

Group Annual Report and Financial Statements

For Bolton at Home Limited

For the year ended 31 March 2020

Community Benefit Society: 7684

Registered Housing Provider: 4568

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# Bolton At Home Limited

Executive and advisors for the year ended 31 March 2020

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## Board of management

Current Board members

Ian Munro (Chair) 1 October 2019  
Ibrahim Ismail (Vice – Chair)  
Bill Gill  
Peter Styche  
Cath Owston  
Bob Allen – Retired 1 August 2020  
Kevin McKeon  
Amanda Moat  
Mark Corfield  
Matt Roberts  
Saeed Atcha (co-opted member)  
Mark Cunningham – appointed 7 September 2020  
Tracy Woods – retired 30 September 2019  
Laura Dalton – retired 31 December 2019  
Chris Neill – retired 21 October 2019  
Bilkis Ismail – retired 23 May 2019

## Executive management

Jon Lord  
Noel Sharpe  
Edward Mellor  
Ian Ankers

## Secretary & Registered office

Katrina Cunliffe  
98 Waters Meeting Road  
Bolton  
BL1 8SW

## Audit and Risk Committee

Bill Gill (Chair)  
Bob Allen – retired 1 August 2020  
Laura Dalton  
Kevin McKeon  
Amanda Moat  
Matt Roberts

## Auditors

BDO LLP  
3 Hardman Street,  
Manchester,  
M3 3AT

## Principal Solicitors

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

Anthony Collins Solicitors  
76 King Street,  
Manchester,  
M2 4NH

# Bolton At Home Limited

Chairperson's statement for the year ended 31 March 2020

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## WE ARE BOLTON AT HOME GROUP

### Building homes and neighbourhoods we can all be proud of

#### Welcome from our Group Chair

We are a housing group consisting of Bolton at Home and Arcon Housing Associations (along with five other subsidiary companies) with a proud history as a provider of quality and affordable housing, and service delivery. We are in the midst of an exciting and ambitious journey to transform what we do and how we do it. We want to continue to grow our business and be a key partner in the markets in which we operate.

We are delighted that during the year, Arcon Housing Association (AHA) joined our Group structure. We felt that there was a strong cultural fit between our two organisations and the knowledge and expertise Arcon has brought has been invaluable in taking us to the next stage of our journey. The partnership now means that the Group has a presence across some key areas of the North West and will help take our strong values-driven brand into some interesting markets and help us to deliver our Group aim.

Our customers are the focus of our ambition to provide homes that are safe, warm, secure and affordable. We want to be the catalyst that helps our communities to improve and our customers to achieve personal aspirations. We want our customers to be proud of their homes and communities, and derive confidence from our ethical values-driven approach and our financial strength.

We will use this financial strength to continue to invest in key services for customers, exploit new technologies, build and offer affordable new homes for rent, and explore how we can offer our customers a range of housing options. In doing this, we will make continuous efforts to deliver even better value for money.

As this plan was being prepared, the world was in the early stages of the global pandemic caused by Covid-19. The organisation has shown itself to be resilient, responsive and caring throughout the crisis, living up to the values we aim for.

The impact of Covid19 has meant we have had to adapt to extremely swiftly to a new operating environment. Therefore, we have undertaken a comprehensive review of our business continuity plan across the Group and this is reflected across all our service delivery plans. We are managing a wider range of risks and have assessed these to understand and plan for the immediate and longer term impact on our business and customers.

Our new Group Development and Group Asset Management Strategies mean we will build homes and get more from our existing stock to ensure we continue to meet our customers' housing needs.

Bringing Arcon into the Group means even stronger partnership working to the benefit of our customers. While we recognise our combined skills and experience, we continue to develop our staff to meet the changing needs of the organisation. We value our people and want to build the right culture throughout our Group. Our relationship with customers and our ambitious plans are only possible because of the people who work for us; they are vital to our success.

Providing affordable housing will always be our priority and purpose. But we do more than provide homes. Our work, in partnership with others, helps people to access training and gain employment, deal with critical points in their lives, manage financial issues, and supports them with other challenges, and often we find ourselves choosing to be the principal agency in supporting a neighbourhood.

We believe that with these key elements and our continued commitment to customers, we will build a robust and resilient future.



Ian Munro

Chair, Group Board

# Bolton At Home Limited

Report of the Board of Management for the year ended 31 March 2020

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## Board Report

### Statement of Board members' responsibilities

The board members are responsible for preparing the report of the board and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law and social housing legislation require the board members to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). In preparing these financial statements, the board members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2018 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and association will continue in business.

The board members are responsible for keeping adequate accounting records that are sufficient to show and explain the group and association'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 Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. They are also responsible for safeguarding the assets of the group and association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The board is responsible for ensuring that the report of the board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2018.

Financial statements are published on the group and association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group and association's website is the responsibility of the board members. The board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

### Corporate governance

The Board has certified that we do comply fully 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 10 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 Regulator of Social Housing standards of the regulatory code has been carried out and confirms that we have full compliance. In addition, we have undergone an in depth assessment which has confirmed compliance with our 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 group 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 £70m 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.

#### Public benefit

Our Board has 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.

#### 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).

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 Group Audit and Risk Committee. In addition, Group Audit and Risk 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 financial hotspots which may require urgent action or the implementation of any of the identified mitigating actions. With the merger with Arcon we will be undertaking a review of the finance function to take account of the increasing complexity in the group.

Bolton at Home has an anti-fraud and corruption policy which was reviewed in April 2019 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 Group Audit and Risk 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 2020 which might otherwise have resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements.

Each year, the organisation undertakes a self-assessment of its compliance with the RSH 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 an in depth assessment carried out by RSH in 2020 which confirmed our governance rating as G1 and our viability rating as V2.

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.

### 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, taking account of the current pandemic, has sufficient funding and is sufficiently robust to ensure that there will be no financial covenant breaches in the next 18 months.

In response to the pandemic a revised budget and business plan were prepared taking into account a 4 month lockdown at the start of the 2020/21 financial year. This revised budget showed improved performance against financial covenants compared to the original budget. Performance monitoring at the end of quarter 1 showed the organisation to be ahead of the revised budget.

The length of the COVID-19 outbreak and the measures taken by the Government to contain this are not known and outside of our control but we have put processes in place to manage cashflow on a weekly basis and review financial stability as matters progress.

Given the strength of the balance sheet and availability and liquidity of undrawn loan facilities, totalling around £73.5m, the board believe that, while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the Group's ability to continue as a going concern. The board, therefore, consider it appropriate for the accounts to be prepared on a going concern basis.

### Employees

Details of the number of employees and related costs can be found in Note 6 of the financial statements on page 31.

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 consultation with staff on an individual basis where appropriate.

Bolton at Home's latest Gender Pay Gap assessments for 2019/20 shows an overall gap of 5.2%, down from 5.7% the previous year. In March 2019, the Board approved a 6 point plan with the aim of reducing the gap.

### External auditor

All of the current board members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue. A resolution for the re-appointment of BDO LLP as auditors of the Association is to be proposed at the Annual General Meeting.

The Board Report was approved by our Board on 14 October 2020 and signed on its behalf:

98 Waters Meeting Road  
Bolton BL1 8SW

By order of the Board

A handwritten signature in black ink, appearing to read 'Ian Munro', with a long horizontal stroke extending to the right.

Ian Munro

Chair



## Strategic Report

This section presents our operating and financial review and strategic report for Bolton at Home Limited, covering the year ended 31 March 2020.

### 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.

Bolton at Home is a community benefit society and an exempt charity.

Our stock totals just under 17,500 properties and we have ambitions to develop new supply and explore new equity model products and other forms of tenure.

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 five subsidiary companies, Starts with You Limited, R-Haus Living Limited, Maxmedia Communications Limited, Stonecross Homes and Arcon Housing Association Limited.

On the 1 April 2019, Arcon Housing Association joined the group as the newest subsidiary of Bolton at Home. Arcon brings with it over 1,000 units of affordable housing across the North West as well as a subsidiary, Arcon Developments Limited, which owns a number of properties on market rents and a small number of shared ownership properties.

Bolton at Home has also joined a group of registered providers and the Greater Manchester Combined Authority in setting up a joint venture, Hive Homes, to develop market rented housing in Greater Manchester.

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 the Government to support the delivery of new housing supply and reduce 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 2020 are set out on pages 33-38. The association's surplus for the year of £6,110,000 (2019: £6,016,000) has been transferred to reserves.

The groups surplus for the year of £26,631,000 (2019: £6,100,000) includes negative goodwill recognised of £19,943,000 to reflect the business acquisition of both Arcon Housing Association and Arcon Development Limited. The surplus has been transferred to reserves. The Group's defined benefit scheme has recognised an actuarial gain for the year of £36,135,000 (2019: loss of £15,309,000).

The turnover for Starts with You Limited was £1,625,500 with a surplus for the year of £87,000, R-Haus Living Limited had a turnover of £758,200 with a loss for the year of £725,300, Maxmedia Communications Limited had a turnover of £485,900 with a profit for the year of £19,800, Stonecross Homes Limited had no turnover reported in year with a loss for the year of £8,000, Arcon Housing Association had a turnover of £6,659,000 with a surplus for the year of £575,000 and Arcon Development Limited had a turnover of £173,000 with a loss for the year of £162,000. The loss in R-Haus was largely caused by a £629,500 charge arising from the downward movement in the investment property valuation. The loss in Arcon Development Limited was largely caused by a £246,000 charge arising from the downward movement in the investment property valuation.

The deficit of £50,695,000 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 18.3% in 2020/2021. 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 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

Despite losing 145 properties through the Right to Buy and Right to Acquire schemes, 87 new properties were added. At 31 March 2020, the total drawn borrowings were £54million out of a loan facility of £128million.

The table below summarises the overall results for the association, for the year ended 31 March 2020 and two preceding years.

	2020	2019	2018
	£000	£000	£000
Turnover	83,393	82,147	80,804
Less: operating costs	(73,542)	(72,323)	(66,447)
Operating surplus	9,851	9,824	14,357
Interest receivable	587	277	76
Interest payable and similar charges	(4,329)	(4,085)	(3,397)
Surplus before tax	6,110	6,016	11,036
Pension cost	(6,376)	(7,696)	(5,744)
Surplus before tax and pension cost	12,486	13,712	16,780

Bolton At Home Limited

Strategic report for the year ended 31 March 2020 - continued

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

	Target	Actual
Financial		
Rent losses on void properties	1.43%	1.76%
Level of current tenant rent arrears	2,210k	2,341k
Full compliance with financial golden rules	100%	100%
Meeting the housing needs of our customers		
% of homes which meet the Decent Homes standard	100%	100%

Directors and staff analysis (Bolton at Home – association)

Category	Nº of males	Nº of females
Directors – executive	3	1
Senior managers	2	5
Employees	471	435

The indicators provided in the table below are some of Arcon's key performance indicators for the year. The Benchmark figures in the table represents the upper quartile figure from HouseMark. The performance against this benchmark is shown using the traffic light system of red, amber and green. Arcon performs well in this quartile with five indicators being green, two amber and none red.

Indicator	2020	2019	Benchmark	2019 v benchmark and 2018
Percentage of repairs fixed on first visit	93.4%	96.4%	93.5%	Green
Percentage of repairs made and kept	98.2%	97.0%	N/A	Green
Percentage of customers satisfied with repair	90.9%	97.0%	97.3%	Amber
Tenancy turnover	5.4%	6.4%	5.8%	Amber
Average time in days to re-let empty properties excluding major repairs (days)		8.3	17	Green
Current tenant arrears as percentage of rent due	2.11%	1.94%	3.02%	Green

## Risk management

### 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
Pandemic	Ability to deliver key services and additional financial costs	<ul style="list-style-type: none"> <li>a) Working with Unions to protect staff and ensure flexibility to staff including work from home and cover for key services</li> <li>b) Closely monitoring key financial areas such as arrears and sales. Mitigations plan available to call on.</li> </ul>	New at the end of the year
Climate change	Financial cost associated with retrofitting homes to reach carbon neutrality	<ul style="list-style-type: none"> <li>a) Environmental Sustainability strategy</li> <li>b) Energy manager identifying funding sources</li> </ul>	Newly added during the year
Welfare benefit reforms and Universal Credit (UC)	Increased rent arrears and bad debts	<ul style="list-style-type: none"> <li>a) Contact affected customers and offer support</li> <li>b) Business plan updated to account for the planned roll out of UC in Bolton</li> <li>c) Tracking of Income Management performance</li> <li>d) Training of staff on welfare reform changes</li> </ul>	Stable UC cases increased by >2,000 during the year The Income Management team reorganised to accommodate the expected increase in UC cases over the next 2-3 years
Health & Safety	Injury or death of employees or customers Criminal and / or civil proceedings	<ul style="list-style-type: none"> <li>a) Information &amp; Supervision</li> <li>b) Adequate risk assessment processes</li> <li>c) Annual audits on all our premises</li> <li>d) Completed fire risk assessments on all our buildings</li> <li>e) Tailored training courses which respond to staff needs</li> </ul>	Stable Significant Fire Safety work implemented during the year arising from risk assessments
Failure to integrate	Inconsistencies in approach between 2 RPs to key areas such as Health and	Transition plan in place being monitored by transition committee.	New in early 2019

Strategic report for the year ended 31 March 2020 - continued

Risk description	Impact	Mitigation	Change in year
successfully with Arcon	Safety which could result in gaps in service with regulatory and health and safety consequences.		
Exposure to sales risk	<p>a) Lower financial returns to the group than budgeted for in the business plan resulting in financial loss</p> <p>b) Damage to the reputation</p> <p>c) Failure to deliver on Homes England Contract</p>	<p>a) Commissioning Metro Finance) to work with BH on the Sales Programme to maximise loan options for potential customers.</p> <p>b) We are working closely with the Council and other housing providers on delivery of low-cost housing. S/O provision will be monitored and managed preventing saturation in the market place</p> <p>c) The BH allocation has been based on a prudent bid of relatively small numbers in market areas that generate higher open market values and market intelligence suggests that there is demand for sale properties in these areas</p> <p>d) We have conducted prudent appraisals evaluating the implications of selling only small tranches of equity in the properties and actually considering not being able to sell any and relying on converting all properties to rent, a stress test was presented to board.</p> <p>e) Sales activity will be monitored closely and if sales not generated this will be reported to Homes England and approval sought to convert from shared ownership to rent</p>	Stable

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. There are three main tests which 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
- Asset cover – testing the value of our properties compared to the loan outstanding

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. Any further rent control from the

Government also causes reductions in the surplus which in turn causes 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. Further stress testing highlighted the point at which the mitigations would be unable to cope with the loss of income due to a change in the rent formula at which point further options would need to be considered.

### Financial review

Our main accounting policies are set out on pages 40-44 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 2020, we had loans outstanding to the value of £54m, comprising of fixed and variable rate loans. The total loan facility agreed with funders is £128m.

There were no breaches of loan covenants during the year.

### Cash flows

The Statement of Cash Flows on page 38 shows that during the year the net cash inflow generated from operating activities totalled £25,814k. The principal cash outflows are in respect of the improvement programme and operational management costs.

We received a cash inflow of £6,937k through Right to Buy and Right to Acquire sales, however under the sharing agreement £1,803k is payable to Bolton Council, as detailed in Note 5.

### Pension

The results received by Bolton at Home from the Greater Manchester Pension Fund have reflected the effect of the McCloud judgement on the liabilities in the pension scheme.

