



**Blackpool Coastal  
Housing**

# **Report and Financial Statements**

**For the year ended 31<sup>st</sup> March 2020**

**INSPIRING PEOPLE TO BUILD BETTER COMMUNITIES**

**Company Registration Number: 05868852**

# Blackpool Coastal Housing Limited

## Company Limited by Guarantee

### CONTENTS

	Page(s)
Officers and Professional Advisers	1-2
Strategic Report	3-8
Directors' Report	9
Directors' Responsibilities in the preparation of financial statements	10
Independent Auditor's Report	11-13
Statement of Total Comprehensive Income	14
Statement of Changes in Equity	15
Statement of Financial Position	16
Statement of Cash Flows	17
Significant Accounting Policies	18-22
Notes to the Financial Statements	23-36

#### DIRECTORS

##### **Non-Executive Directors (Voting)**

##### Tenant board members

Vivienne O'Shea (1) (2)	(Vice Chair)
Keith Edwards (1)	Resigned 1 December 2019
Neil Herring (1)	
Lisa Marie Derby (2)	

##### Council nominated board members

Cllr Andrew Stansfield (1) (2)	Resigned 6 May 2019
Cllr Adrian Hutton (2)	Resigned 6 May 2019
Cllr Luke Taylor	Resigned 6 May 2019
Cllr Vikki Singleton	Resigned 6 May 2019
Cllr Lynn Williams (2)	Appointed 13 May 2019, Resigned 11 May 2020
Cllr Jim Hobson	Appointed 13 May 2019
Cllr Derek Robertson (1)	Appointed 13 May 2019
Cllr Gillian Campbell (Chair)	Appointed 11 May 2020

##### Independent board members

Alan Disley
Elaine Upton (1)
Marie Thompson
Andrei Szatkowski (1) (2)

The Non-Executive Directors were members of the following Board Committees within the year ended 31 March 2020, as indicated;

- (1) Member of the Audit Committee
- (2) Member of the Remuneration Committee

#### SENIOR MANAGEMENT TEAM

John Donnellon	Chief Executive
Stephen Dunstan	Director of Resources
Maggie Cornall	Director of Operations

In line with other Council subsidiary companies the company secretarial function is performed by their Democratic Services team, with Mark Towers appointed as Company Secretary on 6 February 2013.

#### REGISTERED OFFICE

Coastal House  
17-19 Abingdon Street  
Blackpool  
Lancashire  
FY1 1DG

#### AUDITOR

Smith Craven  
Sidings House  
Sidings Court  
Lakeside  
Doncaster  
DN4 5NU

#### BANKERS

Barclays Bank  
3 Hardman Street  
Manchester  
M3 3HF

#### SOLICITORS

Legal and Democratic Services  
Blackpool Council  
Town Hall  
Blackpool  
FY1 1NB

#### ACTUARY

Mercer  
Mercury Court  
Tithebarn  
Liverpool  
L2 2QH

#### INCORPORATION

Blackpool Coastal Housing Limited ("BCH") was incorporated on 6 July 2006 and commenced operations on 15 January 2007 as a result of entering into a fifteen year management agreement between Blackpool Council and the Company.

#### CONSTITUTION

The Company is incorporated as a private company limited by guarantee under the Companies Act 2006. As such it has no share capital and is effectively owned by its sole member, Blackpool Council.

#### BUSINESS REVIEW AND RESULTS FOR THE PERIOD

The year ended 31 March 2020 was the thirteenth full year of operation for the Company and the financial result was a deficit of £401,000 (pre adjustment for International Accounting Standard (IAS) 19) (2019: £20,000 deficit). The Company's revenue for the year was £12,657,000 with a pre-tax loss of £2,129,000 (2019: £917,000 loss). The adjusted loss from £401,000 to £2,127,000 loss is as a result of the adjustments required by the recognition of the pension liability accounted for under IAS 19. Included within these results is revenue of £583,000 relating to the Art Council's Creative People and Places programme and expenditure of £603,000. The difference of £20,000 represents the Company's match funding contribution.

Excluding the IAS 19 adjustments a deficit of £401,000 would have been reported. The reconciliation between these figures is set out below reversing the IAS 19 adjustments currently shown as a loss within the income statement.

	Yr ended 31 March 2020 £ '000	Yr ended 31 March 2019 £ '000
Loss for the period under IAS 19 (revised)	(2,129)	(917)
Current service cost	1,434	1,205
Administration Expenses	26	20
Curtailments	66	62
Past service cost	605	-
Operating charge under IAS 19	2,131	1,287
Actual employer pension contributions	(561)	(522)
Net interest cost	158	132
IAS 19 adjustment in the period	1,728	897
Loss for the period excluding IAS 19 (revised)	(401)	(20)

The deficit for the period (excluding IAS 19) of £401,000 includes a £500,000 contribution to Blackpool Council. Excluding this exceptional item, as well as excluding IAS 19, a surplus for the year of £99,000 would have been reported.

#### VISION, VALUES AND PRIORITIES

##### *Vision*

Our Vision is 'Inspiring People to Build Better Communities'.

##### *Values*

We will go about our work with:-

- Integrity and honesty
- A clear accountability, organisationally and individually
- A focus on being a caring organisation
- An aim of empowering staff and customers
- An objective of building aspiration

##### *Our Priority Areas For The Next Five Years*

- To be an excellent provider of housing
- To manage and maintain our stock to a decent standard
- To be an efficient and effective business
- To assist our customers to enter work and training
- To use our community development role to improve neighbourhoods
- To improve our neighbourhood environments
- To make sure we use our BCH expenditure to support our other priorities
- To work in partnership and engage others in our priorities
- To create new housing choice

#### EQUALITY & DIVERSITY STATEMENT

BCH is committed to providing services that meet the needs of all sections of the community housed by Blackpool Council, living near properties managed by BCH, or seeking access to housing services or information about housing services in the Blackpool area.

We value and celebrate the richness of cultures, backgrounds and traditions of the town's population.

BCH is also committed to developing a workforce and a Board that reflects the community it serves. We seek to be an employer that values and develops the skills and abilities of people from different backgrounds.

