

Bournemouth Churches Housing Association Limited

Consolidated and entity

Financial Statements

Year ended 31 March 2018

Co-operative and Community Benefit Society (FCA) number: 18497R

Regulator of Social Housing number: LH0155

Bournemouth Churches Housing Association Limited

Report and Financial Statements for the year ended 31 March 2018

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Bournemouth Churches Housing Association Limited

Executives and advisors for the year ended 31 March 2018

Board of management

Chair - Dee O'Neill

Registered office

21 Christchurch Road
Bournemouth
Dorset
BH1 3NS

Board Members

Paul Dyer
Graham Westwood (Resigned February 2018)

Rebecca House (Resigned April 2017)
Mike Jenkins (Resigned August 2017)
Julie Leigh
Melanie Earnshaw
Rodger Hawkyard
Gillian Downey (Appointed June 2017)
Gerry Moore (Appointed June 2017)
Sally Reay (Appointed June 2017)
Jonathan Rickard (Appointed August 2017)
Robin James (Appointed September 2017, resigned December 2017)
Michael Butcher (Appointed March 2018)
Michael Wood (Appointed February 2018)
Dylan Phillips (Appointed March 2018)

Executive management

Chief Executive - Martin Hancock

Director of Finance and Corporate Resources

Martin Lucas

Director of Housing and Support

Brian Swann (retired May 2018)

Company Secretary

Philip Baker

Auditors

KPMG
Gateway House
Tollgate
Chandler's Ford
Eastleigh
SO53 3TG

Principal solicitors

Steele Raymond Solicitors
Richmond Point
43 Richmond Hill
Bournemouth
BH2 6LR

Bankers

Lloyds Bank Plc
45 Old Christchurch Road
Bournemouth
BH1 1ED

Bournemouth Churches Housing Association Limited

Chairman's statement for the year ended 31 March 2018

The annual accounts for 2017/18 provide a financial review of our activities and outcomes for the past year. Despite an increasingly challenging environment we have remained committed to the Group's common aim to help vulnerable people take control of their own lives by offering the highest standards of support in housing, health, learning and work.

BCHA has a clear record of innovation and imagination in the delivery of services and the continuing pressure on government funding for our services has required us to apply this approach to ensure continuity of delivery and standards of services. I congratulate the Chief Executive and his staff on the way they have successfully faced these challenges and I extend to them the thanks of the Board.

Finally, I thank the members of the BCHA Board and members of our subsidiaries' Boards for the work they have done during the past year. The Boards are committed to strong corporate governance and I am very pleased to report the upgrading of our governance rating to G1 by our Regulator this year.

Dee O'Neill
Chair

Bournemouth Churches Housing Association Limited

Report of the Board of Management for the year ended 31 March 2018

The Board of Management presents its report and the financial statements for the Group and the Association for the year ended 31 March 2018.

Principal activities and review of business

Bournemouth Churches Housing Association is a Registered Social Housing Provider incorporated under the Co-operative and Community Benefit Societies Act that provides social housing and support services to a wide range of vulnerable people. Its mission is to provide accommodation, care, support and help tailored to the specific needs of homeless people and others in housing need.

BCHA's subsidiaries during the year were:

(i) Hyped BCHA; a charitable company limited by guarantee. The objectives of Hyped BCHA are as follows:-

- 1) To provide accommodation, care, support, help and advice tailored to the specific needs of young persons in Dorset and its surrounding counties, who would otherwise be homeless, distressed or in other necessitous circumstances.
- 2) To develop the capacity and skills of the members of the socially and/or economically disadvantaged communities in such a way that they are better able to identify, and help meet their needs and to participate more fully in society.
- 3) To provide recreational or other leisure time facilities in the interest of social welfare with the object of improving the conditions of life for persons in necessitous circumstances, the aged, disabled, handicapped and chronically sick and who have need of such facilities by reason of their youth, age, infirmity or disablement, poverty or social and economic circumstances.
- 4) To provide facilities for recreation and other leisure occupation for communities in the interest of their social welfare within the meaning of the Charities Act 2011 and as limited to that Act.

The company has largely been dormant in recent years and transferred its business to BCHA on 29 March 2018 and is in the process of being dissolved.

(ii) New Leaf Limited; a social enterprise limited company. The main objectives of New Leaf are as follows:-

- 1) To carry on a social enterprise business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community rather than being driven by the need to maximise profit for shareholders and owners.
- 2) To carry on any other trade or business which can be, in the opinion of the Board of Directors, advantageously carried on by the Company. New Leaf acted as the maintenance arm of the Group during 2017/18.

(iii) Salisbury Trust For The Homeless; a charitable company limited by guarantee. The main objectives of Salisbury Trust For The Homeless are as follows:-

- 1) The relief of poverty by the provision of accommodation; primarily single young people who are homeless.
- 2) The assistance of persons who, by reason of physical, psychological, emotional or social infirmity, are in need of advice, counselling and any other form of aid concerning the problem of homelessness.
- 3) The reduction of homelessness by increasing public awareness of homelessness issues.

Bournemouth Churches Housing Association Limited

Report of the Board of Management for the year ended 31 March 2018 (continued)

(iv) RECOOP; a charitable company limited by guarantee. The main objectives of RECOOP are as follows:

To promote the care, resettlement and rehabilitation of offenders and ex-offenders, specifically those over the age of 50, in particular but not exclusively through the provision of support services, advocacy, financial advice, mentoring on issues such as employment and training and advice on housing and health that will enable them to take control of their lives and remain free from offending and prevent them from becoming socially excluded.

(v) Winchester Churches Housing Group (operating as Keystone); a charitable company limited by guarantee. The main objectives of the charity are as follows:

- 1) providing temporary accommodation in houses or hostels and any associated amenities for persons in necessitous circumstances upon terms appropriate to their means;
- 2) providing for aged, disabled, handicapped (whether mentally or physically), mentally ill or chronically sick persons in need thereof houses or hostels and any associated amenities specially designed or adapted to meet the disabilities and requirements of such persons;
- 3) providing services, advice or assistance upon terms appropriate to their means to aged, disabled, handicapped (whether mentally or physically), mentally ill or chronically sick persons in need thereof in arranging or carrying out works of improvement, repair or maintenance to houses occupied by them, and providing any associated amenities specially designed or adapted to meet the disabilities and requirements of such persons.

Winchester Churches Housing Group transferred its business to BCHA on 1 February 2018 and is in the process of being dissolved.

Review of Business

As a Registered Provider of social housing with the Regulator of Social Housing (RSH), Bournemouth Churches Housing Association (BCHA) now has circa 1,800 units in the group.

We are a major provider of housing, support and learning services in the South West of England. We support socially excluded people in the Bournemouth and Poole conurbation and across Dorset more widely, into Plymouth and Exeter in Devon, up through Somerset and Wiltshire and across to Reading.

We continue to work with over 10,000 clients each year and this, together with our staffing levels, makes BCHA directly comparable with Registered Social Housing Providers with larger stock sizes in our locality.

We have a mixed income stream; not solely dependent on rental income. Contracts for support services represent circa 20% of the Association's income. We also receive income from grants and other sources to provide learning services including funds from the Big Lottery.

As with many charitable organisations, BCHA is looking to receive donations as a source of income to alleviate the restricted income streams from the public sector in order to deliver appropriate services to our clients.

During the year ended 31 March 2018, there were an average of 248 full time equivalent staff in post (2017: 295) across the BCHA Group of companies. We owned, leased and managed 1,766 units (2017: 1,773) as at the end of the year, 70% were owned or leased and 30% were managed for others.

Notwithstanding the difficult economic environment the Board considers that the Group has traded satisfactorily during the year and remains optimistic for its future prospects and growth set out in its business plan.

After significant governance work the Board is pleased to report the upgrading of our governance rating to G1 by our Regulator this year.

More information is published on our web site.

Bournemouth Churches Housing Association Limited

Report of the Board of Management for the year ended 31 March 2018 (continued)

During the year the Group made transfers to restricted reserves of £4,000 (2017: £9,000). The Group ends the year with reserves of £10,298,000 (2017: £9,999,000 as restated).

Group Companies Review

New Leaf Limited, our social enterprise company, delivered the responsive and cyclical maintenance programmes for BCHA properties as well as providing cleaning and gardening services to the Group. After a business review the whole of the repairs function has been transferred to BCHA for 2018/19 to simplify and improve controls.

Salisbury Trust for The Homeless (STFH) continued to provide accommodation and support for the homeless people of Salisbury and continues to have a strong local presence in the Salisbury area.

Recoop, a charity formed in 2010 and providing help and support to older prisoners at various prisons across the South West of England, continued delivery of its' services although funding for this work continued to be on a short term basis.

Winchester Churches Housing Group continued to provide accommodation to the homeless people of Winchester. Following a governance review it was decided that the charity should merge with BCHA and the business was transferred on 1 February 2018.

BCHA is the sole corporate trustee of St Pauls Homes Almshouses and manages the 12 units of accommodation in Salisbury.

Effects of material estimates and judgements upon performance

There were no material estimates made in the production of these accounts apart from the assessment of impairment to assets, reviewing the useful lives of assets and also the estimate of dilapidations. These are detailed in note 3.

Qualifying third party indemnity provisions

The company has no qualifying third party indemnity provisions in place for the directors of Bournemouth Churches Housing Association - Registered Social Housing Provider.

Compliance with Governance and Financial Viability Standard

There has been a significant amount of work over the last 12 months to demonstrate adherence to relevant law, the Code of Governance and, with the task and finish approach, compliance with the Governance and Financial Viability Standard itself. Given the breadth of the Standard, seeking assurance from external sources is vital to giving the Board as rounded a view as possible of the Association's systems, processes and performance.

The Governance & Financial Viability Standard is the only one of the Regulatory Framework that requires self-certification. However, regulatory outcome 1.1 (taking reasonable steps to ensure compliance with all relevant law) includes primary legislation, common law and statutory guidance which could therefore extend to other regulatory standards.

Following the Board's scrutiny of evidence that set out the range of internal and external assurance available against each element of the Standard we certify compliance with the Governance and Financial Viability Standard.

Bournemouth Churches Housing Association Limited

Report of the Board of Management for the year ended 31 March 2018 (continued)

Code of Governance

The Board of Bournemouth Churches Housing Association has adopted the National Housing Federation Code of Governance. Following a self-assessment process, the Board is satisfied that it complies fully as at 31st March 2018 with the latest version of the Code (published 2015).

Going concern

After making enquiries, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the Group's financial statements. The Board approves the Group financial plan annually and its output which are submitted annually to the Regulator in the form of a Financial Forecast Return (FFR) annual regulatory return. The Board is, to the best of its knowledge, satisfied that covenant compliance is maintained throughout the life of the plan on the basis that the financial plan has been stress tested to withstand significant composite risks materialising without breaching lender covenants confirming the future viability of the Group.

