Greater Manchester Housing Providers (GMHP), a partnership representing 32 registered providers of social housing operating across the region. We recognise that devolution presents us with an opportunity to maximise affordable and aspirational housing provision alongside economic growth and that we are being challenged by Government to support the delivery of new housing supply and reducing the cost of public services.

Diversity

We have signed up to the Chartered Institute of Housing's Equality and Diversity Charter. This means we are committed to the following eight principles:

1. Equality and diversity is driven from the top
2. Equality and diversity informs our business planning
3. Equality and diversity shapes our organisational culture
4. Equality and diversity is supported through staff training, development and engagement
5. We know who our customers are
6. We involve our customers in shaping and scrutinizing services
7. We represent the communities which we serve
8. We support the communities which we serve

To support this, we have a Valuing Diversity Policy, which includes an easy guide to equality and diversity commitments for our customers and staff.

Results

The audited financial statements for the year ended 31 March 2017 are set out on pages 23-48. The association's surplus for the year of £12,387,000 (2016: £15,068,000) has been transferred to reserves. The turnover for Starts with You Limited was £106,000 with a surplus for the year of £8,000.

The deficit on the pension fund depends on interest rates and the performance of the stock market. Measures are being taken to address the deficit by annual increases in the rate of employer contributions to the fund. Since 2002/03 employer contributions have increased from 9.5% of gross pay to 17.3% in 2016/2017. In addition, employee contributions to the scheme also increased in total from April 2012 following a review of the level of contributions.

As a Company limited by guarantee with no share capital issue, dividends are not paid.

Business objectives and strategy

Our objectives and strategy are set out in a business plan that is reviewed and approved annually by our Board and funders.

Our Board is committed to delivering an effective and efficient service to tenants and other stakeholders.

Operating review and Performance in the year – the Association

The surplus for this financial year has seen a reduction of £2,681,000. This included a pay award for eligible employees, continued investment in IT and a number of termination payments were awarded as the association was undergoing reorganisation to meet savings targets. During 2016/17, we invested £19,225,000 to improve the condition of homes. The programme of windows, kitchen and bathroom refurbishments complemented by insulation works, central heating and boiler replacement, doors and electrical rewiring has continued and added to the works completed in prior years.

Despite losing 129 properties through the Right to Buy scheme, new properties were added whilst continuing to dispose of older, uneconomic properties through the Asset Renewal Strategy. At the year end, we owned 17,651 rented properties, 48 shops and over 550 garages. At 31 March 2017, the total drawn borrowings were £30million out of a loan facility of £55million.

The table below summarises the overall results for the association, for the year ended 31st March 2017 and two preceding years.

	2017	2016	2015
	£000	£000	£000
Turnover	81,925	82,317	78,679
Less: operating costs	(68,921)	(65,668)	(65,740)
Operating surplus	13,004	16,649	12,939
Surplus on sale of fixed assets	2,486	1,893	2,099
Interest receivable	40	27	6
Interest payable and similar charges	(3,143)	(3,501)	(1,897)
Surplus for the financial year	12,387	15,068	13,147

The table below shows some of the key performance indicators compared to the targets for the year.

	Target	Actual
Financial		
Rent losses on void properties	1.54%	1.26%
Level of current tenant rent arrears	£1,433,000	£1,804,537
Full compliance with financial golden rules	100%	100%
Repairs		
% of homes which meet the Decent Homes standard	100%	100%
Repairs completed 'right first time'	90%	91.08%
% of residents satisfied with the most recent repair	94%	85.6%
Directors and staff analysis		
Category	N° of male	N° of female
Directors – non-executive	4	3
Senior managers	4	4
Employees	489	454

Dynamics of Bolton at Home Limited

On 28 March 2011, we successfully achieved our previous strategic objective of becoming a Registered Housing Provider.

The main factors and influences that will have a potential impact on our future financial results are:

- Continued impact of welfare reform. An in depth report into the impacts of welfare reform on client groups and tenure types was undertaken in 2015/16. This work has fed into our strategic and operational plans to protect incomes for customers and to maximise rental income for the organisation. Universal Credit (UC) is now rolling out in Bolton to new claimants. The potential number of tenants affected, once the system is rolled out to existing claimants is around 5,600. The latest information from the Government indicates the roll out to existing claimants will extend into 2019-2020. The Income Management team has dedicated a resource to managing the initial roll out of UC, resulting in collection rates from this group in excess of 100%. The team are now reorganising to accommodate the expected 10 fold increase in UC cases over the next 2-3 years.

- During 2016-17 we have continued to increase our development activity and increase the number of new homes we make available. One of the new risks affecting Bolton at Home in the medium term will be the risk associated with selling homes, both using the shared ownership model and a small number of homes for outright sale. The sales team have a series of actions to mitigate the risk from sales, including:
 - the use of a company, experts in Shared Ownership finance, to work with us on the sales programme to maximise opportunities for potential customers;
 - working closely with the council to prevent saturation of the shared ownership market;
 - the use of prudent appraisals on the schemes containing sales
 - a fall back position of converting the units to rented accommodation which has been tested in the business plan
- Maximising value for money from our resources. We are monitoring the delivery of the £10m of savings identified following the announcement of the 4 year rent cut. Already £9.4m of savings have been identified and by the end of 2017/18, £7.2m will have been delivered. Bolton at Home participate in Housemark benchmarking and the newly piloted Sector Scorecard in order to identify areas of inefficiency and drive down costs in the future.

Financial review

Our main accounting policies are set out on pages 29-32 of the financial statements. The policies that are most critical to the financial statements relate to the capitalisation of housing improvement programme expenditure and the calculation of housing depreciation.

Capital structure and Treasury Policy

Our Board approved the annual review of the Treasury Strategy. The strategy seeks to address funding and liability risks including interest rate management.

As at 31 March 2017, we had loans outstanding to the value of £30,000,000 comprised of five fixed rate long term loans. The total loan facility agreed with funders is £55,000,000.

There were no breaches of loan covenants during the year.

Cash flows

The Statement of Cash Flows on page 47 shows that during the year the net cash inflow generated from operating activities totalled £24,848,000. The principal cash outflows are in respect of the improvement programme and operational management costs.

We received a cash inflow of £4,952,000 through Right to Buy sales, however under the sharing agreement £2,019,000 is payable to Bolton Council, as detailed in Note 5.

Current loan facilities

The table below shows the fixed loans, of the £55,000,000 total loan facility. The interest is payable at rates, including margins, between 4.3% to 6.9%.

Lender	£m	Utilised	Start date	End date
RBS	5	Drawn	29/3/2011	31/3/2033
RBS	7	Drawn	30/3/2012	31/3/2031
RBS	6	Drawn	28/3/2013	31/3/2029
RBS	6	Drawn	31/3/2015	31/3/2027
RBS	6	Drawn	31/3/2015	31/3/2020
Total	<u>30</u>			

Liquidity

At the year end, we held surplus cash to the value of £20,878,000 and an undrawn loan facility of £25,000,000.

Statement of compliance

In preparing this Strategic Report, our Board has followed the principles set out in the Statement of Recommended Practice: Accounting by registered social housing providers (SORP).

Our Directors are approving the strategic report in their capacity as directors of the company.