As a provider of housing services to local people we recognise our important role in improving the quality of life for everyone in Blackpool, the need to be accountable to tenants, leaseholders and the Council and to deliver all services with equality and fairness. We work in partnership with Blackpool Council contributing towards their equality and diversity agenda and other relevant strategies.

BCH will not tolerate discrimination against anyone because of their race, religion or belief, culture, nationality, ethnic background, colour, physical or mental disability, mental health, gender, sexuality, age, literacy, caring responsibility, income level, or marital status.

#### PERFORMANCE REVIEW 2019/20

Our business priorities are decided by our Board. Their decisions on our goals are reviewed at an annual strategy meeting. What we know about our customers' needs and wants, our contract with Blackpool Council, and the wider local and national policy environment are all considered in reaching the decision as to what our goals should be.

The Board of BCH is ultimately responsible for the performance of the organisation and regularly monitors and reviews performance against the objectives and targets. Monitoring by the Board compliments the arrangements agreed with the Council as set out in the Management Agreement.

#### KEY PERFORMANCE INDICATORS

Using a balanced scorecard approach, BCH measures performance at organisational, directorate, and service levels. As in the previous year most performance targets in the Balanced Scorecard were met or exceeded, where this was not the case explanations were provided to the Board on a quarterly basis.

During the year the restructure of the Repairs Service was completed to enable it to be an efficient internal provider and competitive in the wider market. The benefits of this are now being seen in productivity. A review of Supported Housing has also been undertaken during the year and a restructure to improve efficiency implemented. A key performance priority remaining is rental income collection, not because the service is performing poorly but because any marginal gains that can be found will be valuable in the face of the full rollout of Universal Credit and the impacts on COVID 19 on rent paid.

#### SERVICES PROVIDED

BCH is responsible for administering all landlord housing services, including the Building Maintenance Direct Workforce, which delivers the Day to Day and Void Housing Repairs Services. BCH is also responsible for determining and implementing cyclical and planned maintenance programmes.

Supported Housing Services are provided for vulnerable tenants, particularly older people and homeless people, including a Sheltered Housing Service and an Emergency Housing Service. Recent changes have seen an increasing role supporting the Council with care leaver provision. Contracting agreements are in place to allow BCH to manage Blackpool Council's Traveller Site.

The Care and Repair service, the Council's Home Improvement Agency, remains with BCH following a transfer from the Council. BCH also continues to be the accountable body for some of the funding of the Left Coast consortium under the Art Council's Creative People and Places programme. This is being used to increase participation in, and consumption of, the Arts in traditionally hard to reach groups. The Council's Property Services function continues to be combined with the Repairs team, delivering economies of scale.

Stability and quality of housing is seen as a fundamental element underpinning the resilience of local communities as well as providing the base for aspiration and ambition. BCH has added new services to help secure and stabilise tenancies by providing employment support to those furthest from the labour market, increasing access to supported housing for care leavers and hosting support services for ex-offenders and substance misusers.

The company plans to widen and deepen collaboration with our sister company, the Blackpool Housing Company, going forward to increase the efficiency and effectiveness of delivery of Blackpool Council's housing ambition. In this regard the recent publication of the Council's Housing Investment Plan sets out the intent to significantly increase social housing provision in the town.

#### **The functions delegated to BCH can be summarised as:**

- Income collection
- Management of the Housing Revenue Account

- Tenant information and consultation on matters which are the responsibility of BCH
- Tenant participation, including involvement in monitoring and review of service standards
- Anti-Social Behaviour management
- Enforcement of tenancy conditions
- Leaseholder management
- Stock investment decisions
- Responsive repairs
- Planned and cyclical maintenance
- Managing lettings, voids and under occupation
- Tenancy sign up and allocation
- Estate management; and
- Sheltered Housing service and Hostels

#### **The functions retained by the Council include:**

- Overall housing strategy and enabling
- Determining policies on lettings, anti-social behaviour and rents (in consultation with BCH)
- Managing the Supporting People programme
- Homelessness, general housing advice; and
- Administration of the Housing Register

#### FUTURE DEVELOPMENTS

The BCH Business Plan sets out the company's strategic aims and operational targets, and how they are to be delivered, as required under the terms of the Management Agreement with Blackpool Council. The key development aims in the new financial and performance year are set out below:

##### *Being an excellent provider of housing:*

We will:

- Continue to develop a housing-based leaving care provision that transitioning young people in care into independent living at a lower cost and with better outcomes than in the past.
- Seek to use our acquired knowledge to set up a resilient homelessness service in our hostels in conjunction with Housing Options, based on an early placement into a secure tenancy.
- Investigate how using secure tenancies with additional housing support can provide an alternative to current provision for those most in need of social care.
- Implement the findings from our comprehensive review of sheltered housing to further improve the service offered to some of our most vulnerable tenants.
- Take on board all recommendations made in HQN's review of the company's effectiveness.

##### *To manage and maintain our stock to a decent standard:*

We will:

- Continue to understand in greater detail our stock condition so we can produce more accurate, better value long term capital investment programmes.
- Work with our contractor partners on long-term arrangements to drive further cost and quality improvements whilst giving them a greater certainty of work.
- Proactively manage parts of our stock that are inefficient by examining all options, including investment in replacement provision where a business case can be made.
- Ensure the Disabled Facilities Grant is effectively managed to deliver the optimum benefit to the maximum number of people in need.
- Work with the Council and Blackpool Housing Company to implement the strategy details in the Council's Housing Investment Plan.



*To be an efficient and effective business:*

We will:

- Maintain our focus on a cost-effective management structure, and a lean back office which delivers even greater value for money by supporting a wider activity base.
- Maintain our income collection rates as far as possible given the unprecedented challenges.
- Focus on reducing our property costs through operational efficiency and managing demand.
- Retain a focus on developing a competitive trading account that will contribute to financial stability and the retention of jobs.
- Review ways of working post COVID 19 to ensure that we operate as efficiently as possible given the new ways of working.

