Group Annual Report and Financial Statements

for Bolton at Home Limited

for the year ended 31 March 2018

Bolton at Home

Contents

Company information

Homes and Communities Agency registration number:	4568
Financial Conduct Authority registration number:	7684

Registered office:	98 Waters Meeting Road, Bolton, BL1 8SW
Board:	T Woods B Ismail K McKeon C Owston I Ismail C Griffiths (retired 03.04.17) E Rowley (retired 03.04.17) D Whitehead (retired 18.05.17) H Fairclough (retired 13.06.17) Z Kirk-Robinson (retired 16.05.18) W Gill (appointed 01.01.18;previously co-optee) I Munro (appointed 01.01.18) P Styche (appointed 01.01.18) M Wilkinson (appointed 01.01.18) M Roberts (co-optee from 01.01.18)
Chief Executive:	Jon Lord
Company Secretary:	Katrina Cunliffe
Solicitors:	Trowers & Hamlins LLP 55 Princess Street, Manchester, M2 4EW
External 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 2018.

This section of the Annual Report reflects much of what has been achieved and improved during Bolton at Home's seventh full financial year as a not for profit social housing provider registered with the Regulator of Social Housing (RSH). 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 now a charitable Community Benefit Society (following conversion in December 2017) with any financial surplus being reinvested into improving homes and services.

This is the second set of group financial statements for Bolton at Home Limited. The group comprises Bolton at Home Limited, the registered provider of housing, Starts with You Limited, a company specialising in training and employment opportunities and R-Haus Living Limited, a company providing properties for market rent. During 2017, the company also acquired Maxmedia Communications Limited and the accounts include 6 months of trading of this company. The turnover for Bolton at Home Limited was £80,804,000 with a surplus for the year of £10,945,000 (2017: £81,925,000 with a surplus for the year of £12,387,000). The turnover for Starts with You Limited was £786,000 with a surplus for the year of £53,000 (2017: £106,000, with a surplus for the year of £8,000), R-Haus Living Limited had a turnover of £154,000 with a loss for the year of £26,000 and Maxmedia Communications Limited had a turnover of £298,000 with a surplus for the year of £51,000.

Bolton at Home is organised across the following key areas:

- Business Unit
- Customer and Place
- Business Development

The Homes and Communities Agency (HCA) (now Regulator of Social Housing) reviewed the organisation and decided in November 2017 that BH are compliant with the national standards and upgraded our Governance rating to G1 and kept the rating at V2 for financial viability.

Our aim is 'to provide homes as a bedrock for strong places and to support disadvantaged people and their communities to flourish' and deliver our objectives. In 2017/18 the Board comprehensively revised our organisational objectives and these are now:

Objectives:

1. Meeting the housing needs of our current and future customers
2. Supporting our customers to be more independent and our communities to flourish
3. Ensuring that our business is well run, responsible and financially secure

As we review our current position and embark to deliver the subsequent phases of our Business Plan ('Our Plan'), we recognise the evolving and rapid challenges in our operating environment, the need to continually reshape our organisation so that we are fit for the future, meet current and future technological advances, whilst striving to meet the needs of our customers. In order to do this we need to strengthen existing partnerships, explore new income streams, continue to work closely with our local Council and collectively, as a sector, build a new relationship with central government

Our Plan serves a dual purpose. Firstly, it is a working document for our board members, Bolton at Home's management and staff, so we can all understand, monitor and manage the business. Secondly, it summarises our operating position and future direction including our exciting and ambitious plans to expand our group structure, deliver our growth strategy further consolidating our position as a key investor and stakeholder in the borough and for our key partners.

To deliver Our Plan, we have developed our new corporate work programme which supports our ambitions to meet the needs of our customers whilst maintaining our commitment to Bolton. The work programme sets out the key work streams we intend to deliver over the lifetime of Our Plan and how we intend to measure our success so we can be confident in our ability to remain viable and deliver on our new objectives. This has involved making decisions about the scale and scope of our activities, and the pace of change.

Objective	Key workstream
Meeting the housing needs of our customers	• Developing and implementing the active asset management strategy to invest c£31M pa in homes and help create strong and flourishing communities • Increasing the range of housing options for our current and future customers and providing a bedrock for strong places by delivering up to 1,200 new homes by April 2023
Supporting our customers to be more independent and our communities to flourish	• Investing £1.9m annually in services, initiatives and enterprise in communities • Providing products and services that improve customer service or generate new income
Ensuring that our business is well run, responsible and financially secure	• Improving governance and management to meet the changing needs of the business • One organisational workforce plan which ensures we have the right people with the best skills and attitudes that are fit for the future • Securing the viability of the business and increase year on year efficiencies, social value and value for money service delivery

Our notable operational achievements over the last 12 months include:

- Successfully embedded two subsidiary companies
- Acquired a third 'for profit' subsidiary
- Implemented a comprehensive governance review
- Increased our development activity and increased the number of new homes we make available including 22 new build homes with another 72 homes in progress
- Commenced work on refinancing the organisation to deliver a more ambitious development programme of around 750 properties over the next 3 years
- Increasing our customers' income by a total amount of £3,405,302 via our debt and money advice team from £1,781,297 in the previous year.
- Collected 99% of the rent due to us and reduced the average number of void properties to 219 which represents 1.23% of our stock.
- 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's interactions with the business.

The value for money strategy is supported by our annual VFM 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 and 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.

Above all, our commitment to providing and maintaining high quality homes, and to building strong and sustainable communities, remains resolute.
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 2018.

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.

Co-operative and Community Benefit Society legislation requires the board to prepare financial statements for each financial year. Under that law the board have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable laws), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under the Co-operative and Community Benefit Society legislation 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 association and group for that period. In preparing these financial statements, the board are 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 (SORP) 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 group and association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. 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 has a board of 9 non-executive directors and one co-opted non-executive director.

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 in place, working 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 Regulator of Social Housing (RSH) & Financial Conduct Authority.

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. In addition, Audit Committee undertake an in depth review of the one of the corporate risks at each meeting to increase understanding of key risks and allow Committee members to challenge officers over controls to mitigate them. 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. During the year the board monitor a series of Golden Rules which are intended to act as an early warning of any financials hotspots which may require urgent action or the implementation of any of the identified mitigating actions.

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 2018 which might otherwise have resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements.

Bolton at Home has adopted the National Housing Federation's Code of Governance 2015 and Excellence in Standards of Conduct. At the end of December 2017, Bolton at Home converted to a Community Benefit Society (CBS) and is now regulated by the Financial Conduct Authority. As part of the conversion, the structure of the board has changed and the skills of the board strengthened.