Assessment of the effectiveness of internal control

The RSH's Regulatory Framework for Registered Providers requires the Board to ensure that they have an "appropriate, robust and prudent" business planning, risk and control framework (Specific Expectation 2.4 of the Governance & Financial Viability Standard). This Framework must (a) be approved by the Board and (b) be reviewed for effectiveness at least once a year.

The main basis for the Framework was developed by the US Committee of Sponsoring Organizations of the Treadway Commission (COSO). This internationally recognised model has five integrated components:

1. **Control Environment** (standards, processes and structures)
2. **Business Planning and Risk Assessment** (defining the strategy and understanding risks to achieving objectives)
3. **Control Activities** (policies, procedures and systems to mitigate risk)
4. **Information & Communication** (generating and sharing data)
5. **Monitoring** (assessing that the components are present and functioning)

Within these five components are 17 principles. Seven of the principles were scored as Strong, five as Moderate to Strong and five as Moderate. There were no components scored as Weak and relevant Actions Plans are in place for each component.

The Customer Scrutiny Panel continues to undertake independent service user reviews of projects and liaises with the Audit, Risk and Treasury Committee as part of the assurance process.

The Board reviewed the range and effectiveness of controls that were in place for the year ending 31st March 2018 and up to the date of this report. It concluded that there were no weaknesses that have resulted in material losses, contingencies or uncertainties which require disclosure in the accounts.

The measures in place give robust assurance to the Board on a regular basis that the viability of the Association will not be compromised.

Bournemouth Churches Housing Association Limited

Report of the Board of Management for the year ended 31 March 2018 (continued)

Statement of Board's responsibilities in respect of the Board's report and the financial statements

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The financial statements are required by law to give a true and fair view of the state of affairs of the group and the association and of the income and expenditure of the group and the association for that period.

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the group and the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the group or the association or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Information provided to the auditors

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

BDO LLP resigned as auditors following a tender exercise during the year. KPMG LLP were appointed as auditors and have expressed their willingness to continue in office and a resolution for their re-appointment is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

P Baker
Company Secretary

Date: 21 September 2018

Bournemouth Churches Housing Association Limited

Strategic report for the year ended 31 March 2018

Objectives and strategies to achieve those objectives

The Group's Business Plan was updated during the year with the new 2017-2022 Plan entitled Working Together, Inspiring Change published in June 2017. Through a process of staff engagement in late 2016 and from further consideration by the Senior Leadership Team and Board in 2017, four overarching strategic themes were identified for the Plan as follows:

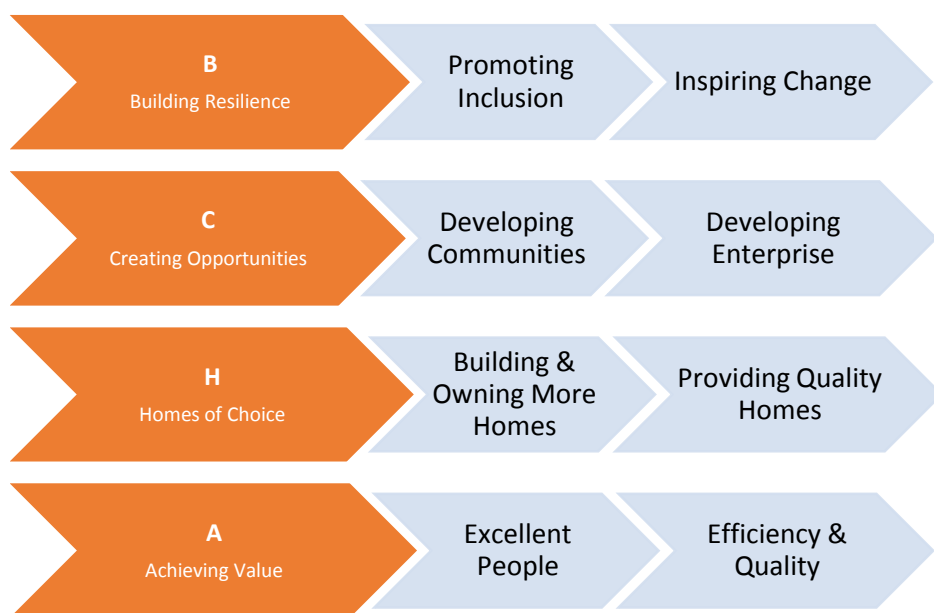
Building Resilience - equipping our customers with the skills, confidence and opportunities they need to maximise their chances of finding and sustaining a home and work and become fully included and accepted in society.

Creating Opportunities - seeking to grow the range of services we provide across our geography to fulfil or support our mission.

Homes of Choice - expanding the number of homes we own and ensuring that all of the stock we manage is of a high quality.

Achieving Value - ensuring we have the people and financial resources to deliver the Business Plan efficiently and effectively.

Within each theme, we have grouped our 12 corporate objectives ("priorities") into sub-themes as summarised in the graphic below.



The corporate objectives with annual plans and targets are reported to the Board every quarter. A summary of the Business Plan is available to view on our website www.bcha.org.uk

Development and performance during the financial year and financial position at the year end

This year's performance against the key strategic themes of the Business Plan is summarised below. Of the 13 objectives within the Business Plan for this year, 10 are complete with a further two showing progress. The stock investment objective was delayed due to recruitment of the Head of Asset Management. However, the budget for 2018/19 investment has been agreed and further stock condition analysis is underway. Two asset management disposals completed in 2017/18 with two more planned for 2018/19.

Bournemouth Churches Housing Association Limited

Strategic report for the year ended 31 March 2018 (continued)

Completed	Partially completed; Some tasks rolling forward	Limited Progress by Year End;
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Building resilience	Develop early intervention support for customer financial wellbeing
	Develop On-line/digital services
	Roll out Inspiring Change
	Develop employability & skills offer
Creating opportunities	Implement new Care & Support strategy for business growth
	Seek Health & Social Care business
	Develop Factory business plan
Homes of choice	Increase Homes in ownership over year by 100 units
	Deliver year investment programme
	Deliver high performance repairs service
	Promote Property Care ethos
Achieving value	Develop People Strategy
	Produce annual plans for services

Future prospects

The Action Plan for delivery of the new Business Plan has been approved together with targets for growth and links to the Strategic Risk Map.

The following drivers are critical to the success of the Business Plan and need to be embedded at all levels of the organisation.

Broader Business Model; Protecting Our Income - whilst continuing our commitment to helping those in greatest need in society we must ensure our financial strength by seeking a wider range of income sources to provide services and minimise risk. We must also seek to protect income through greater focus on maximising income collection (e.g. by minimising voids) and on stronger awareness of cost and waste.

Excellent Outcomes for Customers - not just doing the job, but doing it well. Aspiring to offer great service, going the extra mile to ensure satisfied customers and maximising value.

Efficiency & Learning - there are many challenges facing us and we need to be able to plan for and adapt to these challenges in order to thrive as a business and continue our mission. Flexibility requires creativity and resilience, a preparedness to keep on learning and a keen focus on keeping costs down.

Strategic Alliances - Working with others increases our capacity to do our job well, recognising more can be achieved with others than on our own. Alliances with specialist or larger organisations can complement what we do. Alternatively, mergers with similar-sized or smaller organisations can strengthen our assets and services and allow us to build more homes.

Bournemouth Churches Housing Association Limited

Strategic report for the year ended 31 March 2018 (continued)

Principal risks and uncertainties

The Board reviews the strategic Risk Map of the Group every quarter and risk assessment is considered as part of all organisation decision making. An Operational Risk group comprising of the senior decision makers in the organisation also meets every quarter to update and review key risks. All risks, operational and strategic are reviewed annually by all risk managers.

New and retained business opportunities are assessed for risk and scored to determine the organisational fit and the levels of risk inherent in each contract. Key risk areas in the operating environment include retaining existing contract business and the changes in Welfare Reform which will impact on our customers.

During the year the Board assessed the Risk Appetite for strategic activities of the business which is now reviewed as part of overall Risk reporting process.

The top six strategic risks as identified and scored on the Strategic Risk Map at the year end are summarised below. An enterprise risk stems from business growth, an environment risk from the current environment whilst a stress test risk stems from one of our risk scenarios.

Enterprise Risk:	Inability to win new business
Environment Risk:	Landlord health & safety failure
Environment Risk:	Loss of Contracts/Significant cuts to contracts
Environment Risk:	Universal Credit roll out
Environment Risk:	Supported housing future funding
Stress test:	Rent reduction of CPI-1% vs Financial Plan

Financial and non-financial key performance indicators

The Group measures achievements using Key Performance Indicators (KPIs) that are both quantitative and qualitative. These are reported to the Board as part of the quarterly performance pack. In terms of the headline corporate KPIs at the year end, six out of ten were on target or within our agreed margin of tolerance. The Group surplus for the year was £299k compared with the original budget of £725k. The key variances were higher voids, service charges, rent payable (due to delayed lease handbacks) and repairs spend.

Under the RSH's "Governance and Financial Viability Standard" registered providers are required to manage their resources effectively to ensure their viability is maintained while ensuring that social housing assets are not put at undue risk. Registered providers shall also ensure that they have an appropriate, robust and prudent business planning, risk and control framework. The framework shall ensure:

- (a) there is access to sufficient liquidity at all times
- (b) financial forecasts are based on appropriate and reasonable assumptions
- (c) effective systems are in place to monitor and accurately report delivery of plans
- (d) the financial and other implications of risks to the delivery of plans are considered
- (e) registered providers monitor, report on and comply with their funders' covenants

As part of BCHA's control framework, we have already adopted a number of financial standards to support the development of the business, to enable monitoring and reporting of performance and to manage risk. These standards set out the financial parameters which are most important to ensure we are maintaining our financial viability and meeting obligations to our funders. The standards are limits set to maintain a margin of safety over the measures in our loan covenants and provide a cushion in managing liquidity and treasury risks.

Capital structure and Treasury policy

The capital structure of BCHA is a combination of capital grant (SHG), private finance and accumulated reserves. Private finance is a mixture of fixed and variable rate bank loans secured by fixed charges on existing stock. Gearing (on a net worth basis) at 31st March 2018 was 40% compared with a tightest bank gearing covenant of 50%. Loan gearing covenants vary between lenders with the lowest gearing covenant

Bournemouth Churches Housing Association Limited

Strategic report for the year ended 31 March 2018 (continued)

being 50%. The Board adopts a low risk strategy to treasury and the Group does not use derivatives or other stand-alone products.

A new £22m loan facility with Triodos completed on 31 March 2017. This refinanced the existing £11.5m loan and provides circa £10.5m of new funding, a reduced margin and revised loan covenants offering greater headroom. A new £10m loan facility with Santander received bank credit committee approval in May 2018. These new facilities are to finance the Group's continued growth through development and acquisition.

Objectives, strategies and achievement

Commitment to employees

The Group has a strong commitment to the health, safety and welfare of its employees and actively encourages the involvement of its employees in its affairs. This is evidenced through a Health and Safety Committee who meet quarterly. Our health and safety policy and statement of arrangements were reviewed during the year and the Committee is to be replaced by a Health & Safety Forum with more formal representatives from our the business.