*To assist our customers to enter work and training:*

We will:

- Continue to provide support to key groups to get them closer to the labour market.
- Work with the college to provide basic skills courses in the community as a stepping-stone to work or further study
- Explore options to continue to deliver the services in this area currently funded from grant sources which are delivering clear benefits to our tenants and other Blackpool residents.
- Use Rents Team resources to identify customers who can benefit from the above opportunities following the impact of COVID on the national and local economy.
- Explore opportunities for tenants and wider Blackpool residents arising in construction from implementation of the Council Housing Investment Plan.

*To use our community development role to improve neighbourhoods:*

We will:

- Continue to work with Left Coast to use new and innovative ways to engage with our residents and build a sense of community, with a particular focus on Hawes Side.
- Extend the range of opportunities through which our staff give two days of their time to community action.
- Champion new ways of reaching and working with our customers through our involvement team.
- Work to increase the access of tenants to digital services, and broaden the ways in which our core service can be accessed digitally.
- Use the Environmental Group and associated budget to make a difference in local communities.

*To make sure we use BCH expenditure to support our other priorities:*

We will:

- Review all our contracting arrangements to see what additional value can be provided.
- Utilise our existing expenditure to match fund new sources of funding where appropriate.
- Develop a cost effective support service and pathway to secure housing for those presenting as homeless as the current commissioning budgets disappear.
- Explore the opportunities arising from the Council House Investment Plan.
- Progress on the journey to being a Carbon Zero organisation by 2030

*To work in partnership and engage others in our priorities:*

We will:

- Continue to lead the Choice Based Lettings partnership of social housing providers across the Fylde Coast.
- Support work to increase resilience within Jobs, Friends and Houses, a joint venture between Lancashire Constabulary and Blackpool Council.
- Place a priority on developing collaborative projects with adult and children's social care and health.
- Champion a "Housing First" model of provision as a way of dealing with the most vulnerable in our community.
- Work with the Blackpool Housing Company to develop joint solutions where there is mutual benefit, preventing avoidable duplication of resources.

*To create new housing choice:*

We will:

- Review our options for dealing with poor performing and inappropriate low demand stock.
- Ensure we take advantage of opportunities to grow our stock by acquisition where we have strong financial and strategic reasons for doing so.
- Seek to support the access to key worker accommodation for the hospital staff being recruited overseas.
- Review our options for development on the cleared Grange Park site.
- Implement the Council House Investment Plan.

#### PRINCIPAL RISKS AND UNCERTAINTIES

The directors have fully considered all major known risks and uncertainties, which may affect the Company in the foreseeable future.


The Company's primary source of income is from Blackpool Council, under a fifteen year Management Agreement. This agreement expires on 31 March 2021, an extension to this is being progressed following an independent external review of BCH's effectiveness early in 2020. The Management Fee is funded from the Council's ring-fenced Housing Revenue Account (HRA) and is negotiated annually in advance. The implementation of Self-Financing for Council Housing in April 2012, and abolition of the HRA subsidy system, has increased financial certainty and improved strategic planning for the Council and the Company. However the ongoing rollout of Universal Credit increases the likelihood of non-payment of rent and is likely to adversely affect the HRA Business Plan and is therefore the principle risk to BCH. The impacts of COVID 19 have been assessed by the board and the Strategic Risk Register amended to reflect this, though in no case have net risk ratings been fundamentally changed.

Details of financial risk management policies can be found in note 2 to the financial statements.

#### GOING CONCERN

For the year ended 31 March 2020, the Company is reporting net liabilities of £6,889,000 on the statement of financial position due to the requirement to account for actuarial gains/losses reported through the pension valuation (IAS 19). This would be £589,000 after adding back the pension liability. This does not, on itself, impact on the cash flows of the Company or on its ability to attract funding and therefore does not impact on the going concern concept. The Council has agreed to meet all liabilities.

By order of the Board



Cllr Gillian Campbell  
Chair

14 October 2020

The directors submit their report and financial statements of Blackpool Coastal Housing Limited for the year ended 31 March 2020.

#### PRINCIPAL ACTIVITIES

The Company's principal business activities are to manage, maintain and improve the social rented housing stock of Blackpool Council.

#### RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £2,129,000. Further detail can be found in the Strategic Report. The directors have not recommended a dividend as there is no share capital.

#### DIRECTORS

Under the Memorandum and Articles of Association the 11 Non-Executive directors represent the local community:

- Three Blackpool Council nominees\*
- Four tenants
- Four independent members

The number of Council nominees changed permanently in May 2019, from four to three.

The directors who served during the year are shown on Page 1. Non-Executive directors served throughout the period and subsequently, except where indicated. There are no statutory Executive directors. Third party indemnity insurance was in place for the Directors during the period. The directors have no interests in the Company.

#### STRATEGIC REPORT

Review of the business, key performance indicators, future developments and principal risks and uncertainties are all included in the Strategic Report.

#### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

By order of the Board



Cllr Gillian Campbell  
Chair

14 October 2020

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements of the company in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

The financial statements are required by law and IFRS as adopted by the EU to present fairly the financial position and performance of the company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether they have been prepared in accordance with IFRS as adopted by the EU;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Blackpool Coastal Housing Limited website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Opinion

We have audited the financial statements of Blackpool Coastal Housing Limited (the 'company') for the year ended 31 March 2020 which comprise the statement of total comprehensive income, statement of changes in equity, statement of financial position, the statement of cash flows 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- have been prepared in accordance with the requirements of the Companies Act 2006.