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 had a stability check by the RSH which confirmed the viability rating as V2 and uprated the governance rating back to G1.

Bolton at Home's internal auditors have carried out a plan of risk based audits. 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 38.

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 21 September 2018 and signed on its behalf:

98 Waters Meeting Road
Bolton BL1 8SW

By order of the Board

Katrina Cunliffe
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 2018.

Activities

Bolton at Home is a large scale voluntary transfer (LSVT) registered provider. Bolton Council transferred its housing stock to Bolton at Home in 2011 and following delivery of the transfer promises, the business has developed and grown.

In December 2017, Bolton at Home became a community benefit society and an exempt charity.

Our stock totals just under 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

- Meeting the housing needs of our current and future customers
- Supporting our customers to be more independent and our communities to flourish
- Ensuring that our business is well run, responsible and financially secure.

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 Limited and R-Haus Living Limited. During 2017, Bolton at Home acquired a communications company, Maxmedia Communications Limited.

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 2018 are set out on pages 24-52. The association's surplus for the year of £10,945,000 (2017: £12,387,000) has been transferred to reserves. The turnover for Starts with You Limited was £786,000 with a surplus for the year of £53,000, R-Haus Living Limited had a turnover of £154,000 with a loss for the year of £26,000 and Maxmedia Communications Limited had a turnover of £298,000 with a surplus for the period post acquisition of £51,000.

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 2017/2018. In addition, employee contributions to the scheme also increased in total from April 2012 following a review of the level of contributions.

As a Charitable Community Benefit Society 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

Bolton at Home had a good year in both financial and performance terms.

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 17,622 rented properties, 48 shops and over 550 garages. At 31 March 2018, 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 2018 and two preceding years. Two lines have been added to show the underlying surplus excluding the accounting adjustment for pensions which is posted to the Comprehensive Statement of Income (CSI)

	2018	2017	2016
	£000	£000	£000
Turnover	80,804	81,925	82,317
Less: operating costs	(66,447)	(66,435)	(63,775)
Operating surplus	14,357	15,490	18,542
Interest receivable	76	40	27
Interest payable and similar charges	(3,397)	(3,143)	(3,501)
Surplus before tax	11,036	12,387	15,068
Pension adjustment posted to CSI	(5,744)	(3,215)	(2,749)
Surplus before tax (exc pension adjustment)	5,292	9,172	12,319

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

	Target	Actual
Financial		
Rent losses on void properties	1.54%	1.23%
Level of current tenant rent arrears	£2,000,000	£1,883,304
Full compliance with financial golden rules	100%	100%
Repairs		
% of homes which meet the Decent Homes standard	100%	100%
% of repairs appointments made and kept	96.5%	95.67%
% of residents satisfied with the most recent repair	94%	92.6%
Directors and staff analysis		
Category	N° of male	N° of female
Directors – executive	3	1
Senior managers	2	5
Employees	472	438

Risk management

In December 2017, Bolton at Home successfully became a charitable community benefit society and has three subsidiary companies.

Risk management framework
The Group Board has overall responsibility for risk management with a particular focus on the degree and type of risk it is prepared to take in achieving its overall objectives. This is set within the context of the rapidly changing external environment in which housing associations are operating, subject to policy change and market change which can have a fundamental impact on our business. The Board determines our appetite for, and tolerance of, risk.

The main risks which the board has been monitoring and managing over the past year are:

	Risk description	Impact	Mitigation	Change in year
1	Welfare benefit reforms and Universal Credit (UC)	Increased rent arrears and bad debts	a) Contact affected customers and offer support b) Business plan updated to account for the planned roll out of UC in Bolton c) Tracking of Income Management performance d) Training of staff on welfare reform changes	Stable The full roll out of UC in Bolton to new claimants is expected to start in November 2018 The Income Management team are reorganising to accommodate the expected increase in UC cases over the next 2-3 years
2	Health & Safety	Injury or death of employees or customers Criminal and / or civil proceedings	a) Information & Supervision b) Adequate risk assessment processes c) Annual audits on all our premises d) Completed fire risk assessments on all our buildings e) Tailored training courses which respond to staff needs	Stable Significant Fire Safety work implemented during the year arising from risk assessments
3	Low Data Integrity	Inaccurate reporting to the regulator Inaccurate business information for key services and safety checks for customers	a) Asset registration process b)Tailored approach to ownership and control of data systems depending on the system (managed centrally, managed in service, hybrid)	Improved Progressing in line with approved plans

Bolton at Home

Stress testing & key sensitivities

A detailed set of sensitivity and stress tests have been applied to the business plan based on the key risks from the Corporate Risk Register and the significant liabilities from the liabilities register. The results of the two main tests which will apply in the loan agreement:

- Interest cover test – a measure of how many times our surplus covers our interest costs
- Gearing – a comparison of our outstanding loans to the historic cost of our properties

The results of the testing show the plan is sensitive to drops in sales income, particularly from first tranche sales of shared ownership and right to buy sales income. Increases in costs in the early year also cause problems in passing the interest cover test and, as would be expected, any further rent control from the Government also causes reductions in the surplus which in turn cause problems passing the interest cover test.

A series of mitigating actions has been agreed by the board and the stress testing showed that application of these mitigations would continue to keep the organisation compliant with the loan agreement.

Financial review

Our main accounting policies are set out on pages 30-34 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 2018, 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. We are currently negotiating to increase our loan facility to £100m to provide the finance identified as being required for our increased development ambition.

There were no breaches of loan covenants during the year.

Cash flows

The Statement of Cash Flows on page 29 shows that during the year the net cash inflow generated from operating activities totalled £22,492,000. The principal cash outflows are in respect of the improvement programme and operational management costs.

We received a cash inflow of £7,265,000 through Right to Buy and Right to Acquire sales, however under the sharing agreement £2,545,000 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	30	Drawn	Various dates from 29/3/2011 to 31/3/2015	Various dates from 31/3/2033 to 31/3/2020

Liquidity

At the year end, we held surplus cash to the value of £24,125,000 and an undrawn loan facility of £25,000,000.

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. To us, 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.

BH's strategy

Our organisational aim is to create 'Homes & neighbourhoods we can all be proud of'

We want 'to provide homes as a bedrock for strong places and to support disadvantaged people and their communities to flourish and deliver our objectives'.

In 2017/18 the Board comprehensively revised our organisational objectives and these are now:

• Meeting the housing needs of our current and future customers

• Supporting our customers to be more independent and our communities to flourish

• Ensuring that our business is well run, responsible and financially secure.