The current year pension adjustment amounted to £6,376,000.

### Current loan facilities

The table below shows the loans, of the £128m total loan facility. The interest is payable at rates, including margins, between 4.3% to 6.9%.

## Strategic report for the year ended 31 March 2020 - continued

Lender	£m	Utilised	Start date	End date
RBS	24.0	Drawn	Various dates from 29/3/2022 to 31/3/2026	Various dates from 31/3/2026 to 31/3/2033
RBS	6.0	Drawn	Variable date	31/3/2029
Barclays Bank	2.0	Drawn	Variable date	31/3/2027
The Housing Finance Corporation	4.1	Drawn	Variable date	31/3/2042
Orchardbrook	1.3	Drawn	Variable date	31/3/2033
Yorkshire Building Society	10.0	Drawn	Variable date	31/3/2025
Clydesdale	6.5	Drawn	Variable date	31/3/2027

### Liquidity

At the year end, we held surplus cash to the value of £15.8m and an undrawn loan facility of £73.5m.

### Pandemic

The World Health Organisation classed Covid-19 as a pandemic on 11 March 2020. Following that announcement the UK Government introduced various measures to address the impact in the UK, resulting in lockdown from 23 March 2020.

We adopted a number of measures to ensure the safety of tenants, staff and business partners during this time. We undertook the following:

- With the social distancing measures, we decided to postpone major component replacements such as kitchens and bathrooms and stop non-emergency repairs for the foreseeable future.
- All construction on our rented and sale programs was halted in line with Government recommendations to protect our staff and business partners.
- Continued with our program of Gas safety testing, wherever possible, balancing the risks of carbon monoxide poisoning against the need to protect residents and staff from C-19
- Provided regular contact with Older and Vulnerable people to ensure that they had access to food and required medicines
- Provided guidance to those residents who faced financial difficulties
- All staff adopted working from home. Where staff were not able to work from home, they were redeployed where appropriate to provide support to other areas of the organisation

These measures, inevitably, had an impact on the performance of the organisation in a number of areas:

- The hiatus in the housing market affected both sales in the final month of the period and sales after the year end. In total we completed 16 shared ownership sales in the year compared with a budget of 26. This also had the impact of increasing the levels of unsold properties on our balance sheet at the year end
- Maintenance spend and component replacement was over budget by £1,190k, with the board approving over-programming in September 2019 due to under-spends and additional sales income elsewhere in the organisation. We are expecting to spend all of the maintenance and improvement programme budgets in 2020/21 but expect backlogs of work to have accumulated at the end of the financial year and are increasing our budgets next year to catch up on the backlogs.
- Expenditure on PPE has increased to ensure the safety of those staff members that do need to enter residents properties

Strategic report for the year ended 31 March 2020 - continued

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- To ensure the ongoing financial stability of business, we furloughed those staff that we were not able to redeploy and accessed the Government Coronavirus Job Retention Scheme. The support received from this scheme totalled £668k
- Increased our provision for arrears and doubtful debts to reflect the impact of financial hardship that C-19 has had on certain groups of our tenants

The impact on global markets has affected other areas which are outside of our control, these include:

- A reduced deficit on our defined benefit pension scheme as the valuation of our liabilities decreased by more than the fall in asset values.
- MV-T valuations have shown decreases of 3% from those of the previous year end, however, properties acquired during the year were valued at 35% less than the cost price.
- None of our bank covenants were breached as a result of performance in 2019/20 and no breaches are forecast for 2020/21

## 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'.

Each year the Board review 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.

This section of the report looks at Value for Money under our three objectives and considers performance against relevant performance indicators as shown in the table below:

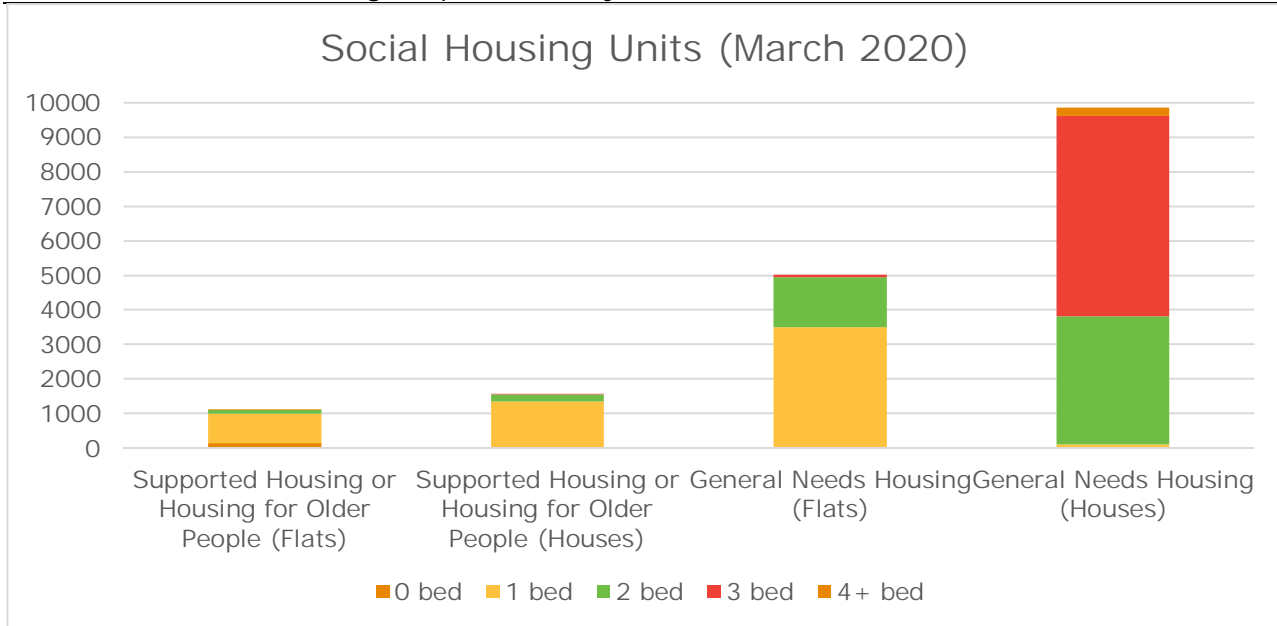


Objective	Performance measure / VFM measure (those in bold are VFM metrics prescribed by the Regulator of Social Housing (RSH))
Meeting the housing needs of our current and future customers	% of homes meeting Decent Homes standard
	% of areas legally compliant with Asset Based Health and Safety
	Reinvestment (%)
	New homes delivered (%)
Supporting our customers to be more independent and our communities to flourish	Customer satisfaction
	Total financial gains for customers via Money Advice Service
	Number of positive outcomes achieved by work club members
	Deliver an anti-poverty service to 500 customers via the tenancy
	Support 450 customers into training and employment per annum
	Customers supported through Careline
	Customers supported through the Care and Repair Service
Ensuring our business is well run, responsible and financially secure	Operating Margin (%)
	ROCE (%)
	Gearing (%)
	Headline Cost per unit (£)
	EBITDA (Interest cover) (%)
	Complaints

#### Contextual information

Bolton at Home owns or manages about 17,500 units of social housing of which, just over 15% is Supported Housing or Housing for Older People. This type of housing is recognised as having higher management costs associated with it. Due to property values, social rents are relatively low in Bolton and as at 31 March 2020, just over 45% of our housing stock was let at levels below social rents due to the ending of the rent restructuring regime in 2015.

Strategic report for the year ended 31 March 2020 - continued



Our comparator organisations for the 2017/18 and 2018/19 are taken from the VFM metrics published by the Regulator of Social Housing and include all Large Scale Voluntary Housing Transfers <12 years old with more than 5,000 units of stock from Yorkshire, the Midlands and the North.

Durham City Homes Limited

East Durham Homes Limited

Salix Homes Limited

Livin Housing Limited

Bernicia Group

Southway Housing Trust (Manchester) Limited (17/18 only)

Golden Gates Housing Trust (17/18 only)

Ongo Homes Limited (17/18 only)

Eastlands Homes Partnership Limited

First Choice Homes Oldham Limited

Rochdale Boroughwide Housing Limited

ForHousing Limited

Torus62 Limited (18/19 only)

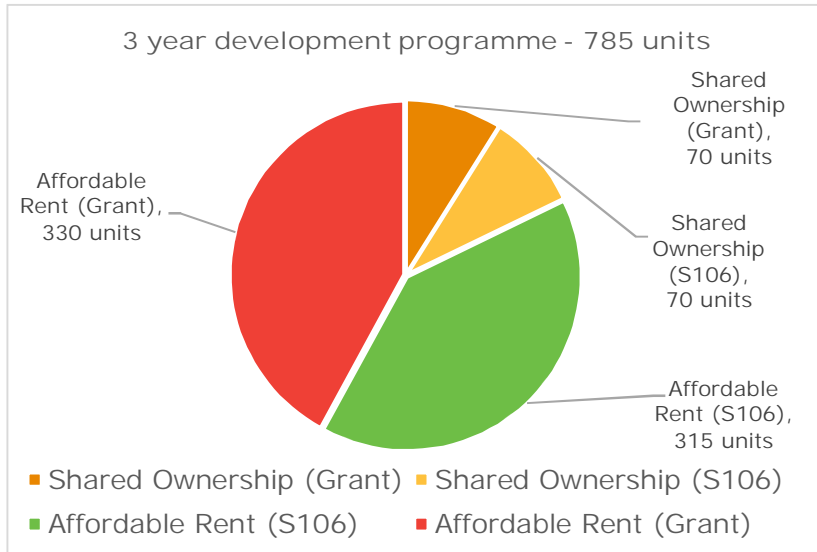
City West Housing Trust Limited (17/18 only)

Liverpool Mutual Homes Limited (17/18 only)

RSH metrics	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Actual	Actual	Actual	Budget
Reinvestment	14.6%	16.3%	14.2%	19.4%	17.6%
New Supply Delivered (Social Housing Units)	0.1%	0.1%	0.5%	0.5%	0.7%
New Supply Delivered (non-social Housing Units)	0.0%	0.0%	0.0%	0%	0%
Gearing	8.1%	4.7%	8.7%	12.5%	18.4%
EBITDA MRI Interest Cover	193.0%	17.6%	-86.2%	-21.5%	-54.4%
Headline social housing cost per unit	£3,984	£4,255	£4,476	£4,410	£4,381
Operating Margin (social housing lettings)	20.8%	20.0%	13.1%	13.2%	5.1%
Operating Margin (overall)	15.9%	12.3%	7.2%	7.3%	6.1%
Return on capital employed	11.8%	9.6%	5.9%	3.7%	1.7%

OBJECTIVE - Meeting the housing needs of our current and future customers

Bolton at Home refinanced in March 2019 and now has a loan facility in place which allows for delivery of 785 units of new social housing over a 3 year period in addition to the units already in progress under the Government's Shared Ownership and Affordable Homes Programme and acquisitions from private developers under s.106.

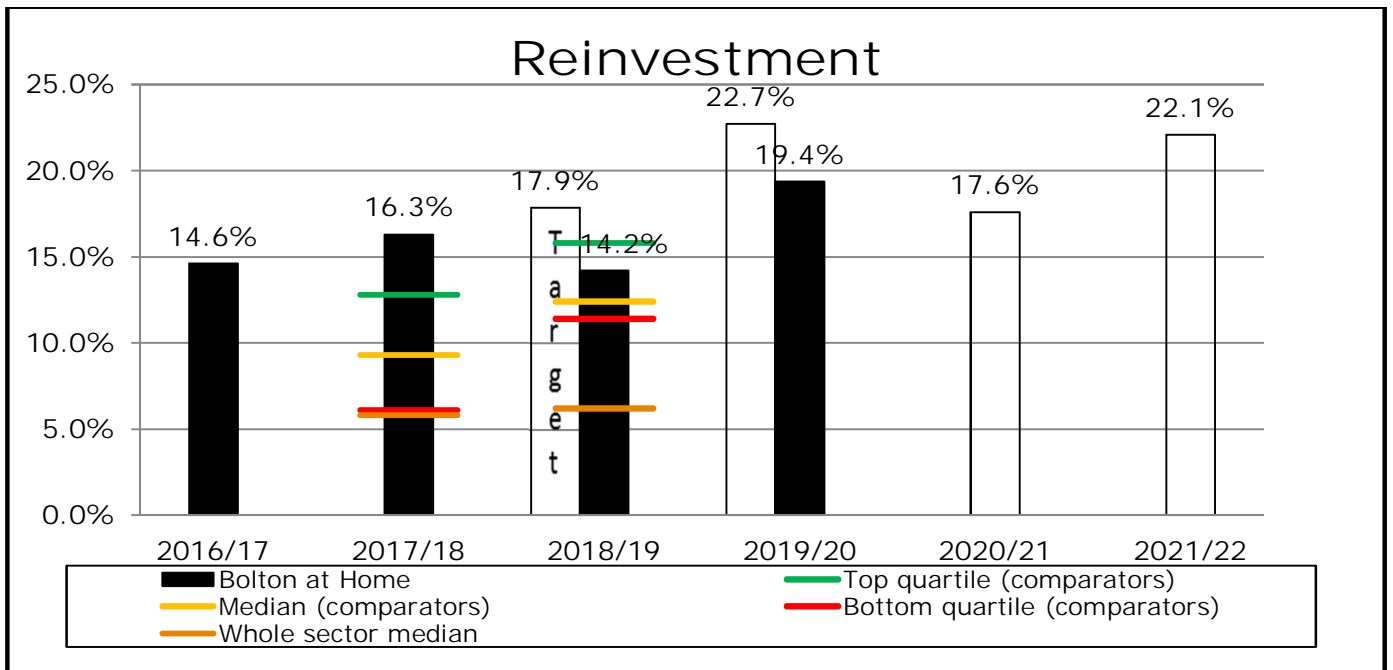


All of the rented homes in the chart above will be on affordable rents which contributes towards a mixture of tenures in our stock which at present is dominated by around 15,000 properties let at social rent levels or at levels below social rents.

The refinancing also secures continued investment in our existing stock. Given that recent benchmarking exercises have shown that we spend more per unit than our comparator organisations a full stock condition survey is underway to confirm the future investments needs of our stock. These two categories of large scale investment in new properties and existing properties feed the first two of the RSH’s VFM metrics.

### Reinvestment

This metric looks at the investment in properties (existing stock as well as new supply) as a percentage of the value of total properties held.



### Backward look

The chart suggests high levels of reinvestment in the stock, but the high percentages are due to the low historic cost of the properties held. For instance, the historic cost of our stock at 31 March 2018 was just over £129m or £7,328 per unit.

Strategic report for the year ended 31 March 2020 - continued

Other benchmarking data from Housemark does show our investment in improvements to properties to be high compared to our comparator organisations. Coupled with the successful delivery of stock investment following the transfer from the council which completed in 2017, we have commissioned a new full stock condition survey to confirm the investment requirements in the longer term.