## 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 company 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 were:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company'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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

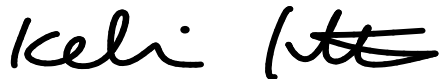
#### **Auditor's responsibilities for the audit of the financial statements**

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



Kelvin Fitton BA FCA (Senior Statutory Auditor)  
For an on behalf of Smith Craven Chartered Accountants  
Statutory Auditors  
Sidings House  
Sidings Court  
Lakeside  
Doncaster  
DN4 5NU

Date

14 October 2020

### STATEMENT OF TOTAL COMPREHENSIVE INCOME for the year to 31 March 2020

	<i>Notes</i>	2020 £'000	2019 £'000
REVENUE	3	12,657	12,601
Operating costs	4	(14,120)	(13,386)
Exceptional Item	4	<u>(500)</u>	<u>-</u>
LOSS FROM OPERATIONS	4	(1,963)	(785)
Other income	5	1	-
Finance costs	6	(167)	(132)
LOSS BEFORE TAXATION		<u>(2,129)</u>	<u>(917)</u>
Income tax expense	8	-	-
LOSS FOR THE YEAR	15	<u><u>(2,129)</u></u>	<u><u>(917)</u></u>
OTHER COMPREHENSIVE INCOME / (EXPENSE), NET OF TAX			
Actuarial (losses) / gain on defined benefit obligations	18	<u>309</u>	<u>(22)</u>
TOTAL COMPREHENSIVE (EXPENSE) / INCOME FOR THE YEAR		<u><u>(1,820)</u></u>	<u><u>(939)</u></u>

The loss for the year arises from the Company's continuing operations.

The loss for the year and total comprehensive income is entirely attributable to its sole member (note 20).



# Blackpool Coastal Housing Limited

## Company Limited by Guarantee

### STATEMENT OF CHANGES IN EQUITY

For the year to 31 March 2020

	Pension reserve £'000	Retained Earnings £'000	Total £'000
BALANCE AT 1 APRIL 2018	(5,140)	1,010	(4,130)
Loss for the year	(897)	(20)	(917)
Other comprehensive income, net of tax: Actuarial gain on defined benefit obligations	(22)	-	(22)
TOTAL COMPREHENSIVE INCOME / (EXPENSE) FOR THE YEAR	(919)	(20)	(939)
BALANCE AT 31 MARCH 2019	(6,059)	990	(5,069)
Loss for the year	(1,728)	(401)	(2,129)
Other comprehensive income, net of tax: Actuarial loss on defined benefit obligations	309	-	309
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR	(1,419)	(401)	(1,820)
BALANCE AT 31 MARCH 2020	(7,478)	589	(6,889)

# Blackpool Coastal Housing Limited

## Company Limited by Guarantee

### STATEMENT OF FINANCIAL POSITION

31 March 2020

Company Registration No:05868852

	Notes	2020 £'000	2019 £'000
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	10	63	77
Right of use assets	10	154	-
		<u>217</u>	<u>77</u>
<b>CURRENT ASSETS</b>			
Inventories	11	17	27
Trade and other receivables	12	1007	1,178
Cash and cash equivalents	9	1,647	1,155
		<u>2,671</u>	<u>2,360</u>
<b>TOTAL ASSETS</b>		<u><u>2,888</u></u>	<u><u>2,437</u></u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	(2,299)	(1,447)
<b>NON CURRENT LIABILITIES</b>			
Retirement benefit obligations	18	(7,478)	(6,059)
Provisions	19	-	-
		<u>(9,777)</u>	<u>(7,506)</u>
<b>TOTAL LIABILITIES</b>		<u>(9,777)</u>	<u>(7,506)</u>
<b>NET LIABILITIES</b>		<u><u>(6,889)</u></u>	<u><u>(5,069)</u></u>
<b>EQUITY</b>			
Retained Earnings		589	990
Pension Reserve	15	(7,478)	(6,059)
		<u>(6,889)</u>	<u>(5,069)</u>
<b>TOTAL EQUITY</b>	15	<u><u>(6,889)</u></u>	<u><u>(5,069)</u></u>

The financial statements on pages 14 to 35 were approved by the Board and authorised for issue on 14 October 2020 and are signed on its behalf by:



Cllr Gillian Campbell  
Chair

### STATEMENT OF CASH FLOWS for the year to 31 March 2020

	<i>Notes</i>	2020 £'000	2019 £'000
<b>OPERATING ACTIVITIES</b>			
Cash used in operations	16	489	(520)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>			
<b>INVESTING ACTIVITIES</b>			
Disposal of property, plant and equipment		3	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>			
		492	(520)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		1,155	1,675
<hr/>			
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	16	1,647	1,155
		<hr/> <hr/>	<hr/> <hr/>

#### BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with accounting standards. The accounts are prepared in GBP £'000's and the company is domiciled in the UK.

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"). Some of the IFRS recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from UK GAAP.

#### FORM OF ACCOUNTS

In view of the nature of the Company's activities, the headings in the Companies Act 2006 Part 15 are prescribed to be inappropriate, and a summary income and expenditure account is presented in place of the prescribed profit and loss account. The directors have taken advantage of paragraph 396 of Part 15 to the Companies Act 2006 which allows the preparation of accounts to be adapted to reflect the special nature of the Company's activities.

#### GOING CONCERN

The Company's activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report. This sets out how the Company's net liabilities have been impacted by the IAS 19 pension scheme valuation and that this does not itself directly impact the going concern basis of accounting. On the basis of their assessment of the Company's financial position and future income streams, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### REVENUE RECOGNITION

Revenue represents fees for general property management and the redistributed Arts Council funding and it is stated net of value added tax. All income is recognised at the point of service delivery. The Management Fee from Blackpool Council is received monthly in arrears.

#### PROPERTY, PLANT AND EQUIPMENT

All fixed assets are initially recorded at cost.

#### DEPRECIATION

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Vehicles, Plant and Equipment	Straight line over 3-5 years
Computer and IT Equipment (including digital TV equipment)	Straight line over 3-10 years

#### IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

At each reporting date the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present

#### IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT (continued)

value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the income statement immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### RIGHT OF USE ASSETS AND LEASE LIABILITIES

The company leases various buildings and plant and equipment.

Until the 2019 financial year, leases of buildings, plant and equipment were classified as either finance leases or operating leases. From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the company under residual value guarantees;
- The exercise price of a purchase option if the company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the company revalue its land and buildings that are presented within property, plant and machinery, it has chosen not to do so for the right-of-use buildings held by the company.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of term of 12 months or less. Low-value assets comprise of office equipment.