To help deliver our objectives, our Leadership Team have developed a series of priority projects all of which are designed to either improve the economy, efficiency or effectiveness of what we do as an organisation. They also help to ensure our long term sustainability, delivering core services efficiently and in a cost effective manner whilst realising our ambitions for growth.

Our latest business plan can be found on our website.

Approach

During 2017, the Regulator for Social Housing consulted on a new Value for Money standard which was adopted from the start of April 2018.

In this document, we are reporting on the set of Value for Money metrics included in the standard. In addition, we have included information on further VFM indicators which the Registered Provider sector has identified to give a more rounded picture of performance.

Our 5 year plan for 2018-23 includes specific targets in respect of Value for Money. The plan also includes 2 targets for reducing costs:

- Reducing cost per property of responsive repairs to move towards the 3rd quartile comparatively by 2023.
- Reduce the Headline Social Housing Cost per unit to £3,800 (real terms) per unit by April 2023 from 2015/16 figure of £4,070 per unit.

Commitment

Following the budget in July 2015, the Board targeted £10m of savings to be identified over a four year period to replace the rent lost under the 1% per annum rent cut. As part of the business planning process following the announcement of the rent cut, almost £9.4m of the £10m has been identified and all of the savings targeted for 2017/18 have been delivered. The Board ambition is to work towards reaching the top of third quartile for cost per property of key services against our comparator group.

BH's progress

The Sector Scorecard information below provides a snapshot of the organisations progress in a number of areas.

Other VFM work undertaken in 2017/18 includes:

- Continuing to work with two local Registered Providers on opportunities for joint procurement.
- Maximising the financial return from our subsidiary companies in order to further the charitable aims of Bolton at Home.
- Piloting of a 'container living' project.
- Review the value for money added by operating internal charging from the in house contractor to Bolton at Home.
- Implementation of Customer Relationship Management and Finance systems to improve customer service and produce savings.
- Being the lead partner for one of the two Placed Based Integration projects in Bolton in order to improve the outcomes for people living on one of our estates.

Measuring value for money

The organisation has participated in the pilot of the Sector Scorecard which is an initiative to benchmark housing associations' performance as a way of demonstrating value for money to tenants and stakeholders. Within the agreed measures reported under the five areas of Business Health, Development Capacity and Supply, Outcomes Delivered, Effective Asset Management, and Operating Efficiencies, seven of these are specifically required to be published annually under the "Value for Money Standard 2018" issued by the Regulator.

The measures are reported below for Bolton at Home and are set out compared to our prior year performance and against the performance of our Housemark comparator organisations. Our Housemark comparator group comprises other Large Scale Voluntary Transfer organisations in the north of England with stock numbers between 7,500 and 20,000.

Sector Scorecard	Bolton at Home 2017/18 Target	Bolton at Home 2017/18 Outturn	Bolton at Home 2016/17[1]	Housemark comparison median 2017/18[2]	BH quartile position 2017/18[2]
Business Health					
Operating margin[3]	12.57%	12.25%	15.87%	29.0%	● (4)
Operating margin (social housing lettings)		20.02%	17.28%	28.5%	● (4)
EBITDA (MRI)[4]	-23.5%	-14.22%	174.10%	235.12%	● (4)

Operating margins, although a good measure of overall profitability, should be viewed in the context of the diversity of activities the organisation is now engaged in. We undertake a Care and Repair function for Bolton Council and manage the delivery of adapting properties in the private sector for those people eligible for council support. These functions, delivered at low margins, are complimentary to services delivered by Bolton at Home but result in the suppression of the overall operating margin for Bolton at Home.

Our operating margin is also after making an accounting adjustment which depends on the performance of our defined benefit pension fund. This adjustment has reduced our profit by £5.7m in 2017/18 (£3.2m in 2016/17), see table on p12.

The pension adjustments also contributed towards the negative EBITDA result in 2017/18 with the profit reduced as noted above and the interest costs increased by £1.4m (2016/17 - £1.1m)

Notes:
[1] - Bolton at Home's 2016/17 figures have been adjusted to the new 2017/18 definitions to compare data
[2] - Based on 12 comparator organisations with validated 2017/18 data (North East; North West and Yorkshire & Humberside with DLO's and stock size between 7,500-20,000) on Housemark as at 16.08.2018
[3] - Excludes gain/(loss) on disposal of fixed assets
[4] - EBITDA MRI % interest calculated as EBITDA MRI ÷ Gross interest payable x 100 as prescribed in the current Sector Scorecard, where EBITDA MRI represents earnings before interest, tax, depreciation and amortisation adding back major repair capitalised costs.

Sector Scorecard	Bolton at Home 2017/18 Target	Bolton at Home 2017/18 Outturn	Bolton at Home 2016/17[1]	Housemark comparison median 2017/18[2]	BH quartile position 2017/18[2]
Development – capacity and supply					
Units developed (absolute) – social	40	22	20	79.5	● (4)
Units developed [5] - social	0.22%	0.12%	0.11%	0.5%	● (4)
Units developed (absolute) - non-social	0	0	0	0	● (2)
Units developed [5] - non-social	0%	0%	0%	0%	● (2)
Gearing [6]	13.6%	4.8%	8.1%	51.85%	● (1)

Bolton at Home board has approved an increased development programme of over 700 properties in the next 3 years as well as the delivery of the sites already approved under the Affordable Homes Programme 2 and the Shared Ownership and Affordable Homes Programme. At the moment there are no plans to develop any non-social housing.

Our gearing, whilst very low at present, arises from the low level of borrowing drawn. Debt levels will increase during delivery of the increased development programme.

Notes:
[5] – As a % of stock owned at the end of the year
[6] - Gearing calculated as net debt ÷ carrying value of housing properties x 100 as prescribed in the current Sector Scorecard, where net debt represents total bank and debenture loans less cash and cash equivalents

Sector Scorecard	Bolton at Home 2017/18 Target	Bolton at Home 2017/18 Outturn	Bolton at Home 2016/17[1]	Housemark comparison median 2017/18[2]	BH quartile position 2017/18[2]
Outcomes Delivered					
Satisfaction with the overall service provided		87.5%	87.5%	91.6%	● (3)
Satisfaction with the repairs [7]	88%	92.6%	85.6%	91.1%	● (2)
Reinvestment %[8]	25.4%	16.3%	14.6%	8.2%	● (1)

The reinvestment indicator includes both spend on new properties and investment in existing stock. Bolton at Home's result is influenced by the low carrying value of the properties on our balance which are on a historic cost basis and which gives an average value per property of only around £7k.