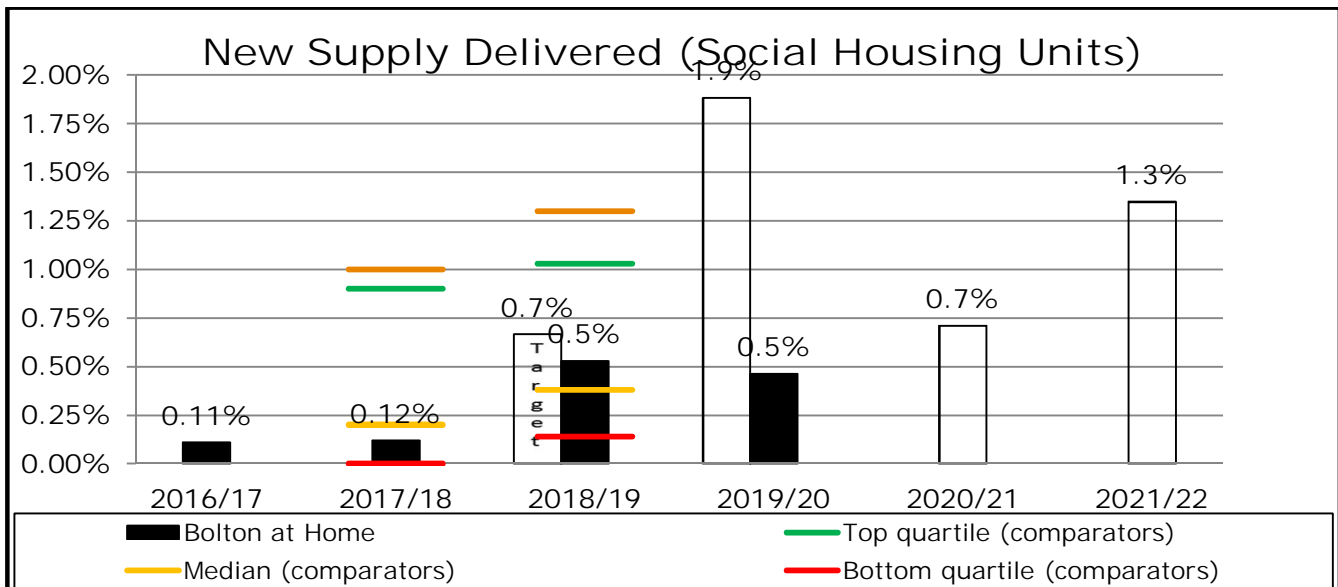
Forward look

The increased expenditure on new properties over the next 2 years shows in the increased reinvestment percentages going forward. This investment is forecast to increase the carrying value of the stock from £129m at March 2018 to £261m at March 2022 and as a consequence, the percentage begins to drop back in later years even though the cash value of investment in stock is forecast to be its highest ever in 2021/22.

The social distancing measures resulted in a cessation of all non-essential maintenance in the first quarter of 2020/21 and this will affect the quantity of work delivered even if this is not reflected in cost savings. Our KPIs show an underspend in the year against target of £400k. We do not consider this a saving, but expect to increase our expenditure in 2021/22 to bring our maintenance programs back on schedule.

New supply delivered % (Social Units)

The new supply metric sets out the number of new social housing and non-social housing units that have been acquired or developed in the year as a proportion of total social housing units and non-social housing units owned at period end. We delivered 87 new units of social housing in 2019/20, 81 for rent and 6 for low cost home ownership, and are expecting this number to increase to over 250 per annum for the next 3 years.



Backward look

In common with most stock transfer organisations, the focus in the early years after transfer is the delivery of the investment promises made at the point of transfer. For Bolton at Home, these promises were delivered in 2017 and in 2018 we began negotiations with our lender to increase our loan facility to commence a larger programme of new homes delivery which is now underway. Numbers of units delivered increased significantly in 2018/19 with many of the Shared Ownership and Affordable Housing Programme (SOAHP) schemes being completed included our first shared ownership scheme of 21 units in Westhoughton. In 2019/20 the pandemic caused the completion of some schemes to slip beyond the end of the financial year. For Bolton at Home this meant delays in the handover of a 14 units shared ownership scheme at Guild Street and delays in a 45 unit mixed tenure scheme in Skelmersdale. Since the release of the lockdown all properties at Guild Street have sold and the majority of the low cost home ownership properties at Skelmersdale are reserved or sold.

## Forward look

The pandemic has caused a 3 to 4 month delay in most schemes and therefore the larger numbers of handovers are now expected in 2021/22

## New supply delivered % (Non-social units)

Bolton at Home has not developed any non-social housing and has no plans to do so over the next three years and therefore our % of new supply delivered – (non-social housing) is 0% for all the years from 2016/17 to 2021/22. Where opportunities arise to include homes for market sale in a new development in order to cross-subsidise the development of more social housing, these opportunities will be brought to the Board for consideration.

## Other Bolton at Home indicators

The Board monitor a number of other key indicators of how well we're meeting the housing needs of our customers

	2016/17	2017/18	2018/19	2019/20	2020/21
	Achieved	Achieved	Achieved	Achieved	Target
Number of non-Decent Homes at year end	0	0	0	0	0
% of areas legally compliant with Asset Based Health and Safety	100%	100%	100%	100%	100%

Maintenance of Decent Homes has been a key area of focus for Bolton at Home since the organisation was created in 2003 and successive waves of investment in the stock, following the additional funding achieved whilst an ALMO, to the continued investment following the stock transfer have meant we have been able to ensure none of our homes fails the Decent Homes standard.

Another key area of focus and the highest rated risk on our risk register is ensuring the safety of our tenants. To this end we monitor on a monthly basis a suite of health and safety based legislative requirements and report compliance to the Board on a quarterly basis. The areas which are monitored are shown in the table below and the composite indicator shown above covers all 5 areas of health and safety.

Area of Health and Safety	Performance measure
Gas Servicing	Of those without a valid certificate: Total outside of the reasonable steps process
Fire Risk Assessments	% of communal areas that have a FRA in place
	% of workplaces where a FRA has been completed within timescale
Legionella	% of buildings with a legionella risk assessment completed within timescale
Asbestos	% of workplaces with asbestos that are reviewed within timescale
Electrical Condition Testing (periodic)	% of workplaces and communal areas that have a valid electrical condition test certificate

## Strategic report for the year ended 31 March 2020 - continued

OBJECTIVE - Supporting our customers to be more independent and our communities to flourish

Performance measures used to monitor our social objectives					
	2016/17 Performance	2017/18 Performance	2018/19 Performance	2019/20 Performance	2020/21 Target
Percentage of residents satisfied with the most recent repair	85.6% (974 of 1138)	92.6% (1133 of 1223)	94.6%(1314 of 1389)	93.9%	
Satisfaction with complaint handling		65.5%	56.7%	68%	*
Satisfaction with complaint outcome		64.0%	55.5%	55%	*
Total financial gains for customers via Money Advice Service	£1,781,297	£3,405,302	£5,233,690	£6,000,000	£6,500,000
Number of positive outcomes achieved by work club members	1,565	1,017	962	758	*
Deliver an anti-poverty service to 500 customers via the tenancy support and sustainment service			>500	4,580	1,500
Support 450 customers into training and employment per annum			598	493	500
Customers supported through Careline	6,456	6,565	6,635	6,644	*
Number of Disabled Facility Adaptations		806	860	909	*
Number of Disabled Facility Grants		218	302	460	*

\*Some targets have not been set for 2020/2021 due to the pandemic

#### Customer interactions supported through Careline

The provision of equipment and the support provided via the Careline Operators and Mobile Response Team helps a customer to remain living safely and well at home thus maintaining their independence for longer. It also provides family / carers with peace of mind that their loved ones can receive help in an emergency. In addition the service plays an important part in the transformation of social care and health services by preventing admission into longer term care, presentations to accident and emergency and non-elective hospital admissions. As such the service contributes to our organisational objective to support our customers to be more independent and our communities to flourish

Support 450 customers into training and employment per annum / Number of positive outcomes achieved by work club members

Welfare reform has ramped up, including;

- the introduction of Universal Credit;
- a more rigorous Work Capability Assessment process for those on sickness benefits;
- a more stringent sanctioning regime and the move to digital etc.

This has meant increasing demand for the services Bolton at Home offers. Changes in the local economy including more part-time jobs and 0-hour contracts mean that people in work do not always feel better off and some people cannot accept jobs due to the uncertainty of the hours and wages involved.

Universal credit makes it clear that people in work who are claiming tax credits need to continue to look for more hours or better paid work. Further changes in future budgets cannot be ruled out.

## Strategic report for the year ended 31 March 2020 - continued

We acknowledge and understand that a large percentage of our customers have a very low skills base and we need to work proactively with Welfare to work providers and training providers so that we can start to address this barrier to sustainable employment. We need to raise participation and aspiration amongst our customers. Our Employment and Enterprise service helps people get back into employment through a variety of methods including;

- Work clubs which includes our Barrier Busting Service, free access to the internet and computers for job searching; help compiling a CV tailored to the job they've applied for and one to-one interview practice.
- Work Experience placements
- Education and training grant
- Customer training programme
- Support for New and existing Businesses
- Working Wardrobe
- In work support to maintain and sustain new employment opportunities

OBJECTIVE - Ensuring our business is well run, responsible and financially secure

A number of the VFM metrics used by our regulator monitor the financial running of the business and these are all included under this objective. A key one of these is the Headline Social Housing Cost per unit of stock because the costs included in this indicator feed into the surplus which is used by a number of other indicators including:

- Operating Margin – which uses the surplus divided by turnover
- Return on Capital Employed - which uses the surplus divided by assets employed
- Earnings Before Interest, Tax, Depreciation and Amortisations (Major Repairs Included) – which uses surplus divided by interest costs

The majority of Bolton at Home staff are in the Local Government Defined Benefit Pension Scheme (LGPS) and as a consequence we are required to account for the pension benefits under the Financial Reporting Standard no.102 (FRS102) section 28

FRS102 section 18 is an accounting standard used to assess the balance sheet impact and pension costs associated with the operation of occupational pension schemes. For defined benefit arrangements the balance sheet asset or liability for the organisation is calculated as the surplus or deficit of the scheme assessed in accordance with assumptions appropriate for FRS 102 section 28. The pension cost is a combination of the cost to the organisation of providing benefits built up over the past year and an interest charge applied to the liabilities built up in the past, offset by a credit in respect of the expected return on the scheme's assets. Liabilities are valued using the 'discount' rate equivalent to that available on AA corporate bonds which results in a very prudent valuation of the fund.

As noted above, two accounting adjustments are made as a result of the application of FRS102 section 28 and the table below shows the size of these accounting adjustments over the past four years.

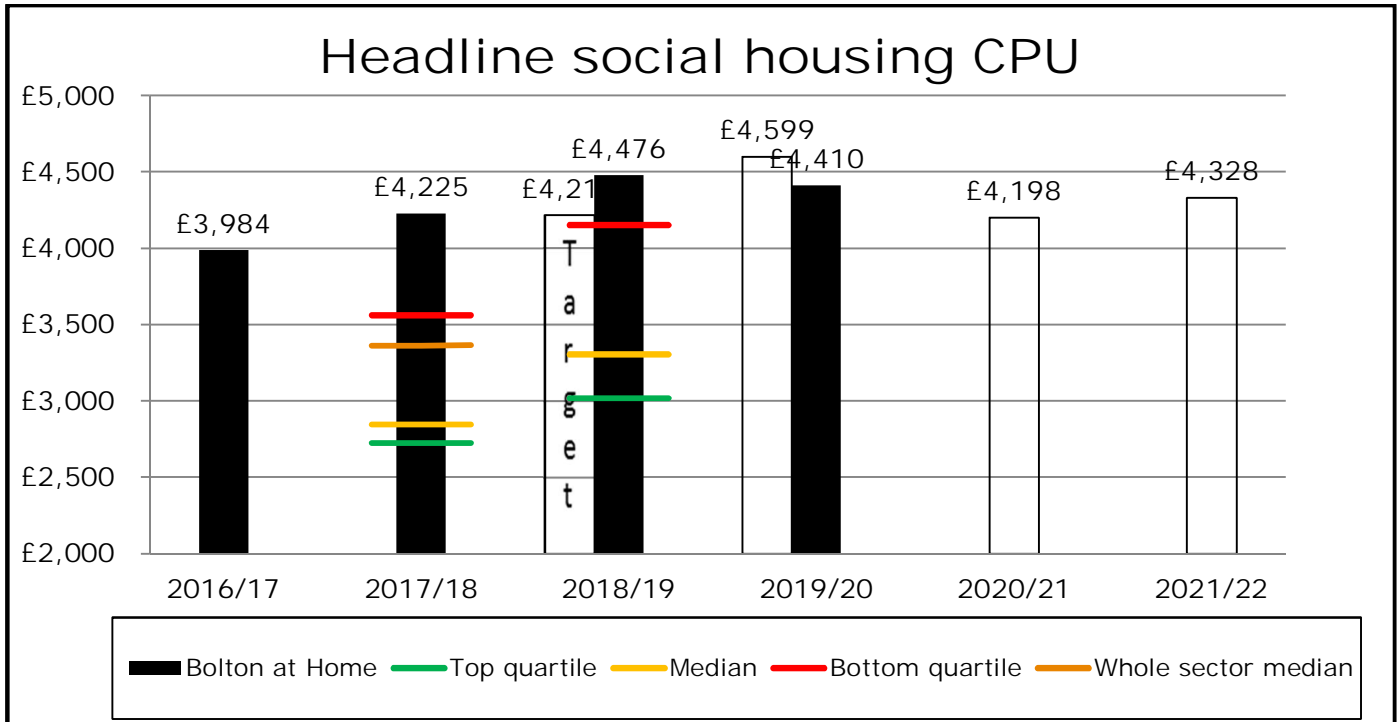
Accounting adjustments arising from application of FRS102				
	2016/17	2017/18	2018/19	2019/20
£000	Actual	Actual	Actual	Actual
Accounting addition to 'Management costs'	3,397	5,744	7,696	6,376
Accounting addition to 'Interest Payable'	1,143	1,421	1,558	1,964

These accounting adjustments do not impact on the cash flows of the organisation and our lender excludes these when calculating the value for interest cover used for compliance with our loan agreement. We continue to have one of the lowest contribution rates into the LGPS, partly as a result of the strength of the guarantee received from Bolton Council. Since February 2017, new employees at Bolton at Home have been enrolled in a defined contribution scheme for which the employer costs are much lower.

The results received by Bolton at Home from the Greater Manchester Pension Fund have reflected the effect of the McCloud judgement on the liabilities in the pension scheme.

## Headline Social Housing Cost per unit

This looks at all of the costs involved in managing, maintaining and improving the existing social housing stock



### Backward look

There is a recognition in the management costs line that we undertake a variety of services which are not necessarily commonplace amongst other providers such as:

- Lease management
- Debt and Money Advice Service which has generated £6,105,185 for our customers in 2019/20 and also helps our customers to sustain their tenancies with us.
- A dedicated Domestic Abuse and Violence Team who have supported customers fleeing from abuse and violence.
- Committing a budget of £2m for our community investment teams and activity who also generate £300k in external income for our organisation. This is reinvested to extend the range of activities we deliver to support more of our customers.

We believe this is a long term investment in creating sustainable communities.

We have also incurred some one-off costs in recent years associated with implementing new IT systems for HR, Finance and customer services as well as redundancy costs associated with downsizing the organisation in response to the rent cut.

### 2019/20

As noted on the previous pages, the headline cost per unit includes an accounting adjustment for pension of around £6.4m which translates into around £360 per property.