Information about critical accounting estimates and judgements in the application of lease accounting is disclosed in note 1 and note.

The company has changed its accounting policy for leases where the company is the lessee. Prior to this change, leases in which a significant portion of the risks and rewards of ownership were not transferred to the company as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

#### Lease accounting

The lease payments are discounted using the interest rate implicit in the lease. The company used incremental borrowing rates specific to each lease and the rates range between 1.08%-4% translating to an average rate of 2.5%.

#### INVENTORIES

Inventory is stated at the lower of cost or net realisable value. Cost is calculated using the first in, first out (FIFO) method. Net realisable value represents the estimated selling price less all estimated costs to completion and selling costs to be incurred.

#### PENSIONS

IAS 19 (revised), applicable for accounting periods commencing on or after 1<sup>st</sup> January 2013, has been adopted.

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each year end.

Actuarial gains and losses arising are recognised directly in other comprehensive income in the period in which they arise. Past service costs are recognised as an expense at the earlier date when the plan amendments or curtailments occur and when the entity recognises related restructuring costs or termination benefits. The net interest cost is charged to the Statement of Total Comprehensive Income.

An asset or liability is recognised equal to the present value of the defined benefit obligation. Any defined benefit surplus is restricted to the 'asset ceiling' defined as the present value of any economic benefits available in the form of refunds or reductions in future contributions to the plan. The interest on the effect of any asset ceiling is recognised in income and expenditure and is determined by multiplying the effect of the asset ceiling by the discount rate as determined at the start of the period. The difference between this amount and the total change in the effect of the asset ceiling is recognised in other comprehensive income.

The rate used to discount the benefit obligations is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations. Gains and losses on curtailments/settlements are recognised when the curtailment/settlement occurs.

#### TAXATION

HM Revenue and Customs have confirmed that the Company is exempt from corporation tax on its activities with Blackpool Council.

#### PROVISIONS

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

#### FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Company has become a party to the contractual provisions of the instrument.

##### ***Financial assets***

###### *Trade receivables*

Trade receivables are classified as loans and receivables and are initially recognised at fair value. They are subsequently measured at their amortised cost using the effective interest method less any provision for impairment. A provision for impairment is made where there is objective evidence, (including customers with financial difficulties or in default on payments), that amounts will not be recovered in accordance with the original terms of the agreement. A provision for impairment is established when the carrying value of the receivable exceeds the present value of the future cash flows discounted using the original effective interest rate. The carrying value of the receivable is reduced through the use of an allowance account and any impairment loss is recognised in the income statement.

###### *Cash and cash equivalents/liquid resources*

Cash and cash equivalents comprise cash at bank and in hand and other short-term deposits held by the Company with maturities of less than three months.

##### ***Financial liabilities***

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

###### *Trade payables*

Trade payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

#### INTERPRETATIONS AND STANDARDS EFFECTIVE IN THE CURRENT PERIOD

All new standards, amendments to standards or interpretations that became effective for the first time were adopted by the Company.

The IASB and IFRIC have issued the following standards and interpretations with effective dates as noted below:

<b>Standard</b>	<b>Effective Date (for annual periods beginning on or after)</b>
Revisions to the Conceptual Framework for IFRS Standards	1 January 2019
IFRS 16: Leases	1 January 2019

The impact on the company's financial statements is detailed on note 10.

There are no other amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 March 2020 that have had a material impact on the company's financial statements.



## 1 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### *Critical accounting estimates and assumptions*

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions 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 relate to the Company's pension scheme.

The pension liability is calculated using a number of complex judgements and assumptions including the rate of consumer price index (CPI), rate of increase in salaries, changes in retirement ages, mortality rates and expected return of pension scheme assets. The sensitivity of the overall pension liability to changes in the weighted principal assumptions is detailed in note 18.

Under the going concern concept it is assumed that BCH will continue to operate for the foreseeable future and that there is neither the intention, nor the need, to liquidate the Company or cease trading.

## 2 FINANCIAL RISK MANAGEMENT

The Company's Board is responsible for reviewing the risk register and for risk management within the Company, including financial risks. The Board receive biannual reports on this matter to ensure that the risk mitigation procedures are compliant with Company policy and that any new risks are appropriately managed. Risks are also reviewed on a regular basis at department level and the key risks identified are kept under review by the Senior Management Team.

### **Liquidity risk and credit risk**

Management's objective is to meet its liabilities as they fall due whilst maintaining sufficient headroom to enable the Board to react to unexpected changes in market conditions. The Company is largely dependent on its largest customer, the Council, which represents 92.3% (2019: 90.1%) of its turnover in order to maintain the necessary cash headroom to operate effectively.

The Management Fee from the Council is receivable monthly in arrears by BCH. BCH is exposed to liquidity and credit risk principally in the event that the Council were to experience cash flow difficulties in paying BCH its management charge monthly or in returning the funds that BCH has deposited with it.

The Company maintains cash deposits with a UK bank. All BCH's cash and cash equivalents are held in a Council maintained bank account, separate from other Council funds.

Credit risk predominantly arises from trade receivables, principally the Council (73%). The likelihood that the Council will default on their debts is considered low risk.

### **Maturity analysis**

The table below analyses the Company's financial liabilities on a contractual gross undiscounted cash flow basis into maturity groupings based on amounts outstanding at the reporting date up to the contractual maturity date.

## 2 FINANCIAL RISK MANAGEMENT (continued)

<b>Liabilities – 2020</b>	Within 6 months £'000	6 months - 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Trade and other payables	1,679	-	-	-	1,679
(excluding deferred income and other taxes and social security)	1,679	-	-	-	1,679

The table below analyses the Company's financial assets held for managing liquidity risk which are considered to be readily saleable or are expected to generate cash inflows to meet cash outflows on financial liabilities.