The report was approved by our Board on _____ and signed
on its behalf:

98 Waters Meeting Road
Bolton BL1 8SW

By order of the Board

Katrina Cunliffe
Company Secretary

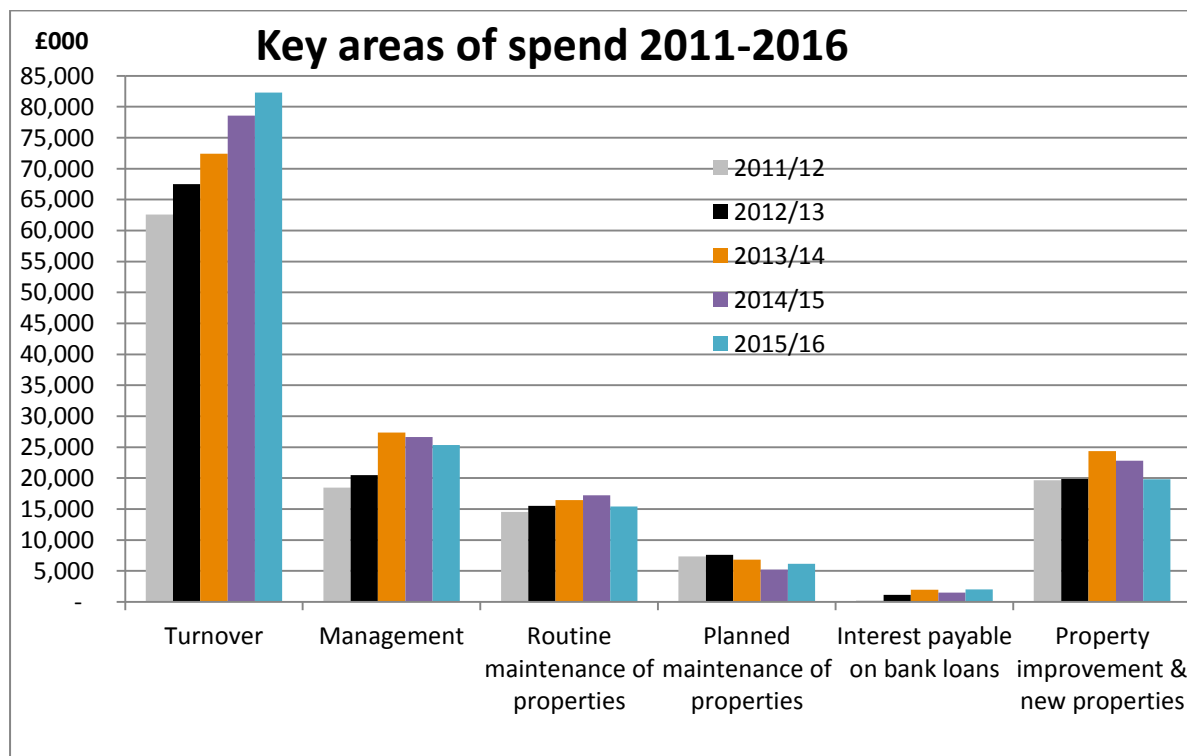
Value for Money

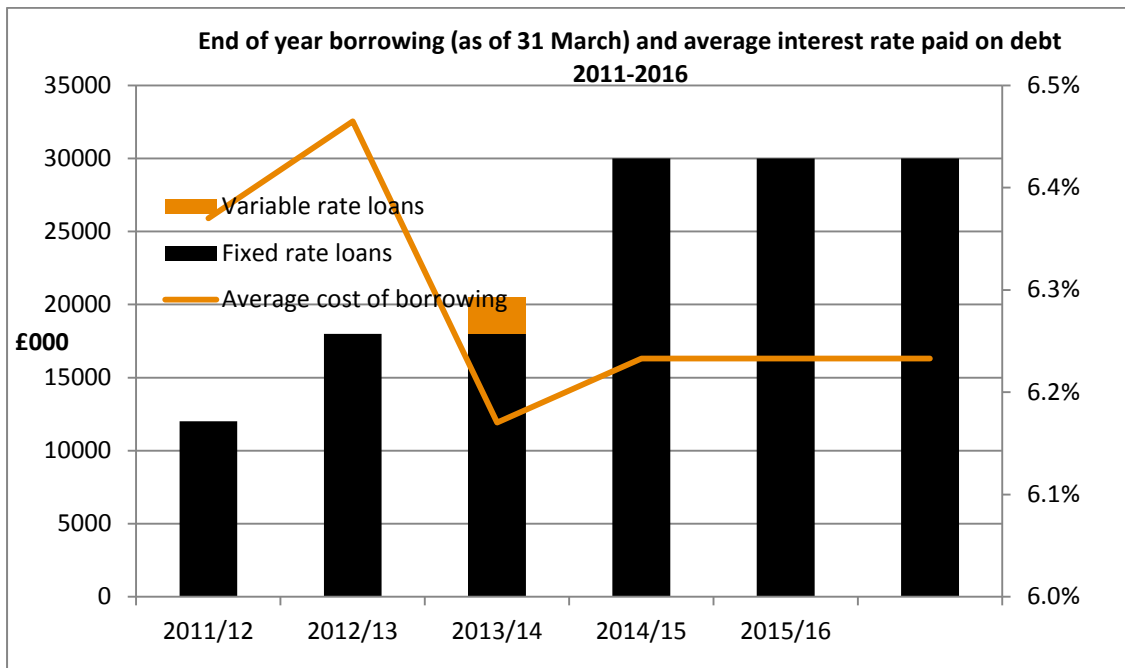
Value for Money (VFM) is driven through everything we do at Bolton at Home and is reflected in a number of other corporate strategies. VFM means being **economical, efficient and effective** in everything that we do and maximising the social and environmental benefits from all our activities and asset portfolio.

We want to make sure VFM is rigorously scrutinised, reported upon and is transparent and our strategy sets out our approach. VFM goes to the heart of how we ensure current and future delivery of our organisational objectives. Our ability to drive VFM across all our product and service delivery areas and asset base will always be taken into account by the HCA as a key indicator of the quality of our governance framework.

Financial information

We took over the social housing assets of Bolton Council in April 2011. The following charts show some of our headline financial information over the first five full years since transfer took place.



