



Blackpool Coastal
Housing

Report and Financial Statements

For the year ended 31st March 2021

INSPIRING PEOPLE TO BUILD **BETTER COMMUNITIES**

Company Registration Number: 05868852

Blackpool Coastal Housing Limited

Company Limited by Guarantee

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DIRECTORS

Non-Executive Directors (Voting)

Tenant board members

Vivienne O'Shea (1) (2)	(Vice Chair)
Neil Herring (1)	
Lisa Marie Derby (2)	Resigned 2 December 2020

Council nominated board members

Cllr Lynn Williams (2)	Resigned 11 May 2020
Cllr Jim Hobson (2)	
Cllr Derek Robertson (1)	
Cllr Gillian Campbell (2) (Chair)	Appointed 11 May 2020, Resigned 16 June 2021
Cllr Neal Brookes (2) (Chair)	Appointed 16 June 2021

Independent board members

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

The Non-Executive Directors were members of the following Board Committees within the year ended 31 March 2021, 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 2021 was the fourteen full year of operation for the Company and the financial result was a surplus of £50,000 (pre adjustment for International Accounting Standard (IAS) 19) (2020: £401,000 deficit). The Company's revenue for the year was £12,635,000 with a pre-tax loss of £961,000 (2020: £2,129,000 loss). The adjusted surplus from £50,000 to £961,000 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 £261,000 relating to the Art Council's Creative People and Places programme and expenditure of £311,000. The difference of £50,000 represents the Company's match funding contribution.

Excluding the IAS 19 adjustments a surplus of £50,000 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 2021 £ '000	Yr ended 31 March 2020 £ '000
Loss for the period under IAS 19 (revised)	(961)	(2,129)
Current service cost	1,474	1,434
Administration Expenses	28	26
Curtailments/settlements	45	66
Past service cost	-	605
Operating charge under IAS 19	1,547	2,131
Actual employer pension contributions	(706)	(561)
Net interest cost	170	158
⁵⁸ IAS 19 adjustment in the period	1,011	1,728
Surplus/(Loss) for the period excluding IAS 19 (revised)	50	(401)

The deficit for the year ended 31 March 2020 (excluding IAS 19) of £401,000 included 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.

The Council's Equalities Manager is reviewing our approach to equalities and we are committed to implementing any recommendations that come out of this process. An Equalities Champion from the Board is supporting this process.

PERFORMANCE REVIEW 2020/21

Our business priorities are decided by our Board. Their decisions on our goals are reviewed at an annual strategy meeting, though due to the pandemic this year several virtual sessions took place instead. 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. The balanced scorecard has been reviewed in conjunction with the Board to reflect the requirements in the recent White Paper.

Rental income collection remains a key priority, not because the service is performing poorly but because of the impacts of COVID 19 on rent paid. A review of the Rents Service was undertaken during the year and the recommendations are being implemented; collection rates at the end of the financial and performance year were very encouraging. The Performance Team are now undertaking a review of the voids service, another area with a direct impact on the rent that can be collected.

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 and hostel accommodation 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. The two companies and the Council are collaborating on a major redevelopment on the Grange Park Estate.

BCH is committed to addressing climate change and is working with the Carbon Trust and the Council to become carbon neutral by 2030.

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)
- 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 transitions 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.
- Through our learning of providing support for homeless people during the Covid Pandemic develop services using secure tenancies with additional housing support to provide an alternative to current provision for entrenched homeless tenants.
- Implement the findings from our comprehensive review of sheltered housing to further improve the service offered to some of our most vulnerable tenants, including developing new sheltered housing.
- Learn from complaints to improve service to customers going forward

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.
- Explore using new technologies to assist us to manage the housing stock as efficiently and effectively as possible.
- 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 detailed 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.
- Work in an agile manner to increase productivity and reduce carbon emissions relating to our activity

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 including the agreed extension of our More Positive Together partnership
- 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.
- Use our influence as a significant leader in the community to encourage social value supporting employment and training opportunities within our organisation, our contractors and our partners

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.
- 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.
-
- 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.
- Move our Grange Park base to @thegrange, where we will be able to work collaboratively with colleagues from Public Health, Groundwork and the police
- Work with the Blackpool Housing Company to develop joint solutions where there is mutual benefit, preventing avoidable duplication of resources.
- Lead the Coastal Cluster as part of the More Positive Together project on the Fylde Coast.

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.
- Implement the Council House Investment Plan.
- Let the Troutbeck redevelopment
- Be an integral part of the new housing development on Grange Park

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 Management Agreement. The initial fifteen agreement expired on 31 March 2021, an extension of five years has been agreed. 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 2021, the Company is reporting net liabilities of £12,185,000 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 £639,000 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 Jim Hobson
Director

21 July 2021

The directors submit their report and financial statements of Blackpool Coastal Housing Limited for the year ended 31 March 2021.