We acknowledge the important and valuable contribution staff make to the running of the Group and are constantly striving to improve our efforts to recruit, develop and retain quality staff. The importance of being an Equal Opportunities employer is reinforced by the commitment to the 'Positive about the disabled' initiative and through our continuous management, staff training and policies. The Group is an equal opportunities employer and gives full and fair consideration to all applicants including people with disabilities and special needs. During the year the Group produced a People Strategy that was approved by the Board in April 2018.

The board members are also grateful for the valuable contribution made by volunteers to the Group, whether by way of volunteer board members or volunteer face-to-face workers.

Gender Pay gap

In accordance with the new Gender Pay reporting requirements we published details on our web site earlier this year based on data as at 4 April 2017 as follows:

Number of reportable employees - 273 (100 men and 173 women)

- The mean gender pay gap is **8.36%**
- The median gender pay gap for Organisation **0%**
- The mean gender bonus gap for Organisation **0%**.
- The median gender bonus gap for Organisation **0%**.

The details are as follows:

Gender pay gap per hour	Mean	Median
Men	11.96	9.99
Women	10.96	9.99
Difference as % of male pay	8.36%	0%

The mean and median gender bonus gap were both 0%. BCHA did not award bonuses in the April 2017 pay period, as a result there are no differences to report.

Bournemouth Churches Housing Association Limited

Strategic report for the year ended 31 March 2018 (continued)

The percentage of men and women in each pay quartile are calculated. The results are as follows:

Quartiles	Men	Women
Upper	39.71	60.29
Upper Middle	33.82	66.18
Lower Middle	30.88	69.12
Lower	42.03	57.97

Value for money - securing efficiency and effectiveness

BCHA has a comprehensive and strategic approach to achieving value for money which is fully compliant with the RSH's Value for Money standard. This includes:

- Managing our resources economically, efficiently and effectively in meeting our Business Plan;
- Maintaining a robust assessment of the performance of our assets and resources and controlling liabilities;
- Planning for and delivering continuous improvement;
- Putting customers at the heart of our business by taking account of the interests of, and our commitment to, residents and other stakeholders and sharing this assessment in a way that is transparent and accessible.

2017/18 has been a successful year with achievements that have included:

- New homes - we have continued to meet housing need, acquiring 10 units of move on accommodation in Plymouth and South Somerset and completing the building of 6 social rent flats (12 units) on an existing site in Bournemouth using £293k HCA Platform for Life funding. We also acquired and refurbished a 12 unit scheme in Bournemouth and 2 units in Winchester;
- Accommodation improvements - we completed the refurbishment of two large (40 bed) hostels in Bournemouth and Exeter using £2.2m Homeless Change Programme funding;
- Acquisitions from other registered provider partners - as part of our strategy to increase our owned stock we acquired 55 NHS funded care units from Knighstone HA (now part of Liverty Group) and 101 units from Sovereign HA;
- Lease handbacks - we completed the handback of 14 privately leased properties that were becoming uneconomic due to higher than average maintenance costs;
- Sale of two properties in Winchester and Bridport as part of our strategic asset review generating proceeds of £866k for reinvestment in other social housing;
- IT systems - we continued to improve our cloud-based infrastructure and core systems and implemented new work force, payroll and invoice processing systems, to improve performance information and streamline processes;
- Repairs & maintenance service - we undertook a systems thinking review of our repairs business with assistance from Vanguard consultancy to re-design the service, improve performance and customer satisfaction and drive out costs;
- Employment - supported 99 people into a job and 255 to achieve a vocational or academic qualification;
- Successful delivery of a comprehensive governance action plan, including a significant board recruitment programme; and
- Our governance rating being upgraded from G2 to G1 by our Regulator.

Bournemouth Churches Housing Association Limited

Strategic report for the year ended 31 March 2018 (continued)

We continue to develop and strengthen our approach to value for money, providing foundations for further achievements in future years. We continue to refine our systems to make our processes more efficient and to support our residents to interact confidently in an increasingly digital world. We are also developing more formal methodology to review and challenge processes that don't add value and to create more opportunities for staff to develop their own skills. Our primary objectives are to:

- Reduce operating costs to address key income pressures in our business stemming from government cutbacks, government policy to reduce rents by 1% per year between 2016 and 2020 and welfare benefit reforms;
- Achieve better-than-median performance across cost, performance and satisfaction measures; and
- Optimise social value in our front-line services.

The Regulator for Social Housing, revised the VFM Standard with effect from April 2018 for the reporting year 2017/18. This requires less narrative reporting with a core of metrics that the Regulator will calculate from the submission of the annual accounts. The core metrics for 2018 and 2017 and what they cover are set out below.

For peer comparison purposes we have selected the ten Registered Provider's closest to BCHA in terms of stock size and supported/Older Person housing referred to as "10 Group median" in the table below. BCHA generally compares favourably on most metrics other than EBITDA MRI. This peer group was created using the Placeshapers network's analysis of the Regulator of Social Housing's Global Accounts 2017 of all registered providers. The following filtering was applied: Supported Housing/Housing for Older People at least 35% of stock, Stock size 1,100-2,200 units. This produced a peer group of 11 organisations (10 + BCHA) where the average turnover in Social Housing Lettings was £16.6m, supported housing/older people formed, on average, 81% of the total stock managed and the average stock size 1,615 units.

Reinvestment - This metric looks at the investment in properties, whether existing stock or new supply, as a percentage of the total value of properties held. During the year we invested £8.1m in the development, acquisition or refurbishment of property and the replacement of property components. As mentioned above this included the refurbishment of two large (40 bed) hostels and the acquisition of 156 units from other registered provider partners as part of our strategy to increase our owned stock. Our performance in 2018 equated to a reinvestment of 12% when measure against the cost of our housing properties. This was double the performance of our peer group 2017 median figure.

New Supply - This metric looks at new social and non-social housing acquired or developed in year as a percentage of social/non-social housing owned/leased at the period end.

In total, 186 units (bedspaces) were acquired into ownership or developed in 2017/18, a further 2 units created from the Gabriel House refurbishment and another 21 units were acquired (in Plymouth) through lease. This equates to a 14.8% gross addition to bedspaces owned. 36 of these bedspaces are new to the social housing sector (2.9% addition to BCHA stock base). This was three times the performance of our peer group 2017 median figure.

This reflects significant acquisition activity from other Registered Provider's in year and is in excess of the 100 unit (bedspace) target set out in the Business Plan.

Gearing - This metric looks at how much of a Registered Provider's assets are made up of debt and the degree of dependence on debt finance. Often seen as an indicator of appetite for growth. Our debt increased by £3m during the year to fund our property investment. This increase was proportionate to the growth in the cost of our property assets and hence our gearing remained around 36%. Whilst this level is higher than our peer group 2017 median figure it is not unusual given our asset base and our growth objectives.

EBITDA MRI (Interest Cover) - This metric is a key indicator of liquidity and investment capacity - measuring level of surplus generated compared to interest payable. It provides a good approximation of cash generation and in 2018 was 1.8 times above our interest expense.

Bournemouth Churches Housing Association Limited

Strategic report for the year ended 31 March 2018 (continued)

This was down from 2.6 times in 2017 reflecting the reduced operating surplus stemming from pressures on income (government enforced rent reductions) and costs including higher voids, rent payable (due to delayed lease handbacks) and repairs spend. This was significantly below the 3.5 times cover of our peer group 2017 median figure which would have been partly driven by their lower debt and hence interest payable.

Social Housing Cost per Unit - This metric seeks to assess Providers' costs spread over the number of social housing units owned and/or managed both at headline level and by cost grouping.

At BCHA, Service charge costs include significant levels of communal upkeep and intensive housing management provision for supported housing services, as these are no longer funded through support contracts. Other unit costs are broadly comparable with the wider sector. Our headline social housing cost per unit reduced by 3% to £7.7k which compares favourably with the £9.3k peer group 2017 median figure.

Operating Margin - This metric assesses profitability before exceptional expenses are taken into account, both overall and for social housing lettings ("SHL") only. The Regulator does accept that "specialist" Registered Providers such as BCHA are likely to have lower margins. BCHA recognises that its operating margin is tight and as part of its Performance and Risk Framework has undertaken a detailed business analysis of its activities. This provides a sound and timely basis for decision-making - on whether to subsidise or exit particular activities by taking all the key factors into consideration. An action plan stemming from this analysis is underway to improve the financial health of the business.

Return on Capital Employed - This metric compares operating surplus to total assets less current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital resources. Our return improved from 1.6% in 2017 to 1.9% in 2018 and is broadly in line with our peer group.

		2018	2017	2017 10 Group median
1.	Reinvestment	12%	7%	6%
2.	New supply delivered			
	-social housing	3%	2%	1%
	- non social housing	0.8%	0%	0%
3.	Gearing	36%	36%	25%
4.	EBITDA MRI	175%	244%	350%
5.	Headline social housing cost pu	6,375	7,206	9,329
6.	Operating margin			
	- social housing lettings	26%	17%	12%
	- overall	3%	4%	9%
7.	Return on capital employed	1.9%	1.6%	3%

In addition to these regulatory metrics the Group also considers the following in assessing its performance:

- Rent collected
- Overheads as % adjusted turnover (as a measure of efficiency)
- Ratio of responsive repairs to planned maintenance.

Bournemouth Churches Housing Association Limited

Strategic report for the year ended 31 March 2018 (continued)

		2018	2017	2017 Sector median (315 participating RP's)
1.	Rent collected (General Needs only)	100.2%	99.4%	99.7%
2.	Overheads as % adjusted turnover	11.7%	12.4%	12.3%
3.	Ratio of responsive repairs to planned maintenance	1.2	1.3	0.68

Governance

The Board is committed to strong corporate governance and is currently working on the delivery of a further Governance Action Plan. The Board meets six times a year for regular business, including approval of the budget and business plan. Board members attend two away days every year to discuss future strategy. The Board have the following committees; Audit, Risk and Treasury which meets four times per year and liaises with the internal and external auditors, Governance Committee which meets three times per year; Development Committee which meets at least twice per year. There are also Task and Finish Groups that meet to discuss more detailed issues concerning budgets, business analysis and financial planning. Board members are also subject to annual appraisals.

The Group commissioned an independent review of governance arrangements in 2016 and successfully implemented a number of recommendations over the period to March 2018 to strengthen the organisation. This culminated in our governance rating being upgraded from G2 to G1 by our Regulator early in 2018. BCHA will continue to review its practices from time to time to ensure ongoing best practice and will utilise external expertise, as required in order to maintain this highest governance grading.

The Group has carried out its annual assessment of governance, including roles, responsibilities and accountabilities of the Board, Chair and Chief Executive and is satisfied that its arrangements are clear and effective.