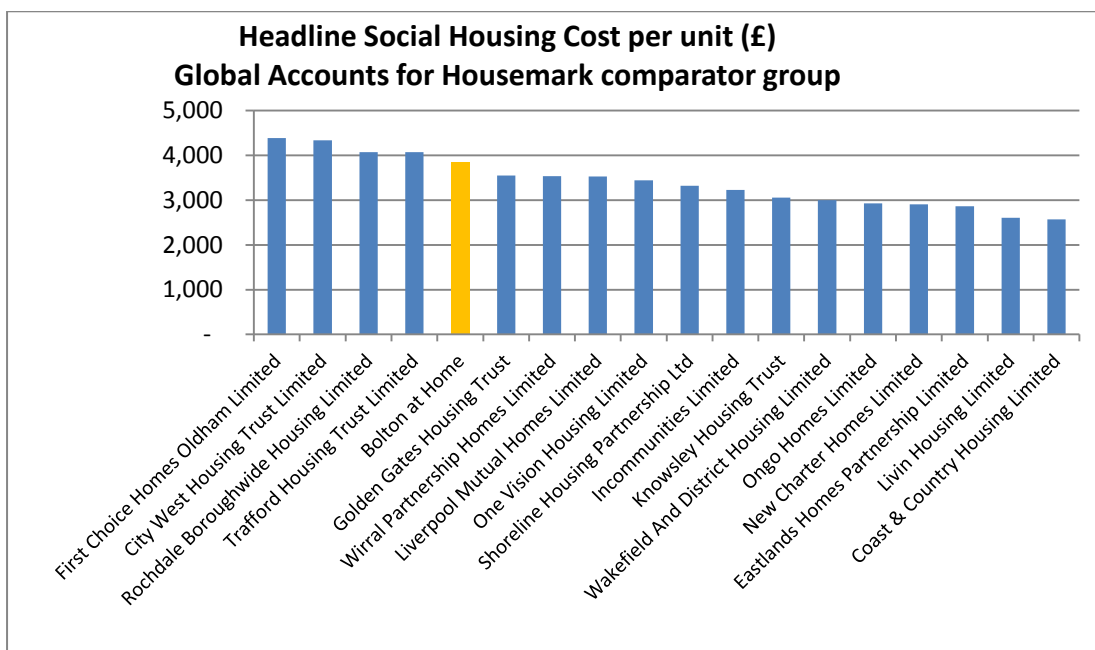


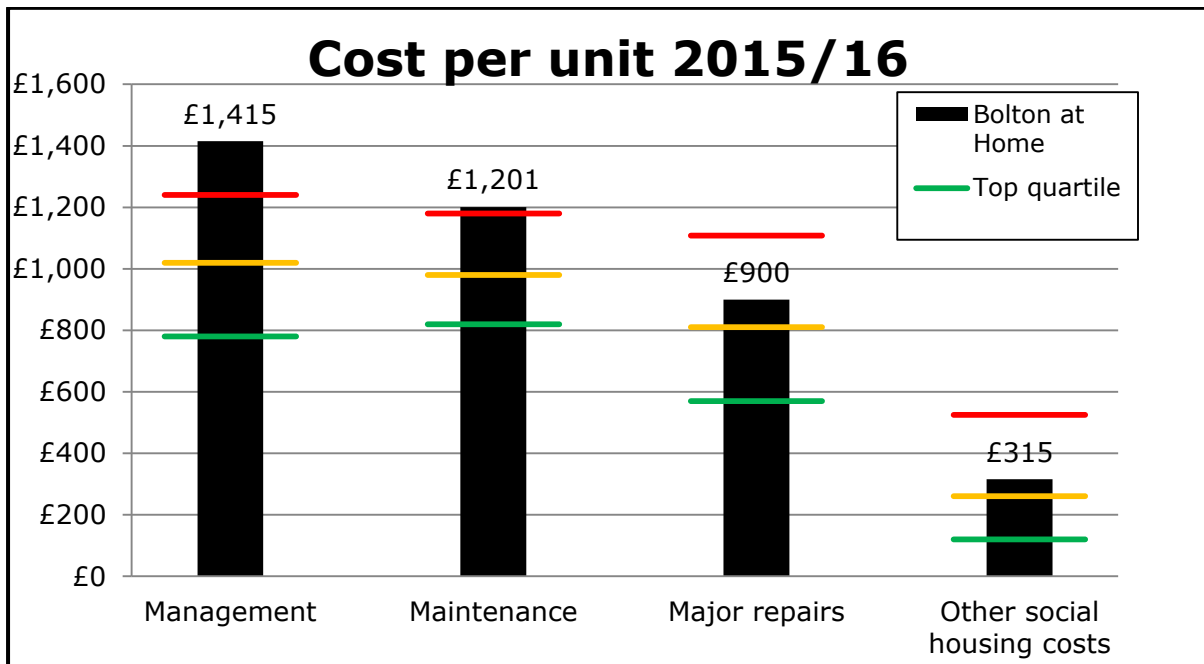
To reduce our exposure to rises in interest rates, a number of fixed rate loans were put in place at the time of the stock transfer. Over the next few years, the proportion of variable rate debt is expected to increase to between 20-40% of total borrowing as approved in our Treasury Management Strategy.

HCA Global accounts cost analysis

In June 2016, the HCA released a high level comparison of costs of Registered Providers. We have taken the HCA data and used it to compare our costs against those of the peer group selected for comparison by Housemark i.e. northern LSVTs with more than 7,500 units of stock. Bolton at Home appears within the third quartile, which is comparable against the other newer LSVTs. Work is underway to review our costs, to achieve comparability against established LSVTs.

The first chart shows our total cost for service provided and includes for Bolton at Home £69.0m of expenditure.





The second chart shows a breakdown between the major services, again using the 19 comparator organisations above to produce quartile information. The results are consistent with the Housemark benchmarking information produced over the following pages.

Performance management framework

Our performance management framework is based on a causality model to allow the organisation to understand how performance indicators link together and demonstrate what the key drivers and outcomes are. This enables all stakeholders to identify areas for improvement.

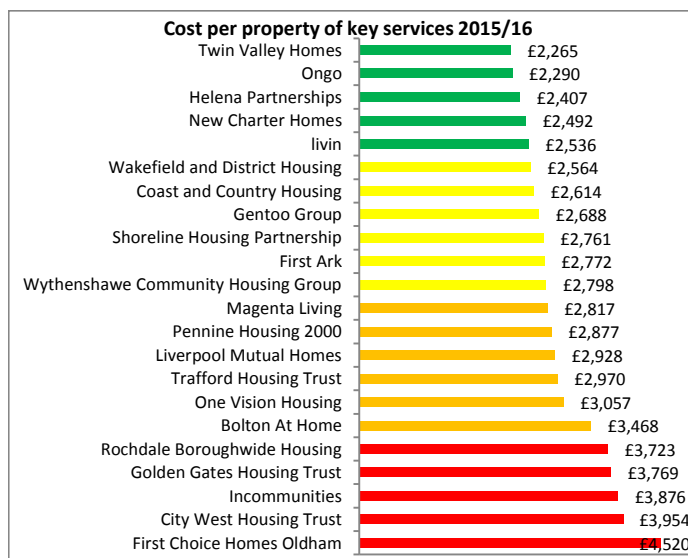
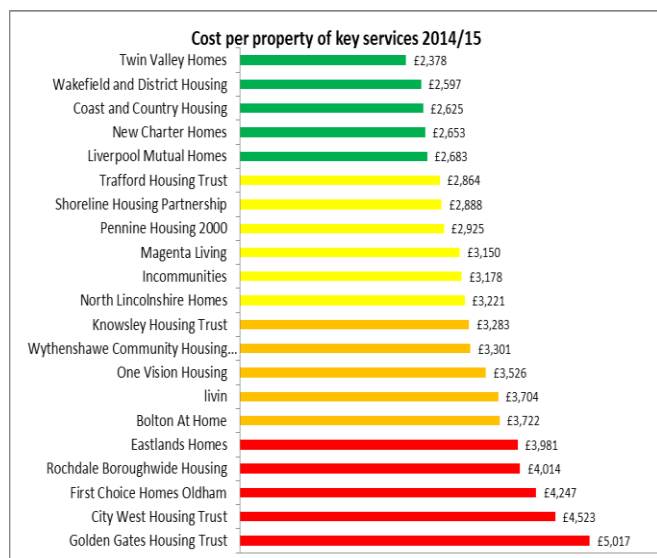
The latest version of our strategic performance report can be found on our website at www.boltonathome.org.uk/our-performance

To monitor customer satisfaction, we carry out a detailed STAR survey every two years and we have processes in place to gather customer feedback for key services on a regular basis.

