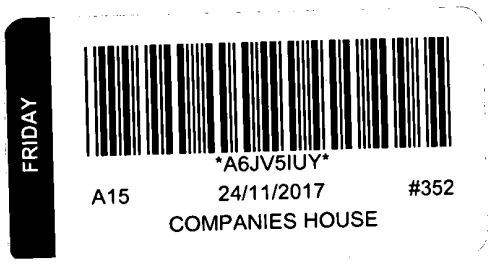
A1 Housing Bassetlaw Limited

Company Limited by Guarantee

Directors' Report & Financial Statements

for the year ended

31 March 2017



Company Registration No. 5233802

A1 Housing Bassetlaw Limited
Company Limited by Guarantee
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A1 Housing Bassetlaw Limited
Company Limited by Guarantee
OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Michael Bowskill (Chairman)	Independent member
Councillor Josie Potts	Council Member
Councillor Hazel Brand	Council Member
Councillor Steven Scotthorne	Council Member
Brian Bailey (Vice-Chair)	Tenant Member
Stan Davis	Tenant Member
William McCarthy	Tenant Member
Caroline Mason	Independent Member
Janet Coyne	Independent Member

SECRETARY

Stuart Morris	Resigned: 15 January 2017
Donald Spittlehouse	Appointed: 16 January 2017

REGISTERED OFFICE

Carlton Forest House
Hundred Acre Lane
Worksop
Nottinghamshire
S81 0TS

AUDITOR

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

BANKER

Barclays Bank plc
23 Market Place
Mansfield
NG18 1HT

SOLICITOR

Anthony Collins Solicitors LLP
134 Edmund Street
Birmingham
B3 2ES

ACTUARY

Barnett Waddingham
Silver Springs House
2 Topaz Way
Birmingham Road
Bromsgrove
B61 0GD

CORPORATE MANAGEMENT TEAM

Don Spittlehouse	Managing Director and Company Secretary	
Joice Rennie	Director of Housing and Customer Services; and Deputy Managing Director	
Stuart Morris	Head of Finance and Company Secretary	Resigned December 2016
Andrew Davenport	Head of Property and Development	
Rachel Burton	Head of Housing and Neighbourhoods	

PRINCIPAL ACTIVITIES

The Company's principal activity during the year was the management and maintenance of the housing stock on behalf of Bassetlaw District Council (BDC), these numbered 6,823 units as at 31 March 2017 (6,828 at 31 March 2016). The company was established as an Arm's Length Management Organisation (ALMO) in accordance with a Government policy initiative for local authority housing management.

A1 Housing Bassetlaw Limited ("A1 Housing" or "A1") is responsible for the day-to-day management of the housing services, which includes housing management, warden services, housing repairs, capital works and technical and design services.

Under a management agreement with Bassetlaw District Council, A1 Housing Bassetlaw Limited receives funding to manage and maintain the housing stock on behalf of Bassetlaw District Council. This is shown in the Company's income statement under the heading "Revenue".

FINANCIAL RESULTS

The financial statements for the year ended 31st March 2017 have been compiled according to IFRS requirements.

The profit for the year, prior to any IAS 19 adjustments, was £59k (2016: loss £156k). The retained earnings (excluding pension liability) increased to £416,000 in 2017 from £356,000 in 2016, as shown in note 14 on page 32.

There has been a considerable increase in the Pension Liability in 2017 compared to 2016. This is mainly due to a re-measurement loss of £5,761,000 (2016: gain £4,027,000).

PERFORMANCE

As part of the monitoring process at A1 Housing, we record a number of performance indicators. Managers, Board Members, BDC and Tenants monitor these on a quarterly basis. We have continued to deliver improvements during 2016/17. A1 Housing closely monitors 50 top performance indicators for the business and only 13 were below target. Further information regarding performance indicators and future improvement plans are available on A1's website at www.a1housing.co.uk.