Approval

This Strategic Report was approved by order of the Board on 21 September 2018

P.Baker
Company Secretary

Bournemouth Churches Housing Association Limited

Independent auditor's report to the members of Bournemouth Churches Housing Association Limited

Opinion

We have audited the financial statements of Bournemouth Churches Housing Association (“the association”) for the year ended 31 March 2018 which comprise the Consolidated and Association Statements of Comprehensive Income, the Consolidated and Association Statement of Financial Position, the Consolidated and Association Statement of changes in Reserves, Consolidated Statement of Cashflows and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the state of affairs of the group and the association as at 31 March 2018 and of the income and expenditure of the group and the association for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been properly prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group and the association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The association’s Board is responsible for the other information, which comprises the Report of the Board of Management and the Strategic Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

- the association has not kept proper books of account; or
- the association has not maintained a satisfactory system of control over transactions; or
- the financial statements are not in agreement with the association’s books of account; or
- we have not received all the information and explanations we need for our audit.

We have nothing to report in these respects.

Board's responsibilities

As more fully explained in their statement set out on page 8, the association's Board is responsible for the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the [group and the] association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the group or the association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association as a body, for our audit work, for this report, or for the opinions we have formed.

Victoria Sewell

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Gateway House

Tolgate

Chandler's Ford

SO53 3TG

Date: 21 September 2018

Bournemouth Churches Housing Association Limited

Consolidated statement of comprehensive income for the year ended 31 March 2018

	Note	Total 2018 £'000	Total 2017 £'000
Turnover	4	19,147	21,292
Operating costs	4	(18,592)	(20,493)
Operating surplus	4,7	555	799
Surplus on disposal of fixed assets	11	575	125
Other interest receivable and similar income	12	5	2
Interest and financing costs	13	(836)	(739)
Surplus before taxation		299	187
Taxation on surplus	14	-	-
Surplus for the financial year		299	187
Total comprehensive income for year		299	187

The notes on pages 24 to 60 form part of these financial statements. All activities relate to continuing operations.

Bournemouth Churches Housing Association Limited

Association statement of comprehensive income for the year ended 31 March 2018

	Note	Total 2018 £'000	Total 2017 £'000 Restated
Turnover	4	18,623	20,864
Operating costs	4	(18,056)	(20,097)
Operating surplus	4,7	567	767
Surplus on disposal of fixed assets	11	575	125
Other interest receivable and similar income	12	24	7
Interest and financing costs	13	(833)	(741)
Surplus before taxation		333	158
Taxation on surplus	14	-	-
Surplus for the financial year		333	158
Total comprehensive income for year		333	158

The notes on pages 24 to 60 form part of these financial statements. All activities relate to continuing operations.

Bournemouth Churches Housing Association Limited

Consolidated and Association statements of financial position for the year ended 31 March 2018

	Note	Group 2018 £'000	Group 2017 £'000 Restated	Association 2018 £'000	Association 2017 £'000 Restated
Fixed assets					
Intangible assets	15	760	774	752	764
Tangible fixed assets - housing properties	16	59,440	52,569	58,768	51,888
Tangible fixed assets - other	17	2,952	3,170	2,905	3,094
		63,152	56,513	62,425	55,746
Current assets					
Stocks		4	4	-	-
Debtors - receivable within one year	19	2,709	3,607	2,778	3,539
Debtors - receivable after one year	19	-	-	350	350
Cash and cash equivalents		2,162	2,553	1,740	2,297
		4,875	6,164	4,868	6,186
Creditors: amounts falling due within one year	20	(8,978)	(3,640)	(8,933)	(3,627)
Net current assets / (liabilities)		(4,103)	2,524	(4,065)	2,559
Total assets less current liabilities		59,049	59,037	58,360	58,305
Creditors: amounts falling due after more than one year	21	(48,369)	(48,539)	(48,329)	(48,490)
Provisions for liabilities	24	(382)	(499)	(382)	(499)
Dilapidation provision					
Net assets		10,298	9,999	9,649	9,316
Capital and reserves					
Called up share capital	28	-	-	-	-
Income and expenditure reserve		10,231	9,936	9,649	9,316
Restricted reserve		67	63	-	-
		10,298	9,999	9,649	9,316

The financial statements were approved and authorised for issue by the Board of Management on 21 September 2018 and were signed on its behalf by:

D O'Neill

Chair of the Board of Management

P Baker

Company Secretary

J Leigh

Board Member

The notes on pages 24 to 60 form part of these financial statements.

Bournemouth Churches Housing Association Limited

Consolidated statement of changes in reserves for the year ended 31 March 2018

	Income and expenditure reserve	Restricted reserve	Total
	£'000	£'000	£'000
Balance at 1 April 2017 as previously stated	9,955	77	10,032
Prior year adjustment - see note 33	(19)	(14)	(33)
Balance at 1 April 2017 as restated	9,936	63	9,999
Surplus for the year	299	-	299
Reserves Transfers: Transfer of restricted expenditure from income and expenditure reserve	(4)	4	-
Balance at 31 March 2018	10,231	67	10,298

Consolidated statement of changes in reserves for the year ended 31 March 2017

	Income and expenditure reserve	Restricted reserve	Total
	£'000	£'000	£'000
Balance at 1 April 2016 as previously stated	9,791	54	9,845
Prior year adjustment - see note 33	(33)	-	(33)
Balance at 1 April 2016 as restated	9,758	54	9,812
Surplus for the year	187	-	187
Reserves Transfers: Transfer of restricted expenditure from income and expenditure reserve	(9)	9	-
Balance at 31 March 2017	9,936	63	9,999

Bournemouth Churches Housing Association Limited

Association statement of changes in reserves for the year ended 31 March 2018

	Income and expenditure reserve	Total
	£'000	£'000
Balance at 1 April 2017 as previously stated	8,337	8,337
Prior year adjustment - see note 33	979	979
Balance at 1 April 2017 as restated	9,316	9,316
Surplus for the year	333	333
Balance at 31 March 2018	9,649	9,649

Association statement of changes in reserves for the year ended 31 March 2017

	Income and expenditure reserve	Total
	£'000	£'000
Balance at 1 April 2016 as previously stated	8,251	8,251
Prior year adjustment - see note 33	907	907
Balance at 1 April 2016 as restated	9,158	9,158
Surplus for the year	158	158
Balance at 31 March 2017	9,316	9,316

Bournemouth Churches Housing Association Limited

Consolidated statement of cash flows for the year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Cash flows from operating activities			
Surplus for the financial year		299	187
Adjustments for:			
Depreciation of fixed assets - housing properties	16	957	991
Depreciation of fixed assets - other	17	217	266
Amortisation of intangible fixed assets	15	114	41
Amortised grant	5	(456)	(471)
Interest payable and finance costs	13	836	739
Interest received	12	(5)	(2)
Surplus on sale of housing properties		(575)	(125)
Surplus on disposal of components & other assets		150	-
Decrease / (increase) in trade and other debtors		897	(99)
Decrease in stocks		-	12
Increase / (decrease) in trade creditors		334	(909)
Net cash generated from operating activities		2,768	630
Cash flows from investing activities			
Proceeds from sale of fixed assets - housing properties	11	844	422
Purchase of fixed assets - housing properties	16	(8,112)	(4,178)
Purchases of fixed assets - other	17	(194)	(557)
Receipt of grant	22	2,130	2,408
Interest received	12	5	2
Net cash from investing activities		(5,327)	(1,903)
Cash flows from financing activities			
Interest paid	13	(836)	(739)
New loans - bank	25	3,865	14,791
New loans - other	25	-	-
Repayment of loans - bank	25	(861)	(12,728)
Repayment of loans - other	25	-	-
Net cash used in financing activities		2,168	1,324
Net (decrease) / increase in cash and cash equivalents		(391)	51
Cash and cash equivalents at beginning of year		2,553	2,502
Cash and cash equivalents at end of year		2,162	2,553

The notes on page 24 to 60 form part of these financial statements.

Bournemouth Churches Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018

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Bournemouth Churches Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (*continued*)

1 Legal status

The association is registered in England with the Financial Conduct Authority under the Co-operative and Community Benefits Societies Act 2014 and is registered with Homes England as a social housing provider. The association is a public benefit entity and is a going concern.

2 Accounting policies

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for Bournemouth Churches Housing Association includes the Co-operative and Community Benefit Societies Act 2014 (and related group accounts regulations), the Housing and Regeneration Act 2008, FRS 102 “the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2014, “Accounting by registered social housing providers” 2014 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements present the results of Bournemouth Churches Housing Association and its subsidiaries (“the Group”) as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

Bournemouth Churches Housing Association figures have been restated following the amalgamation of Bournemouth Churches Housing Association and Winchester Churches Housing Group Limited.

Going concern

After making enquiries and reviewing the financial plan, the Board has a reasonable expectation that the group has adequate resources to meet its liabilities as they fall due for a period of at least 12 months from the signing of the financial statements.

Bournemouth Churches Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (*continued*)

2 Accounting policies (*continued*)

Income

Income is measured at the fair value of the consideration received or receivable. The group generates the following material income streams:

- Rental income receivable (after deducting lost rent from void properties available for letting)
- Service charges receivable
- Revenue grants
- Proceeds from the sale of land and property

Rental income is recognised from the point at which properties become available to let.

Supported housing schemes

The Group receives Supporting People grants from a number of Local Authorities and County Councils. The grants received in the period as well as costs incurred by the Group in the provision of support services have been included in the Income and Expenditure Account. Any excess of cost over the grant received is borne by the Group where it is not recoverable from tenants.

Service charges

The Group generally adopts the fixed method for calculating and charging service charges to its tenants and leaseholders. However, when it adopts the variable method, expenditure is recorded when a service is provided and charged to the relevant service charge account or to a sinking fund. Income is recorded based on the estimated amounts chargeable.

Management of units owned by others

Management fees receivable and reimbursed expenses are shown as income and included in management fees receivable. Costs of carrying out the management contracts and rechargeable expenses are included in operating costs.

Disposal of housing properties

The proceeds from the sale of land and property is recognised at the point of legal completion of the sale.

Bournemouth Churches Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (*continued*)

2 Accounting policies (*continued*)

Value Added Tax

The Group charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs. Recoverable VAT arises from partially exempt activities and is credited to the Statement of Comprehensive Income.

Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Pension costs

Contributions to the group's defined contribution pension scheme are charged to the statement of comprehensive income in the year in which they become payable.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Intangible assets

Computer software is capitalised in respect of initial license fees and amortised over the life of the software.

Tangible fixed assets - Housing Properties

Housing properties constructed or acquired (including land) are stated at cost less depreciation and impairment (where applicable).

The cost of housing land and property represents their purchase price and any directly attributable costs of acquisition which may include an appropriate amount for staff costs and other costs of managing development.

Where housing properties are in the course of construction, finance costs are only capitalised where construction is on-going and has not been interrupted or terminated.

Expenditure on major refurbishment to properties is capitalised where the works increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the net rental income, a reduction in future maintenance costs, or a subsequent extension in the life of the property. Aside from the replacement of separately identifiable components all other repairs expenditure is charged to the statement of comprehensive income.

Depreciation of housing property

Housing land and property is split between land, structure and other major components that are expected to require replacement over time.