Notes:
[7] – Satisfaction with repairs is not a Sector Scorecard indicator, but does provide more up to date satisfaction results than the overall satisfaction indicator which is only collected bi-annually.
[8] - Investment in properties as a percentage of the value of total properties held at end of year.

Sector Scorecard	Bolton at Home 2017/18 Target	Bolton at Home 2017/18 Outturn	Bolton at Home 2016/17[1]	Housemark comparison median 2017/18[2]	BH quartile position 2017/18[2]
Effective Asset Management					
Return on capital employed (ROCE) [9]	7.58%	9.58%	10.13%	6.6%	● (1)
Ratio of responsive repairs to planned maintenance [10]	0.85	0.7	0.78	0.72	● (3)
Occupancy	98.6%	99.7%	99.42%	99.14%	● (1)

Although our operating margin is low, our return on capital employed is high due to the low value of fixed assets referred to on the previous page.

Occupancy rates provides an indication of how well our void standards are managed and how effective our letting teams are at moving residents in.

[9] Return on capital employed calculated as operating surplus including gain/(loss) on disposal of fixed assets ÷ total fixed assets + total current assets less current liabilities at end of year.
[10] Routine maintenance as a percentage of planned maintenance + major repairs expenditure + capitalised major repairs and re-improvements expenditure

Bolton at Home

Sector Scorecard	Bolton at Home 2017/18 Target	Bolton at Home 2017/18 Outturn	Bolton at Home 2016/17[1]	Housemark comparison median 2017/18[2]	BH quartile position 2017/18[2]
Operating Efficiencies					
Management CPU	£1,516	£1,615	£1,571	£1,098	● (4)
Service charge CPU	£120	£195	£202	£162	● (4)
Maintenance CPU	£1,323	£1,213	£1,278	£900	● (4)
Major repairs CPU	£918	£870	£694	£724	● (3)
Other social housing costs CPU	£257	£412	£321	£166	● (4)
Headline social housing CPU	£4,134	£4,305	£4,065	£2,986	● (4)
Rent collected %	99%	99.6%	96.86%	99.6%	● (2)
Overheads as a % of turnover		11.91%	11.50%	11.7%	● (3)

Bolton at Home's Headline Social Housing Cost per unit has increased in the last year although this is largely due to the accounting adjustments relating to our defined benefit pension scheme. Excluding the pension adjustment our Headline cost per social housing until was £3,979 in 2017/18 (£3,883 in 2016/17). One of the targets in the 5 year business plan is to move this cost towards the third quartile.

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 Board are approving the strategic report in their capacity as directors of the Association.

The report was approved by our Board on 21 September 2018 and signed on its behalf:

98 Waters Meeting Road
Bolton BL1 8SW

By order of the Board

Katrina Cunliffe
Secretary

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

Opinion

We have audited the non-statutory financial statements (the 'financial statements') of Bolton at Home Limited (the 'parent Association') and its subsidiary (the 'group') for the year ended 31 March 2018, which comprise the Consolidated Statement of Comprehensive Income, Association Statement of Comprehensive Income, the Consolidated Statement of Changes in Reserves, the Association Statement of Changes in Reserves, the Group and Association Statement of Financial Position, the Consolidated Statement of Cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 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 of the parent Association's affairs as at 31 March 2018 and of the group's and parent Association's income and expenditure for the year then ended in accordance with United Kingdom Generally Accepted Accounting Practice; and

- have been properly prepared in accordance with the Housing and Regeneration Act 2008, and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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 group and the parent 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.

Who we are reporting to

This report is made solely to the Association's members, as a body, in accordance with our letter of engagement dated 5 September 2018. Our audit work has been undertaken so that we might state to the Association'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 Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the board' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the board have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Responsibilities of board for the financial statements

As explained more fully in the Statement of Board members' responsibilities set out on page 7, the board are responsible for preparation of the financial statements which give a true and fair view, and for such internal control as the board determine is 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 board are responsible for assessing the group's and the parent 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 board either intend to liquidate the group or the parent 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.

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

Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Manchester

September 2018

Consolidated Statement of Comprehensive Income

Year ended 31 March 2018

	NOTES	2018 £000	2017 Restated Note 32 £000
Turnover	3	81,557	82,031
		81,557	82,031
Operating costs	3	(67,171)	(66,533)
Operating surplus	3,4	14,386	15,498
Interest receivable	11	46	40
Interest and financing costs	12	(3,398)	(3,143)
Unrealised gain on investment properties at revaluation		694	-
Surplus before tax		11,728	12,395
Taxation	9	(12)	-
Surplus for the year		11,716	12,395
Actuarial gain/(loss) in relation to the pension plan	26	6,758	(19,077)
Total comprehensive income/(loss) for the year		18,474	(6,682)

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 21 September 2018.

……………………....	……………………..	……………………..
……………………....	……………………..	**Katrina Cunliffe**
Director	Director	Secretary

Bolton at Home

Association Statement of Comprehensive Income

Year ended 31 March 2018

	NOTES	2018 £000	2017 Restated Note 32 £000
Turnover	3	80,804	81,925
		80,804	81,925
Operating costs	3	(66,447)	(66,435)
Operating surplus	3,4	14,357	15,490
Interest receivable	11	76	40
Interest and financing costs	12	(3,397)	(3,143)
Surplus before tax		11,036	12,387
Taxation	9	-	-
Surplus for the year		11,036	12,387
Actuarial gain/(loss) in relation to the pension plan	26	6,758	(19,077)
Total comprehensive income/(loss) for the year		17,794	(6,690)

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 21 September 2018.

……………………...	……………………..	……………………..
……………………...	……………………..	**Katrina Cunliffe**
Director	Director	Secretary

Consolidated Statement of Changes in Reserves

	Revenue Reserve	Total
	£000	£000
Balance as at 1 April 2016	46,312	46,312
Total comprehensive loss for the year	(6,682)	(6,682)
Balance at 31 March 2017	39,630	39,630
Total comprehensive income for the year	18,474	18,474
Balance at 31 March 2018	58,104	58,104

Association Statement of Changes in Reserves

	Revenue Reserve £000	Total £000
Balance as at 1 April 2016	46,312	46,312
Total comprehensive loss for the year	(6,690)	(6,690)
Balance at 31 March 2017	39,622	39,622
Total comprehensive loss for the year	17,794	17,794
Balance at 31 March 2018	57,416	57,416