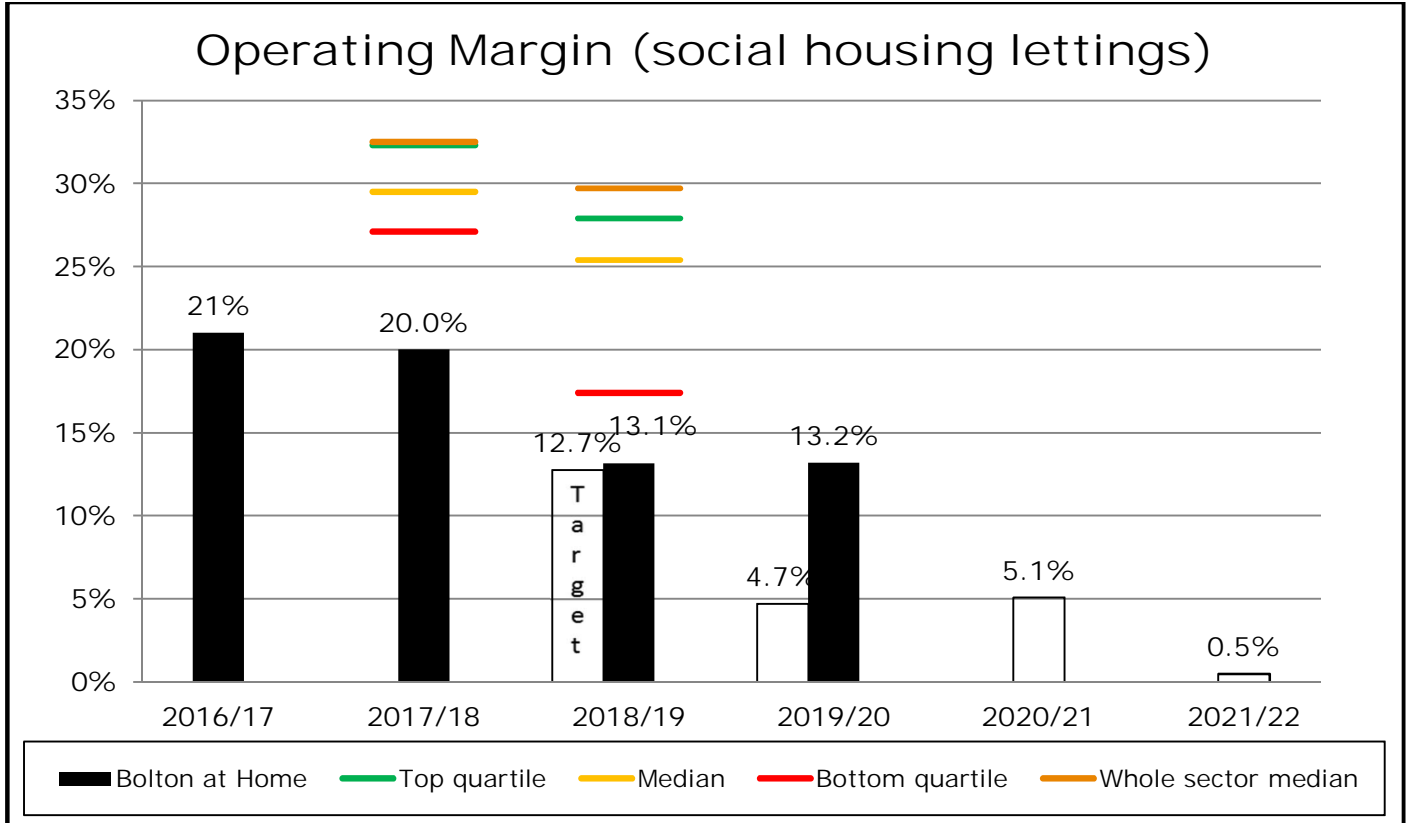
### Forward look

The business plan contains annual savings targets of £500k per annum from 2021/22. The forward looking figures have an adjustment of £6.4m included as an estimate of the pension's adjustment to enable comparability with earlier years.



## Operating Margin Social Housing Lettings

The Operating Margin demonstrates the profitability of operating assets before exceptional expenses are taken into account. Increasing margins are one way to improve the financial efficiency of a business. In assessing this ratio, it is important that consideration is given to registered providers' purpose and objectives (including their social objectives).



### Backward Look

This indicator is very closely linked to the headline social housing cost indicator with high costs feeding through to a lower level of surplus and hence a lower operating margin.

### 2019/20

The margin is lower than the sector and our comparators due to:

- High headline costs per social housing unit (see previous page)
- Low levels of social rents in Bolton with almost 8,000 properties below the level of social rent indicated by the Government's formula. This reduces our income and surplus by about £2m.

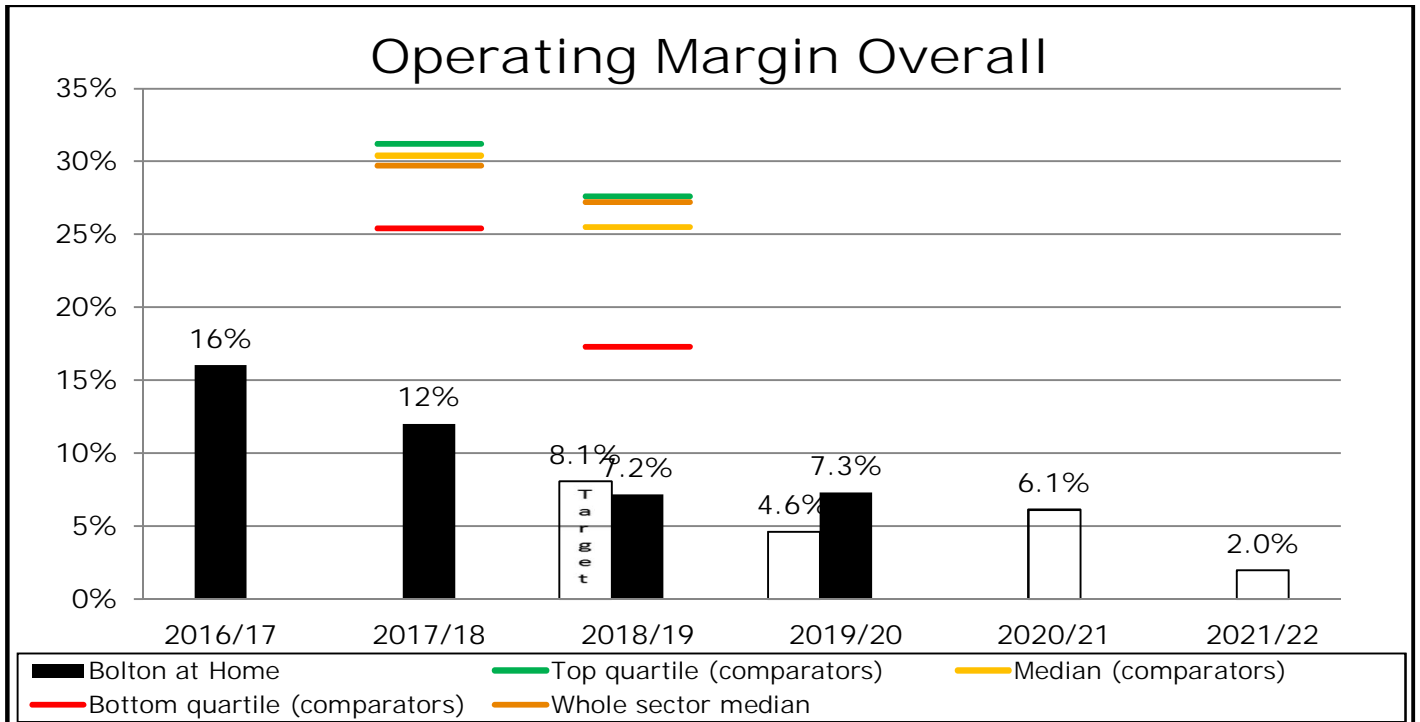
Both of these factors result in a lower surplus to the organisation.

### Forward look

The nature of budgeting means there is a level of prudence included which in turn means that in most years we will out-perform the budget due to for example, lower voids, slippage on the improvement programme, staff vacancies, higher levels of property sales. All of these will mean that in each of the future years we would expect to out-perform the operating margin targets shown above and as was the case for 2019/20.

## Operating Margin Overall

This indicator picks up all activity in Bolton at Home, not just that concerned with social lettings.



### Backward look

Examples of some of the non-social housing work includes the contract management of the private sector care and repair service for Bolton Council as well as the delivery of disabled adaptations to private dwellings as well as those we deliver to our own properties. We also deliver our Careline service to private customers as well as our tenants

Some of the non-social housing work we do makes very low margins but is complementary to services in Bolton at Home and contributes towards our wider objective of 'Supporting our customers to be more independent and our communities to flourish'.

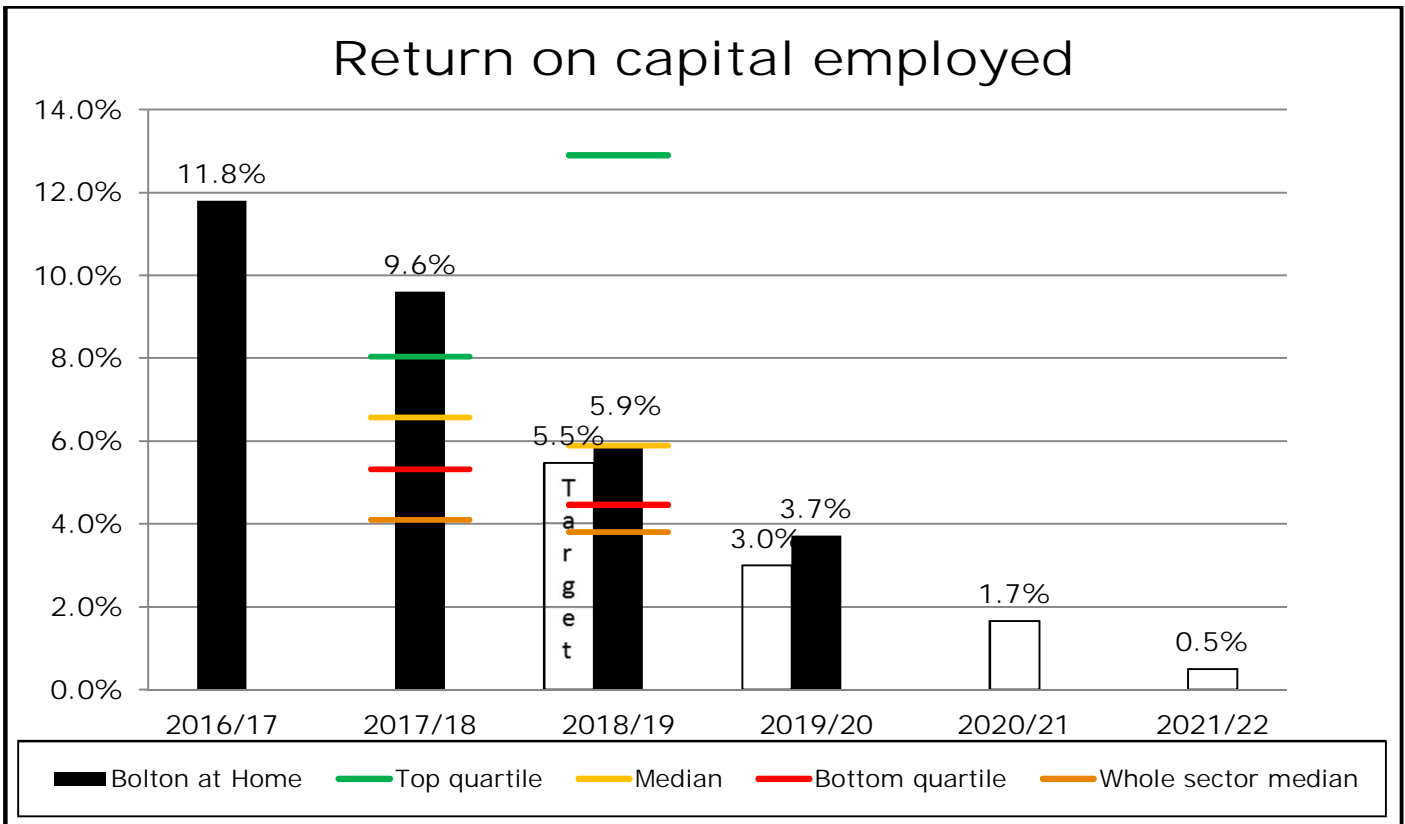
Our overall margin is therefore slightly lower than the margin we make on our social lettings business.

### 2019/20

The reasons behind the performance in 2019/20 and future years are the same as for the Social Housing Operating Margin with the social housing part of our business making up 97% of the total turnover (19/20)

## Return on Capital Employed (ROCE)

This metric compares the operating surplus to total assets less current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital resources. The ROCE metric would support registered providers with a wide range of capital investment programmes.



### Backward Look

Given the low level of our surplus, our performance on this indicator might be expected to be lower quartile. However, the low carrying value of our properties means that performance was upper quartile in 2017/18 and second quartile in 2018/19

### 2019/20

In 19/20, following a change in accounting rules, a debtor and creditor have been added in to the balance sheet to reflect the remaining stock improvement works agreed with Bolton Council at the time of transfer. The 'new' £84m debtor counts towards our 'capital employed' and has reduced the 2019/20 ROCE from 5.4% to 3.7%.

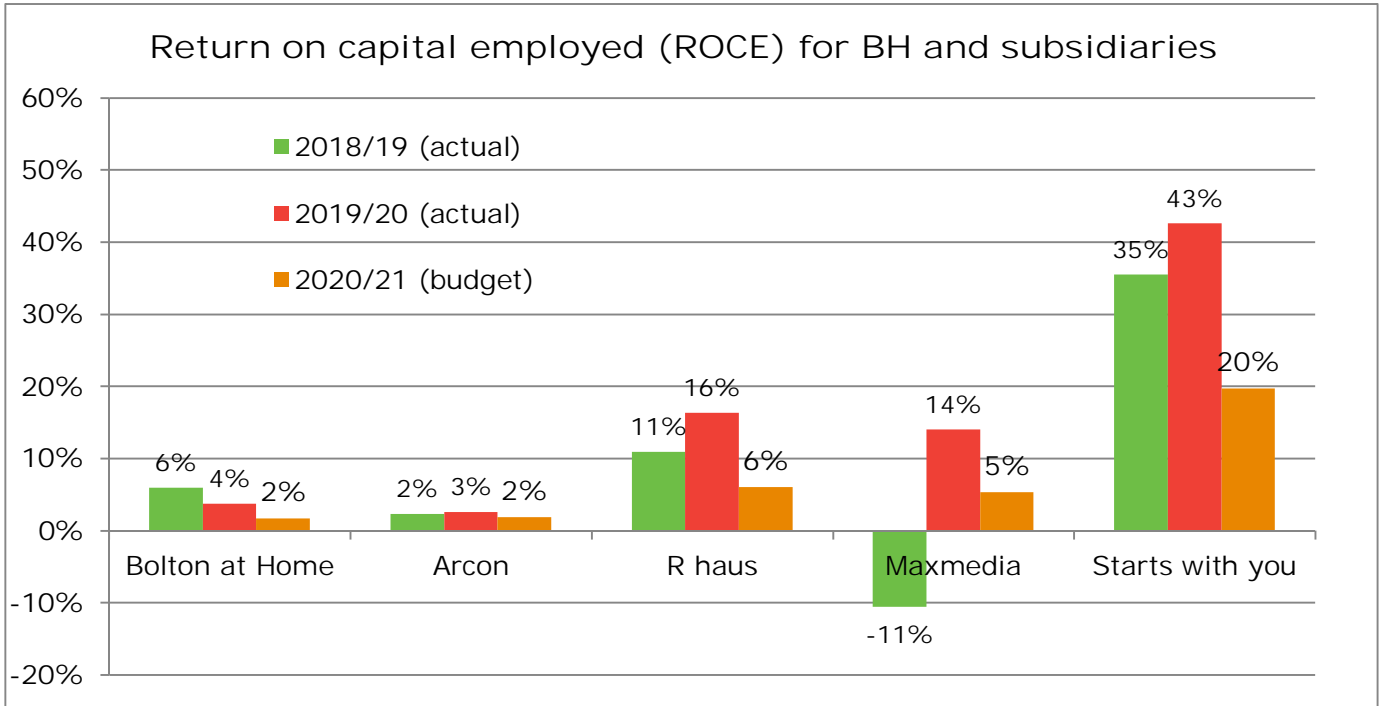
The growth in the value of our assets, the denominator for this fraction has contributed towards reducing performance in 19/20. Our surplus, as well as being reduced by the defined benefit scheme pension adjustment is also reduced by about £2m for the c.8,000 properties we have at below social rent levels and both of these contribute towards a lower ROCE.