Land is not depreciated on account of its indefinite useful economic life.

Bournemouth Churches Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (*continued*)

2 Accounting policies (*continued*)

The portion of shared ownership property retained or expected to be retained is not depreciated on account of the high residual value. Neither the depreciable amount nor the expected annual depreciation charge for such assets is considered material, individually or in aggregate.

Assets in the course of construction are not depreciated until they are completed and ready for use to ensure that they are depreciated only in periods in which economic benefits are expected to be consumed.

The cost of all other housing property (net of accumulated depreciation to date and impairment, where applicable) and components is depreciated over the useful economic lives of the assets on the following basis:

Housing properties are split between the structure and the major components which require periodic replacement. The costs of replacement or restoration of these components are capitalised and depreciated over the determined average useful economic life as follows:

Description	Economic useful life (years)
Structure	100
Kitchen	20
Bathroom	30
Roofs	70
Central Heating and ventilation	15
Electrics	40
External windows and doors	30

Leasehold properties are depreciated over the length of the lease except where the expected useful economic life of properties is shorter than the lease; when the lease and building elements are depreciated separately over their expected useful economic lives.

Tangible fixed assets - Other

Other tangible fixed assets are stated at historic cost less accumulated depreciation and any accumulated depreciation and any accumulated impairment losses. Historic cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation of other tangible fixed assets

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Description	Economic useful life (years)
Freehold buildings - other	50
Leasehold land and buildings	Lease term
Plant, machinery and vehicles	5
Fixtures, fittings, tools and equipment	3-8
Computer	3-10

Bournemouth Churches Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (*continued*)

2 Accounting policies (*continued*)

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'surplus on disposal of fixed assets' in the statement of comprehensive income.

Government grants

Grant received in relation to newly acquired or existing housing properties is accounted for using the accrual model set out in FRS 102 and the Housing SORP 2014. Grant is carried as deferred income in the balance sheet and released to the income and expenditure account on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with Housing SORP 2014 the useful economic life of the housing property structure has been selected (see table of useful economic lives below).

Where social housing grant (SHG) funded property is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. If there is no requirement to recycle or repay the grant on disposal of the assets any unamortised grant remaining within creditors is released and recognised as income within the income and expenditure account.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once performance related conditions have been met.

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

Recycled Capital Grant Fund

On the occurrence of certain relevant events, primarily the sale of dwellings, Homes England can direct the Association to recycle capital grants or to make repayments of the recoverable amount. The Group adopts a policy of recycling, for which a separate fund is maintained. If unused within a three year period, it will be repayable to Homes England with interest. Any unused recycled capital grant held within the recycled capital grant fund, which it is anticipated will not be used within one year is disclosed in the balance sheet under "creditors due after more than one year". The remainder is disclosed under "creditors due within one year".

Impairment of fixed assets

At each reporting date the Group assesses whether an indicator of impairment exists. If such an indicator exists, assets affected are subject to an impairment review and the recoverable amount of the asset or cash generating unit is estimated (the higher of value in use, fair value less costs to sell and value in use - service potential) and compared to the carrying amount. Value in use - service potential is represented by depreciated replacement cost which is the lower of rebuild cost and the estimated price of an asset with equivalent service potential on the open market, adjusted for depreciation. In practice, depreciated replacement cost is rebuild cost given the lack of data available on equivalent assets in the open market.

An impairment loss occurs when the carrying amount of an asset or cash generating unit exceeds its recoverable amount. This impairment loss is charged and disclosed as a separate line within operating expenditure where it is considered to be material.

The Group defines cash generating units as schemes except where its schemes are not sufficiently large enough in size or where it is geographically sensible to group schemes into larger cash generating units. Where the recoverable amount of an asset or cash generating unit is lower than its carrying value impairment is recorded through a charge to income and expenditure.

Bournemouth Churches Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (*continued*)

2 Accounting policies (*continued*)

Stock

Stock is stated at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales proceeds after allowing for all further costs to completion and selling costs.

Debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Recoverable amount of rental and other trade receivables

The Group estimates the recoverable value of rental and other receivables and impairs the debtor by appropriate amounts. When assessing the amount to impair it reviews the age profile of the debt, historical collection rates and the class of debt.

Concessionary loans

Concessionary loans are those loans made or received by the Group that are made:

- to further its public benefit objectives,
- at a rate of interest which is below the prevailing market rate of interest
- to be repayable on demand.

These loans are measured at the amount advanced at the inception of the loan less amounts received and any provisions for impairment.

Rent and service charge agreements

The Group has made arrangement with individuals and households for arrears payments of rent and service charges. These arrangements are effectively loans granted at nil interest rate.

Loans, Investments and short term deposits

The Group loans meet the definition at and are classified as basic financial instruments under FRS102. These instruments are initially recorded at transaction price less any transaction costs. They are subsequently recorded at historic cost or amortised cost where the difference from historic cost is material.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Cash and cash equivalents

Cash and cash equivalents in the Group's Consolidated Statement of Financial Position consists of cash at bank, in hand, deposits and short term investments with an original maturity of three months or less.

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

Bournemouth Churches Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (*continued*)

2 Accounting policies(*continued*)

Leased assets: Lessee

All leases are operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

Leasehold Sinking Funds

Unexpended amounts collected from leaseholders for major repairs on leasehold schemes and any interest received are included in creditors.

Reserves

Income received, and expenditure incurred, for restricted purposes is separately accounted for within restricted funds. Realised and unrealised gains and losses on assets held by these funds are also allocated to the fund.

Current and deferred taxation

Corporation tax, both current and deferred, is recognised in the commercial subsidiary New Leaf Company Limited when a liability arises. All other subsidiaries in the Group are either registered charities or charitable housing associations and exempt from corporation tax on their primary purpose income.

Provision for liabilities

The group has recognised provisions for liabilities of uncertain timing or amounts including those for major repairs on leased properties.

Provisions are measured at the best estimate of the expenditure required to settle the obligation as recognised at the present value using a discount rate. The unwinding of the discount is recognised as a finance cost in income and expenditure in the period it arises.

Onerous leases

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease.

Contingent liabilities

A contingent liability is recognised for the possible obligation for which it is not yet confirmed that a present obligation exists that could lead to a liability for a present obligation which is not probable will be settled. A contingent liability exists on grant repayments dependent on the sale of properties.

Bournemouth Churches Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (*continued*)

3 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the key judgements have been made in respect of the following:

Impairment

Whether there are indicators of impairment of the group's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. The members have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on EUV-SH or depreciated replacement cost. The members have also considered impairment based on their assumptions to define cash or asset generating units.

Other key sources of estimation uncertainty

- *Tangible fixed assets (see note 16 and 17)*

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as obsolescence are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

- *Rental and other trade receivables (debtors) (see note 19)*

The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

- *Dilapidations provision in relation to leased property (see note 24)*

The estimate is based upon the property department estimate of the current cost of restoring the property to the condition required under the terms of the lease. The assessment takes into account any deterioration in the maintenance of the property at the balance sheet date or rectification costs required at the end of the lease. A 20% change in the estimate of the per unit cost of restoration would result in a movement of the provision of £74,000. However, as the provision was recognised as a prior year adjustment there would be no impact on the income & expenditure account in the year.

Bournemouth Churches Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (*continued*)

4 Particulars of turnover, cost of sales, operating costs and operating surplus - Group

	Turnover	Operating costs	Operating surplus/ (deficit)
	2018 £'000	2018 £'000	2018 £'000
Social housing lettings (Note 5)	13,189	(9,816)	3,373
Other Social Housing Activities			
Supporting people	3,859	(4,708)	(849)
Activities other than Social Housing Activities			
Learning services	811	(1,083)	(272)
Other	1,288	(2,985)	(1,697)
	2,099	(4,068)	(1,969)
Total	19,147	(18,592)	555

	Turnover	Operating costs	Operating surplus/ (deficit)
	2017 £'000	2017 £'000	2017 £'000
Social housing lettings (Note 5)	14,335	(11,846)	2,489
Other Social Housing Activities			
Supporting people	4,230	(5,054)	(824)
Activities other than Social Housing Activities			
Learning services	1,018	(1,238)	(220)
Other	1,709	(2,355)	(646)
	2,727	(3,593)	(866)
Total	21,292	(20,493)	799

Bournemouth Churches Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (*continued*)

4 Particulars of turnover, cost of sales, operating costs and operating surplus - Association

	Turnover	Operating costs	Operating surplus/ (deficit)
	2018	2018	2018
	£'000	£'000	£'000
Social housing lettings (Note 5)	13,018	(9,695)	3,323
Other Social Housing Activities			
Supporting people	3,827	(4,649)	(822)
Activities other than Social Housing Activities			
Learning services	811	(1,084)	(273)
Donations and similar income	-	-	-
Other	967	(2,628)	(1,661)
	1,778	(3,712)	(1,934)
Total	18,623	(18,056)	567

	Turnover	Operating costs	Operating surplus/ (deficit)
	2017	2017	2017
	£'000	£'000	£'000
	Restated	Restated	Restated
Social housing lettings (Note 5)	14,167	(11,715)	2,452
Other Social Housing Activities			
Supporting people	4,198	(4,997)	(799)
Activities other than Social Housing Activities			
Learning services	1,018	(1,239)	(221)
Donations and similar income			
Other	1,481	(2,146)	(665)
	2,499	(3,385)	(886)
Total	20,864	(20,097)	767

Bournemouth Churches Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

5 Income and expenditure from social housing lettings - Group

	General needs £'000	Supported housing £'000	Total 2018 £'000	Total 2017 £'000
Income				
Rents net of identifiable service charges	4,478	2,427	6,905	6,917
Service charge income	641	3,127	3,768	4,667
Net rental income	5,119	5,554	10,673	11,584
Amortised government grants	214	191	405	310
Government grants taken to income Revenue Grants	33	756	789	945
Other income	1,096	226	1,322	1,496
Turnover from social housing lettings	6,462	6,727	13,189	14,335
Expenditure				
Management	(623)	(974)	(1,597)	(1,786)
Rent	(2,402)	(627)	(3,029)	(3,661)
Food and welfare	-	(341)	(341)	(344)
Service charge costs	(699)	(972)	(1,671)	(1,827)
Routine maintenance	(605)	(533)	(1,138)	(1,559)
Planned maintenance	(252)	(140)	(392)	(363)
Major repairs expenditure	(335)	(176)	(511)	(653)
Bad debts	(44)	(58)	(102)	(705)
Depreciation of housing properties:				
- annual charge	(603)	(415)	(1,018)	(948)
Other costs	(2)	(15)	(17)	-
Operating expenditure on social housing lettings	(5,565)	(4,251)	(9,816)	(11,846)
Operating surplus/(deficit) on social housing lettings	897	2,476	3,373	2,489
Void losses	(54)	(527)	(581)	(547)