RISK

Risk to the company's business can take various forms, e.g. financial risk, risk to projects, risk to the services we deliver, risk to the public or specific stakeholders, risks from missed opportunities or from policy failures, and risks to our reputation. They can affect our performance, our stakeholders, our customers and employees. We have five areas that are showing a risk of high impact and likelihood (before actions put in place to manage the risks) these are:

- Significant disruption to IT services.
- Impact on A1 Housing of political/business changes.
- Welfare reform
- Social media
- Sheltered housing scheme reviews

As an organisation we continually monitor these risks and all other risks to ensure that we can put measures in place in the event of them occurring or pro-actively preventing occurrence. After putting actions in place to manage the risks we have no critical residual risks.

External Influences – A1 is mindful of the following external factors that need to be managed carefully to minimise adverse impact on our budgets:

- Welfare reform
- Changes to the Local Government Pension Scheme
- Right to buy sales

Our on-going good performance since the creation of A1 Housing was a key factor in Bassetlaw District Council's decision to grant A1 Housing a new 15 year contract commencing on the 1st April 2015. The contract will be reviewed every five years.

REVIEW OF THE BUSINESS

Our Achievements

A1 Housing has continued to offer good services to its customers and has been nationally recognised through various awards. A1 Housing aims to continue to offer good services but to improve year on year.

A1 Housing set a target of £600,000 of efficiencies for the year. Actual efficiencies achieved amounted to £760,614. All efficiencies are re-invested within A1 Housing.

An inward investment target for the year was set at £600,000. However, due to the current economic climate and Government cutbacks, no inward investment has been secured.

A1 Housing prepares an annual Strategic Plan of Improvement Projects which contributes to the long-term 5 year corporate plan for 2020.

Local Context

A1 Housing is rooted in Bassetlaw, we were formed and are owned by Bassetlaw District Council and have a close working relationship with them which reduces costs and improve services. As we are closely linked to the Council our priority is helping them achieve their four key ambitions for the district and we have set our own aims for the next 5 years to do this.

We have always recognised the importance of working in partnership with our tenants, local organisations and community groups and this will be even more important in the future. For example by working closely with the Council and Nottinghamshire Police we have been able to tackle Anti-Social Behaviour far more effectively than our own.

We have already started on the first significant development of new Council homes for over 25 years and we aim to develop more properties to rent over the next 5 years to provide the quality reasonably priced homes to which local people aspire.

As an important part of the local economy and significant employer we are well placed to play our part in supporting local growth and offering training and work experience to local people. This will contribute to the success of the regional aims of the Sheffield City Region and D2N2 partnerships and support and help our tenants to improve their standard of living and adapt to changes from outside the district.

Finally we will continue to work with our partners to improve delivery of a wide range of services and provide innovative solutions to local problems. As an efficient organisation which makes best use of our resources we will support initiatives such as the Nottinghamshire Health and Wellbeing Board, Bassetlaw Public And Third Sector Partnership which have an important impact on the lives of our tenants and their families.

National Context

The last 5 years have seen significant changes in the national context for providing housing. New initiatives such as Welfare Reform, reorganisation of Health and Social Care and Local Government Reform have all had major direct and indirect effects on what we do.

The result of the June 2017 General Election means it is unlikely that the rate of change will slow down. Local Government faces further restructuring and continuing pressure on resources and financing and this will have a significant impact on how local services are commissioned and provided.

In the referendum held on the 23rd June 2016, the UK voted to leave the European Union. At this stage, it's too early to assess the impact of these changes.

Many of our tenants will have to adjust to a new welfare benefits system which will affect not only their income but their relationship with A1 Housing.

There is an increasing housing shortage and the demand for the quality and good value for money homes that we provide is likely to grow. Continuing change to the provision of the National Health Service and delivery of health, care and social support will require increasing co-operation between housing and health services.

The use of new technology will also present opportunities to reduce costs and improve direct access to services but we must also acknowledge that not all our tenants will be comfortable with this approach.

We recognise that these national changes will be difficult and challenging and that we must be able to respond positively to this in planning and providing our services. We will continue to represent the best interest of our tenants by responding to and shaping the national agenda as far as possible.

By order of the Board

M Bowskill
Chairman
19 September 2017

The Directors submit their report and financial statements of A1 Housing Bassetlaw Limited for the year from 1 April 2016 to 31 March 2017.

REVIEW OF THE BUSINESS

Our Vision

Since we were formed our purpose has always been to provide quality homes and neighbourhoods to the people of Bassetlaw in partnership with local people and this needs long term plans for the future.