<b>Assets – 2020</b>	Within 6 months £'000	6 months - 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Cash at bank and on hand	1,647	-	-	-	1,647
Trade and other receivables	1,007	-	-	-	1,007
	2,654	-	-	-	2,654

<b>Liabilities – 2019</b>	Within 6 months £'000	6 months - 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Trade and other payables	956	-	-	-	956
(excluding deferred income and other taxes and social security)	956	-	-	-	956

<b>Assets - 2019</b>	Within 6 months £'000	6 months - 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Cash at bank and on hand	1,155	-	-	-	1,155
Trade and other receivables	1,178	-	-	-	1,178
	2,333	-	-	-	2,333

The Company would normally expect that sufficient cash is generated in the operating cycle to meet the contractual cash flows as disclosed above through effective cash management.

#### FINANCIAL RISK MANAGEMENT (continued)

The table below shows the Company's financial assets and liabilities split by those bearing fixed and floating rates and those that are non-interest bearing:

<b>Assets – 2020</b>	Fixed rate	Floating rate	Non-interest bearing	Total
	£'000	£'000	£'000	£'000
Cash and cash equivalents	-	-	1,647	1,647
Trade and other receivables	-	-	1,007	1,007
	-	-	2,654	2,654

<b>Liabilities – 2020</b>	Fixed rate	Floating rate	Non-interest bearing	Total
	£'000	£'000	£'000	£'000
Trade and other payables (excluding deferred income and other social security)	-	-	1,679	1,679
	-	-	1,679	1,679

<b>Assets – 2019</b>	Fixed rate	Floating rate	Non-interest bearing	Total
	£'000	£'000	£'000	£'000
Cash and cash equivalents	-	-	1,155	1,155
Trade and other receivables	-	-	1,178	1,178
	-	-	2,333	2,333

<b>Liabilities – 2019</b>	Fixed rate	Floating rate	Non-interest bearing	Total
	£'000	£'000	£'000	£'000
Trade and other payables (excluding deferred income and other social security)	-	-	956	956
	-	-	956	956

#### Credit Risk

The Company's maximum exposure to credit risk, gross of any collateral held, relating to its financial assets is equivalent to their carrying value as disclosed below. All financial assets have a fair value which is equal to their carrying value.

	2020	2019
	£'000	£'000
<i>Maximum exposure to credit risk</i>		
Trade and other receivables -		
Blackpool Council	736	914
Blackpool Housing Company Ltd	7	5
Other	264	259
	1,007	1,178

### 3 REVENUE

Sales were made wholly within the United Kingdom and derived from the Company's principal activity of housing management as detailed;

	2020 £'000	2019 £'000
HRA Management fee from Blackpool Council	10,007	9,772
Care & Repair Management fee from Blackpool Council	522	496
Other Blackpool Council Income (inc. Arts Council project)	1,156	1,197
Blackpool Housing Company Ltd	60	9
Arts Council Funding	266	451
Arts Council Project Other Funding	279	329
More Positive Together Project Funding	358	337
Other	9	10
	12,657	12,601

### 4 LOSS FROM OPERATIONS

2020 £'000	2019 £'000
---------------	---------------

Loss from operations is stated after charging:

Depreciation of owned property plant and equipment	192	13
Auditor's fees:		
On audit services	10	16
Rentals under operating leases - Land & Buildings	-	105
Rentals under operating leases - Other	5	148

The following table analyses the nature of expenses:

	2020 £'000	2019 £'000
Staff costs (see note 7)	7,650	6,541
Depreciation and impairments (see note 10)	192	13
Repairs & Maintenance	2,990	3,000
Exceptional Item	500	-
Other expenses	3,288	3,832
Total expenditure allocated to operating costs	14,620	13,386

The Exceptional Item of £500,000 relates to a contribution to Blackpool Council.

### 5 OTHER INCOME

2020 £'000	2019 £'000
---------------	---------------

Disposal of non-current assets	1	-
	1	-

6	FINANCE INCOME AND COSTS	2020 £'000	2019 £'000
	Return on pension assets	(589)	(569)
	Interest on pension liabilities	747	701
	Interest payable on finance leases	9	-
		<u>167</u>	<u>132</u>

7	STAFF COSTS	2020 No.	2019 No.
	The average monthly number of persons employed by the Company during the period was:	183	185
	Senior Management Team	3	3
	Support services	20	19
	Property services	60	59
	Care & repair	8	8
	Housing services (including Supported Housing)	75	74
	Arts Council Project	5	5
	More Positive Together Project	12	13
		<u>183</u>	<u>181</u>

		2020 £'000	2019 £'000
	Wages and salaries	4,954	4,685
	Social security costs	463	435
	Other pension costs	2,131	1,287
	Modernisation and redundancy costs	22	25
		<u>7,570</u>	<u>6,432</u>
	Agency staff	<u>80</u>	<u>109</u>
		<u>7,650</u>	<u>6,541</u>

Remuneration to the Non-Executive Directors and Senior Management Team are detailed in note 20.

	Non-Executive Directors' emoluments	2020 £'000	2019 £'000
	Remuneration for qualifying services	29	23
		<u>29</u>	<u>23</u>

#### 8 INCOME TAX EXPENSE

The Company is a wholly owned subsidiary of Blackpool Council and its income is derived from services provided to the Council. HM Revenue and Customs has confirmed that transactions between ALMOs and their Councils do not amount to trading and, accordingly, any surplus or deficit arising thereon is outside the scope of corporation tax. There is no corporation tax liability arising on the Arts Council project activities.