Group and Association Statement of Financial Position

Year ended 31 March 2018

		Group		Association	
	NOTE	**2018**	**2017**	**2018**	**2017**
		£000	£000	£000	£000
Fixed Assets					
Tangible fixed assets - Housing properties	13	129,146	114,064	129,146	114,064
Other tangible fixed assets	14	3,872	3,748	3,859	3,748
Intangible fixed assets	15	350	-	-	-
Investment properties	16	2,639	190	-	-
Investment in subsidiaries	17	-	-	2,116	265
		136,007	118,002	135,121	118,077
Current assets					
Stocks	18	455	341	445	341
Debtors	19	6,116	6,968	6,613	7,025
Cash and cash equivalents		24,282	20,878	23,926	20,766
		30,853	28,187	30,984	28,132
Creditors: amounts falling due within one year	20	(16,272)	(15,602)	(16,306)	(14,903)
Net current assets		14,581	12,585	14,678	13,229
Total assets less current liabilities		150,588	130,587	149,799	131,306
Creditors: amounts falling due in more than one year	21,22	(38,556)	(37,344)	(38,457)	(38,071)
Provisions for liabilities					
Pension provision	26	(53,926)	(53,613)	(53,926)	(53,613)
Other provisions		(2)	-	-	-
Total net assets		58,104	39,630	57,416	39,622
Capital and reserves					
Revenue reserves	25	58,104	39,630	57,416	39,622
Total reserves		58,104	39,630	57,416	39,622

The accompanying notes form part of these financial statements.

The financial statements were authorised and approved by the board on 21 September 2018.

……………………...	……………………..	……………………..
……………………...	……………………..	**Katrina Cunliffe**
Director	Director	Secretary

Consolidated Statement of Cash flows

Year ended 31 March 2018

	NOTES	2018 £000	2017 £000
Net cash generated from operating activities	28	**22,492**	**24,848**
Cash flow from investing activities			
Purchase of tangible fixed assets		(21,067)	(16,660)
Purchase of investment properties		(1,834)	(190)
Proceeds from sale of tangible fixed assets		5,489	3,223
Purchase of other tangible fixed assets		(295)	(95)
Grants received		685	828
Interest received		46	40
Purchase of subsidiary undertaking (net of cash acquired)		(136)	-
Net cash used in investing activities		(17,112)	(12,854)
Cash flow from financing activities			
Interest paid		(1,976)	(2,000)
Net cash used in investing activities		(1,976)	(2,000)
Net change in cash and cash equivalents		3,404	9,994
Cash and cash equivalents at beginning of the year		20,878	10,884
Cash and cash equivalents at end of the year		**24,282**	**20,878**

Notes to the financial statements

1. Statement of accounting policies

Legal status

The association is registered in the UK with the Financial Conduct Authority under the Cooperative and Community Benefits Society Act 2014 and is registered with the Homes England as a registered provider of social housing. The registered office is 98 Waters Meeting Road, Bolton, BL1 8SW.

Basis of accounting

The financial statements are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) which for Bolton at Home Limited includes the Cooperative and Community Benefit Societies Act 2014 (and related group accounts regulations) 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.

Bolton at Home Limited is a public benefit entity in accordance with FRS 102.

The financial statements are presented in Sterling (£).

Basis of consolidation

The group accounts consolidate the accounts of the association and all its subsidiaries at 31st March using the purchase method.

The consolidated financial statements incorporate the financial statements of the association and entities controlled by the group. Control is achieved where the group has the power to govern the financial and operating polities of an entity so as to obtain benefits from its activities. The results of subsidiaries are included in the consolidated statement of comprehensive income from the date of incorporation or acquisition. Subsidiaries acquired during the year are consolidated using the acquisition method. Intra-group balances, transactions, income and expenses are eliminated on consolidation.

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 Homes England 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.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met
- where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the Group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred Income Tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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 group's loan agreements and has deemed these to be basic financial instruments.

The group 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 group'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.

Cash and cash equivalents

Cash and cash equivalents in the Group's consolidated statement of financial position consists of cash at bank, in hand, deposits and short term investments with an original maturity of three months or less.

The Group has also identified some investments, which meet the definition of cash and cash equivalents but are restricted in their use; these investments have been classified as restricted cash equivalents.

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 England, 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 Homes England. 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 group 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 26). The liability at 31st March 2018 was £53,926,000.

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

Group

Analysis of turnover and operating costs 2018	**Turnover**	**Operating costs**	**Operating surplus/ (deficit)**
	2018	**2018**	**2018**
	£000	**£000**	**£000**
Social housing lettings	73,998	59,183	**14,815**
Other social housing activities			
Supporting People	363	3,033	**(2,670)**
Gain on disposal of housing properties (Note 5)	-	(4,426)	**4,426**
Other	2,549	4,224	**(1,675)**
	2,912	2,831	**81**
Non-social housing			
Commercial and garage rents	653	-	**653**
Private Sector Capital Programme	2,839	2,864	**(25)**
Other	1,155	2,293	**(1,138)**
	4,647	5,157	**(510)**
	81,557	**67,171**	**14,386**

Analysis of turnover and operating costs 2017	**Turnover**	**Operating costs**	**Operating surplus/ (deficit)**
	2017	**2017**	**2017**
		Restated	**Restated**
		Note 32	**Note 32**
	£000	**£000**	**£000**
Social housing lettings	74,573	59,064	**15,509**
Other social housing activities			
Gain on disposal of housing properties (Note 5)	-	(2,486)	**2,486**
Supporting People	771	2,331	**(1,560)**
Other	2,629	3,322	**(693)**
	3,400	3,167	**233**
Non-social housing			
Commercial and garage rents	533	-	**533**
Other	3,525	4,302	**(777)**
	4,058	4,302	**(244)**
	82,031	**66,533**	**15,498**

Association – continuing activities

Analysis of turnover and operating costs 2018	**Turnover**	**Operating costs**	**Operating surplus/ (deficit)**
	2018	**2018**	**2018**
	£000	**£000**	**£000**
Social housing lettings	73,998	59,183	**14,815**
Other social housing activities			
Supporting People	363	3,033	**(2,670)**
Gain on disposal of housing properties (Note 5)	-	(4,456)	**4,456**
Other	2,549	4,224	**(1,675)**
	2,912	2,801	**111**
Non-social housing			
Commercial and garage rents	653	-	**653**
Private Sector Capital Programme	2,839	2,864	**(25)**
Other	402	1,599	**(1,197)**
	3,894	4,463	**(569)**
	80,804	**66,447**	**14,357**

Analysis of turnover and operating costs 2017	**Turnover**	**Operating costs**	**Operating surplus/ (deficit)**
	2017	**2017**	**2017**
		Restated	**Restated**
		Note 32	**Note 32**
	£000	**£000**	**£000**
Social housing lettings	74,573	59,064	**15,509**
Other social housing activities			
Supporting People	771	2,331	**(1,560)**
Gain on disposal of housing properties (Note 5)	-	(2,486)	**2,486**
Other	2,629	3,322	**(693)**
	3,400	3,167	**233**
Non-social housing			
Commercial and garage rents	533	-	**533**
Other	3,419	4,204	**(785)**
	3,952	4,204	**(252)**
	81,925	**66,435**	**15,490**

Particulars of income and expenditure from social housing lettings

Group and Bolton at Home

	2018	2017
	£000	£000
Rent receivable net of identifiable service charges	70,477	71,052
Service charge income	3,413	3,420
Amortised government grants	108	101
Turnover from social housing lettings	**73,998**	**74,573**
Management	28,465	27,617
Services	3,440	3,875
Routine Maintenance	15,135	15,244
Planned Maintenance	6,237	7,293
Bad Debts	931	495
Depreciation	4,975	4,540
Operating costs on social housing lettings	**59,183**	**59,064**
Operating surplus on social housing lettings	**14,815**	**15,509**
Void losses	**850**	**891**

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.