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 £961,000. 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 nine Non-Executive directors represent the local community:

- Three Blackpool Council nominees*
- Two 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 Jim Hobson
Director

21 July 2021

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 2021 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 2021 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

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 11, 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 a Report of the Auditors 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Company, we identified that the principal risks of non-compliance with laws and regulations and we considered the extent to which non-compliance might have a material effect on the financial statements.

As part of this assessment we considered both quantitative and qualitative factors. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006 and IFRS.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements which included the risk of management override of controls. We determined that the principal risks were related to posting inappropriate journal entries, omitting, advancing or delaying recognition of events and transactions that have occurred during or after the reporting period, and potential management bias in the determination of accounting estimates or judgements to manipulate results.

Audit procedures performed by the engagement team include:

- Enquiring of and obtaining written representation from management in relation to known or suspected instances of non-compliance with laws and regulations and fraud;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Review of board meeting minutes and meetings of those charged with governance;
- Identifying and, where relevant, testing journal entries posted by senior management or with unusual combinations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Incorporating elements of unpredictability into the nature, timing and/or extent of audit procedures performed.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentation, or through collusion.

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

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

Blackpool Coastal Housing Limited

Company Limited by Guarantee

STATEMENT OF TOTAL COMPREHENSIVE INCOME for the year to 31 March 2021

	Notes	2021 £'000	2020 £'000
REVENUE	3	12,635	12,657
Operating costs	4	(13,423)	(14,120)
Exceptional Item	4	<u>-</u>	<u>(500)</u>
LOSS FROM OPERATIONS	4	(788)	(1,963)
Other income	5	-	1
Finance costs	6	(173)	(167)
LOSS BEFORE TAXATION		<u>(961)</u>	<u>(2,129)</u>
Income tax expense	8	-	-
LOSS FOR THE YEAR	15	<u>(961)</u>	<u>(2,129)</u>
OTHER COMPREHENSIVE INCOME / (EXPENSE), NET OF TAX			
Actuarial (losses) / gain on defined benefit obligations	18	<u>(4,335)</u>	<u>309</u>
TOTAL COMPREHENSIVE (EXPENSE) / INCOME FOR THE YEAR		<u>(5,296)</u>	<u>(1,820)</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 19).

	Pension reserve £'000	Retained Earnings £'000	Total £'000
BALANCE AT 1 APRIL 2019	(6,059)	990	(5,069)
(Loss) / surplus for the year	(1,728)	(401)	(2,129)
Other comprehensive income, net of tax:			
Actuarial gain on defined benefit obligations	309	-	309
TOTAL COMPREHENSIVE INCOME / (EXPENSE) FOR THE YEAR	<u>(1,419)</u>	<u>(401)</u>	<u>(1,820)</u>
BALANCE AT 31 March 2020	<u>(7,478)</u>	<u>589</u>	<u>(6,889)</u>
(Loss) / surplus for the year	(1,011)	50	(961)
Other comprehensive income, net of tax:			
Actuarial loss on defined benefit obligations	(4,335)	-	(4,335)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR	<u>(5,346)</u>	<u>50</u>	<u>(5,296)</u>
BALANCE AT 31 March 2021	<u>(12,824)</u>	<u>639</u>	<u>(12,185)</u>

Blackpool Coastal Housing Limited

Company Limited by Guarantee

STATEMENT OF FINANCIAL POSITION

31 March 2021

Company Registration No:05868852

	Notes	2021 £'000	2020 £'000
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	10	50	63
Right of use assets	10	94	154
		<u>144</u>	<u>217</u>
CURRENT ASSETS			
Inventories	11	9	17
Trade and other receivables	12	1,114	1,007
Cash and cash equivalents	9	1,290	1,647
		<u>2,413</u>	<u>2,671</u>
TOTAL ASSETS		<u><u>2,557</u></u>	<u><u>2,888</u></u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	(1,824)	(2,143)
Leases	17	(47)	(156)
NON CURRENT LIABILITIES			
Leases	17	(47)	-
Retirement benefit obligations	18	(12,824)	(7,478)
		<u>(14,742)</u>	<u>(9,777)</u>
TOTAL LIABILITIES		<u>(14,742)</u>	<u>(9,777)</u>
NET LIABILITIES		<u><u>(12,185)</u></u>	<u><u>(6,889)</u></u>
EQUITY			
Retained Earnings		639	589
Pension Reserve	15	(12,824)	(7,478)
		<u>(12,185)</u>	<u>(6,889)</u>
TOTAL EQUITY	15	<u><u>(12,185)</u></u>	<u><u>(6,889)</u></u>