9 FINANCIAL INSTRUMENTS

**2020**

	Loans and receivables £'000	Total £'000
<b>Current financial assets</b>		
Trade and other receivables	1,007	1,007
Cash and cash equivalents	1,647	1,647
Total	2,654	2,654

**2020**

	Other financial liabilities £'000	Total £'000
<b>Current financial liabilities</b>		
Trade and other payables (excluding deferred income and other social security)	1,679	1,679
Total	1,679	1,679

**2019**

	Loans and receivables £'000	Total £'000
<b>Current financial assets</b>		
Trade and other receivables	1,178	1,178
Cash and cash equivalents	1,155	1,155
Total	2,333	2,333

**2019**

	Other financial liabilities £'000	Total £'000
<b>Current financial liabilities</b>		
Trade and other payables (excluding deferred income and other social security)	956	956
Total	956	956

#### 10 PROPERTY, PLANT & EQUIPMENT

	Property £'000	Computer and IT equipment £'000	Vehicles, Plant and Equipment £'000	Total £'000
<b>Cost:</b>				
At 1 April 2018	-	609	111	720
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 March 2019	-	609	111	720
Effect of adoption of IFRS 16:				
Leases (Note 17)	174	-	159	333
Additions	-	-	-	-
Disposals	-	-	(3)	(3)
At 31 March 2020	174	609	267	1,050
<b>Accumulated depreciation and any recognised impairment losses:</b>				
At 1 April 2018	-	521	109	630
Charged in the year	-	12	1	13
Disposals	-	-	-	-
At 31 March 2019	-	533	110	643
Charged in the year	100	13	79	192
Disposals	-	-	(2)	(2)
At 31 March 2020	100	546	187	833
<b>Net book value:</b>				
At 31 March 2020	74	63	80	217
At 31 March 2019	-	76	1	77
At 1 April 2018	-	88	2	90

Depreciation expense of £13,000 (2019: £13,000) has been charged to operating costs. As at 31 March 2019 the net carrying amount of assets held under finance leases included in property and plant and machinery is £333,000. From 2020 leased assets are presented as a separate line in the Statement of Financial Position (Right of use Assets). See note for details about the effect of adoption of IFRS 16.

11	INVENTORIES	2020 £'000	2019 £'000
	Raw materials and consumables	17	27
		<u>17</u>	<u>27</u>

Raw materials set out above are carried at cost.

12	TRADE AND OTHER RECEIVABLES	2020 £'000	2019 £'000
	Trade receivables – Blackpool Council	736	914
	Blackpool Housing Company Ltd	7	5
	Other receivables	264	259
		<u>1,007</u>	<u>1,178</u>

The following table provides analysis of trade and other receivables that were past due at 31 March, but not impaired. The Company believes that the balances are ultimately recoverable based on a review of past payment history.

	2020 £'000	2019 £'000
Over 3 months (but less than 12 months)	3	259
Over 12 months	3	0
	<u>6</u>	<u>259</u>

Payment terms are 30 days from the date of Invoice. No impairment losses have been recognised in the current or preceding years.

13	TRADE AND OTHER PAYABLES	2020 £'000	2019 £'000
	Trade and other payables are as follows:		
	Blackpool Council	1,055	318
	Other amounts payable relating to invoiced amounts	537	587
	Amounts payable under finance leases	156	-
	Other accruals	220	199
	Other deferred income	200	181
	Other tax and social security	131	162
		<u>2,299</u>	<u>1,447</u>

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 37 days (2019: 18 days).

The directors consider that the carrying amount of trade payables approximates to their fair value.



#### 14 COMPANY LIMITED BY GUARANTEE

The Company is limited by guarantee, incorporated and domiciled in the United Kingdom, and is governed by its memorandum and articles of association. The guarantor is its sole member, Blackpool Council (see note 20) and is listed in the Company's Register of Members. The liabilities in respect of the guarantee are set out in the memorandum of association and are limited to £1 per member of the Company.

15	RESERVES	2020 £'000	2019 £'000
	Retained earnings at 1 April	(5,069)	(4,130)
	(Loss) / surplus for the year	(2,127)	(917)
	Actuarial gain / (loss) (note 18)	309	(22)
		(6,887)	(5,069)
	At 31 March	(6,887)	(5,069)
		2020 £'000	2019 £'000
	Analysed as:		
	Retained Earnings reserve (excluding pension deficit)	591	990
	Pension deficit	(7,478)	(6,059)
		(6,887)	(5,069)
16	CASH FLOWS	2020 £'000	2019 £'000
	Reconciliation of loss from operations to net cash outflow used in operating activities		
	(Loss) before taxation	(2,127)	(917)
	Depreciation	13	13
	Pension contributions paid in period (note 18)	(561)	(522)
	Pension contributions charged in the period (note 18)	2,289	1,419
	Decrease / (Increase) in inventories	9	1
	Decrease / (Increase) in trade and other receivables	171	417
	(Decrease) / Increase in trade and other payables	696	(831)
	(Decrease) / Increase in provisions	-	(100)
	(Profit) on disposal of non-current assets	(1)	-
		489	(520)
	Net cash used in operations	489	(520)

#### 16 CASH FLOWS (continued)

##### CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent:

	2020 £'000	2019 £'000
Cash at bank	1,647	1,155
	1,647	1,155

#### 17 IFRS 16 LEASES

The company has lease contracts for its premises and vehicles used in operations. The amounts recognised in the financial statements in relation to the leases are as follows:

##### (i) Amounts Recognised in the Statement of Financial Position

The balance sheet shows the following amounts relating to Leases :-

	31 March 2020 £000	1 April 2019 £000
<b>Right of use assets</b>		
Property	74	174
Vehicles, plant and equipment	80	159
	<b>154</b>	<b>333</b>
<b>Lease liabilities</b>		
Current	156	177
Non current	-	156
	<b>156</b>	<b>333</b>

In the previous year, the company only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17 Leases. The assets were presented in property, plant and machinery and the liabilities as part of the company's borrowings. For adjustments recognised on adoption of IFRS 16 on 1 April 2019, please refer to note 10.

## 18 RETIREMENT BENEFIT OBLIGATIONS

### Defined benefit plan

The Company is an admitted member of the Lancashire County Pension Scheme, a local government funded defined benefit scheme. The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 31 March 2020. The present values of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit method.

The recent valuation reflects the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension. The expected impact of this past service liability has been included as a "past service cost". In amount recognised in 2020 is £95,000 (2019: £nil). Also included within past service costs is £510,000 (£2019:£nil) relating to the estimated impact of the McCloud judgement surrounding age discrimination, calculated as at 1<sup>st</sup> April 2019. An allowance for the additional costs arising from this judgement in 2019/20 is included within the current service costs.