We want to make sure that the major improvements we have made over the last 11 years are maintained and that we continue to develop and improve the services we provide.

Our plans are based on 4 main aims

Providing quality homes and neighbourhoods to increase the supply, standards and affordability of housing in Bassetlaw.

Working closely with partners, tenants and local communities to meet local challenges and adapt to changing circumstances.

Supporting local growth and improving living standards through our position in the local economy.

Finally we must be an organisation which is well run, open and transparent to ensure the continuing confidence of our tenants and our long term future.

These aims form the basis of our goals for the next 3 years which we call our 2020 Vision.

Our Values

We recognise that it is not just what we do but how we do it that determines whether we are respected and supported by the local community. We therefore have clear and strong values which we expect of our employees, Board members and everyone connected to A1 Housing.

We believe in communicating with our customers and acting on their priorities to provide the services that they want. Involving our staff ensures we learn from their experience and ensures the whole organisation is committed to our objectives.

We believe in strong relationships which are built on mutual respect, openness and fairness so that our leadership is inclusive and reflects local needs.

Finally we are committed to professionalism and pride in our work so that we can deliver an excellent service to all and fulfil the promises we have made.

We are committed to equal treatment of all of our customers and making sure that their specific needs are understood and taken into account in the way in which we deliver our services. Our Equality and Diversity Plan explains how we do this and can be found on our website at www.a1housing.co.uk

Our Tenants and their Priorities

Our tenants are the bedrock of A1 Housing's future and without their support we would not exist as a strong and respected independent organisation.

In the 11 years of our existence we have seen tenant satisfaction with the services we provide grow strongly. We know that tenants value a quality service which is provided on time by staff who are helpful and can offer good advice and information. We continually monitor satisfaction to make sure we meet these commitments and put right quickly anything that goes wrong.

We have involved our tenants in shaping our priorities. We do this in a variety of ways to offer opportunities to all. Tenants can be involved individually and through tenant groups, attending meetings and conferences or on line and through Facebook.

Our tenants also monitor our performance and hold us to account to make sure we deliver what we promise. Mystery Shopping tests the real life experience of using a service and we have independent Tenant Inspectors who will look in detail at different parts of the organisation.

We will continue to find new ways to work together and strengthen our relationships especially with those groups which have traditionally been harder to reach.

We know that not everyone is involved equally and we aim to improve this.

Changes in social media and the digital delivery of services present exciting opportunities to transform how we do this in the future. We will also continue to provide our own highly skilled call centre to answer telephone enquiries, maintain permanent offices in Worksop and Retford and offer local contact through our housing surgeries.

Governance

A1 Housing was established in 2004 by Bassetlaw District Council to deliver its commitment to –

- Achieve a separation of landlord and strategic functions as required by Government, allowing A1 to deliver housing services at arms-length
- Pursue the drive for excellence in delivering housing services
- Deliver decent homes to council tenants

The housing stock remains in the ownership of Bassetlaw District Council (BDC) and there is no change in the legal status of tenants. Currently, A1 manages 6,823 properties for BDC through offices at Carlton Forest House, Carlton; Queens Buildings, Worksop; and Retford Town Hall

To oversee the delivery of the aims, a governance structure has been put in place. The Board is served by four sub-committees

- Finance and Organisational Health
- Policy, Strategy and Growth
- Housing and Neighbourhoods
- Customer Living Standards

The sub-committees are made up of the existing A1 Board Members and supported by a member of the Corporate Management Team. Whilst the CMT are called Directors they are not formal Directors of the company, they are purely officers responsible for the day to day management of the business and are responsible to the Board of Directors.

The Corporate Governance is supported by an annual review of the Governance Handbook and terms of reference for each of the sub-committees. As part of the governance process each sub-committee undertakes an annual assessment of its role and this is reported back to the Board for consideration.

The Management Fee for 2016/17 was £11,959,321. The fee is evaluated annually as part of the Housing Revenue Account Business Plan that is agreed with BDC. The 30 year projection in the Business Plan shows that the business is viable. The next five years show that whilst the resources are tight there is sufficient funding within the plan to pay for the projected revenue and capital costs of delivering the services required.