The financial statements on pages 15 to 36 were approved by the Board and authorised for issue on 21 July 2021 and are signed on its behalf by:



Cllr Jim Hobson
Director

STATEMENT OF CASH FLOWS for the year to 31 March 2021

	<i>Notes</i>	2021 £'000	2020 £'000
OPERATING ACTIVITIES			
Cash used in operations	16	(201)	666
INVESTING ACTIVITIES			
Assets recognised under adoption of IFRS 16		(94)	(333)
Disposal of property, plant and equipment			3
FINANCING ACTIVITIES			
Lease liabilities recognised on adoption of IFRS 16		94	333
Lease liabilities paid in year		(156)	(177)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(357)	492
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,647	1,155
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,290	1,647

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 1st 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:

Standard	Effective Date (for annual periods beginning on or after)
Revisions to the Conceptual Framework for IFRS Standards	1 January 2020

There are no other amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 March 2021 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 95.9% (2020: 92.3%) 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 (81%). 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)

Liabilities – 2021	Within 6 months £'000	6 months - 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Trade and other payables	1,042	-	-	-	1,042
(excluding deferred income and other taxes and social security)	1,042	-	-	-	1,042

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.

Assets – 2021	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	1,290	-	-	-	1,290
Trade and other receivables	1,114	-	-	-	1,114
	2,404	-	-	-	2,404

Liabilities – 2020	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

Assets - 2020	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

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:

Assets – 2021	Fixed rate	Floating rate	Non-interest bearing	Total
	£'000	£'000	£'000	£'000
Cash and cash equivalents	-	-	1,290	1,290
Trade and other receivables	-	-	1,114	1,114
	-	-	2,404	2,404

Liabilities – 2021	Fixed rate	Floating rate	Non-interest bearing	Total
	£'000	£'000	£'000	£'000
Trade and other payables (excluding deferred income and other social security)	-	-	1,042	1,042
	-	-	1,042	1,042

Assets – 2020	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

Liabilities – 2020	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

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.

	2021	2020
	£'000	£'000
<i>Maximum exposure to credit risk</i>		
Trade and other receivables -		
Blackpool Council	907	736
Blackpool Housing Company Ltd	2	7
Other	205	264
	1,114	1,007

3 REVENUE

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

	2021 £'000	2020 £'000
HRA Management fee from Blackpool Council	10,270	10,007
Care & Repair Management fee from Blackpool Council	457	522
Other Blackpool Council Income	1,386	1,156
Blackpool Housing Company Ltd	2	60
Arts Council Funding	204	266
Arts Council Project Other Funding	57	279
More Positive Together Project Funding	241	358
Other	18	9
	<u>12,635</u>	<u>12,657</u>

4 LOSS FROM OPERATIONS

2021 £'000	2020 £'000
---------------	---------------

Loss from operations is stated after charging:

Depreciation of property plant and equipment	167	192
Auditor's fees:		
On audit services	10	10
Expense relating to short term leases	23	5

The following table analyses the nature of expenses:

	2021 £'000	2020 £'000
Staff costs (see note 7)	7,322	7,650
Depreciation and impairments (see note 10)	167	192
Repairs & Maintenance	2,954	2,990
Exceptional item	-	500
Other expenses	2,980	3,288
Total expenditure allocated to operating costs	<u>13,423</u>	<u>14,620</u>

The exceptional item of £500,000 at 31 March 2020 related to a contribution to Blackpool Council. There are no exceptional items at 31 March 2021.

5 OTHER INCOME

2021 £'000	2020 £'000
---------------	---------------

Disposal of non-current assets	-	1
	<u>-</u>	<u>1</u>

Blackpool Coastal Housing Limited

Company Limited by Guarantee

NOTES TO THE FINANCIAL STATEMENTS

for the year to 31 March 2021

6	FINANCE INCOME AND COSTS	2021	2020
		£'000	£'000
	Return on pension assets	(622)	(589)
	Interest on pension liabilities	792	747
	Interest payable on finance leases	3	9
		<u>173</u>	<u>167</u>

7	STAFF COSTS	2021	2020
		No.	No.
	The average monthly number of persons employed by the Company during the period was:	184	183
	Senior Management Team	3	3
	Support services	21	20
	Property services	56	60
	Care & repair	10	8
	Housing services (including Supported Housing)	81	75
	Arts Council Project	5	5
	More Positive Together Project	8	12
		<u>184</u>	<u>183</u>

		2021	2020
		£'000	£'000
	Wages and salaries	5,213	4,954
	Social security costs	489	463
	Other pension costs	1,547	2,131
	Modernisation and redundancy costs	-	22
		<u>7,249</u>	<u>7,570</u>
	Agency staff	<u>73</u>	<u>80</u>
		<u>7,322</u>	<u>7,650</u>

Remuneration to the Non-Executive Directors and Senior Management Team are detailed in note 19.