### Forward look

A declining surplus in the numerator due in part to the prudence incorporated in the business plan and rapidly increasing value of assets in the denominator due to £92m spend on new properties results in a projected reduction in our ROCE, potentially taking us into the bottom quartile in the next couple of years. The surplus is likely to be higher than that shown above for the reasons explained in operating margin (overall) forward look. A surplus of around £10m each year, as was the case in 18/19 & 19/20 would give a ROCE of about 3.3% in 20/21 and 2.9% in 21/22.

## Return on Capital employed – Subsidiaries

Return on capital employed is used by Board to monitor performance of investments in subsidiaries. The chart below shows the performance for the 2 registered providers, Bolton at Home and Arcon and the three commercial subsidiaries.



Bolton at Home and Arcon have high values of fixed assets and generate sub-market income levels, charging rents at social and affordable levels.

R-Haus also has high levels of fixed assets but charges market rent levels and therefore generates a higher rate of return.

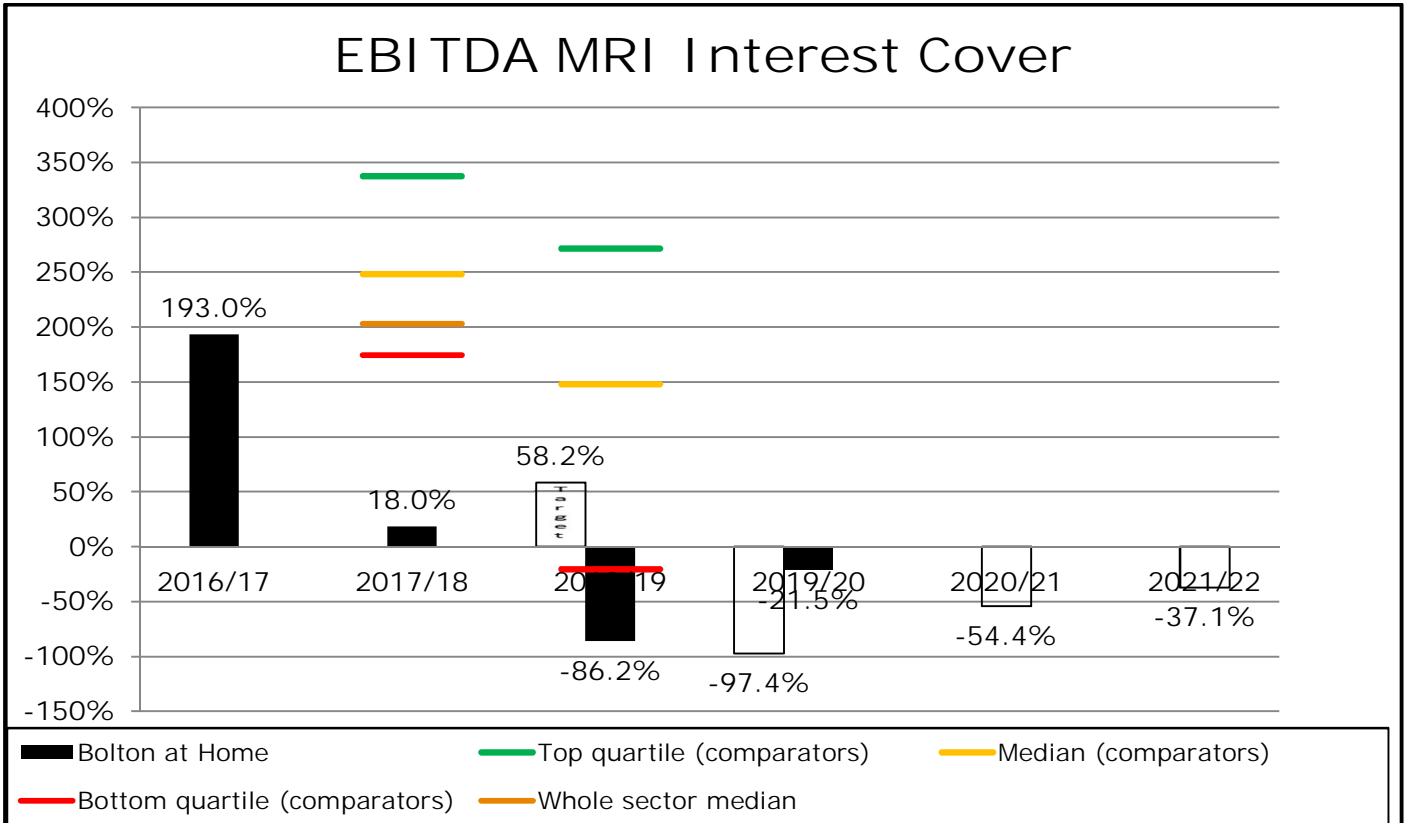
Maxmedia and Starts with you are both primarily service companies with low level of fixed assets and their projected levels of ROCE reflect different industries.

Arcon have prepared their own calculation of VFM metrics which are contained in their financial statements.

Earnings before Interest, Tax, Depreciation and Amortisations (Major Repairs included)

EBITDA MRI - Interest Cover

The EBITDA MRI interest cover measure is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that a registered provider generates compared to interest payable; the measure avoids any distortions stemming from the depreciation charge.



The results of this interest cover test bear little relation to the measure which our lender measures the financial performance of Bolton at Home for 3 reasons:

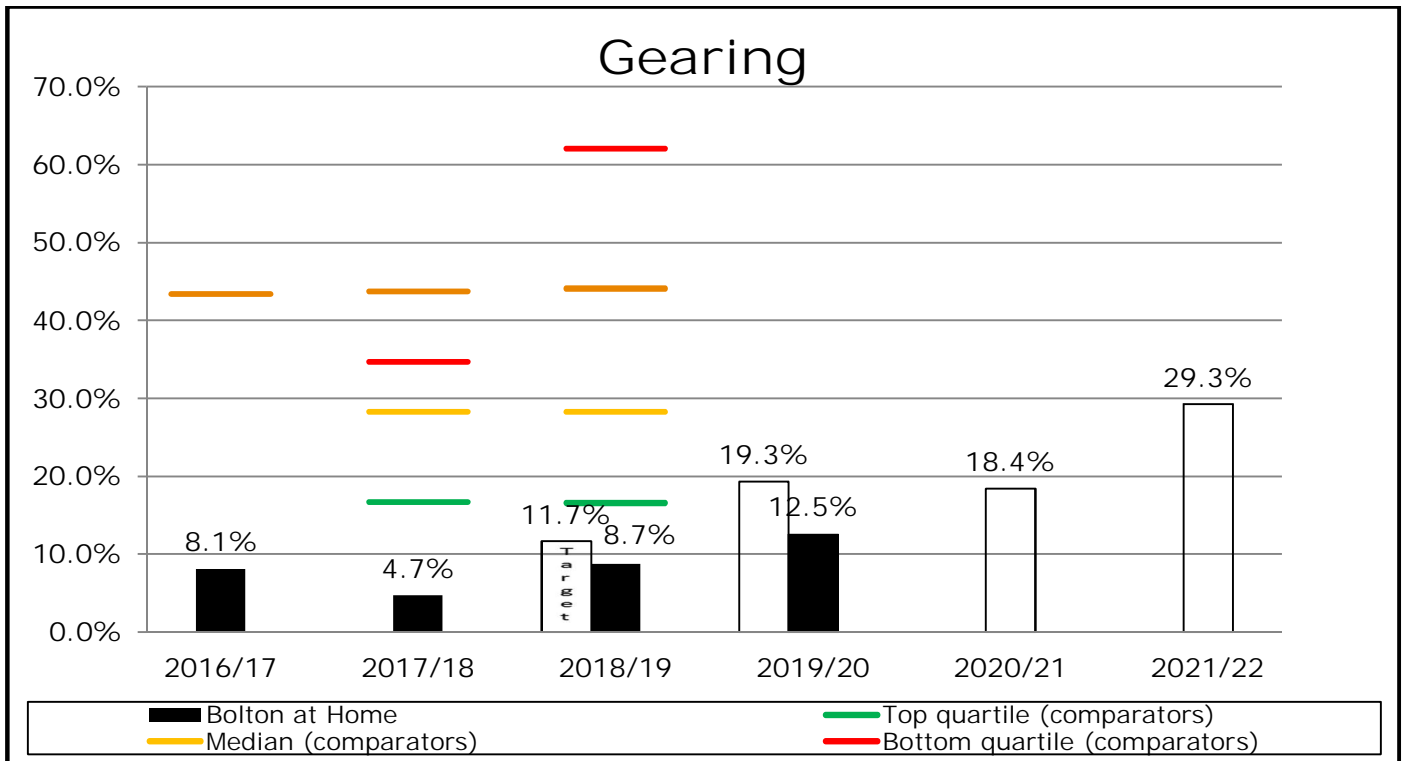
- The adjusted operating surplus above includes the accounting adjustment for pensions which in 2019/20 was £6.4m. This is not included in the calculation of interest cover in our loan agreement. In the forward looking measures above, a pension adjustment of £6.4m has been included for comparability with backward looking figures.
- The interest payable includes an accounting adjustment for pension which in 2019/20 was £1.9m. In the forward looking measures above, a pension adjustment of £1.9m has been included for comparability with backward looking figures.
- The adjusted operating surplus above excludes surplus on sales of properties (RTB and RTA). Our loan agreement measure includes surplus from sales of RTB and RTA properties. This surplus was £2.5m in 16/17, £4.4m in 17/18, £3.9m in 18/19 and £3.8m in 2019/20

Backward look

Again this indicator is heavily influenced by our high headline housing costs per unit which feed into a lower surplus, the upper part of the fraction used to calculate this indicator.

## Gearing

This metric assesses how much of the adjusted assets are made up of debt and the degree of dependence on debt finance. It is often a key indicator of a registered provider's appetite for growth



### Backward Look

Bolton at Home's performance on this indicator is a product of our history as a stock transfer organisation. In 2011, the properties transferred to Bolton at Home at a cost of around £400 per property. Despite significant investment in the stock and the development of new properties, the average carrying cost of our stock is still only around £9.6k per property at the end of 2019/20 and forecast to increase to around £14.8k per unit at the end of 2021/22. The stock value on the balance sheet forms the lower part of this fraction.

In 2016/17 and 2017/18 our borrowing was limited by our loan agreement and the LSVT style covenants including in it. The levels of net debt at year end were very low for an organisation of the size of Bolton at Home. Net debt forms the upper part of the fraction and for the past 3 years has been below £13m.

### 2019/20

Borrowing was not as high as anticipated in 2019/20 due to delays in some development schemes and increased property sales receipts through Right to Buy and Right to Acquire. Net debt was £21m at year end

### Forward look

Looking forward, we have a significant larger loan facility and expect our borrowing to increase to over £80m by the end of 2021/22. At the same time, we expect to deliver £92m of new social housing, significantly contributing to the increase in the carrying cost of our properties. This does demonstrate a stretching of the plan but compared to many other organisations our gearing ratio will still appear low. The increasing trend does tally with the RSH description of this indicator at the top of the page

## Complaints

We want everything we do to be built on a foundation of great customer care and we apologise where we have fallen short. We analyse complaints, look for trends and make changes where possible to improve our services and policies.

In 2019/20 we received 739 complaints of which 206 were about day-to-day repairs and maintenance. The examples below are common complaints and how we have responded to them.

### Complaint:

Job not completed on first appointment.

If when we come to do a repair we see that more work will be needed to complete the job, our operative who has visited you will contact a supervisor to see if the job can be extended or if we can get the parts that day. We will try to complete a repair on our first visit where possible, with follow-up appointments in cases where parts aren't available or if diaries don't allow time on the day to extend the job.

### Complaint:

No one has visited.

All our operatives are getting mobile work phones. This means they will try to reach you on the contact number you have given us if you don't answer the door when we visit. In all cases we will record the efforts made to reach you if we are visiting to work on your home and you can expect that we will post a card through your door to let you know that we have called with information on what should happen next.

## Areas identified for improvement

Targets have been set to improve performance and mitigating actions put in place in a number of areas including:

- Increase the efficiency of the repair and maintenance and voids service with all savings being reinvested in planned maintenance and property improvement.
- Continue to invest in delivering support services and community support given it is a key objective of Bolton at Home.
- Continue to deliver non-social housing services which complement our social housing activities and which break even or make a surplus to reinvest in social housing.
- Aim to deliver the majority of our savings target for the next 3 years from our management costs and within this, provide protection for customer facing services.

In addition, we are focussing on the highest areas of expenditure including

1. Repairs and maintenance – continued service reviews as well as a review of the repairs policy
2. Improvement works to properties – we are in the middle of a full stock condition survey to confirm the needs of the stock in the future
3. Management costs – we are identifying the areas of high cost to inform where we target our savings for 2021/22

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).

The Board Report was approved by our Board on 14 October 2020 and signed on its behalf:

98 Waters Meeting Road  
Bolton BL1 8SW

By order of the Board

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end, positioned below the text 'By order of the Board'.

Chair



# Bolton At Home Limited

Independent auditor's report for the year ended 31 March 2020

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## Opinion

We have audited the financial statements of Bolton at Home Limited ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2020 which comprise the consolidated and Association statement of comprehensive income, the consolidated and Association statement of financial position, the consolidated and Association statement of changes in reserves, the consolidated cash flow statement and 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 Association's affairs as at 31 March 2020 and of the Group's and the Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

## 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 Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

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 members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the board members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the 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. Other information comprises the information included in the 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 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 including the Chair's Statement, Report of the Board of management and Strategic Report 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required by the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the parent Association; or
- a satisfactory system of control has not been maintained over transactions; or
- the parent Association financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the board

As explained more fully in the Statement of Board's Responsibilities set out on page 4, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members 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 and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intend to liquidate the Group or the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

Use of our report

This report is made solely to the members of the Association, as a body, in accordance with in accordance with the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014. 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

BDO LLP

Statutory Auditor

Manchester

Date: 14 October 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Bolton At Home Limited

Consolidated statement of comprehensive income for the year ended 31 March 2020

		2020	2019
	NOTES	£000	£000
Turnover	3	91,266	83,093
Cost of Sales	3	(246)	-
Operating costs	3	(82,951)	(76,995)
Surplus on disposal of fixed assets	5	3,817	3,946
Operating surplus	3	11,886	10,044
Interest receivable	11	138	147
Interest and financing costs	12	(5,324)	(4,086)
Fair value on business acquisition	33	19,943	-
Surplus before tax		26,643	6,105
Taxation	9	(12)	(5)
Surplus for the year		26,631	6,100
Actuarial gain/(loss) on defined benefit pension scheme	29	36,135	(15,309)
Unrealised (loss) on investment properties at revaluation	16	(875)	(803)
Total comprehensive income/(loss) for the year		61,891	(10,012)

All activities relate to continuing operations.