Bournemouth Churches Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

5 Income and expenditure from social housing lettings -Association

	General needs £'000	Supported housing £'000	Total 2018 £'000	Total 2017 £'000
Income				
Rents net of identifiable service charges	4,478	2,302	6,780	6,797
Service charge income	641	3,081	3,722	4,619
Net rental income	5,119	5,383	10,502	11,416
Amortised government grants	193	212	405	310
Government grants taken to income	33	756	789	945
Other grants	1,096	226	1,322	1,496
Turnover from social housing lettings	6,441	6,577	13,018	14,167
Expenditure				
Management	(622)	(959)	(1,581)	(1,765)
Rent	(2,402)	(596)	(2,998)	(3,630)
Food and welfare	-	(340)	(340)	(343)
Service charge costs	(699)	(930)	(1,629)	(1,783)
Routine maintenance	(605)	(521)	(1,126)	(1,544)
Planned maintenance	(252)	(140)	(392)	(363)
Major repairs expenditure	(336)	(172)	(508)	(649)
Bad debts	(44)	(52)	(96)	(701)
Depreciation of housing properties: - annual charge	(602)	(406)	(1,008)	(937)
Other costs	(2)	(15)	(17)	-
Operating expenditure on social housing lettings	(5,564)	(4,131)	(9,695)	(11,715)
Operating surplus/(deficit) on social housing lettings	877	2,446	3,323	2,452
Void losses	(54)	(518)	(572)	(536)

Bournemouth Churches Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (*continued*)

6 Units of housing stock

	Group 2018 Number	Group 2017 Number	Association 2018 Number	Association 2017 Number
General needs housing:				
- social	276	267	276	267
- affordable	60	48	60	48
Supported housing				
- social	538	562	538	562
- affordable	75	18	75	18
Housing for Older Persons	76	75	76	75
Care Homes	-	-	-	-
Total social housing units	1,025	970	1,025	970
Other social lettings units	127	141	98	112
Total owned	1,152	1,111	1,123	1,082
Accommodation managed for others				
General needs housing:				
- social	494	524	494	524
Shared Ownership	27	27	27	27
Supported housing	-	44	-	44
Care Homes	-	48	-	48
Total managed accommodation	521	643	521	643
Supported housing	32	6	32	6
Care Homes	61	13	61	13
Total managed by other associations	93	19	93	19
Total owned and managed accommodation	1,766	1,773	1,737	1,744

Bournemouth Churches Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

7 Operating surplus

	Group 2018 £'000	Group 2017 £'000	Association 2018 £'000	Association 2017 £'000
This is arrived at after charging/(crediting):				
Depreciation of housing properties:				
- annual charge	1,004	991	983	972
Depreciation of other tangible fixed assets	175	247	156	212
Amortisation of intangible fixed assets	114	41	108	35
Operating lease charges - land & building	1,112	1,090	1,043	1,046
Auditors' remuneration (including VAT):				
- fees payable to the group's auditor for the audit of the group's annual accounts	47	41	37	27
Defined contribution pension cost	175	174	161	158

8 Employees

	Group 2018 £000	Group 2017 £000	Association 2018 £000	Association 2017 £000
Staff costs (including Executive Management Team) consist of:				
Wages and salaries	6,685	8,237	5,773	6,771
Social security costs	555	528	481	447
Cost of defined contribution scheme	175	174	161	158
	7,415	8,939	6,415	7,376

The average number of employees (including Executive Management Team) expressed as full time equivalents (calculated based on a standard working week of 37.5 hours) during the year was as follows:

	Group 2018 No	Group 2017 No	Association 2018 No	Association 2017 No
Administration	34	40	30	40
Development	1	1	1	1
Housing, Support and Care	213	254	178	212
	248	295	209	253

Bournemouth Churches Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

9 Executive directors' emoluments

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

	Group 2018 £'000	Group 2017 £'000	Association 2018 £'000	Association 2017 £'000
Executive directors' emoluments	234	230	234	230
Contributions to money purchase pension schemes	12	9	12	9
	246	239	246	239

The total amount payable to the Chief Executive, who was also the highest paid director in respect of emoluments was £89,993 (2017 - £89,993). Pension contributions of £5,400 (2017 - £5,400) were made to a money purchase scheme on his behalf.

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

There were 3 directors' in the group's defined contribution pension scheme (2017 - 3).

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

	Group 2018 No.	Group 2017 No.	Association 2018 No.	Association 2017 No.
£70,000 - £79,999	2	2	2	2
£80,000 - £89,999	-	-	-	-
£90,000 - £99,999	1	1	1	1

10 Board members

None of the members of the Board of Management received any emoluments (2017: nil). The Board of Management received £593 (2017: £900) for board expenses during the year.

11 Surplus on disposal of fixed assets

GROUP	Group 2018 £'000	Group 2017 £'000	Association 2018 £'000	Association 2017 £'000
Housing Properties:				
Disposal proceeds	866	422	866	422
Cost of disposals	(268)	(294)	(268)	(294)
Selling costs	(23)	(3)	(23)	(3)
Surplus on disposal of other tangible fixed assets	575	125	575	125

Bournemouth Churches Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (*continued*)

12 Interest receivable and income from investments

	Group 2018 £'000	Group 2017 £'000	Association 2018 £'000	Association 2017 £'000
Interest receivable from group undertakings	-	-	20	6
Interest receivable and similar income	5	2	4	1
	5	2	24	7

13 Interest payable and similar charges

	Group 2018 £'000	Group 2017 £'000	Association 2018 £'000	Association 2017 £'000
Bank loans and overdrafts	836	739	833	739
Other loans from group undertakings	-	-	-	2
	836	739	833	741

14 Taxation on surplus on ordinary activities

	Group 2018 £'000	Group 2017 £'000	Association 2018 £'000	Association 2017 £'000
<i>UK corporation tax</i>	-	-	-	-
Current tax on surplus for the year	-	-	-	-
Taxation on surplus on ordinary activities	-	-	-	-

The tax assessed for the year differs to the standard rate of corporation tax in the UK applied to surplus/deficit) before tax. The differences are explained below:

	Group 2018 £'000	Group 2017 £'000	Association 2018 £'000	Association 2017 £'000
Surplus on ordinary activities before tax	299	187	333	158
Surplus on ordinary activities at the standard rate of corporation tax in the UK of 20% (2016 - 20%)	60	37	67	32
Effects of:				
Profits under charitable exemption	(60)	(37)	(67)	(32)
Total tax charge for period	-	-	-	-

Bournemouth Churches Housing Association Limited is an exempt charity and Hyped BCHA, Salisbury Trust for Homeless, RECOOP and Winchester Churches Housing Group all registered charities. The New Leaf Company Limited is a company liable for Corporation Tax.

Bournemouth Churches Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (*continued*)

15 Intangible assets

	Group £'000	Computer Software Association £'000
<i>Cost or valuation</i>		
At 1 April 2017	1,023	989
Additions	100	96
At 31 March 2018	1,123	1,085
<i>Amortisation</i>		
At 1 April 2017	249	225
For the year	114	108
At 31 March 2018	363	333
Net book value		
At 31 March 2018	760	752
At 31 March 2017	774	764

Bournemouth Churches Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 *(continued)*

16 Tangible fixed assets - Housing properties	Short life leasehold properties completed £'000	Freehold & long leasehold properties completed £'000	Housing properties under construction £'000	Total £'000
GROUP				
<i>Cost or valuation:</i>				
At 1 April 2017	4,155	63,014	327	67,496
Prior year adjustment (note 33)	(1,599)	(6,016)	(87)	(7,702)
At 1 April 2017 as restated	2,556	56,998	240	59,794
Additions:				
- additions to projects under development or completed	-	32	-	32
- purchased in year	156	3,824	-	3,980
- works to existing properties	-	-	4,027	4,027
- replaced components	2	71	-	73
Disposals:				
- housing properties	-	(277)	-	(277)
- replaced components	-	(86)	-	(86)
Transfer from WIP to completed properties	-	3,788	(3,788)	-
Reclassification from short life to freehold	(78)	78	-	-
At 31 March 2018	2,636	64,428	479	67,543
<i>Depreciation:</i>				
At 1 April 2017	3,146	5,814	-	8,960
Prior year adjustment (note 33)	(1,624)	(111)	-	(1,735)
At 1 April 2017 as restated	1,522	5,703	-	7,225
Charge for the year	209	748	-	957
Eliminated on disposals:				
- replaced components	-	(30)	-	(30)
- other	-	(49)	-	(49)
At 31 March 2018	1,731	6,372	-	8,103
Net book value at 31 March 2018	905	58,056	479	59,440
Net book value at 31 March 2017	1,034	51,295	240	52,569

Bournemouth Churches Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (*continued*)

16 Tangible fixed assets - Housing properties	Short life leasehold properties completed £'000	Freehold & long leasehold properties completed £'000	Housing properties under construction £'000	Total £'000
ASSOCIATION				
<i>Cost or valuation:</i>				
At 1 April 2017	4,155	61,598	326	66,079
Prior year adjustment (note 33)	(1,599)	(5,329)	(87)	(7,015)
At 1 April 2017 as restated	2,556	56,269	239	59,064
Additions:				
- additions to projects under development or completed	-	32	-	32
- purchased in year	156	3,824	-	3,980
- works to existing properties	-	-	4,027	4,027
- replaced components	2	71	-	73
Disposals:				
- housing properties	-	(277)	-	(277)
- replaced components	-	(86)	-	(86)
Transfer to WIP from completed properties	-	3,788	(3,788)	-
Reclassification from short life to freehold	(78)	78	-	-
At 31 March 2018	2,636	63,699	478	66,813
<i>Depreciation:</i>				
At 1 April 2017	3,146	5,667	-	8,813
Prior year adjustment (note 33)	(1,624)	(13)	-	(1,637)
At 1 April 2017 as restated	1,522	5,654	-	7,176
Charge for the year	209	739	-	948
Reclassification of properties	-	-	-	-
Eliminated on disposals:				
- replaced components	-	(30)	-	(30)
- other	-	(49)	-	(49)
At 31 March 2018	1,731	6,314	-	8,045
Net book value at 31 March 2018	905	57,385	478	58,768
Net book value at 31 March 2017	1,034	50,615	239	51,888

Bournemouth Churches Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

16 Tangible fixed assets - Housing properties (continued)

The net book value of housing properties may be further analysed as:

	Group 2018 £'000	Group 2017 £'000 Restated	Association 2018 £'000	Association 2017 £'000 Restated
Freehold and Long Leasehold	58,535	51,535	57,863	50,854
Short leasehold	905	1,034	905	1,034
	59,440	52,569	58,768	51,888
Works to properties				
Improvements to existing properties capitalised	4,132	262	4,132	262
Major repairs expenditure to income and expenditure account	509	653	506	648
	4,641	915	4,638	910
Total Social Housing Grant received or receivable to date is as follows:				
Capital grant - Housing Properties	33,616	31,355	33,616	31,355
Recycled Capital Grant Fund	462	595	462	595
	34,078	31,950	34,078	31,950

A contingent liability exists in relation to Capital grants but as the timing of future disposals is uncertain no provision has been recognised in the accounts.