Operating surplus and surplus on ordinary activities before taxation is stated after charging /(crediting):	2018 £000	2017 £000
Operating lease rentals (see Note 22)		
○ Buildings	910	836
○ Equipment	-	4
○ Vehicles	536	607
	1,446	1,447
Auditor’s remuneration (excluding VAT)		
○ Fees payable to the Association’s auditors for the financial statement audit	30	22
○ Audit of the accounts of subsidiaries	9	17
○ Tax compliance services	2	1
○ All other taxation advisory services	21	13
Total	62	53

5. Surplus on the sale of fixed assets

	Group		Association	
	2018 £000	2017 £000	2018 £000	2017 £000
Sale proceeds from property sales	7,315	4,952	7,265	4,952
Sales proceeds from land sales	719	291	719	291
Cost of sales	(1,063)	(738)	(983)	(738)
RTB Sharing agreement (Bolton Council)	(2,545)	(2,019)	(2,545)	(2,019)
Surplus on sale of fixed assets	4,426	2,486	4,456	2,486

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:

	2018 No.	2017 No.
Administration	4	4
Development	65	65
Housing, support and care	852	889
	921	958

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

	2018 No.	2017 No.
£60,001 to £70,000	4	6
£70,001 to £80,000	1	2
£80,001 to £ 90,000	2	2
£90,001 to £ 100,000	2	1

Employee costs:	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Wages and salaries	28,765	29,817	28,143	29,722
Social security costs	2,727	2,707	2,685	2,700
Other pension costs	9,657	5,539	9,650	5,539
Pension past service costs	509	2,239	509	2,239
	41,658	**40,302**	**40,987**	**40,200**

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	
	2018	**2017**	**2018**	**2017**
	£000	**£000**	**£'000**	**£'000**
Basic salary	690	693	690	681
Benefits in kind	25	31	25	31
Employers NIC	77	90	77	89
Pension contributions	53	36	53	36
	845	850	845	837

During the year, the aggregate compensation for loss of office of key management personnel was £120,000 (2017: £nil).

The emoluments of the highest paid director, the Chief Executive, excluding pension contributions, were £210,300 (2017: £279,900, the Chief Executive, excluding pension contributions). Both 2017 and 2018 figures for the Chief Executive including one-off payments to buy out a liability associated with previous pension arrangements. The figures excluding these one-off amounts are £156,700 (2017 : £161,600)

8. Non-executive Board members

	Remuneration
	£000
W Gill	1.4
I Ibrahim	1.4
I Munro	1.4
C Owston	1.4
M Roberts	1
P Styche	1.4
M Wilkinson	1.4
T Woods	2.1
A Southern	1
K McKeon	1.4
Z Kirk- Robinson	1.4
	1.4
	16.7

Bolton at Home's board members received remuneration from 1st January 2018.

9. Tax on surplus on ordinary activities

Current Tax	Group		Association	
	2018 £'000	**2017 £'000**	**2018 £'000**	**2017 £'000**
UK corporation tax on surplus for the year	-	-	-	-
Total current tax	-	-	-	-

Total tax reconciliation	Group		Association	
	2018 £000	**2017 £000**	**2018 £000**	**2017 £000**
Surplus on ordinary activities before tax	11,728	12,395	11,036	12,387
Theoretical tax at UK corporation tax rate 20%	2,346	2,479	2,207	2,477
Income not taxable for tax purposes	(2,334)	(2,479)	(2,207)	(2,477)
Total tax charge	12	-	-	-

10. Housing stock

	2018	**2017**
	No. owned & managed	**No. owned & managed**
As at 31 March		
Number of units of social housing accommodation:		
General needs		
Social Rent	12,278	12,748
Affordable Rent	2,671	2,448
Supported and Older Persons Housing		
Social Rent	2,668	2,673
Affordable Rent	5	2
Total number of social housing units	**17,622**	**17,871**
Social leasehold units owned and managed	316	311
Total number of owned and managed units	**17,938**	**18,182**

11. Interest receivable

	Group		Association	
	2018	2017	2018	2017
	£000	£000	£000	£000
Interest received	46	40	76	40
	46	40	76	40

12. Interest payable and similar charges

	Group		Association	
	2018	2017	2018	2017
	£000	£000	£000	£000
Interest payable on bank loans and overdrafts	(1,845)	(1,832)	(1,845)	(1,832)
Facility non utilisation fees	(132)	(168)	(131)	(168)
Net interest payable from pensions (note 26)	(1,421)	(1,143)	(1,421)	(1,143)
	(3,398)	(3,143)	(3,397)	(3,143)

13. Tangible fixed assets – housing properties

Group and Bolton at Home – housing properties

	Completed housing held for letting	Assets in course of construction	Total
Cost	£000	£000	£000
At 1 April 2017	124,954	3,615	128,568
Additions: replacement of components	14,443	882	15,326
New scheme purchased/constructed in year	891	4,850	5,741
Disposals	(1,180)	-	(1,180)
Schemes completed	2,922	(2,922)	-
At 31 March 2018	**142,030**	**6,425**	**148,455**
Housing property depreciation and impairment			
At 1 April 2017	(14,505)	-	(14,505)
Depreciation charged in year	(5,001)	-	(5,001)
Released on disposals	197	-	197
At 31 March 2018	**(19,309)**	**-**	**(19,309)**
Net book value			
At 31 March 2017	**110,449**	**3,615**	**114,064**
At 31 March 2018	**122,721**	**6,425**	**129,146**

Expenditure on works to existing properties:	Group		Association	
	2018	**2017**	**2018**	**2017**
	£000	**£000**	**£000**	**£000**
Capitalised	14,443	11,422	14,443	11,422
Work in progress	883	816	883	816
Expensed through the income and expenditure account	7,211	6,987	7,211	6,987
	22,537	19,225	22,537	19,225

All housing properties are held on a freehold basis.