Key assumptions used:	2020	2019
	%	%
Discount rate	2.4	2.5
Expected rate of salary increases	3.6	3.7
Future pension increases	2.2	2.3

Mortality rate assumptions are based on publicly available data in the UK. The average life expectancy for a pensioner retiring at 65 on the reporting date is:

	2020	2019
	Years	Years
Male	87.3	87.8
Female	90.5	90.5

The average life expectancy for a pensioner retiring at 65, aged 45 at the reporting date:

	2020	2019
	Years	Years
Male	88.8	90.1
Female	92.3	93.2

The sensitivity of the overall pension liability to changes in the weighted principal assumptions is:

	Change in assumption	Overall impact on liability
Discount rate	Increase by 0.1%	Decrease by £678,000
Salary growth rate	Increase by 0.1%	Increase by £118,000
Rate of mortality	1 year addition to life expectancy	Increase by £872,000

#### 18 RETIREMENT BENEFIT OBLIGATIONS (continued)

Amounts recognised in the Income Statement in respect of these defined benefit schemes are as follows:

	2020 £'000	2019 £'000
Current service cost	1,434	1,205
Net interest cost	158	132
Administration Expenses	26	20
Effect of curtailments or settlements	66	62
Past service cost	605	-
	2,289	1,419

Of the charge for the year, £2,131,000 (2019: £1,287,000) has been included in operating expenses, and £158,000 (2019: £132,000) in finance costs, within the Income Statement.

Actuarial gains and losses are reported as "other comprehensive income". The gain recognised in 2020 was £309,000, against a loss in 2019 of £22,000, and the cumulative loss is £1,597,000 (2019: £1,906,000).

The actual return on scheme assets was £389,000 (2019: £2,407,000).

The amounts included in the Statement of Financial Position arising from the Company's obligation in respect of defined benefit retirement schemes is as follows:

	2020 £'000	2019 £'000
Fair value of scheme assets	25,689	23,464
Present value of defined benefit obligations	(33,167)	(29,523)
Deficit in scheme	(7,478)	(6,059)
Liability recognised in the Balance Sheet	(7,478)	(6,059)

All of the defined benefit plan obligations relate to funded schemes

Analysis for reporting purposes:

	2020 £'000	2019 £'000
Non-current assets	25,689	23,464
Current assets	-	-
Current liabilities	-	-
Non-current liabilities	(33,167)	(29,523)
	(7,478)	(6,059)

#### 18 RETIREMENT BENEFIT OBLIGATIONS (continued)

Movements in the present value of defined benefit obligations in the current period were as follows:

	2020 £'000	2019 £'000
At 1 April	29,523	26,233
Current service cost	1,434	1,205
Interest cost	747	701
Actuarial losses and (gains)	1,130	1,861
Contributions by plan participants	287	264
Past service cost	605	-
Benefits paid	(625)	(803)
Curtailments	66	62
	<u>33,167</u>	<u>29,523</u>
At 31 March		

Movements in the fair value of scheme assets in the current period were as follows:

	2020 £'000	2019 £'000
At 1 April	23,464	21,093
Expected return on scheme assets	589	569
Actuarial gains	1,439	1,839
Administration expenses	(26)	(20)
Employer contributions	561	522
Employee contributions	287	264
Benefits paid	(625)	(803)
At 31 March	<u>25,689</u>	<u>23,464</u>

The analysis of the scheme assets and the expected rate of return at the reporting date were as follows:

	Fair value of assets £'000	
	2020	2019
Equities	13,615	10,348
Government bonds	-	821
Other bonds	642	282
Property	2,184	2,182
Cash	719	117
Other	8,529	9,714
	<u>25,689</u>	<u>23,464</u>

19	PROVISIONS	2020 £'000	2019 £'000
	Legal Claim		
	1 April	-	100
	In year provision	-	-
	Unwind in year	-	(100)
		<u>-</u>	<u>-</u>
	At 31 March	<u>-</u>	<u>-</u>

## 20 RELATED PARTY TRANSACTIONS

BCH's parent and ultimate parent is Blackpool Council. BCH is an Arm's Length Management Organisation of Blackpool Council, established to run the management and maintenance function of the Council's homes and other related buildings (chiefly hostels, community centres and garages). Blackpool Council has given an unlimited guarantee to the company dated 23 April 2015.

During the year BCH supplied services to Blackpool Council totalling £11,685,000 (2019: £11,465,000) and purchased goods and services from the Council totalling £2,256,000 (2019: £1,838,000).

At 31 March 2020, included in Trade and Other Receivables (note 12) is a total amount due from Blackpool Council of £736,000 (2019: £914,000) and included in Trade and Other Payables (note 13) is a total amount due to the Council of £1,055,000 (2019: £318,000). The net balance owed to Blackpool Council is £319,000 (2019: £596,000).

During the year goods and services totalling £60,000 (2019: £8,000) were provided to Blackpool Housing Company Limited ("BHC"), a wholly owned subsidiary of Blackpool Council. A further £6,000 was recharged at cost. During the year goods and services totalling £1,000 (2019: £0) were purchased from BHC. At 31 March 2020, £7,000 (2019: £5,000) was owed from BHC.

Goods and services totalling £9,000 (2019: £9,000) were purchased from Blackpool Transport Services Limited ("BTS"), a wholly owned subsidiary of Blackpool Council. At 31 March 2020, £29 (2019: £2,000) was owed to BTS. No goods or services (2019: £1,000) were purchased during the year from Blackpool Entertainment Company Limited ("BECL"), a wholly owned subsidiary of Blackpool Council.

Jobs, Friends & Houses ("JFH") is a Community Interest Company jointly owned by Blackpool Council and Lancashire Constabulary. During the year a grant of £9,000 was awarded to JFH from BCH's Tenant Project Fund.

The amounts outstanding are unsecured, carry or bear no interest and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

### Remuneration of key management personnel

The remuneration of the Senior Management Team of the Company, including employer's National Insurance, is set out below in aggregate.

	2020 £'000	2019 £'000
Short-term employee benefits	275	275
Post-employment benefits	97	78
	372	353

Remuneration of Non-Executive Directors totalled £29,000 (2019: £23,000) as disclosed in note 7.