We demonstrate our compliance with regulations and other agreements by producing annual returns and reports to relevant parties. For instance, we complete a statistical data return for the Homes and Communities Agency (HCA) and evidence our progress on our offer document to Bolton Council.

Housemark benchmarking

We use the core benchmarking service provided by Housemark on an annual basis to compare detailed cost and performance data. We compare our results with other large scale voluntary transfer organisations based in the north of England, with a stock size of 7,500 or more.



The cost per property of our key services has reduced by 6.8% (£254/unit) between the two years as shown above. However, we have remained in the 3rd quartile.

Bolton at Home is targeting to move the cost per property of key services to the median value in the above charts.

VFM gains

In July 2015, a post election budget announced rent reductions of 1% per annum would be implemented for the following 4 years. This resulted in the long term loss of income from the business plan of around £10m per annum.

Our latest business plan includes efficiency targets of £8.2m to be achieved during 2016/17 and 2017/18. Further savings of £1.8m are being targeted over the period 2017/18 to 2019/20 of which £1.2m has been identified.

The table overleaf summarises the VFM gains that we have made in the last year. We have also identified where we expect to make future gains as a result of these activities.

For more information on value for money and to access our full value for money self assessment please view the VFM page on our website at <http://www.boltonathome.org.uk/value-for-money>

Activity	VFM gain 2016/17	Future gains
Improvement programme	£3,000k	2016/17 - £1,000k 2017/18 - £500k 2018/19 - £500k
Grounds Maintenance	£278k	2017/18 - £16k
Repairs and maintenance	£147k	2017/18 - £200k 2018/19 - £353k
Restructures	£646k	2017/18 - £958k 2018/19 - £309k
Other savings in running expenses	£576k	2017/18 - £455k 2018/19 - £180k

Independent Auditor's report to the Members of Bolton at Home Limited

We have audited the financial statements of Bolton at Home Limited for the year ended 31 March 2017 which comprise the consolidated and association statements of comprehensive income, the consolidated and association statements of changes in reserves, the group and association statements of financial position, the consolidated statement of cash flows, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the board and the auditor

As explained more fully in the Statement of Board's Responsibilities set out on page 7 , the board is responsible for the preparation of the financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2017 and of the group's and of the parent company's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken during the course of the audit:

- the information given in the Strategic Report and the Board Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Board Report have been prepared in accordance with applicable legal requirements.

Independent Auditor's report to the Members of Bolton at Home Limited

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Board Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Stuart Muskett

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Manchester

Consolidated Statement of Comprehensive Income

Year ended 31 March 2017

		2017	2016
	NOTES	£000	£000
Turnover	3	82,031	82,317
		<hr/>	<hr/>
		82,031	82,317
Less: operating costs	3	(69,019)	(65,668)
		<hr/>	<hr/>
Operating surplus	3,4	13,012	16,649
Surplus on sale of fixed assets	5	2,486	1,893
Interest receivable	10	40	27
Interest payable and similar charges	11	(3,143)	(3,501)
		<hr/>	<hr/>
Surplus on ordinary activities before tax		12,395	15,068
Tax on surplus on ordinary activities	8	-	-
		<hr/>	<hr/>
Surplus for the financial year		12,395	15,068
Actuarial (deficit)/gain in relation to the pension plan	24	(19,077)	18,687
		<hr/>	<hr/>
Total comprehensive (loss)/income for the year		(6,682)	33,755
		<hr/>	<hr/>

The consolidated results relate wholly to continuing activities. The accompanying notes form part of these financial statements.

The financial statements were authorised and approved by the board on

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Director

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Director

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Katrina Cunliffe
Company Secretary

Association Statement of Comprehensive Income

Year ended 31 March 2017

	NOTES	2017 £000	2016 £000
Turnover	3	81,925	82,317
		81,925	82,317
Less: operating costs	3	(68,921)	(65,668)
Operating surplus	3,4	13,004	16,649
Surplus on sale of fixed assets	5	2,486	1,893
Interest receivable	10	40	27
Interest payable and similar charges	11	(3,143)	(3,501)
Surplus on ordinary activities before tax		12,387	15,068
Tax on surplus on ordinary activities	8	-	-
Surplus for the financial year		12,387	15,068
Actuarial (deficit)/gain in relation to the pension plan	24	(19,077)	18,687
Total comprehensive (loss)/income for the year		(6,690)	33,755

The association's results relate wholly to continuing activities. The accompanying notes form part of these financial statements.

The financial statements were authorised and approved by the board on

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Director

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Director

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Katrina Cunliffe
Company Secretary

Consolidated Statement of Changes in Reserves

	Revenue Reserve	Total
	£000	£000
Balance as at 1 April 2015	12,557	12,557
Total comprehensive income for the year	33,755	33,755
Balance at 31 March 2016	<u>46,312</u>	<u>46,312</u>
Total comprehensive loss for the year	(6,682)	(6,682)
Balance at 31 March 2017	<u>39,630</u>	<u>39,630</u>

Association Statement of Changes in Reserves

	Revenue Reserve	Total
	£000	£000
Balance as at 1 April 2015	12,557	12,557
Total comprehensive income for the year	33,755	33,755
Balance at 31 March 2016	<u>46,312</u>	<u>46,312</u>
Total comprehensive loss for the year	(6,690)	(6,690)
Balance at 31 March 2017	<u>39,622</u>	<u>39,622</u>

Group and Association Statement of Financial Position

Year ended 31 March 2017

	NOTE	Group		Association	
		2017	2016	2017	2016
		£000	£000	£000	£000
Fixed Assets					
Housing properties	12	114,064	102,533	114,064	102,533
Other tangible fixed assets	13	3,748	3,805	3,748	3,805
Investment properties	14	190	-	-	-
Investment in subsidiaries	15	-	-	265	-
		<u>118,002</u>	<u>106,338</u>	<u>118,077</u>	<u>106,338</u>
Current assets					
Stocks	16	341	259	341	259
Debtors	17	6,968	8,263	7,025	8,263
Cash at bank and in hand		20,878	10,884	20,766	10,884
		<u>28,187</u>	<u>19,406</u>	<u>28,132</u>	<u>19,406</u>
Creditors: amounts falling due within one year	18	<u>(15,602)</u>	<u>(11,914)</u>	<u>(14,903)</u>	<u>(11,914)</u>
Net current assets		<u>12,585</u>	<u>7,492</u>	<u>13,229</u>	<u>7,492</u>
Total assets less current liabilities		<u>130,587</u>	<u>113,830</u>	<u>131,306</u>	<u>113,830</u>
Creditors: amounts falling due in more than one year	19,20	<u>(37,344)</u>	<u>(37,340)</u>	<u>(38,071)</u>	<u>(37,340)</u>
Pension provision	24	<u>(53,613)</u>	<u>(30,178)</u>	<u>(53,613)</u>	<u>(30,178)</u>
Total net assets		<u>39,630</u>	<u>46,312</u>	<u>39,622</u>	<u>46,312</u>
Capital and reserves					
Revenue reserves	23	39,630	46,312	39,622	46,312
Total reserves		<u>39,630</u>	<u>46,312</u>	<u>39,622</u>	<u>46,312</u>

The accompanying notes form part of these financial statements.