Impairment

The group considers individual and closely related schemes to represent separate cash generating units (CGU's) when assessing for impairment in accordance with the requirements of FRS102 and SORP 2014.

During the current year, the group and association have recognised an impairment loss of £Nil (2017 - £Nil) in respect of housing stock. The annual review of all assets held at cost concluded that there was no indication of possible impairment and all units at depreciated cost represented the full service value of the housing stock.

Properties held for security

Bournemouth Churches Housing Association Limited had property with a net book value before SHG of £43.8m pledged as security at 31 March 2018 (£29.6m - 2017).

Bournemouth Churches Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (*continued*)

17 Other tangible fixed assets

Group	Freehold & Long leasehold Office buildings £'000	Furniture Fixtures & Fittings £'000	Vehicles £'000	Total £'000
<i>Cost or valuation</i>				
At 1 April 2017	3,053	2,063	121	5,237
Additions	-	94	-	94
Disposals	-	(392)	-	(392)
At 31 March 2018	3,053	1,765	121	4,939
<i>Depreciation</i>				
At 1 April 2017	320	1,628	119	2,067
Charge for year	65	151	1	217
Disposals	-	(297)	-	(297)
At 31 March 2018	385	1,482	120	1,987
<i>Net book value</i>				
At 31 March 2018	2,668	283	1	2,952
At 31 March 2017	2,733	435	2	3,170
<hr/>				
Association	Freehold & Long leasehold Office buildings £'000	Furniture Fixtures & Fittings £'000	Vehicles £'000	Total £'000
<i>Cost or valuation</i>				
At 1 April 2017	3,053	1,859	62	4,974
Prior year adjustment	-	38	-	38
At 1 April 2017 as restated	3,053	1,897	62	5,012
Additions	-	94	-	94
Disposals	-	(391)	-	(391)
At 31 March 2018	3,053	1,600	62	4,715
<i>Depreciation</i>				
At 1 April 2017	318	1,503	62	1,883
Prior year adjustment	-	35	-	35
At 1 April 2017 as restated	318	1,538	62	1,918
Charge for year	65	121	-	186
Disposals	-	(294)	-	(294)
At 31 March 2018	383	1,365	62	1,810
<i>Net book value</i>				
At 31 March 2018	2,670	235	-	2,905
At 31 March 2017	2,735	359	-	3,094

Bournemouth Churches Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (*continued*)

18 Fixed asset investments

Details of Subsidiary undertakings, associated undertakings and other investments

The principal undertakings in which the Association has an interest in are as follows:

Name	Country of incorporation or registration	Proportion of voting rights / ordinary share capital held	Nature of business	Nature of entity
<i>Subsidiary undertakings</i>				
Hyped BCHA Limited	England	100% (Control)	Dormant	Incorporated charity
The New Leaf Company Limited	England	100% (Shares)	Social enterprises company	Incorporated company
Salisbury Trust For The Homeless	England	100% (Control)	Provider of social housing	Incorporated charity
RECOOP Limited	England	100% (Control)	Resettlement and rehabilitation of ex-offenders.	Incorporated charity
Winchester Churches Housing Group	England	100% (Control)	Dormant	Incorporated charity
<i>Registered office</i>				
All subsidiaries listed above apart from Salisbury Trust For The Homeless are registered at the following address:	St Swithuns House	21 Christchurch Road	Bournemouth, Dorset	BH1 3NS
Salisbury Trust For The Homeless	Bevan House	148 Fisherton Street	Salisbury, Wiltshire	SP2 7QW

Winchester Churches Housing Group transferred its business to BCHA on 1 February 2018 and is in the process of being dissolved.

Hyped BCHA transferred its business to BCHA on 29 March 2018 and is in the process of being dissolved.

Bournemouth Churches Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

19 Debtors

	Group 2018 £'000	Group 2017 £'000 Restated	Association 2018 £'000	Association 2017 £'000 Restated
Due within one year				
Rent and service charge arrears	2,055	3,069	2,043	2,974
Less: Provision for doubtful debts	(1,455)	(2,510)	(1,455)	(2,425)
	600	559	588	549
Amounts owed by group undertakings	-	-	283	75
Other debtors (incl. Trade debtors)	635	501	437	435
Prepayments and accrued income	352	646	348	579
Social housing grant receivable	1,122	1,901	1,122	1,901
	2,709	3,607	2,778	3,539
Due after one year				
Amounts owed by group undertakings	-	-	350	350
	2,709	3,607	3,128	3,889

20 Creditors: amounts falling due within one year

	Group 2018 £'000	Group 2017 £'000 Restated	Association 2018 £'000	Association 2017 £'000 Restated
Loans and borrowings (note 25)	5,129	721	5,120	709
Trade creditors	130	167	107	143
Support grant in advance	321	219	280	219
Amounts owed to group undertakings	-	-	77	713
Social housing grant - properties	302	-	302	-
Recycled capital grant fund	195	-	195	-
Taxation and social security	10	149	9	-
Other creditors	1,963	1,626	1,944	1,159
Accruals and deferred income	928	758	899	684
	8,978	3,640	8,933	3,627

The bank overdrafts are secured by fixed charges over specific assets of the Group and the Association.

Bournemouth Churches Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (*continued*)

21 Creditors: amounts falling due after more than one year

	Group 2018 £'000	Group 2017 £'000 Restated	Association 2018 £'000	Association 2017 £'000 Restated
Loans and borrowings (Note 25)	19,153	20,558	19,113	20,508
Deferred capital grant (Note 22)	28,735	27,190	28,735	27,190
Recycled capital grant fund (Note 23)	267	595	267	595
Sinking fund balances	214	196	214	197
	48,369	48,539	48,329	48,490

22 Deferred capital grant

	Group 2018 £'000	Group 2017 £'000 Restated	Association 2018 £'000	Association 2017 £'000 Restated
At 1 April	27,190	29,367	27,190	29,367
Prior year adjustment (Note 33)	-	(1,721)	-	(1,721)
At 1 April - restated	27,190	27,646	27,190	27,646
Grants received during the year	2,130	-	2,130	-
Grants transferred from RCGF in year	213	58	213	58
Grants recycled from the recycled capital grant fund	(80)	(201)	(80)	(201)
Released to income during the year	(416)	(313)	(416)	(313)
At 31 March	29,037	27,190	29,037	27,190

Bournemouth Churches Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (*continued*)

23 Recycled capital grant fund

Group and Association Funds pertaining to activities within areas covered by	HCA 2018 £'000	HCA 2017 £'000
At 1 April	595	452
Inputs to fund:		
- grants recycled from deferred capital grants	80	201
Grants recycled against new developments	(213)	(58)
At 31 March	462	595
Amounts 3 years or older where repayment may be required	-	-

24 Provisions for liabilities

Dilapidations	Group 2018 £'000	Group 2017 £'000	Association 2018 £'000	Association 2017 £'000
At 1 April	499	865	499	865
Charged to income and expense				
- Additions	14	41	14	41
Utilised in year	(131)	(407)	(131)	(407)
At 31 March	382	499	382	499

The dilapidations provision relates to leased properties. The provision is the estimate of the cost of rectification or restoration that has accrued at the balance sheet date for dilapidation costs at the end of the lease.

Bournemouth Churches Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (*continued*)

25 Loans and borrowings

Maturity of debt:

GROUP	Bank loans and mortgages	Other loans	Total
	2018 £'000	2018 £'000	2018 £'000
In one year or less, or on demand	4,354	775	5,129
In more than one year but not more than two years	695	-	695
In more than two year but not more than five years	2,588	87	2,675
In five years or more	15,783	-	15,783
	23,420	862	24,282

GROUP	Bank loans and mortgages	Other loans	Total
	2017 £'000	2017 £'000	2017 £'000
In one year or less, or on demand	721	-	721
In more than one year but not more than two years	4,131	775	4,906
In more than two year but not more than five years	3,279	87	3,366
In five years or more	12,286	-	12,286
	20,417	862	21,279

Bournemouth Churches Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (*continued*)

25 Loans and borrowings(*continued*)

Maturity of debt (continued):

ASSOCIATION	Bank loans and mortgages 2018 £'000	Other loans 2018 £'000	Total 2018 £'000
In one year or less, or on demand	4,345	775	5120
In more than one year but not more than two years	687	-	687
In more than two year but not more than five years	2,562	87	2,649
In five years or more	15,777	-	15,777
	23,371	862	24,233

ASSOCIATION	Bank loans and mortgages 2017 £'000	Other loans 2017 £'000	Total 2017 £'000
In one year or less, or on demand	709	-	709
In more than one year but not more than two years	4,083	775	4,858
In more than two year but not more than five years	3,279	87	3,366
In five years or more	12,284	-	12,284
	20,355	862	21,217

Historic loans from Orchardbrook are repayable over a period of 60 years attracting fixed rates of interest between 8.75% and 11.25%. The terms remaining on these loans range between 40 and 42 years. The loans are repayable by half-yearly instalments.

The majority of Group borrowings are bank loans and mortgages with terms between 10 and 25 years at interest rates fixed or at margins over base rate. All loans are secured by fixed charges over freehold property. The terms remaining on these facilities are between 2 and 25 years.

Other loans are with Dorset LEP, a five-year term loan attracting interest at a margin over EU base rate and a small facility from Talbot Village Trust which is interest free.

The Group has not adopted the wider rule and as such does not have any standalone derivatives.

At 31 March 2018 the Group had undrawn loan facilities of £6.7m (2017 - £10.5).

Bournemouth Churches Housing Association Limited

Notes forming part of the financial statement for the year ended 31 March 2018 (continued)

26 Financial instruments

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

	Group 2018 £'000	Group 2017 £'000	Association 2018 £'000	Association 2017 £'000
Financial assets				
- Trade receivables	500	441	402	362
- Other receivables	2,209	3,166	2,726	3,527
- Cash and cash equivalents	2,162	2,553	1,740	2,297
Total financial assets	4,871	6,160	4,868	6,186
Financial liabilities				
Long Term Financial liabilities measured at historic cost				
- Loans payable	24,282	21,279	24,233	21,217
Financial liabilities measured at historic cost				
- Trade creditors	130	157	107	143
- Other creditors	4,200	3,543	4,187	3,567
- Loans and overdrafts payable	-	-	-	-
Total financial liabilities	28,612	24,981	28,527	24,927

There are no financial assets measured at fair value.

Financial assets measured at historic cost comprise trade debtors, other debtors and amounts owed by subsidiaries.

Financial liabilities measured at amortised cost comprise interest free loans relating to property.

There are no derivative financial instruments designated as hedges of variable interest rate risk comprise interest rate swaps.

27 Defined Contribution Pension Scheme

A defined contribution pension scheme is operated by the group on behalf of the employees. The assets of the scheme are held separately from those of the association in an independently administered fund. The pension charge represents contributions payable by the group to the fund and amounted to £175,000 (2017 - £174,000). Contributions totalling £16,000 (2017 - £16,000) were payable to the fund at the year end and are included in creditors.