	Non-Executive Directors' emoluments	2021	2020
		£'000	£'000
	Remuneration for qualifying services	27	29
		<u>27</u>	<u>29</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

2021

	Loans and receivables £'000	Total £'000
Current financial assets		
Trade and other receivables	1,114	1,114
Cash and cash equivalents	1,290	1,290
Total	2,404	2,404

2021

	Other financial liabilities £'000	Total £'000
Current financial liabilities		
Trade and other payables (excluding deferred income and other social security)	1,042	1,042
Total	1,042	1,042

2020

	Loans and receivables £'000	Total £'000
Current financial assets		
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
Current financial liabilities		
Trade and other payables (excluding deferred income and other social security)	1,679	1,679
Total	1,679	1,679

10 PROPERTY, PLANT & EQUIPMENT

	Property £'000	Computer and IT equipment £'000	Vehicles, Plant and Equipment £'000	Total £'000
Cost:				
At 1 April 2020	-	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
Effect of adoption of IFRS 16: Leases (Note 17)				
Additions	-	-	94	94
Disposals	(174)	-	-	(174)
At 31 March 2021	-	609	361	970
Accumulated depreciation and any recognised impairment losses:				
At 1 April 2020	-	533	110	643
Charged in the year	100	13	79	192
Disposals	-	-	(2)	(2)
At 31 March 2020	100	546	187	833
Charged in the year	74	13	80	167
Disposals	(174)	-	-	(174)
At 31 March 2021	-	559	267	826
Net book value:				
At 31 March 2021	-	50	94	144
At 31 March 2020	74	63	80	217
At 1 April 2019	-	76	1	77

Depreciation expense of £167,000 (2020: £192,000) has been charged to operating costs. As at 31 March 2021 the net carrying amount of assets held under finance leases included in property and plant and machinery is £94,000 (2020: £154,000).

11	INVENTORIES	2021 £'000	2020 £'000
	Raw materials and consumables	9	17
		<u>9</u>	<u>17</u>

Raw materials set out above are carried at cost.

12	TRADE AND OTHER RECEIVABLES	2021 £'000	2020 £'000
	Trade receivables – Blackpool Council	907	736
	Blackpool Housing Company Ltd	2	7
	Other receivables	205	264
		<u>1,114</u>	<u>1,007</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.

	2021 £'000	2020 £'000
Over 3 months (but less than 12 months)	7	3
Over 12 months	3	3
	<u>10</u>	<u>6</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	2021 £'000	2020 £'000
	Trade and other payables are as follows:		
	Blackpool Council	446	1,055
	Other amounts payable relating to invoiced amounts	634	537
	Other accruals	188	220
	Other deferred income	371	200
	Other tax and social security	185	131
		<u>1,824</u>	<u>2,143</u>

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 19 days (2020: 37 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 19) 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	2021 £'000	2020 £'000
	Retained earnings at 1 April	(6,889)	(5,069)
	(Loss) / surplus for the year	(961)	(2,129)
	Actuarial gain / (loss) (note 18)	(4,335)	309
		<hr/>	<hr/>
	At 31 March	(12,185)	(6,889)
		<hr/> <hr/>	<hr/> <hr/>
		2021 £'000	2020 £'000
	Analysed as:		
	Retained Earnings reserve (excluding pension deficit)	639	589
	Pension deficit	(12,824)	(7,478)
		<hr/>	<hr/>
		<hr/> <hr/>	<hr/> <hr/>
16	CASH FLOWS	2021 £'000	2020 £'000
	Reconciliation of loss from operations to net cash outflow used in operating activities		
	(Loss) before taxation	(961)	(2,129)
	Depreciation	167	192
	Pension contributions paid in period (note 18)	(706)	(561)
	Pension contributions charged in the period (note 18)	1,717	2,289
	Decrease / (Increase) in inventories	8	9
	Decrease / (Increase) in trade and other receivables	(107)	171
	(Decrease) / Increase in trade and other payables	(319)	696
	(Decrease) / Increase in provisions	-	-
	(Profit) on disposal of non-current assets	-	(1)
		<hr/>	<hr/>
	Net cash used in operations	(201)	666
		<hr/> <hr/>	<hr/> <hr/>

16 CASH FLOWS (continued)

CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent:

	2021 £'000	2020 £'000
Cash at bank	1,290	1,647
	1,290	1,647

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 2021 £000	1 April 2020 £000
Right of use assets		
Property	-	74
Vehicles, plant and equipment	94	80
	94	154
Lease liabilities		
Current	47	156
Non current	47	-
	94	156

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 2021. The present values of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit method.