The financial statements were authorised and approved by the board on

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Director

Bolton at Home Limited

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Director

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Katrina Cunliffe

Company Secretary

Company number 4554680

Consolidated Statement of Cash flows

Year ended 31 March 2017

	NOTES	2017 £000	2016 £000
Net cash generated from operating activities	26	24,848	23,142
Cash flow from investing activities			
Purchase of tangible fixed assets	12	(16,660)	(19,789)
Purchase of investment properties	14	(190)	-
Proceeds from sale of tangible fixed assets		3,223	2,524
Purchase of other tangible fixed assets	13	(95)	(130)
Grants received	20	828	1,986
Interest received	10	40	27
Net cash used in investing activities		(12,854)	(15,382)
Cash flow from financing activities			
Interest paid		(2,000)	(1,984)
Net cash used in investing activities		(2,000)	(1,984)
Net change in cash and cash equivalents		9,994	5,776
Cash and cash equivalents at beginning of the year		10,884	5,108
Cash and cash equivalents at end of the year		20,878	10,884

Notes to the financial statements

1. Statement of accounting policies

Legal status

Bolton at Home Limited is a company registered under the Companies Act 2006, is a registered charity registered with the Charities Commission and is registered with the HCA as a registered provider of social housing.

Basis of accounting

The financial statements are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2014: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015.

The financial statements are presented in Sterling (£).

Going concern

Our business activities, our current financial position and factors likely to affect our future development are set out within the Strategic Report. We have in place long term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with our day to day operations for the next 18 months. The Board is satisfied that the business plan has sufficient funding and is sufficiently robust to ensure that there will be no financial covenant breaches in the next 18 months. Therefore our Board has a reasonable expectation that we have adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, we continue to adopt the going concern basis in the financial statements.

Turnover

Turnover comprises rental and service charge income receivable, certain revenue grants from local authorities and the HCA together with other income from third parties.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale. Revenue grants are recognised when the conditions for receipt of agreed grant funding have been met. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

Value added tax

As the majority of its turnover is exempt from VAT, the group is only able to recover part of the VAT incurred on expenditure. Any VAT payable that cannot be recovered is included in costs or assets as appropriate.

The group can recover VAT on certain qualifying improvement works to the homes that transferred from Bolton Council. Any VAT recoverable or payable at the year-end is included in the Statement of Financial Position.

Bolton at Home have an approved VAT Shelter for 15 years post stock transfer and as a result VAT incurred on the Improvement Programme will be recovered. As part of the stock transfer agreement the initial first tranche of £5m will be retained by Bolton at Home. This sum was recovered within the year 2012/13 and subsequent VAT recovery has been shared under the 50/50 sharing agreement with Bolton Council.

Interest Payable

Interest payable is charged to the statement of comprehensive income in the year.

Financial Instruments

Financial instruments which meet the criteria of a basic financial instrument as depending on section 11 of FRS 102 are accounted for under an amortised historic cost

model. Management has reviewed the company's loan agreements and has deemed these to be basic financial instruments.

The company has assessed its bank loans as basic using the criteria in Section 11 of FRS 102, although the loan agreement contains two-way breakage clauses. The company's interpretation of the Financial Reporting Standard is that the clauses do not prevent the loans from being accounted for as basic.

Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Debtors

Short term debtors are measured at transaction price, less any impairment. Where deferral of payment terms have been agreed at below market rate, and where material, the balance is shown at the present value, discounted at a market rate.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Employee Benefits

Short term employee benefits and contributions to defined benefit schemes are recognised as an expense in the period in which they are incurred.

Termination benefits are payable when employment is terminated by the company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

Pensions

The Company participates in the Greater Manchester Pension Fund, a funded defined benefit scheme.

The assets of the scheme are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the statement of financial position. A net surplus is recognised only to the extent that it is recoverable by reduced contributions or through refunds from the plan.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Remeasurements are reported in other comprehensive income.

Leases

Rentals under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Housing properties and depreciation

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and are stated at cost less accumulated depreciation and any provision for impairment. The cost of housing land and properties comprises purchase price together with incidental costs of acquisition and improvements, including related administration charges. The cost includes the cost of acquiring land and buildings and development costs.

Depreciation is charged on a straight line basis over the expected useful economic lives of the assets at the following rates:

- Housing properties over 80 years to residual value
- Kitchens and bathrooms over 20 years
- Electrical rewiring over 30 years
- Central heating over 15 years
- External refurbishment and composite doors
 - Flats over 30 years
 - Houses over 40 years

Costs of improvement works to existing properties are only capitalised when there is demonstrable enhancement of the economic benefits of the assets.

Donated land is included at its valuation on donation, with this being treated as a capital grant.

Impairment

Impairment review performed at the asset level:

Annually housing properties are assessed for impairment indicators. Where indicators are identified an assessment for impairment is undertaken comparing the scheme's carrying amount to its recoverable amount. Where the carrying amount of a scheme is deemed to exceed its recoverable amount, the scheme is written down to its recoverable amount. Where a scheme is currently deemed not to be providing service potential to the association, its recoverable amount is its fair value less costs to sell.

Other tangible fixed assets

Other tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

- Furniture and equipment over 5 years

Investment properties

Investment properties consist of other properties not held for the social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently at fair value as at the year end, with changes in fair value recognised in income and expenditure.

Government grants

Government grants include grants receivable from the Homes and Communities Agency (the HCA), local authorities, and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received.

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

Government grants received for housing properties are subordinated to the repayment of loans by agreement with the HCA. Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the statement of financial position in creditors.

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in income and expenditure.

Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to income and expenditure. Upon disposal of the associated property, the company is required to recycle these proceeds and recognise them as a liability.

Other Grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the association is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Sales of housing properties

As part of the transfer agreement, Bolton at Home agreed to share a proportion of the receipts from Right to Buy sales with Bolton Council. The agreement is structured such that Bolton at Home retains a share of the receipts which allows for a neutral impact on the business plan. After deduction of a further sum to cover administration costs, the balance is due to Bolton Council.

Provision for liabilities

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

2. Significant Judgements and Estimations

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounts estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant Management Judgements

The following are the significant management judgements made in applying the accounting policies of the group that have the most significant effect on the financial statements.

Estimation Uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Defined benefit obligation (DBO)

Management's estimate is based on a number of critical underlying assumptions such as standard rates of inflation, mortality discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analysed in Note 24). The liability at 31st March 2017 was £53,613,000.