Social Housing Grant	Group		Association	
Total accumulated social housing grant received or receivable at 31 March:	**2018**	**2017**	**2018**	**2017**
	£000	**£000**	**£000**	**£000**
Capital grant	8,627	8,050	8,627	8,050
Revenue grant	627	519	627	519
At 31 March 2017	**9,254**	**8,569**	**9,254**	**8,569**

14. Other tangible fixed assets

Group and Association

	Leasehold improvements	Furniture & equipment	Total
	£000	**£000**	**£000**
Cost			
At 1 April 2017	3,621	632	**4,253**
Additions	-	295	**295**
At 31 March 2018	**3,621**	**927**	**4,548**
Depreciation			
At 1 April 2017	**(179)**	**(326)**	**(505)**
Charge for the year	(45)	(126)	**(171)**
At 31 March 2018	**(224)**	**(452)**	**(676)**
Net book value			
At 31 March 2018	**3,397**	**475**	**3,872**
At 31 March 2017	**3,442**	**306**	**3,748**

15. Other intangible fixed assets

Group

	Goodwill	Total
	£000	**£000**
Cost		
At 1 April 2017	-	**-**
Additions	350	**350**
At 31 March 2018	**350**	**350**
Amortisation		
At 1 April 2017	**-**	**-**
Charge for the year	-	**-**
At 31 March 2018	**-**	**-**
Net book value		
At 31 March 2018	**350**	**350**
At 31 March 2017	**-**	**-**

Refer to Note 31, for acquisition details.

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

	2018	2017
Group	**£000**	**£000**
At 1 April	190	-
Additions	1,834	190
Increase in value	694	-
Disposal	(79)	-
At 31 March	2,639	190

Investment properties were valued as at 31st March 2018. The group's investment properties have been valued by Edwards Genesis Chartered Surveyors, professional external valuers. The full valuation of properties was undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors.

17. Investment in subsidiaries

	2018	2017
Association	**£000**	**£000**
At 1 April	265	-
Additions	1,851	265
At 31 March	2,116	265

As required by statute, the financial statements consolidate the results of Bolton at Home Limited, Starts with You Limited, R-Haus Living Limited and Maxmedia Communications 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. During the year ended 31st March 2018, Bolton at Home acquired a communications company, Maxmedia Communications Limited. 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.

£1,675,000 invested in share capital of newly incorporated subsidiaries (Starts with You Limited and R-Haus Living Limited) and £441,000 relates to the acquisition of 100% of the ordinary share capital Maxmedia Communications Limited (refer to note 31 for further details).

Bolton at Home Limited is the ultimate parent undertaking.

18. Stocks

	Group		Association	
	2018	**2017**	**2018**	**2017**
	£000	**£000**	**£000**	**£000**
Raw materials and consumables	455	341	445	341

19. Debtors

	Group		Association	
	2018	**2017**	**2018**	**2017**
	£000	**£000**	**£000**	**£000**
Due within one year				
Rental and service charge receivable	4,199	4,254	4,199	4,254
Less: Provision for bad and doubtful debts	(2,355)	(2,243)	(2,355)	(2,243)
	1,844	2,011	1,844	2,011
Other debtors	1,400	1,243	1,440	1,300
Amounts owed by group undertakings	-	-	546	-
Amounts due from Bolton Council	2,182	2,953	2,182	2,953
Other taxation and social security	358	400	358	400
Prepayments and accrued income	332	361	243	361
	6,116	6,968	6,613	7,025

20. Creditors: amounts falling due within one year

	Group		Association	
	2018	**2017**	**2018**	**2017**
	£000	**£000**	**£000**	**£000**
Trade creditors	5,043	5,652	5,068	5,652
Rents and service charges received in advance	1,505	1,660	1,505	1,688
Accruals and deferred income	1,623	3,053	1,623	3,053
Amounts owed to group undertakings	-	-	8	-
Amounts due to Bolton Council	4,416	2,450	4,417	2,450
Deferred capital grants	474	366	474	366
Other capital grants received in advance	3,211	2,421	3,211	1,694
	16,272	15,602	16,306	14,903

21. Creditors: amounts falling due after one year

	Group		Association	
	2018	**2017**	**2018**	**2017**
	£000	**£000**	**£000**	**£000**
Housing loans	30,000	30,000	30,000	30,000
Less loan issue costs	(318)	(353)	(318)	(353)
	29,682	29,647	29,682	29,647
Deferred income	318	353	318	353
	30,000	30,000	30,000	30,000
Deferred capital grants	8,153	6,957	8,153	7,684
Other long term liabilities	403	387	304	387
	38,556	37,344	38,457	38,071

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 Association's housing properties and interest payable at rates between 4.3% to 6.9%. This leaves an undrawn facility at 31 March 2018 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:

	2018	**2017**
Repayments are due as follows:	**£000**	**£000**
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

22. Deferred grant income

	Group		Association	
	2018	**2017**	**2018**	**2017**
	£000	**£000**	**£000**	**£000**
At 1 April	8,050	7,323	8,050	7,323
Grant received in the year	685	828	685	828
Released to income in the year	(108)	(101)	(108)	(101)
At 31 March	8,627	8,050	8,627	8,050

	Group		Association	
	2018	**2017**	**2018**	**2017**
	£000	**£000**	**£000**	**£000**
Amounts to be released within one year	474	366	474	366
Amounts to be released in more than one year	8,153	7,684	8,153	7,684
At 31 March	8,627	8,050	8,627	8,050

23. Capital commitments

	Group		Association	
	2018	**2017**	**2018**	**2017**
Capital expenditure:	**£000**	**£000**	**£000**	**£000**
Expenditure contracted for but not provided in the accounts	7,349	5,477	7,349	5,477
Expenditure authorised by the board, but not contracted	37,071	37,428	37,071	37,428
	44,420	42,905	44,420	42,905

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.

24. Financial commitments

Future minimum operating lease payments are as follows:

	Group		Association	
	2018	**2017**	**2018**	**2017**
Repayments are due as follows:	**£000**	**£000**	**£000**	**£000**
In less than one year	1,446	1,447	1,446	1,447
Between one and five years	1,556	1,759	1,556	1,759
	3,002	3,206	3,002	3,206

25. Reserves

Includes all current retained profits and losses.

26. Pensions

The association 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 Bolton at Home. The most recent formal actuarial valuation was completed as at 31 March 2016 and rolled forward, allowing for the different financial assumptions required under FRS 102, to 31 March 2018 by a qualified independent actuary.