Bournemouth Churches Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (*continued*)

28 Share capital

	2018 £	2017 £
Share capital		
At 1 April	97	93
Shares issued in the year	3	4
At 31 March	100	97
Share premium	90	90
Capital redemption reserve	26	26
	216	213

The share capital of the association consists of shares with a nominal value of £1 each, which carry no rights to dividends or other income. Shares in issue are not capable of being repaid or transferred. When a shareholder ceases to be a member, that share is cancelled and the amount paid thereon becomes the property of the association. Therefore, all shareholdings relate to non-equity interests.

29 Contingent liabilities

As at 31 March 2018, the Group and Association held £16,922k (2017: £6,032) in relation to grants transferred on stock swap transactions from other Registered Providers.

30 Operating leases

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

Amounts payable as Lessee	Group 2018 £'000	Group 2017 £'000	Association 2018 £'000	Association 2017 £'000
Not later than 1 year	523	941	487	897
Later than 1 year and not later than 5 years	1,184	1,770	1,058	1,731
Later than 5 years	403	600	403	600
Total	2,110	3,311	1,948	3,228

Bournemouth Churches Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (*continued*)

31 Capital commitments

	Group 2018 £'000	Group 2017 £'000	Association 2018 £'000	Association 2017 £'000
Commitments contracted but not provided for Construction	4,989	3,738	4,989	3,738
Commitments approved by the Board but not contracted for Construction	-	1,172	-	1,172
	4,989	4,910	4,989	4,910

Capital commitments for the group and association will be funded as follows:

	Group 2018 £'000	Group 2017 £'000	Association 2018 £'000	Association 2017 £'000
Social Housing Grant	678	3,142	678	3,142
New loans	90	-	90	-
Sales of properties	873	-	873	-
Existing reserves	3,348	1,768	3,348	1,768
	4,989	4,910	4,989	4,910

Bournemouth Churches Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (*continued*)

32 Related party disclosures

The ultimate controlling party of the group is Bournemouth Churches Housing Association. There is no ultimate controlling party of Bournemouth Churches Housing Association.

Transactions with non-regulated entities

The association provides management services, other services and loans to its subsidiaries. The association also receives charges from its subsidiaries. The quantum and basis of those charges is set out below.

Payable to Association by subsidiaries:	Management charges		Other charges		Interest charges	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000	2018 £'000	2017 £'000
New Leaf	116	114	33	33	18	5
Recoop	29	26	-	-	-	-
STFH	15	21	-	-	-	3
	160	161	33	33	18	8

Payable by Association to subsidiaries:	Management charges		Other charges		Interest charges	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Hyped	-	-	-	-	3	3
New Leaf	1,388	1,862	-	-	-	-
Recoop	-	-	-	-	1	2
	-	1,862	-	-	4	5

Intra-group management fees

Intra-group management fees are receivable by the association from subsidiaries to cover the running costs the association incurs on behalf of managing its subsidiaries. The management fee is calculated based on an individual service level agreement with each subsidiary. The calculation of the management fees is either on a percentage of turnover or headcount.

Intra-group management fees payable by the association to subsidiaries cover the cost of services provided by the subsidiary.

Bournemouth Churches Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (*continued*)

32 Related party disclosures (*continued*)

Transactions with non-regulated entities

Other intra-group charges

Other intra-group charges are payable to the association from subsidiaries that relate to rent payments.

Other intra-group charges are payable by the association to subsidiaries relate largely to property repairs and cleaning gardening and communal furniture provision.

Intra-group interest charges

Intra-group interest is charged by the association to its subsidiaries at the rates incurred by the association on its bank loans at the time of the loan.

Intra-group loans

Entity granting loan	Entity receiving loan	Interest rate	Opening balance £'000	Movement £'000	Closing balance £'000
Hyped	BCHA ¹	2%	(173)	173	-
BCHA	New Leaf ²	Base + 1%	350	-	350
Recoop	BCHA ¹	2%	(70)	-	(70)
BCHA	STFH ¹	4.625%	71	(6)	65
New Leaf	BCHA ¹	Base + 1%	(34)	-	(34)
BCHA	STFH ¹³	4.625%	4	-	4
BCHA	WCHG ¹	4.625%	148	(148)	-

Key	Terms of repayment	Details of guarantee
1	Repayable on demand	None
2	Repayable after one year	None
3	Loan repaid in May 2108	None

33 Restatements

The comparatives for the group and the association have been restated as a result of the merger with Winchester Churches Housing Group Limited and Hyped BCHA Limited and also as a result of an adjustment to the way that deferred capital grant arising on stock swap property should have been accounted for.

- As noted in the accounting policies, deferred capital grant received is accounted for using the accrual model set out in FRS 102 and the Housing SORP 2014. In previous periods, deferred capital grant attached to property received under a stock swap arrangement was recorded as a deferred capital grant liability. Under FRS102, where there is grant attached to stock swap property received, then, as the association was not the direct recipient of the grant, the grant transferred should not be recognised as a deferred capital grant liability but should have been disclosed within the notes to the accounts as a contingent liability (see note 29). See the table below for the financial effect of the adjustment.
- On 1 February 2018, Winchester Churches Housing Group Limited merged into Bournemouth Churches Housing Association. Net assets of £802k were transferred.
- On 28 March 2018, a resolution was passed by Hyped transferring its assets to Bournemouth Churches Housing Association with immediate effect and authorising its directors to take steps to wind up the organisation. Net assets of £207k were transferred.

The Association financial statements presented incorporate the results of both organisations.

Bournemouth Churches Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (*continued*)

33 Restatements (*continued*)

Both adjustments correct an overstatement of reserves as at 31 March 2017 and 31 March 2018. The impact was to reduce reserves at 1 April 2017 by £33k but there was no impact on the income and expenditure account for the year ended 31 March 2017.

Reconciliation of reserves - 31 March 2017	Note	Group As previously stated £'000	Group Impact of Merger £'000	Group Impact of Prior Period Adjustments £'000	Group Restated £'000
Fixed assets					
Intangible assets		774	-	-	774
Tangible fixed assets - housing properties	a,b	58,536	-	(5,967)	52,569
Tangible fixed assets - other		3,170	-	-	3,170
		62,480	-	(5,967)	56,513
Current assets					
Stocks		4	-	-	4
Debtors - receivable within one year	b	3,603	-	4	3,607
Debtors - receivable after one year		-	-	-	-
Cash and cash equivalents		2,553	-	-	2,553
		6,160	-	4	6,164
Creditors: amounts falling due within one year	b	(3,647)	-	7	(3,640)
Net current assets / (liabilities)		2,513	-	11	2,524
Total assets less current liabilities		64,993	-	(5,956)	59,037
Creditors: amounts falling due after more than one year	a,b	(54,462)	-	5,923	(48,539)
Provisions for liabilities					
Dilapidation provision		(499)	-	-	(499)
Net assets		10,032	-	(33)	9,999
Capital and reserves					
Called up share capital		-	-	-	-
Income and expenditure reserve	a,b	9,955	-	(19)	9,936
Restricted reserve		77	-	(14)	63
		10,032	-	(33)	9,999

Bournemouth Churches Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (*continued*)

33 Restatements (*continued*)

Reconciliation of reserves - 31 March 2017	Note	Association As previously stated £'000	Association Impact of Merger £'000	Association Impact of Prior Period Adjustments £'000	Association Restated £'000
Fixed assets					
Intangible assets		764	-	-	764
Tangible fixed assets - housing properties	a,b	57,266	471	(5,849)	51,888
Tangible fixed assets - other		3,091	3	-	3,094
		61,121	474	(5,849)	55,746
Current assets					
Stocks		-	-	-	-
Debtors - receivable within one year	b	3,685	(146)	-	3,539
Debtors - receivable after one year		350	-	-	350
Cash and cash equivalents		1,771	526	-	2,297
		5,806	380	-	6,186
Creditors: amounts falling due within one year	b	(3,782)	155	-	(3,627)
Net current assets / (liabilities)		2,024	535	-	2,559
Total assets less current liabilities		63,145	1,009	(5,849)	58,305
Creditors: amounts falling due after more than one year	a,b	(54,309)	(90)	5,909	(48,490)
Provisions for liabilities					
Dilapidation provision		(499)	-	-	(499)
Net assets		8,337	919	60	9,316
Capital and reserves					
Called up share capital		-	-	-	-
Income and expenditure reserve	a,b	8,337	919	60	9,316
Restricted reserve		-	-	-	-
		8,337	919	60	9,316

Bournemouth Churches Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 *(continued)*

33 Restatements *(continued)*

Reconciliation of surplus for the year ended 31 March 2017

	Note	Group As previously stated £'000	Group Impact of merger £'000	Group Impact of Prior Period Adjustments £'000	Group Restated £'000
Turnover		21,292	-	-	21,292
Operating costs		(20,493)	-	-	(20,493)
Operating surplus		799	-	-	799
Surplus on disposal of fixed assets		125	-	-	125
Other interest receivable and similar income		2	-	-	2
Interest and financing costs		(187)	-	-	(739)
Surplus before taxation		187	-	-	187
Taxation on surplus		-	-	-	-
Surplus for the financial year		187	-	-	187
Total comprehensive income for year		187	-	-	187

Reconciliation of surplus for the year ended 31 March 2017

	Note	Association As previously stated £'000	Association Impact of merger £'000	Association Impact of Prior Period Adjustments £'000	Association Restated £'000
Turnover	b,c	20,677	187	-	20,864
Operating costs	b,c	(19,982)	(115)	-	(20,097)
Operating surplus		695	72	-	767
Surplus on disposal of fixed assets		125	-	-	125
Other interest receivable and similar income	b,c	10	(3)	-	7
Interest and financing costs	b,c	(744)	3	-	(741)
Surplus before taxation		86	72	-	158
Taxation on surplus		-	-	-	-
Surplus for the financial year		86	72	-	158
Total comprehensive income for year		86	72	-	158

Bournemouth Churches Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 *(continued)*

33 Restatements *(continued)*

Reconciliation of statement of changes in equity for the year ended 31 March 2017	Group As previously stated	Group Impact of Merger	Group Impact of Prior Period Adjustments	Group Restated
	£'000	£'000	£'000	£'000
Balance at 1 April 2016 as previously reported	9,845	-		9,845
Prior year adjustment			(33)	(33)
Balance at 1 April 2016 as restated	9,845	-	(33)	9,812
Surplus for the year	187	-	-	187
Balance at 31 March 2017	10,032	-	(33)	9,999

Reconciliation of statement of changes in equity for the year ended 31 March 2017	Association As previously stated	Association Impact of Merger	Association Impact of Prior Period Adjustments	Association Restated
	£'000	£'000	£'000	£'000
Balance at 1 April 2016 as previously reported	8,251			8,251
Prior year adjustment		847	60	907
Balance at 1 April 2016 as restated	8,251	847	60	9,158
Surplus for the year	86	72	-	158
Reserves Transfers: Transfer of restricted expenditure from income and expenditure reserve	-	-	-	-
Balance at 31 March 2017	8,337	919	60	9,316