3. Particulars of turnover, operating costs and operating surplus/(deficit)

Group

Analysis of turnover and operating costs 2017	Turnover	Operating costs	Operating surplus/ (deficit)
	2017	2017	2017
	£000	£000	£000
Social housing lettings	74,573	59,064	15,509
Other social housing activities			
Supporting People	771	2,331	(1,560)
Other	2,629	3,322	(693)
	3,400	5,653	(2,253)
Non-social housing			
Commercial and garage rents	533	-	533
Other	3,525	4,302	(777)
	4,058	4,302	(244)
	82,031	69,019	13,012

Analysis of turnover and operating costs 2016	Turnover	Operating costs	Operating surplus/ (deficit)
	2016	2016	2016
	£000	£000	£000
Social housing lettings	75,327	55,701	19,626
Other social housing activities			
Supporting People	1,029	1,675	(646)
Other	2,374	3,978	(1,604)
	3,403	5,653	(2,250)
Non-social housing			
Commercial and garage rents	526	-	526
Other	3,061	4,314	(1,253)
	3,587	4,314	(727)
	82,317	65,668	16,649

Association – continuing activities

Analysis of turnover and operating costs 2017	Turnover	Operating costs	Operating surplus/ (deficit)
	2017	2017	2017
	£000	£000	£000
Social housing lettings	74,573	59,064	15,509
Other social housing activities			
Supporting People	771	2,331	(1,560)
Other	2,629	3,322	(693)
	3,400	5,653	(2,253)
Non-social housing			
Commercial and garage rents	533	-	533
Other	3,419	4,204	(785)
	3,952	4,204	(252)
	81,925	68,921	13,004

Analysis of turnover and operating costs 2016	Turnover	Operating costs	Operating surplus/ (deficit)
	2016	2016	2016
	£000	£000	£000
Social housing lettings	75,327	55,701	19,626
Other social housing activities			
Supporting People	1,029	1,675	(646)
Other	2,374	3,978	(1,604)
	3,403	5,653	(2,250)
Non-social housing			
Commercial and garage rents	526	-	526
Other	3,061	4,314	(1,253)
	3,587	4,314	(727)
	82,317	65,668	16,649

Particulars of income and expenditure from social housing lettings

Group and Association

	2017	2016
	£000	£000
Rent receivable net of identifiable service charges	71,052	71,767
Service charge income	3,420	3,468
Amortised government grants	101	92
Net rental income	74,573	75,327
Management	27,617	25,363
Services	3,875	4,300
Routine Maintenance	15,244	15,400
Planned Maintenance	7,293	6,121
Bad Debts	495	721
Depreciation	4,540	3,796
Operating costs on social housing lettings	59,064	55,701
Operating surplus on social housing lettings	15,509	19,626
Void losses	891	1,099

4. Operating surplus on ordinary activities before taxation

Turnover and surplus on ordinary activities all arose in the United Kingdom and are attributable to the principal activity of the business.

	2017	2016
	£000	£000
Operating surplus and surplus on ordinary activities before taxation is stated after charging /(crediting):		
Operating lease rentals (see Note 22)		
○ Buildings	836	787
○ Equipment	4	3
○ Vehicles	607	607
	1,447	1,397
Auditor's remuneration (excluding VAT)		
○ Fees payable to the Association's auditors for the financial statement audit	22	25
○ Tax compliance services	1	3
○ Audit of the accounts of subsidiaries	4	-
○ Other services	13	19
Total	40	47

5. Surplus on the sale of fixed assets

	Group		Association	
	2017 £000	2016 £000	2017 £000	2016 £000
Sale proceeds from property sales	4,952	4,192	4,952	4,192
Sales proceeds from land sales	291	-	291	-
Cost of sales	(738)	(595)	(738)	(595)
RTB Sharing agreement (Bolton Council)	(2,019)	(1,704)	(2,019)	(1,704)
Surplus on sale of fixed assets	2,486	1,893	2,486	1,893

Proceeds from property sales were realised through 129 Right to Buy sales.

6. Employees

Average monthly number of employees expressed as full time equivalents, calculated based on a standard working week of 36 hrs:

	2017 No.	2016 No.
Administration	4	2
Development	65	88
Housing, support and care	889	949
	958	1,039

The following full time equivalent numbers of staff (excluding directors) received emoluments of:

	2017 No.	2016 No.
£60,001 to £70,000	6	10
£70,001 to £80,000	2	4
£80,001 to £ 90,000	2	1
£90,001 to £ 100,000	1	1

Employee costs:	Group		Association	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Wages and salaries	29,817	28,774	29,722	28,774
Social security costs	2,707	2,221	2,700	2,221
Other pension costs	5,539	7,052	5,539	7,052
Pension past service costs	2,239	-	2,239	-
Restructuring costs	-	590	-	590
	40,302	38,637	40,200	38,637

The costs include severance, where applicable.

The Association's employees are members of the Greater Manchester Pension Fund (GMPF).

7. Key Management Personnel

The aggregate remuneration for key management personnel (the executive officers) charged in the year is:

	Group		Association	
	2017 £000	2016 £000	2017 £'000	2016 £'000
Basic salary	693	814	681	814
Benefits in kind	31	36	31	36
Employers NIC	90	105	89	105
Pension contributions	36	73	36	73
	850	1,028	837	1,028

During the year, the aggregate compensation for loss of office of key management personnel was £nil (2016: £155,600).

Board Members

None of the board members received emoluments.

The emoluments of the highest paid director, the Chief Executive, excluding pension contributions, were £279,900 (2016: £206,200, the Director of Finance, excluding pension contributions).

8. Tax on surplus on ordinary activities

Current Tax	Group		Association	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
UK corporation tax on surplus for the year	-	-	-	-
Total current tax	-	-	-	-

Total tax reconciliation	Group		Association	
	2017 £000	2016 £000	2017 £000	2016 £000
Surplus on ordinary activities before tax	12,395	15,068	12,387	15,068
Theoretical tax at UK corporation tax rate 20%	2,479	3,014	2,477	3,014
Income not taxable for tax purposes	(2,479)	(3,014)	(2,477)	(3,014)
Total tax charge	-	-	-	-

9. Housing stock

	2017	2016
	No. owned & managed	No. owned & managed
As at 31 March		
Number of units of social housing accommodation:		
General needs	17,651	17,748
Total number of owned units	17,651	17,748
Units managed for others	195	176
Total number of owned and managed units	17,846	17,924

10. Interest receivable

	Group		Association	
	2017	2016	2017	2016
	£000	£000	£000	£000
Interest received	40	27	40	27
	<u>40</u>	<u>27</u>	<u>40</u>	<u>27</u>

11. Interest payable and similar charges

	Group		Association	
	2017	2016	2017	2016
	£000	£000	£000	£000
Interest payable on bank loans and overdrafts	(1,832)	(1,830)	(1,832)	(1,830)
Facility non utilisation fees	(168)	(154)	(168)	(154)
Net interest payable from pensions (note 24)	(1,143)	(1,517)	(1,143)	(1,517)
	<u>(3,143)</u>	<u>(3,501)</u>	<u>(3,143)</u>	<u>(3,501)</u>

12. Tangible fixed assets – housing properties

Group and Association – housing properties

	Completed housing held for letting	Assets in course of construction	Total
Cost	£000	£000	£000
At 1 April 2016	111,388	1,368	112,756
Additions: replacement of components	11,422	816	12,238
New scheme purchased/constructed in year	1,949	2,473	4,422
Disposals	(848)	-	(848)
Transfer	1,043	(1,043)	-
At 31 March 2017	124,954	3,614	128,568
Housing property depreciation and impairment			
At 1 April 2016	(10,223)	-	(10,223)
Depreciation charged in year	(4,392)	-	(4,392)
Released on disposals	110	-	110
At 31 March 2017	(14,505)	-	(14,505)
Net book value			
At 31 March 2017	110,449	3,614	114,063
At 31 March 2016	101,165	1,368	102,533

	Group		Association	
	2017	2016	2017	2016
	£000	£000	£000	£000
Expenditure on works to existing properties:				
Capitalised	11,422	16,132	11,422	16,132
Work in progress	816	-	816	-
Expensed through the income and expenditure account	6,987	6,185	6,987	6,185
	19,225	22,317	19,225	22,317

All housing properties are held on a freehold basis.