At 31 March 2018, the market value of the Greater Manchester Pension Fund scheme's net assets was £21,657m.

The employer contributions for the year ended 31 March 2018 were £4,509,000 (2017: £4,563,000) at a contribution rate of 17.3% of pensionable salaries. Estimated employers' contributions during the accounting period commencing 1st April 2018 are £7,643,000, with a contribution rate set at 17.3%.

Principal actuarial assumptions

Financial Assumptions	**31 March 2018**	**31 March 2017**
	%	**%**
Rate of increase in salaries	3.2	3.2
Rate of increase in pensions in payment	2.4	2.4
Discount rate	2.7	2.6

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 2018		**31 March 2017**	
	Female	**Male**	**Female**	**Male**
Current pensioners	24.1 years	21.5 years	24.1 years	21.5 years
Future pensioners*	26.2 years	23.7 years	26.2 years	23.7 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 2018	CMI 2013 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a.	CMI 2013 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 used to value the Obligations in the Employer's Closing Position are identical to those used to value the Obligations in the Employer's Opening Position.

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	**2018**	**2017**
	£000	**£000**
Current service cost	9,650	5,539
Past service costs	509	2,239
Amounts charged to operating costs	10,159	7,778

	2018	**2017**
	£000	**£000**
Net interest	(1,421)	(1,143)
Amounts charged to other finance costs	(1,421)	(1,143)

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

	2018	**2017**
	£000	**£000**
Opening scheme liabilities	(203,277)	(145,650)
Current service cost	(9,650)	(5,539)
Past service cost	(509)	(2,239)
Members contributions	(1,559)	(1,637)
Interest cost	(5,353)	(5,370)
Remeasurements	4,938	(44,944)
Benefits paid	2,205	2,102
Closing scheme liabilities	(213,205)	(203,277)

	2018	**2017**
	£000	**£000**
Actual return on scheme assets	1,820	25,867

Amounts charged to other comprehensive income

	2018	**2017**
	£000	**£000**
Remeasurements (assets and liabilities)	6,758	(19,077)

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

	2018 £000	2017 £000
Opening fair value of plan assets	149,664	115,472
Interest income	3,932	4,227
Return on plan assets (in excess of interest income)	1,820	25,867
Plan participants' contributions	1,559	1,637
Contributions by Employer	4,509	4,563
Benefits paid	(2,205)	(2,102)
Closing fair value of plan assets	159,279	149,664

Reconciliation of opening and closing balances of the net liability

	2018 £000	2017 £000
Closing scheme liabilities	(213,205)	(203,277)
Closing fair value of plan assets	159,279	149,664
Closing scheme net liability	(53,926)	(53,613)

Investment returns

The return on the fund in market value terms for the year to 31 March 2018 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 2017 to 30 September 2017	3.4%
Total returns for period from 1 April 2017 to 31 March 2018	3.8%

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

	Estimated split of assets at 31 March 2018 %	Estimated split of assets at 31 March 2017 %
Equities	66	75
Bonds	16	16
Property	7	5
Cash	11	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	25,992
0.5% increase in the Salary Increase Rate	3	6,921
0.5% increase in the Pension Increase Rate	9	18,505

27. 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 Bolton at Home total £2,182,000 (2017: £2,953,000). The sums due to Bolton Council for the group and Bolton at Home total £4,417,000 (2017: £2,450,000).

Bolton at Home provides management services, working capital and other services to its subsidiaries. Bolton at Home also receives charges from its subsidiaries. The quantum and basis of those charges is set out below:

Payable to Bolton at Home:

	Working Capital	Development Staff time	Interest	Other	Total
Starts with you Limited	90			4	94
R-haus Living Limited	414	31	7		452
	504	31	7	4	546

Payable by Bolton at Home:

	Publications	Other	Total
Starts with you Limited		4	4
Maxmedia Communications Limited	4		4
	4	4	8

Details of transactions and basis of allocations

- Interest is charged at agreed rates of interest on loan balances
- Bolton at Home charges for development staff time for the year

28. Cash flow from operating activities

	2018 £000	2017 £000
Surplus for the year	11,728	12,395
Adjustments for non-cash items:		
Depreciation	5,172	4,544
Increase in stocks	(104)	(82)
Decrease in debtors	909	1,111
Decrease in creditors	1,014	3,149
Pension costs less contributions payable	5,650	3,215
Gain on investment properties revaluation	(695)	-
Profit on disposal of housing properties	(4,426)	(2,486)
Government grants utilised in the year	(108)	(101)
Interest payable	3,398	3,143
Interest receivable	(46)	(40)
Net cash generated from operating activities	22,492	24,848

29. 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 2018 refurbishment works to the value of £161,069,000 had been completed.

30. 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**	
	2018	**2017**	**2018**	**2017**
	£000	**£000**	**£000**	**£000**
Financial assets that are debt instruments measured at amortised cost	29,494	27,085	29,848	27,030
Financial liabilities measured at amortised cost	42,759	41,318	42,925	41,318
Total	72,253	68,403	72,773	68,348

31. Acquisition

On 9th October 2018 the group acquired Maxmedia Communications Limited for consideration of £441,000 satisfied by cash consideration of £341,000 and deferred consideration of £100,000. The investment in Maxmedia Communications Limited has been included in the company's balance sheet at its fair value at the date of acquisition.

Analysis of the acquisition of Maxmedia Communications Limited:

Net assets at date of acquisition:

	Book	**Revaluation Adjustments**	**Fair Value Group**
	£000	**£000**	**£000**
Other Tangible fixed assets	10	(10)	-
Stocks	10	-	10
Debtors	57	-	57
Cash	205	-	205
Creditors due within one year	(181)	-	(181)
Provisions for liabilities	(2)	2	-
Net assets	99	(8)	91
Goodwill arising on acquisition			350
			441
Discharged by			
Consideration – cash			341
Consideration - deferred			100
			441

32. Prior Year Adjustment

The Consolidated and Association Statement of comprehensive Income for the year ended 31 March 2017 has been restated to reclassify the gain on disposal of fixed assets of £2,486,000 from below the operating surplus line to above operating surplus within operating costs in line with FRS 102 5.9B, as these are considered to be operational assets disposed of in the normal course of business.

The Association's operating surplus for the year ended 31 March 2017 was £13,004,000 and has been restated to £15,490,000. The Consolidated operating surplus for the year ended 31 March 2017 was £13,012,000 and has been restated to £15,498,000. There has been no impact on the overall surplus or total comprehensive income for the year.