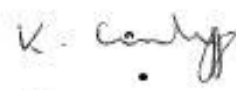
The financial statements were authorised and approved by the Board on 14 October 2020.



.....  
Ian Munro  
Director



.....  
William Gill  
Director



.....  
Katrina Cunliffe  
Company Secretary

## Bolton At Home Limited

Association statement of comprehensive income for the year ended 31 March 2020

---

	NOTES	2020 £000	2019 £000
Turnover	3	83,393	82,147
Cost of Sales	3	-	-
Operating costs	3	(77,323)	(76,269)
Surplus on disposal of fixed assets	5	3,781	3,946
Operating surplus	3	9,851	9,824
Interest receivable	11	587	277
Interest and financing costs	12	(4,328)	(4,085)
Surplus before tax		6,110	6,016
Taxation	9	-	-
Surplus for the year		6,110	6,016
Actuarial gain/(loss) on defined benefit pension scheme	29	36,135	(15,309)
Total comprehensive income/(loss) for the year		42,245	(9,293)

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

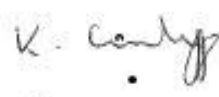
The financial statements were authorised and approved by the Board on 14 October 2020.



Ian Munro  
Director



William Gill  
Director



Katrina Cunliffe  
Company Secretary

## Bolton At Home Limited

### Consolidated statement of changes in reserves for the year ended 31 March 2020

	Revenue Reserve	Total
	£000	£000
Balance as at 1 April 2018	58,104	58,104
Surplus for the year	6,100	6,100
Unrealised (loss) on investment properties at revaluation	(803)	(803)
Actuarial losses on defined benefit pension scheme	(15,309)	(15,309)
Balance at 31 March 2019	48,092	48,092
Surplus for the year	26,631	26,631
Unrealised (loss) on investment properties at revaluation	(875)	(875)
Actuarial gains on defined benefit pension scheme	36,135	36,135
Balance at 31 March 2020	109,983	109,983

The accompanying notes form part of these financial statements.

## Bolton At Home Limited

### Association statement of changes in reserves for the year ended 31 March 2020

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	Revenue Reserve £000	Total £000
Balance as at 1 April 2018	57,416	57,416
Surplus for the year	6,016	6,016
Actuarial losses on defined benefit pension scheme	<u>(15,309)</u>	<u>(15,309)</u>
Balance at 31 March 2019	48,123	48,123
Surplus for the year	6,110	6,110
Actuarial gains on defined benefit pension scheme	<u>36,135</u>	<u>36,135</u>
Balance at 31 March 2020	<u>90,368</u>	<u>90,368</u>

The accompanying notes form part of these financial statements.

## Bolton At Home Limited

Consolidated and Association balance sheet for the year ended 31 March 2020

	NOTE	Group		Association	
		Restated		Restated	
		2020 £000	2019 £000	2020 £000	2019 £000
<b>Fixed Assets</b>					
Tangible fixed assets - Housing properties	13	222,498	142,941	168,076	142,941
Intangible fixed assets	15	280	315	-	-
Other tangible fixed assets	14	5,770	5,045	5,370	5,031
Investment properties	16	11,960	7,880	-	-
Investment in subsidiaries	17	-	-	3,816	2,166
Share of net assets of jointly controlled entity	18	107	50	-	-
		240,615	156,231	177,262	150,138
<b>Current assets</b>					
Properties held for sale	20	429	933	160	933
Stocks	19	582	473	582	457
Debtors – receivable within one year	21	24,382	19,554	30,481	25,839
Debtors – receivable after one year	21	68,195	83,991	68,195	83,991
Cash and cash equivalents		15,770	17,840	8,947	17,572
		109,358	122,791	108,365	128,792
Creditors: amounts falling due within one year	22	(21,934)	(15,417)	(19,697)	(15,294)
Net current assets		87,424	107,374	88,668	113,498
Total assets less current liabilities		328,039	263,605	265,930	263,636
Creditors: amounts falling due in more than one year	23	(83,370)	(40,292)	(40,876)	(40,292)
<b>Provisions for liabilities</b>					
Other provisions	25	(83,991)	(96,732)	(83,991)	(96,732)
Pension provision	29	(50,695)	(78,489)	(50,695)	(78,489)
Total net assets		109,983	48,092	90,368	48,123
<b>Capital and reserves</b>					
Revenue reserves	28	109,983	48,092	90,368	48,123
Total reserves		109,983	48,092	90,368	48,123

The accompanying notes form part of these financial statements.

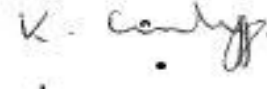
The financial statements were authorised and approved by the Board on 14 October 2020.



Ian Munro  
Director



William Gill  
Director



Katrina Cunliffe  
Company Secretary



## Bolton At Home Limited

Consolidated statement of cash flows for the year ended 31 March 2020

### Bolton at Home Consolidated Statement of Cash flows

Year ended 31 March 2020

	NOTES	2020 £000	2019 £000
Net cash generated from operating activities	31	25,814	16,276
Cash flow from investing activities			
Purchase of tangible fixed assets		(36,870)	(19,703)
Purchase of investment properties		(2,351)	(6,044)
Proceeds from sale of tangible fixed assets		5,468	4,796
Purchase of other tangible fixed assets		(800)	(1,352)
Grants received		1,264	2,016
Interest received		138	147
Investment in Joint Venture	18	(57)	(50)
Cash from business acquisition		8,768	-
Net cash used in investing activities		(24,440)	(20,190)
Cash flow from financing activities			
Interest paid		(3,361)	(2,528)
Repayments of borrowings		(83)	-
Net cash used in investing activities		(3,444)	(2,528)
Net change in cash and cash equivalents		(2,070)	(6,442)
Cash and cash equivalents at beginning of the year		17,840	24,282
Cash and cash equivalents at end of the year		15,770	17,840

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## Notes to the financial statements

### 1. Statement of accounting policies

#### Legal status

The association is registered in England with the Financial Conduct Authority under the Cooperative and Community Benefits Society Act 2014 and is registered with 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 2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

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

The financial statements are presented in Sterling (£) in 000s.

The individual accounts of the Association have adopted the disclosure exemptions per FRS102 from the requirement to present a statement of cashflow and related notes.

#### Basis of consolidation

The group accounts consolidate the accounts of the association and all its subsidiaries at 31 March 2020 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 policies 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 not less than 12 months after the date on which the annual report and financial statements are signed. 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 not less than 12 months after the date on which the annual report and financial statements are signed. The implications of the Covid-19 pandemic have been included in the Strategic Report. The length of the Covid-19 outbreak and the measures taken by the Government to contain this are not known and outside of our control but we have put processes in place to manage cashflow and review financial stability as matters progress.

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 Homes England, together with other income from third parties.

Rental income is recognised from the point when properties net of any voids under development reach practical completion or otherwise become available for letting.

Service charge income is recognised in the period to which it relates net of losses from voids.

Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale.

Notes forming part of the financial statement for the year ended 31 March 2020

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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 consist 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 Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

#### Pensions

The Group 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
- 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
- Leasehold improvements over 80 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 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 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.

#### Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets including any components. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to decent homes standards which may require more frequent replacement of key components. Accumulated depreciation of housing properties as at 31 March 2020 was £49,079,000. The carrying amount of the housing properties was £222,087,000 at the year ended 31 March 2020.

#### 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 28). The liability at 31 March 2020 was £50,695,000.

#### Fair Value measurement

Fair value measurements were applied to investment properties in the year. Refer to note 16.

#### Impairment

As part of the group's continuous review of the performance of their assets, management identify any homes, or schemes that have increasing void losses, are impacted by policy changes or where the decision has been made to dispose of the properties. These factors are considered to be an indication of impairment.

Where there is evidence of impairment, the fixed assets are written down to the recoverable amount and any impairment losses are charged to operating surpluses.

As a result, we estimated the recoverable amount of the housing properties as follows:

- a) Determined the level at which the recoverable amount is to be assessed (ie, the asset level or cash-generating unit (CGU) level). The CGU level was determined to be an individual scheme
- b) Estimated the recoverable amount of cash-generating unit
- c) Calculated the carrying amount of the cash-generating unit
- d) Compared the carrying amount to the recoverable amount to determine if an impairment loss has occurred

Notes forming part of the financial statement for the year ended 31 March 2020

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Based on this assessment, we calculated the Depreciated Replacement Cost (DRC) of each social housing property scheme to be the recoverable amount, using appropriate construction costs and land prices. Where the DRC is greater than the carrying amount, an impairment is taken to reduce the carrying amount to the DRC. An impairment charge of £0 (2019: £112,000) was recognised during the year.

#### Judgements

##### Classification of loans as basic

The Association has a number of loans which have a 'two-way break clause' which is applicable where the loan is repaid early and could result in a break cost or a break gain. The loans in question are fixed rate loans. In a prepayment scenario that results in a break gain, the loan agreement provides for the repayment of the capital at par. Any break gain payable by the lender would be in relation to future interest periods only.

Management have considered the terms of the loan agreements and concluded that they do meet the definition of a basic financial instrument.

##### Supporting people

Management judgement is applied in determining the extent to which the risks and benefits are transferred to the association when considering the income to be recognised.



Notes forming part of the financial statement for the year ended 31 March 2020

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

#### Group

Analysis of turnover and operating costs 2020	Turnover	Operating costs	Cost of Sales	Operating surplus/ (deficit)
	2020 £000	2020 £000	2020 £000	2020 £000
Social housing lettings	78,411	66,657	-	11,754
Other social housing activities				
Charges for support services	1,606	3,290	-	(1,684)
First tranche low cost home ownership sales	1,856	1,166	246	444
Development	100	262	-	(162)
VAT Shelter	-	736	-	(736)
Community Support	1,387	2,947	-	(1,560)
	4,949	8,401	246	(3,698)
Non-social housing				
Commercial and garage rents	897	-	-	897
Projects delivered for partners	4,114	4,114	-	-
Market Rent	910	415	-	495
Other	1,985	3,364	-	(1,379)
	7,906	7,893	-	13
Gain on disposal of housing properties				3,817
	91,266	82,951	246	11,886
Analysis of turnover and operating costs 2019	Turnover	Operating costs	Cost of Sales	Operating surplus/ (deficit)
	2019 £000	2019 £000	2019 £000	2019 £000
Social housing lettings	72,026	62,565	-	9,461
Other social housing activities				
First tranche low cost home ownership sales	437	334	-	103
Charges for support services	291	2,953	-	(2,662)
Community Support	2,801	4,360	-	(1,559)
	3,529	7,647	-	(4,118)
Non-social housing				
Commercial and garage rents	821	-	-	821
Projects delivered for partners	4,990	4,889	-	101
Market Rent	277	115	-	162
Other	1,450	1,779	-	(329)
	7,538	6,783	-	755
Gain on disposal of housing properties				3,946
	83,093	76,995	-	10,044

**Association – continuing activities**

Analysis of turnover and operating costs 2020	Turnover	Operating costs	Cost of Sales	Operating surplus/ (deficit)
	2020	2020	2020	2020
	£000	£000	£000	£000
Social housing lettings	72,545	62,986	-	9,559
Other social housing activities				
Charges for support services	1,606	3,290	-	(1,684)
First tranche low cost home ownership sales	1,414	1,167	-	247
VAT Shelter	-	736	-	(736)
Community Support	1,387	3,366	-	(1,979)
	4,407	8,559	-	(4,152)
Non-social housing				
Commercial and garage rents	897	-	-	897
Projects delivered for partners	4,114	4,114	-	-
Market Rent	1,430	1,664	-	(234)
	6,441	5,778	-	663
Gain on disposal of housing properties				3,781
	83,393	77,323	-	9,851

Analysis of turnover and operating costs 2019	Turnover	Operating costs	Cost of Sales	Operating surplus/ (deficit)
	2019	2019	2019	2019
	£000	£000	£000	£000
Social housing lettings	72,026	62,565	-	9,461
Other social housing activities				
Charges for support services	2,075	2,953	-	(878)
First tranche low cost home ownership sales	437	334	-	103
Vat Shelter	-	1,249	-	(1,249)
Community Support	1,017	3,111	-	(2,094)
	3,529	7,647	-	(4,118)
Non-social housing				
Commercial and garage rents	821	-	-	821
Projects delivered for partners	4,185	4,185	-	-
Other	1,586	1,872	-	(286)
	6,592	6,057	-	535
Gain on disposal of housing properties				3,946
	82,147	76,269	-	9,824

## Bolton At Home Limited

Notes forming part of the financial statement for the year ended 31 March 2020

### 3 Continued. Particulars of income and expenditure from social housing lettings

Group	General needs	Supported Housing	Low Cost Home Ownership	Total 2020	Total 2019
	£000	£000	£000	£000	£000
Rent receivable net of identifiable service charges	74,006	206	216	74,428	68,978
Service charge income	3,370	28	9	3,407	2,916
Amortised government grants	567	2	7	576	132
Turnover from social housing lettings	77,943	236	232	78,411	72,026
Management	29,959	81	10	30,050	30,203
Services	4,264	28	15	4,307	3,367
Routine Maintenance	17,717	45	15	17,777	16,511
Planned Maintenance	5,751	28	6	5,785	6,091
Major repairs expenditure	379	5	9	393	-
Bad Debts	962	-	-	962	741
Depreciation of housing properties	7,267	46	31	7,344	5,540
Impairment of housing properties	-	-	-	-	112
Other costs	36	1	2	39	-
Operating costs on social housing lettings	66,335	234	88	66,657	62,565
Operating surplus on social housing lettings	11,608	2	144	11,754	9,461
Void losses				1,237	919

Bolton At Home Limited

Notes forming part of the financial statement for the year ended 31 March 2020

Bolton at Home

	General needs	Low Cost Home Ownership	Total 2020	Total 2019
	£000	£000	£000	£000
Rent receivable net of identifiable service charges	69,179	51	69,230	68,978
Service charge income	3,168	-	3,168	2,916
Amortised government grants	147	-	147	132
Turnover from social housing lettings	72,494	51	72,545	72,026
Management	29,544	-	29,544	30,203
Services	4,004	-	4,004	3,367
Routine Maintenance	17,074	-	17,074	16,511
Planned Maintenance	5,339	-	5,339	6,091
Bad Debts	906	-	906	741
Depreciation of housing properties	6,119	-	6,119	5,540
Impairment of housing properties	-	-	-	112
Operating costs on social housing lettings	62,986	-	62,986	62,565
Operating surplus on social housing lettings	9,508	51	9,559	9,461
Void losses			1,211	919

## Bolton At Home Limited

Notes forming part of the financial statement for the year ended 31 March 2020

### 4. Operating surplus/(deficit)

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

	Group		Association	
	2020	2019	2020	2019
	£000	£000	£000	£000
Operating surplus and surplus on ordinary activities before taxation is stated after charging /(crediting):				
Depreciation of housing properties	7,346	5,540	6119	5,540
Impairment of housing properties	-	112	-	112
Depreciation of other tangible fixed assets	508	179	379	179
Surplus on disposal of fixed assets	3,736	3,946	3,781	3,946
Operating lease rentals :				
Equipment	6	-	6	-
Buildings	825	849	707	835
Vehicles	517	229	517	229

	Group		Association	
	2020	2019	2020	2019
	£000	£000	£000	£000
Auditor's remuneration (excluding VAT)				
Fees payable to the Association's auditors for the audit of the parent group financial statements	25	23	25	23
Audit of the accounts of subsidiaries	15	15	15	15
Fees payable to the Associations auditors for non-audit services :				
- Tax compliance services	10	9	10	9
- All other taxation advisory services	10	27	10	27
Total amount payable to Association's auditors	60	74	60	74

**5. Surplus on disposal of fixed assets**

	Group		Association	
	2020	2019	2020	2019
	£000	£000	£000	£000
Sale proceeds from property sales	7,252	7,094	6,937	7,094
Sales proceeds from land sales	19	58	19	58
Cost of sales	(1,651)	(1,064)	(1,372)	(1,064)
RTB Sharing agreement (Bolton Council)	(1,803)	(2,142)	(1,803)	(2,142)
Surplus on sale of fixed assets	3,817	3,946	3,781	3,946

Proceeds for property sales were realised from 145 (2019: 164) sales through Right to Buy and Right to Acquire schemes for Bolton at Home. Arcon sold 1 property under Right to Buy in 2020.