	Group		Association	
	2017	2016	2017	2016
	£000	£000	£000	£000
Social Housing Grant				
Total accumulated social housing grant received or receivable at 31 March:				
Capital grant	8,050	7,322	8,050	7,322
Revenue grant	519	519	519	519
At 31 March 2017	8,569	7,841	8,569	7,841

13. Other tangible fixed assets

Group and Association

	Leasehold improvements	Furniture & equipment	Total
	£000	£000	£000
Cost			
At 1 April 2016	3,621	537	4,158
Additions	-	95	95
Disposals	-	-	-
At 31 March 2017	3,621	632	4,253
Depreciation			
At 1 April 2016	(134)	(219)	(353)
Charge for the year	(45)	(107)	(152)
Disposals	-	-	-
At 31 March 2017	(179)	(326)	(505)
Net book value			
At 31 March 2017	3,442	306	3,748
At 31 March 2016	3,487	318	3,805

14. Investment properties non-social housing properties held for letting

Group and Association	2017
	£000
At 1 April	-
Additions	190
Increase in value	-
At 31 March	<u>190</u>

Investment properties are held at market value which is equivalent to the purchase price as at 31st March 2017.

15. Investment in subsidiaries

	2017
	£000
At 1 April	-
Additions	265
At 31 March	<u>265</u>

As required by statute, the financial statements consolidate the results of Bolton at Home Limited, Starts with You Limited and R-Haus Living Limited, which were subsidiaries of the association at the end of the year. Starts with You Limited was incorporated on the 7th December 2016 with R-Haus Living Limited being incorporated on the 17th March 2017. The association owns all the share capital and has the right to appoint members of the boards of the subsidiaries and thereby exercises control over

them. The subsidiaries are non-regulated companies. The registered office is the same for all of the group entities.

Bolton at Home Limited is the ultimate parent undertaking.

16. Stocks

	Group		Association	
	2017	2016	2017	2016
	£000	£000	£000	£000
Raw materials and consumables	341	259	341	259

17. Debtors

	Group		Association	
	2017	2016	2017	2016
	£000	£000	£000	£000
Due within one year				
Rental and service charge receivable	4,254	4,609	4,254	4,609
Less: Provision for bad and doubtful debts	(2,243)	(1,933)	(2,243)	(1,933)
	2,011	2,676	2,011	2,676
Other debtors	1,243	1,226	1,300	1,226
Amounts due from related parties	2,953	3,687	2,953	3,687
Other taxation and social security	400	420	400	420
Prepayments and accrued income	361	254	361	254
	6,968	8,263	7,025	8,263

18. Creditors: amounts falling due within one year

	Group		Association	
	2017	2016	2017	2016
	£000	£000	£000	£000
Trade creditors	5,652	4,168	5,652	4,168
Rents and service charges received in advance	1,660	1,870	1,688	1,870
Accruals and deferred Income	3,053	776	3,053	776
Amounts due to related parties	2,450	3,123	2,450	3,123
Deferred capital grants	366	265	366	265
Other capital grants received in advance	2,421	1,712	1,694	1,712
	15,602	11,914	14,903	11,914

19. Creditors: amounts falling due after one year

	Group		Association	
	2017 £000	2016 £000	2017 £000	2016 £000
Housing loans	30,000	30,000	30,000	30,000
Less loan issue costs	(353)	(489)	(353)	(489)
	29,647	29,511	29,647	29,511
Deferred income	353	387	353	387
	30,000	29,898	30,000	29,898
Deferred capital grants	6,957	7,058	7,684	7,058
Other long term liabilities	387	384	387	384
	37,344	37,340	38,071	37,340

Bolton Council as part of the stock transfer agreed to pay for loan issue costs incurred by Bolton at Home Limited.

Loans from banks and other financial institutions are secured by specific charges on the Company's housing properties and interest payable at rates between 4.3% to 6.9%. This leaves an undrawn facility at 31 March 2017 of £25m, made up of a revolving facility of £5m and a variable facility of £20m.

The loans are repayable on an interest only basis. The principal is repayable at the end of the term as follows:

	2017 £000	2016 £000
Repayments are due as follows:		
In less than one year	-	-
In one to two years	-	-
In two to five years	6,000	6,000
In five years or more	24,000	24,000
	30,000	30,000

20. Deferred grant income

	Group		Association	
	2017 £000	2016 £000	2017 £000	2016 £000
At 1 April	7,323	6,330	7,323	6,330
Grant received in the year	828	1,084	828	1,084
Released to income in the year	(101)	(91)	(101)	(91)
At 31 March	8,050	7,323	8,050	7,323

	Group		Association	
	2017	2016	2017	2016
	£000	£000	£000	£000
Amounts to be released within one year	366	265	366	265
Amounts to be released in more than one year	7,684	7,058	7,684	7,058
At 31 March	8,050	7,323	8,050	7,323

21. Capital commitments

	Group		Association	
	2017	2016	2017	2016
	£000	£000	£000	£000
Capital expenditure:				
Expenditure contracted for but not provided in the accounts	5,477	2,523	5,477	2,523
Expenditure authorised by the board, but not contracted	37,428	23,062	37,428	23,062
	42,905	25,585	42,905	25,585

The above commitments will be financed primarily through borrowings, which are available for drawdown under existing loan arrangements, with the remainder funded through social housing grant and property sales.

The expenditure authorised but not contracted is significantly higher than previous year as it includes the new three year HCA Shared Ownership Programme .

22. Financial commitments

The company's future minimum operating lease payments are as follows:

Repayments are due as follows:	Group		Association	
	2017	2016	2017	2016
	£000	£000	£000	£000
In less than one year	1,447	807	1,447	807
Between one and five years	1,759	2,252	1,759	2,252
	3,206	3,059	3,206	3,059

23. Reserves

Includes all current retained profits and losses.

24. Pensions

The Company participates in the Greater Manchester Pension Fund, a funded defined benefit scheme. The assets of the scheme are administered by trustees in a fund independent from those of the Company. The most recent formal actuarial valuation was completed as at 31 March 2013 and rolled forward, allowing for the different financial assumptions required under FRS 102, to 31 March 2017 by a qualified independent actuary.

At 31 March 2017, the market value of the Greater Manchester Pension Fund scheme's net assets was £20,952m.

The employer contributions for the year ended 31 March 2017 were £4,563,000 (2016: £4,304,000) at a contribution rate of 17.3% of pensionable salaries. Estimated employers' contributions during the accounting period commencing 1st April 2017 are £7,688,000, with a contribution rate set at 32.2%.