Key assumptions used:	2021	2020
	%	%
Discount rate	2.1	2.4
Expected rate of salary increases	4.2	3.6
Future pension increases	2.8	2.2

18 RETIREMENT BENEFIT OBLIGATIONS (continued)

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:

	2021 Years	2020 Years
Male	87.4	87.3
Female	90.1	90.0

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

Male	88.9	88.8
Female	91.9	91.8

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 £853,000
Salary growth rate	Increase by 0.1%	Increase by £135,000
Rate of mortality	1 year addition to life expectancy	Increase by £1,231,000

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

	2021 £'000	2020 £'000
Current service cost	1,474	1,434
Net interest cost	170	158
Administration Expenses	28	26
Effect of curtailments or settlements	45	66
Past service cost	-	605
	<u>1,717</u>	<u>2,289</u>

Of the charge for the year, £1,547,000 (2020: £2,131,000) has been included in operating expenses, and £170,000 (2020: £158,000) in finance costs, within the Income Statement.

Actuarial gains and losses are reported as "other comprehensive income". The loss recognised in 2021 was £4,335,000, against a gain in 2020 of £309,000, and the cumulative loss is £5,932,000(2020: £1,597,000).

The actual return on scheme assets was £2,828,000 (2020: £389,000).

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:

18 RETIREMENT BENEFIT OBLIGATIONS (continued)

	2021 £'000	2020 £'000
Fair value of scheme assets	28,952	25,689
Present value of defined benefit obligations	(41,776)	(33,167)
Deficit in scheme	(12,824)	(7,478)
Liability recognised in the Balance Sheet	(12,824)	(7,478)

All of the defined benefit plan obligations relate to funded schemes

Analysis for reporting purposes:

	2021 £'000	2020 £'000
Non-current assets	28,952	25,689
Non-current liabilities	(41,776)	(33,167)
	(12,824)	(7,478)

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

	2021 £'000	2020 £'000
At 1 April	33,167	29,523
Current service cost	1,474	1,434
Interest cost	792	747
Actuarial losses and (gains)	6,540	1,130
Contributions by plan participants	306	287
Past service cost	-	605
Benefits paid	(548)	(625)
Curtailments/settlements	45	66
At 31 March	41,776	33,167

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

	2021 £'000	2020 £'000
At 1 April	25,689	23,464
Expected return on scheme assets	622	589
Actuarial gains	2,205	1,439
Administration expenses	(28)	(26)
Employer contributions	706	561
Employee contributions	306	287
Benefits paid	(548)	(625)
At 31 March	28,952	25,689

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

18 RETIREMENT BENEFIT OBLIGATIONS (continued)

	Fair value of assets £'000	
	2021	2020
Equities	13,579	13,615
Other bonds	-	642
Property	4,111	2,184
Cash	637	719
Other	10,625	8,529
	<u>28,952</u>	<u>25,689</u>

19 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 £12,113,000 (2020: £11,685,000) and purchased goods and services from the Council totalling £1,617,000 (2020: £2,256,000).

At 31 March 2021, included in Trade and Other Receivables (note 12) is a total amount due from Blackpool Council of £907,000 (2020: £736,000) and included in Trade and Other Payables (note 13) is a total amount due to the Council of £446,000 (2020: £1,055,000). The net balance owed from Blackpool Council is £461,000 (2020: Owed to Blackpool Council £319,000).

During the year goods and services totalling £2,000 (2020: £60,000) were provided to Blackpool Housing Company Limited ("BHC"), a wholly owned subsidiary of Blackpool Council. During the year goods and services totalling £nil (2020: £1,000) were purchased from BHC. At 31 March 2021, £2,000 (2020: £7,000) was owed from BHC.

Goods and services totalling £2,000 (2020: £9,000) were purchased from Blackpool Transport Services Limited ("BTS"), a wholly owned subsidiary of Blackpool Council. At 31 March 2021, £nil (2019: £29) was owed to BTS.

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.

	2021 £'000	2020 £'000
Short-term employee benefits	275	275
Post-employment benefits	52	97
	<u>327</u>	<u>372</u>

Remuneration of Non-Executive Directors totalled £27,000 (2020: £29,000) as disclosed in note 7.