Focus on Services

A1 Housing has changed for the better since we were formed and are now a more efficient and tenant led organisation.

We were created to improve the housing stock and over the past 11 years we have invested £106m to bring properties up to date with modern fitted kitchens, new bathrooms and efficient central heating systems.

We have also installed double glazed windows, secure external doors and roof insulation which makes our homes warmer and more comfortable to live in. An external study highlighted the positive impact that this investment has made on the physical and social wellbeing of our tenants.

We now work more efficiently and make better use of our resources so that we can invest more in providing high quality services. Our performance is now amongst the best in the country and we have won a number of awards recognising the quality of our work, for example in the way in which we handle property repairs.

Our tenants are fundamental to A1 Housing's success and we have transformed our relationship with them. They are now involved in everything we do and this makes sure that we deliver the services that they value and want.

A1 Housing works closely with tenants to improve their homes and provide higher quality services. Tenant satisfaction is measured by an independent survey company. Overall satisfaction is higher than 90% for most service areas. We have also seen growing satisfaction with the quality of their homes, neighbourhoods as a place to live and the services we offer. It is their continued support which means that we have a long term future in managing the Bassetlaw District Council housing stock and building on our success.

Performance

Our performance as an organisation is based on how well we provide our day to day services as well as our long term plans. Each year we set targets we expect to achieve and monitor this closely so that we can make sure that we maintain a quality performance.

For example we monitor how quickly we complete repairs and the proportion of rent we collect.

We also measure not just facts and figures but also what customers think of us through satisfaction surveys. These are carried out by an independent organisation so that our customers can be sure that these are a true reflection of what people think.

We use the information we collect to compare ourselves to other similar organisations so that we can learn from good practice across the whole of the country.

Our targets are revised every year and reported regularly to our Board to check our progress and all this is openly available on our website at www.a1housing.co.uk.

Resources

We have an annual budget of over £14.0m of which we spend £6.3m on repairs. We also manage a £12m investment programme to improve our properties and neighbourhoods.

By working as efficiently and economically as possible we can make best use of these resources. We also look for other sources of income and investment and ways of driving down costs through better purchasing of services and relationships with our contractors.

We have a detailed Business Plan which we revise annually to show our financial predictions and this is available on our website at www.a1housing.co.uk.

FUTURE DEVELOPMENTS

A1 Housing produces a five year Service Plan. The key aims below form the basis of our goals for the next three years, which we call our 2020 vision.

Our 2020 Vision

We have identified 4 key aims which will deliver our vision of providing quality homes and neighbourhoods over the next 3 years.

We intend to make substantial progress in these 4 key areas and have set challenging objectives by which our progress can be judged.

Our first key aim is to ***Provide Quality Homes and Neighbourhoods*** and we will do this through:

- Continuing to invest in and maintain our housing to provide quality homes that are attractive to rent.
- Increasing the number of properties we manage by building new homes.
- Working closely with our partners to improve our local neighbourhoods to make them safe, attractive and desirable places to live.

We know that we cannot achieve all this on our own and our second key aim is to ***Work with our Partners*** to support local communities and we will:

- Meet our customers' needs and priorities.
- Encourage and support local community involvement.
- Be part of "joined up" local services by working closely with other organisations and groups.

These first 2 aims are essential to help us achieve an improvement in ***Local Growth and Living Standards*** of our tenants and our main objectives in this area are:

- Ensuring customers have the best access to our services in the ways that meet their needs.
- Exploring how we can use the digital world to improve what we do.
- Using our resources and contracts to offer work experience and training to provide opportunities for work and improvements in living standards.
- Using our position in the local economy to support local businesses.

Our final aim is to remain a ***Viable and Co-Operative Organisation*** so that we have a long term future. This requires that we:

- Continue to change and adapt so that we are valued as an independent organisation.
- Develop new services that complement our main role as a landlord and provide additional opportunities and resources.
- Strive to be an efficient and adaptive organisation to find the best way to deliver our services.
- Make sure we continue to have a skilled and motivated workforce that can deliver all our aims.

Every year we will agree a detailed plan of projects which will achieve these aims and objectives. These will be continually monitored to make sure they are delivered as part of our 5 year plan. The plan and our progress is reported on our website so that we can be held to account by our tenants.