**6. Employees**

The average number of employees (including Executive Management Team) expressed as full time equivalents (calculated based on a standard working week of 36 hours) during the year was as follow:

	Group		Association	
	2020	2019	2020	2019
	No.	No.	No.	No.
Administration	4	4	4	4
Development	68	65	68	65
Housing, support and care	895	914	820	877
	967	983	892	946

	Group		Association	
	2020	2019	2020	2019
	£000	£000	£000	£000
Employee costs:				
Wages and salaries	30,414	27,738	28,347	26,904
Severance Payments	224	229	171	229
Social security costs	2,957	2,685	2,770	2,615
Other pension costs	10,608	9,390	10,462	9,363
Pension past service costs	47	2,873	47	2,873
	44,250	42,915	41,797	41,984

The costs include severance, where applicable.

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

**7. Directors' and senior executive remuneration**

The directors are defined as the members of the Board of Management, the Chief Executive and the Executive Management Team disclosed on page 2

	Group		Association	
	2020 £000	2019 £000	2020 £'000	2019 £'000
Basic salary	940	632	526	516
Benefits in kind	36	24	24	24
Employers NIC	117	81	70	69
Pension contributions	100	65	62	61
Compensation for loss of office	-	-	-	-
	<u>1,193</u>	<u>802</u>	<u>682</u>	<u>670</u>

The total amount payable to the Chief Executive, who was the highest paid director in respect of emoluments, excluding pension contributions, were £171,750 (2019: £163,200).

As a member of the Greater Manchester pension scheme, the pension entitlement of the Chief Executive is identical to those of the other members.

There were 3 directors in the group's defined contribution pensions scheme (2019 - 3).

The remuneration paid to staff (including Executive Management Team) earning over £60,000 upwards:

	Group		Association	
	2020 No.	2019 No.	2020 No.	2019 No.
£60,000 to £69,999	2	1	1	-
£70,000 to £79,999	2	2	-	2
£80,000 to £89,999	8	5	7	5
£90,000 to £99,999	-	-	-	-
£100,000 to £109,999	-	-	-	-
£110,000 to £119,999	2	2	2	2
£120,000 to £129,999	1	1	1	1
£130,000 to £139,999	-	-	-	-
£140,000 to £149,999	-	-	-	-
£150,000 to £159,999	-	1	-	1
£160,000 to £169,999	-	-	-	-
£170,000 to £179,999	1	-	1	-

**8. Board members**

Board Member	Remuneration	Member of: Audit Committee	Group Board
	£000		
I Munro (Group Board Chair)	9.3		✓
I Ismail (Group Board Deputy Chair)	7.1		✓
B Gill	6.5	✓	✓
P Styche	6.5		✓
C Owston	6.5		✓
B Allen (retired 01.08.20)	4.7	✓	✓
K McKeon	6.9	✓	✓
A Moat	1.5	✓	✓
M Corfield	1.7		✓
M Roberts	4.5	✓	✓
S Atcha (Co-Optee)	1.0		✓
L Dalton	3.1	✓	
T Woods (retired 30.09.19)	6.0		
C Neill (retired 21.10.19)	1.6		
B Ismail (retired 23.05.19)	0.9		
	<u>67.8</u>		

**9. Tax on surplus on ordinary activities**

Current Tax	Group		Association	
	2020 £000	2019 £000	2020 £000	2019 £000
UK corporation tax on surplus for the year	12	5	-	-
Total current tax	<u>12</u>	<u>5</u>	-	-

Total tax reconciliation	Group		Association	
	2020 £000	2019 £000	2020 £000	2019 £000
Surplus on ordinary activities before tax	6,778	5,337	6,110	6,016
Theoretical tax at UK corporation tax rate 20%	1,356	1,067	1,222	1,203
Income not taxable for tax purposes	<u>(1,344)</u>	<u>(1,062)</u>	<u>(1,222)</u>	<u>(1,203)</u>
Total tax charge	<u>12</u>	<u>5</u>	-	-



**10. Accommodation in management and development**

At the end of the year the number of units in management for each class of accommodation was as follows:

	Group (registered providers)			
	Managed not owned	Owned and Managed	2020 Total Owned and Managed	2019 Total Owned and Managed
General Need - social rent	59	12,934	12,993	12,072
General Needs - affordable rent	-	2,795	2,795	2,634
Low Cost Home Ownership	-	84	84	21
Supported Housing	-	138	138	110
Supported - Housing for older people	-	2,534	2,534	2,556
Intermediate rent	-	250	250	187
Non social leased	346	-	346	332
<b>Total</b>	<b>405</b>	<b>18,735</b>	<b>19,140</b>	<b>17,912</b>
Accommodation in development at year end			272	112

Reconciliation of unit numbers:	General Needs - social rent	General Needs - affordable rent	Low Cost Home Ownership	Supported Housing	Intermediate rent	Other	Total
Opening unit numbers	12,072	2,634	21	2,666	187	332	17,912
New stock acquired		81	6				87
Acquisition of Arcon	1,004	95	57	42	70		1,268
New stock into management					4		4
Other gains	39	6				14	59
Sales to tenants freehold	(98)	(22)					(120)
Sales to tenants leasehold	(24)	(1)					(25)
Demolition	(1)			(21)			(22)
Other losses	(1)	(1)		(14)	(7)		(23)
Movement within categories	2	3		(1)	(4)		-
<b>Net change in stock</b>	<b>921</b>	<b>161</b>	<b>63</b>	<b>6</b>	<b>63</b>	<b>14</b>	<b>1,228</b>
<b>Closing stock</b>	<b>12,993</b>	<b>2,795</b>	<b>84</b>	<b>2,672</b>	<b>250</b>	<b>346</b>	<b>19,140</b>

**11. Interest receivable**

	Group		Association	
	2020	2019	2020	2019
	£000	£000	£000	£000
Interest received	138	147	122	147
Interest received from group undertakings	-	-	465	130
	<u>138</u>	<u>147</u>	<u>587</u>	<u>277</u>

**12. Interest payable and similar charges**

	Group		Association	
	2020	2019	2020	2019
	£000	£000	£000	£000
Interest payable on bank loans and overdrafts	(2,772)	(1,961)	(1,840)	(1,960)
Loan issue costs	(174)	(132)	(110)	(132)
Facility non utilisation fees	(414)	(435)	(414)	(435)
Net interest payable from pensions (note 29)	(1,964)	(1,558)	(1,964)	(1,558)
	<u>(5,324)</u>	<u>(4,086)</u>	<u>(4,328)</u>	<u>(4,085)</u>

## Bolton At Home Limited

Notes forming part of the financial statement for the year ended 31 March 2020

### 13. Tangible fixed assets – housing properties

Group – housing properties

	Social housing properties held for letting	Housing properties under construction	Completed Shared Ownership Properties	Affordable rent properties	Specialist housing properties	Intermediate rent properties	Total housing properties
	£000	£000	£000	£000	£000	£000	£000
Cost							
At 1 April 2019	163,539	2,692	1,457	-	-	-	167,688
Transfer on business acquisition	40,753	174	4,800	11,509	2,999	9,172	69,407
Works to existing properties	13,939	-	-	-	-	-	13,939
Additions	8,017	14,338	736	-	-	30	23,121
Disposals	(1,587)	-	(429)	-	(3)	(36)	(2,055)
Schemes completed	2,730	(3,992)	697	565	-	-	-
Transfer to properties held for sale	-	(363)	(160)	-	-	-	(523)
At 31 March 2020	227,391	12,849	7,101	12,074	2,996	9,166	271,577
Depreciation and impairment							
At 1 April 2019	(24,747)	-	-	-	-	-	(24,747)
Transfer on business acquisition	(15,132)	-	(252)	(682)	(717)	(940)	(17,723)
Depreciation charged in year	(6,962)	-	(34)	(166)	(45)	(139)	(7,346)
Impairment charged in year	-	-	-	-	-	-	-
Released on disposals	686	-	12	-	3	36	737
At 31 March 2020	(46,155)	-	(274)	(848)	(759)	(1,043)	(49,079)
Net book value							
At 31 March 2020	181,236	12,849	6,827	11,226	2,237	8,123	222,498
At 31 March 2019	138,792	2,692	1,457	-	-	-	142,941

## Bolton At Home Limited

Notes forming part of the financial statement for the year ended 31 March 2020

### Bolton at Home – housing properties

	Social housing properties held for letting	Housing properties under construction	Completed Shared Ownership Properties	Total housing properties
Cost	£000	£000	£000	£000
At 1 April 2019	163,539	2,692	1,457	167,688
Works to existing properties	13,939	-	-	13,939
Additions	7,487	10,366	736	18,589
Disposals	(1,277)	-	(232)	(1,509)
Schemes completed	2,108	(2,108)	-	-
Transfer to properties held for sale			(160)	(160)
At 31 March 2020	<u>185,796</u>	<u>10,950</u>	<u>1,801</u>	<u>198,547</u>
Depreciation and impairment				
At 1 April 2019	(24,747)	-	-	(24,747)
Depreciation charged in year	(6,119)	-	-	(6,119)
Impairment charged in year	-	-	-	-
Released on disposals	395	-	-	395
At 31 March 2020	<u>(30,471)</u>	<u>-</u>	<u>-</u>	<u>(30,471)</u>
Net book value				
At 31 March 2020	<u>155,325</u>	<u>10,950</u>	<u>1,801</u>	<u>168,076</u>
At 31 March 2019	<u>138,792</u>	<u>2,692</u>	<u>1,457</u>	<u>142,941</u>

## Bolton At Home Limited

Notes forming part of the financial statement for the year ended 31 March 2020

### Housing properties continued

	Group		Association	
	2020	2019	2020	2019
	£000	£000	£000	£000
Expenditure on works to existing properties:				
Improvement works capitalised	13,301	13,074	12,741	13,074
Work in progress	2,341	2,029	2,341	2,029
Amounts charged to income and expenditure	5,694	6,067	5,301	6,067
	<u>21,336</u>	<u>21,170</u>	<u>20,383</u>	<u>21,170</u>

All housing properties are held on a freehold basis.

	Group		Association	
	2020	2019	2020	2019
	£000	£000	£000	£000
Social Housing Grant				
Total accumulated social housing grant received or receivable at 31 March:				
Capital grant held as deferred income	29,827	10,511	11,023	10,511
Revenue grant	1,083	759	1,083	759
At 31 March	<u>30,910</u>	<u>11,270</u>	<u>12,106</u>	<u>11,270</u>

## 14. Other tangible fixed assets

### Group

	Leasehold improvements	Furniture & equipment	Total
	£000	£000	£000
Cost			
At 1 April 2019	3,821	1,823	5,644
Transfer on business acquisition	-	639	639
Additions	436	363	799
Disposals	-	(155)	(155)
At 31 March 2020	<u>4,257</u>	<u>2,670</u>	<u>6,927</u>
Depreciation			
At 1 April 2019	(272)	(327)	(599)
Transfer on business acquisition	-	(200)	(200)
Charge for the year	(47)	(466)	(513)
Released on disposal	-	155	155
At 31 March 2020	<u>(319)</u>	<u>(838)</u>	<u>(1,157)</u>
Net book value			
At 31 March 2020	<u>3,938</u>	<u>1,832</u>	<u>5,770</u>
At 31 March 2019	<u>3,549</u>	<u>1,496</u>	<u>5,045</u>

Bolton At Home Limited

Notes forming part of the financial statement for the year ended 31 March 2020

Association

	Leasehold improvements	Furniture & equipment	Total
	£000	£000	£000
Cost			
At 1 April 2019	3,819	1,810	5,629
Additions	438	279	717
Disposals	-	(155)	(155)
At 31 March 2020	<u>4,257</u>	<u>1,934</u>	<u>6,191</u>
Depreciation			
At 1 April 2019	(271)	(327)	(598)
Charge for the year	(48)	(330)	(378)
Released on disposal	-	155	155
At 31 March 2020	<u>(319)</u>	<u>(502)</u>	<u>(821)</u>
Net book value			
At 31 March 2020	<u>3,938</u>	<u>1,432</u>	<u>5,370</u>
At 31 March 2019	<u>3,548</u>	<u>1,483</u>	<u>5,031</u>

15. Other intangible fixed assets

Group

	Goodwill	Total
	£000	£000
Cost		
At 1 April 2019 and 31 March 2020	<u>350</u>	<u>350</u>
Amortisation		
At 1 April 2019	35	35
Charge for the year	<u>35</u>	<u>35</u>
At 31 March 2020	<u>70</u>	<u>70</u>
Net book value		
At 31 March 2020	<u>280</u>	<u>280</u>
At 31 March 2019	<u>315</u>	<u>315</u>

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

	2020	2019
Group	£000	£000
At 1 April	7,880	2,639
Transfer on business acquisition	2,604	-
Additions	2,423	6,044
Revaluations	(875)	(803)
Disposal	(72)	-
At 31 March	<u>11,960</u>	<u>7,880</u>

Investment properties were valued as at 31 March 2020.

The investment properties for R Haus Living Limited, have been valued at £9,375,000 by Savills plc, 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. The total historic cost of the Investment Properties as at 31 March 2020 was £10.005m. The valuation is based on open market sale value subject to tenancy which results in a lower valuation but is consistent with how other members of the group value investment properties and will be adopted going forward.

The investment properties for Arcon Developments Ltd, have been valued at £2,585,000 by Cushman & Wakefield, professional external valuers. The open market value – vacant possession as at 31 March 2020 was £3.330m.

**17. Investment in subsidiaries**

	2020	2019
Association	£000	£000
At 1 April	2,166	2,116
Additions	1,650	50
At 31 March	<u>3,816</u>	<u>2,166</u>

As required by statute, the financial statements consolidate the results of Bolton at Home Limited, Starts with You Limited, R-Haus Living Limited, Maxmedia Communications Limited, Stonecross Homes Limited, Arcon Housing Association Limited and Arcon Development Limited, which were wholly owned subsidiaries of the association at the end of the year. During the year ended 31 March 2020, Arcon Housing Association Limited joined the group on 1 April 2019, together with Arcon Development 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.