Principal actuarial assumptions

Financial Assumptions	31 March	31 March
	2017	2016
	%	%
Rate of increase in salaries	3.2	3.5
Rate of increase in pensions in payment	2.4	2.2
Discount rate	2.6	3.6

Mortality Assumptions

Vita Curves with improvements in line with the CMI 2013 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25%. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	31 March 2017		31 March 2016	
	Female	Male	Female	Male
Current pensioners	24.1 years	21.5 years	24.1 years	21.4 years
Future pensioners*	26.2 years	23.7 years	26.2 years	24.0 years

*Figures assume members aged 45 as at the last formal valuation date.

Historic mortality

Life expectancies for the prior year end are based on the Fund's VitaCurves. The allowance for future life expectancies is show below:

Year Ended	Prospective Pensioners	Pensioners
31 March 2017	CMI 2010 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a.	CMI 2010 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a.

Please note that the mortality assumptions have been changed since the previous accounting period.

Commutation

An allowance is included for future retirements to elect to take 55% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 80% of the maximum tax-free cash for post-April 2008 service.

Amounts recognised in surplus or deficit	2017	2016
	£000	£000
Current service cost	5,539	7,052
Past service costs	2,239	-
Amounts charged to operating costs	<u>7,778</u>	<u>7,052</u>

	2017	2015
	£000	£000
Net interest	(1,143)	(1,517)
Amounts charged to other finance costs	<u>(1,143)</u>	<u>(1,517)</u>

Reconciliation of opening and closing balances of the present value of scheme liabilities

	2017	2016
	£000	£000
Opening scheme liabilities	(145,650)	(156,405)
Current service cost	(5,539)	(7,052)
Past service cost	(2,239)	-
Members contributions	(1,637)	(1,686)
Interest cost	(5,370)	(5,277)
Remeasurements	(44,944)	23,113
Benefits paid	2,102	1,657
Closing scheme liabilities	<u>(203,277)</u>	<u>(145,650)</u>

	2017	2016
	£000	£000
Actual return on scheme assets	<u>25,867</u>	<u>4,426</u>

Amounts charged to other comprehensive income

	2017	2016
	£000	£000
Remeasurements (assets and liabilities)	<u>(19,077)</u>	<u>18,687</u>

Reconciliation of opening and closing balances of the fair value of plan assets

	2017	2016
	£000	£000
Opening fair value of plan assets	115,472	111,805
Interest Income	4,227	3,760
Return on plan assets (in excess of interest income)	25,867	(4,426)
Plan participants' contributions	1,637	1,686
Contributions by Employer	4,563	4,304
Benefits Paid	(2,102)	(1,657)
Closing fair value of plan assets	<u>149,664</u>	<u>115,472</u>

Reconciliation of opening and closing balances of the net liability

	2017	2016
	£000	£000
Closing scheme liabilities	(203,277)	(145,650)
Closing fair value of plan assets	149,664	115,472
Closing scheme net liability	<u>(53,613)</u>	<u>(30,178)</u>

Investment returns

The return on the fund in market value terms for the year to 31 March 2017 is estimated based on actual fund returns as provided by Administering Authority and index returns where necessary.

Details are given below:

Actual returns for period from 1 April 2016 to 31 December 2016	18.9%
Total returns for period from 1 April 2016 to 31 March 2017	24.1%

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

	Estimated split of assets at 31 March 2017	Estimated split of assets at 31 March 2016
	%	%
Equities	75	73
Bonds	16	17
Property	5	6
Cash	4	4

Sensitivity Analysis

Assumptions used to measure the scheme liabilities

	Approximate % increase to Employer Liability	Approximate monetary amount £000
0.5% decrease in Real Discount Rate	12	25,226
0.5% increase in the Salary Increase Rate	3	6,945
0.5% increase in the Pension Increase Rate	9	17,652

25. Related party transactions

There is one Board member who is also a tenant of Bolton at Home. Their tenancy is on normal commercial terms and they are not able to use their position to their advantage. Total arrears were £nil.

A further two Board members are Councillors for Bolton Council.

Disclosures in relation to key management personnel are included in note 7.

The treasury management function for Bolton at Home was taken in-house from the 28th March 2011. However, due to the continued shared use of the Bolton Council's financial systems, payments to suppliers and receipts from our customers continue to be made through Bolton Council's bank account requiring a weekly reimbursement to Bolton Council. As part of the transfer agreement, there is a sharing agreement in place with Bolton Council for the VAT shelter, together with a proportion of proceeds from right to buy sales. The sums due from Bolton Council for the group and association total £2,953,000 (2016: £3,687,000). The sums due to Bolton Council for the group and association total £2,450,000 (2016: £3,123,000).

26. Cash flow from operating activities

	2017 £000	2016 £000
Surplus for the year	12,395	15,068
Adjustments for non-cash items:		
Depreciation	4,544	3,746
Increase in stocks	(82)	(31)
Decrease/(Increase) in debtors	1,111	823
Decrease in creditors	3,149	(703)
Pension costs less contributions payable	3,215	2,749
Profit on disposal of housing properties	(2,486)	(1,893)
Government grants utilised in the year	(101)	(91)
Interest payable	3,143	3,501
Interest receivable	(40)	(27)
Net cash generated from operating activities	<u>24,848</u>	<u>23,142</u>

27. Stock transfer obligations

As part of the stock transfer agreement, Bolton at Home was obliged to carry out enhancement works to its housing stock valued at £447,798,000 excluding VAT. Bolton at Home contracted with Bolton Council to undertake this work over a 15-year period.

On transfer of the properties, Bolton at Home became the beneficiary of the enhancement works as well as the party carrying out those improvements. These contracts have enabled the Company to recover VAT on repair/improvement costs that would otherwise have been expensed.

At the time of the transfer Bolton at Home paid over a net cash amount of £7,500,000 to Bolton Council, representing the acquisition of the properties in their unenhanced condition (£7,500,000) and the value of Bolton Council's obligation to carry out the refurbishment works (£447,798,000), less the amount due to be incurred by the Company under the Development Agreement in relation to the anticipated cost of the repairs/improvements (£447,798,000).

The impact of these two transactions is that whilst Bolton Council has a legal obligation to the Company to complete the refurbishment works, this work has been contracted back to the Company who are also legally obligated. The underlying substance of the transaction is therefore that the Company has acquired the properties in their existing condition at their agreed value, and will complete certain repairs/improvements in line with guarantees to Tenants. In the opinion of the Board, the commercial effect of these transactions when viewed as a whole does not, in practice, create separate assets and liabilities for reporting purposes. Therefore, in accordance with FRS102 the resulting debit and credit balances, relating to the legal obligation of Bolton Council to complete the refurbishment works for the Company and the equal and opposite legal obligation of the Company to perform the refurbishment works for Bolton Council, have been offset and are not recorded in the Statement of Financial Position.

At 31 March 2017 refurbishment works to the value of £138,532,000 had been completed.

28. Financial assets and liabilities

The board policy on financial instruments is explained in the Board Report as are references to financial risks.

Categories of financial assets and financial liabilities	Group		Association	
	2017 £000	2016 £000	2017 £000	2016 £000
Financial assets that are debt instruments measured at amortised cost	27,085	15,797	27,030	15,797
Financial liabilities measured at amortised cost	41,318	38,067	41,318	38,067
Total	68,403	53,864	68,348	53,864