**18. Investment in joint venture**

	2020	2019
Group	£000	£000
At 1 April	50	-
Additions	57	50
At 31 March	<u>107</u>	<u>50</u>

The group holds an indirect interest of 10% within GMJV Fundco LLP. This investment is held by Stonecross Homes.

**19. Stocks**

	Group		Association	
	2020	2019	2020	2019
	£000	£000	£000	£000
Raw materials and consumables	582	473	582	457

**20. Properties for sale**

	Group		Association	
	2020	2019	2020	2019
	£000	£000	£000	£000
Shared ownership properties:				
Completed properties	429	933	160	933
	429	933	160	933

**21. Debtors**

	Group		Association	
	2020	2019	2020	2019
	£000	£000	£000	£000
Due within one year				
Rental and service charge receivable	6,032	4,397	5,833	4,397
Less: Provision for bad and doubtful debts	(2,955)	(2,614)	(2,858)	(2,614)
	3,077	1,783	2,975	1,783
Other debtors	19,874	17,252	19,185	17,116
Amounts owed by group undertakings	-	-	7,234	6,442
Other taxation and social security	389	62	165	62
Prepayments and accrued income	1,042	457	922	436
Total due within one year	24,382	19,554	30,481	25,839
Due after more than one year	68,195	83,991	68,195	83,991
Total debtors	92,577	103,545	98,676	109,830

The debtors due after more than one year represents £68,195,000 (2019: £83,991,000), obligation to have improvement work carried out to the properties transferred to Bolton at Home, net of £15,796,000 (2019: £12,741,000) budgeted to be spent in 2020/2021, shown within debtors due within one year. 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. Essentially the 'benefit' (commitment owed) to the Association under the contract has created a debtor which is effectively offset by the provision stated in note 25. The debtor will reduce as the Association completes the contracted work.



**22. Creditors: amounts falling due within one year**

	Group		Association	
	2020	2019	2020	2019
	£000	£000	£000	£000
Loans and borrowings	173	-	-	-
Trade creditors	6,538	7,194	6,040	6,966
Rents and service charges received in advance	1,852	1,306	1,608	1,306
Accruals and deferred income	1,944	1,231	886	1,229
Amounts owed to group undertakings	-	-	256	107
Amounts due to Bolton Council	2,189	3,594	2,189	3,594
Deferred capital grants	1,173	605	752	605
Other capital grants received in advance	8,065	1,487	7,966	1,487
	<u>21,934</u>	<u>15,417</u>	<u>19,697</u>	<u>15,294</u>

**23. Creditors: amounts falling due after more than one year**

	Group		Association	
	2020	2019	2020	2019
	£000	£000	£000	£000
Loans and borrowings	54,367	30,000	30,000	30,000
Less loan issue costs	(274)	-	-	-
	<u>54,093</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>
Deferred capital grants (note 24)	29,259	9,906	10,876	9,906
Other long term liabilities	18	386	-	386
	<u>83,370</u>	<u>40,292</u>	<u>40,876</u>	<u>40,292</u>

Loans from banks and other financial institutions are secured by specific charges on the Association's housing properties and interest payable at rates between 4.43% to 6.94%. This leaves an undrawn facility at 31 March 2020 of £73.5m, made up of a revolving facility of £40m and a variable facility of £33.5m.

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

	Group		Association	
	2020	2019	2020	2019
	£000	£000	£000	£000
Repayments are due as follows:				
In less than one year	173	-	-	-
In one to two years	195	-	-	-
In two to five years	2,236	-	-	-
In five years or more	51,936	30,000	30,000	30,000
	<u>54,540</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>

**24. Deferred capital grant**

	Group		Association	
	2020	2019	2020	2019
	£000	£000	£000	£000
At 1 April	10,511	8,627	10,511	8,627
Transferred on acquisition of Arcon Housing Association	19,183	-	-	-
Grant received during in the year	1,264	2,016	1,264	2,016
Released to income in the year	(526)	(132)	(147)	(132)
At 31 March	30,432	10,511	11,628	10,511

	Group		Association	
	2020	2019	2020	2019
	£000	£000	£000	£000
Amounts to be released within one year	1,173	605	752	605
Amounts to be released in more than one year	29,259	9,906	10,876	9,906
At 31 March	30,432	10,511	11,628	10,511

**25. Provisions for liabilities and charges**

## Group and Association

	2020	2019
	£000	£000
At 1 April	96,732	109,806
Less: Investment expenditure	(12,741)	(13,074)
At 31 March	83,991	96,732

The provision represents the best estimate of the costs for the repair and improvements of transferred properties incurred under the Transfer Agreement. The provision will be utilised as the works are actually completed (see note 21 for further details).

**26. Capital commitments**

	Group		Association	
	2020	2019	2020	2019
	£000	£000	£000	£000
Capital expenditure:				
Expenditure contracted for but not provided in the accounts	26,767	11,447	24,373	11,447
Expenditure authorised by the Board, but not contracted	72,409	31,236	69,985	31,236
	99,176	42,683	94,358	42,683

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.

## 27. Operating lease

The Group and the association had minimum lease payments under non-cancellable operating leases as set out below:

	Group		Association	
	2020	2019	2020	2019
Amounts payable as lessee	£000	£000	£000	£000
Not later than 1 year	1,348	1,078	1,231	1,064
Later than 1 year and not later than 5 years	3,141	2,366	2,591	2,217
Later than 5 years	327	339	210	339
Total	4,816	3,783	4,032	3,620

## 28. Revenue reserve

Includes all current retained profits and losses.

## 29. 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 2019 and rolled forward, allowing for the different financial assumptions required under FRS 102, to 31 March 2020 by a qualified independent actuary.

At 31 March 2020, the market value of the Greater Manchester Pension Fund scheme's net assets was £23,886m.

The employer contributions for the year ended 31 March 2020 were £4,132,000 (2019: £4,540,000) at a contribution rate of 17.3% of pensionable salaries. Estimated employers' contributions during the accounting period commencing 1st April 2020 are £4,371,000 with a contribution rate set at 18.3%.

Principal actuarial assumptions	31 March 2020	31 March 2019
Financial Assumptions	%	%
Rate of increase in salaries	2.6	3.3
Rate of increase in pensions in payment	1.8	2.5
Discount rate	2.3	2.4

### Mortality Assumptions

Vita Curves with improvements in line with the CMI 2018 model, an allowance for smoothing of recent mortality experience and long term rates of 1.5% p.a. for males and females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	31 March 2020		31 March 2019	
	Female	Male	Female	Male
Current pensioners	23.1 years	20.5 years	24.1 years	21.5 years
Future pensioners*	25.0 years	22.0 years	26.2 years	23.7 years

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

## Notes forming part of the financial statement for the year ended 31 March 2020

## 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 2020	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 different 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 60% of the maximum tax-free cash for post-April 2008 service.

Amounts recognised in surplus or deficit	2020	2019
	£000	£000
Current service cost	10,462	9,363
Past service costs	47	2,873
Amounts charged to operating costs	10,509	12,236
	2020	2019
	£000	£000
Net interest	(1,964)	(1,558)
Amounts charged to other finance costs	(1,964)	(1,558)

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

	2020	2019
	£000	£000
Opening scheme liabilities	(253,413)	(213,205)
Current service cost	(10,462)	(9,363)
Past service cost	(47)	(2,873)
Members contributions	(1,581)	(1,553)
Interest cost	(6,203)	(5,905)
Remeasurements	57,320	(22,932)
Benefits paid	3,044	2,418
Closing scheme liabilities	(211,342)	(253,413)

Bolton At Home Limited

Notes forming part of the financial statement for the year ended 31 March 2020

	2020	2019
	£000	£000
Actual return on scheme assets	(21,185)	7,623

	2020	2019
	£000	£000
Amounts charged to other comprehensive income		
Remeasurements (assets and liabilities)	36,135	(15,309)

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

	2020	2019
	£000	£000
Opening fair value of plan assets	174,924	159,279
Interest income	4,239	4,347
Return on plan assets (in excess of interest income)	(21,185)	7,623
Plan participants' contributions	1,581	1,553
Contributions by Employer	4,132	4,540
Benefits paid	(3,044)	(2,418)
Closing fair value of plan assets	160,647	174,924

Reconciliation of opening and closing balances of the net liability

	2020	2019
	£000	£000
Closing scheme liabilities	(211,342)	(253,413)
Closing fair value of plan assets	160,647	174,924
Closing scheme net liability	(50,695)	(78,489)

Investment returns

The return on the fund in market value terms for the year to 31 March 2020 is based on actual fund returns as provided by the Administering Authority and index returns where necessary.

Details are given below:

Total returns for period from 1 April 2019 to 31 March 2020	7.1%
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Bolton At Home Limited

Notes forming part of the financial statement for the year ended 31 March 2020

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

	Estimated split of assets at 31 March 2020 %	Estimated split of assets at 31 March 2019 %
Equities	69	69
Bonds	15	15
Property	7	8
Cash	9	8

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	25,600
0.5% increase in the Salary Increase Rate	2	4,919
0.5% increase in the Pension Increase Rate	10	20,286

30. Related party transactions

We have two Board members who are Councillors for Bolton Council.

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

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 £000	Development staff time £000	Management staff time £000	Interest £000	Other £000	Total £000
Starts with you Limited	90	-	5	-	39	134
R-haus Living Limited	6,793	59	-	465	-	7,317
Arcon Housing Association	-	-	80	-	-	80
Stonecross Homes Limited	20	-	-	-	-	20
	6,903	59	85	465	39	7,551

Payable by Bolton at Home:

	Publications £000	Other £000	Total £000
Starts with you Limited	-	1,618	1,618
Maxmedia Communications Limited	130	-	130
	130	1,618	1,748

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

During the period, Arcon Housing Association (a subsidiary of Bolton at Home) managed properties owned by James Ainsworth Almshouse. Arcon Housing Association's board are the corporate trustees and charged management fees of £6,658 (2019: £6,214). At 31 March 2020 the balance due from James Ainsworth Almshouse was £83,182 (2019: £69,031).

During the period, Arcon Housing Association (a subsidiary of Bolton at Home) managed properties owned by Dixon Almshouse Charity. Arcon Housing Association's board are the corporate trustees and charged management fees of £5,937 (2019: £4,902). At 31 March 2020 the balance due from Dixon Almshouse Charity was £41,935 (2019: £22,692).

### 31. Cash flow from operating activities

	2020	Restated 2019
	£000	£000
Surplus for the year	26,631	6,100
Adjustments for non-cash items:		
Depreciation	7,860	5,718
Amortisation of intangible assets	35	35
Fair value on business acquisition	(19,943)	-
Impairment	-	112
Increase in stocks	(109)	(18)
Decrease/(Increase) in debtors	11,798	(97,429)
(Decrease)/Increase in creditors	(8,345)	95,129
(Decrease)/Increase in properties held for sale	655	(933)
Pension costs less contributions payable	6,376	7,696
Profit on disposal of housing properties	(3,817)	(3,946)
Government grants utilised in the year	(526)	(132)
Interest payable	5,325	4,086
Interest receivable	(138)	(147)
Taxation	12	5
Net cash generated from operating activities	<u>25,814</u>	<u>16,276</u>

**32. Financial assets and liabilities**

The Group's and Association's financial instruments may be analysed as follows:

	Group		Association	
	2020	2019	2020	2019
	£000	£000	£000	£000
Financial assets				
Financial assets measured at historical cost				
- Trade receivables	3,077	1,783	5,833	1,783
- Other receivables	4,319	4,511	3,389	4,375
- Investments in short term deposits	3,207	-	-	-
- Cash and cash equivalents	12,563	17,840	8,947	17,572
Total financial assets	<u>23,166</u>	<u>24,134</u>	<u>18,169</u>	<u>23,730</u>
Financial liabilities				
Financial liabilities measured at amortised cost				
- Loan payable	54,367	30,000	30,000	30,000
Financial liabilities measured at historical cost				
- Trade creditors	6,434	7,194	5,840	6,966
- Other creditors	2,216	3,980	2,189	3,980
Total financial liabilities	<u>63,017</u>	<u>41,174</u>	<u>38,029</u>	<u>40,946</u>

Financial assets measured at amortised cost comprise of trade and other debtors.

Financial liabilities measured at amortised cost comprise of bank loan, trade and other creditors.

**33. Business Acquisition**

On 1 April 2019, Arcon Housing Association (and its subsidiary, Arcon Developments Limited) joined the Group. The Group accounted for the integration using the acquisition method of accounting in accordance with section 19 of the Financial Reporting Standard 102. The fair value of the gifted assets and liabilities is recognised as a gain in the Statement of Comprehensive Income in the year of acquisition.

The acquisition of Arcon Housing Association, at £nil consideration, gave rise to an amount of negative goodwill. The negative goodwill arises because of the difference between the Fair Value of assets and liabilities acquired and the consideration paid.

The Fair Value of Arcon Housing Association's housing properties assets was deemed to be their Existing Use Value – Social Housing (EUV-SH) at the time of acquisition. The EUV-SH has been determined by reference to an independent valuation of Arcon Housing Association's assets. The Fair Value of Arcon Housing Association's other assets and liabilities was deemed to be the same as their Net Book Value as at 1 April 2019.

The negative goodwill generated due to the excess of assets over liabilities has been recognised as income in the year of acquisition in line with the Housing SORP.



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Notes forming part of the financial statement for the year ended 31 March 2020

The negative goodwill calculation is set out below.

	Book value at 1 April 2019	Adjustments	Fair value at 1 April 2019
	£'000	£'000	£'000
Housing properties	52,936	(1,252)	51,684
Other fixed asset	3,043	-	3,043
Current assets	9,749	-	9,749
Current liabilities	(1,418)	-	(1,418)
Long term liabilities	(43,115)	-	(43,115)
Fair value of assets acquired			19,943
Less acquisition price			-
Negative goodwill			19,943

### 34. Net debt reconciliation

	At 1 April 2019	Cash flows	Acquisition & disposal of subsidiaries	Other non- cash changes	At 31 March 2020
	£000	£000	£000	£000	£000
Cash at bank and in hand	17,840	(10,838)	8,768	-	15,770
Bank loans due less than one year	-	-	(173)	-	(173)
Bank loans due greater than one year	(30,000)	-	(24,367)	-	(54,367)
Net Debt	(12,160)	(10,838)	(15,772)	-	(38,770)

### 35. Prior year adjustment

Bolton at Home has restated prior year figures to recognise the respective debtor and provision in relation to enhancement works required per the Stock Transfer Agreement. Bolton at Home was obliged to carry out enhancement works to its housing stock transferred from the local authority valued at £447,798,000 excluding VAT, across a 15-year period. At 1 April 2018, the value of works remaining was assessed to be £109,806,000. At 31 March 2019, this had reduced to £96,732,000. At 31 March 2020, this had reduced to £83,991,000 as detailed in Note 25, which reflect the known value of capital improvement works over the remaining life of the VAT share agreement with Bolton Council. This agreement ends on 31 March 2026.

### 36. Post Balance sheet events

The group has been affected by the covid-19 pandemic which has caused delays to capital improvement works to properties and also to the development of new properties. Repairs expenditure is also reduced from the original budget. As a result of the wide ranging impact of the pandemic, a revised budget and business plan were prepared which were approved by the board in May 2020 and which continued to show compliance with loan covenants. Financial reporting at the quarter ending June 2020 showed an increased level of surplus against the revised business plan.