MAJOR RISKS AND UNCERTAINTIES

The roles and responsibilities on how risks are managed and reviewed are set out in the Risk Strategy which is reviewed on a triennial basis. The last review was in March 2017. A revised risk register is reported to both Board and Finance and Organisational Health Champions Group in May of each year. The register has been adapted to show the residual risk after taking into account control measures that have been put in place. Also a Strategic Management Group has been set up by the Corporate Management Team to identify risks and take necessary actions to resolve them. Internal Audit reviewed the process etc. and gave risk management the best assurance level of green.

The five areas that are showing a risk of high impact and likelihood (before actions put in place to manage the risks) are:

- Significant disruption to IT services
- Impact on A1 Housing of political/business changes
- Welfare Reform
- Social Media
- Sheltered housing scheme reviews

Control measures are in place within the risk register to mitigate the impact and/or likelihood of each risk.

EQUALITY AND DIVERSITY

A1 Housing has obtained the Jobcentre Plus 'Positive about Disabled People' accreditation; this shows that we are committed to employing disabled people. The National Centre for Diversity confirmed that A1 Housing meets the Level 2 of the Investors in Diversity accreditation. During the Investors in Diversity process they have identified our Equality and Diversity Strategy, Annual Report, Single Equality Scheme and Equality and Diversity Guidance for Employees as areas of best practice which they will be sharing with other organisations.

EMPLOYEE CONSULTATION

A1 Housing has an Internal Communication Strategy that provides the framework for all staff. It recognises that people are the most valuable asset for A1 Housing. It is through people that we are able to deliver services and develop a relationship with customers and stakeholders. Effective communication at all levels, within teams, between teams and between staff and managers is crucial in making this happen efficiently. The key principles for this policy are;

1. Effective communication is designed to support our vision, key long-term aims and corporate objectives
2. Effective communication will improve service delivery to both internal and external customers
3. Effective communication will support A1 Housing employees
4. Effective communication will start at the top

The policy shows the variety of ways we communicate as an organisation and the various number of channels that can be used to deliver messages. Because we have an adaptable and varied number of channels, we can choose the most effective communication method for the information we want to share. There are three basic ways to share information and each has a number of options that can be considered, these are;

Face to Face:

- CMT Roadshows
- Staff meetings/Team briefings
- Performance appraisals and one to ones
- Informal meetings
- Telephone communication

Electronic:

- Intranet
- Email
- Shared drives

Written:

- Noticeboards
- Surveys
- Team briefs
- Memos
- Letters
- Posters
- Leaflets
- Internal newsletters

ENVIRONMENTAL POLICY

A1 Housing Bassetlaw Ltd realises its responsibilities towards the environment and as such shall, wherever possible, take all reasonable actions to minimise its impact on the environment. A1 Housing Bassetlaw Ltd is committed to the prevention of pollution and the promotion of sustainable practices. The company holds ISO 14001 for Environmental Management and expects suppliers of procured services to evidence that they possess, or are working towards, this standard. A1 Housing is also signed up to the Bassetlaw Fair Trade agreement in conjunction with Bassetlaw District Council and local employers.

DIRECTORS

The following directors have held office from 1 April 2016 to the date of approval of these financial statements:

		Date of appointment	Date resigned
Michael Bowskill (Chair)	Independent Member	28 October 2004	
Councillor Josie Potts	Council Member	15 June 2010	
Councillor Hazel Brand	Council Member	18 September 2012	
Councillor Steven Scotthorne	Council Member	17 December 2015	
Brian Bailey (Vice-Chair)	Tenant Member	25 May 2006	
Stan Davis	Tenant Member	01 May 2015	
William McCarthy	Tenant Member	23 June 2015	
Caroline Mason	Independent Member	28 October 2004	
Janet Coyne	Independent Member	23 September 2008	

DIRECTORS RETIRING BY ROTATION

Under clause 16(1) of the Articles of Association, at the twelfth AGM held on the 20th September 2016, Janet Coyne, Independent Board Member, retired and was re-elected under clause 16.5.

Under clause 15(2) of the Articles of Association, at the twelfth AGM held on the 20th September 2016, no Tenant Board Member, retired.

Under Article 14, Bassetlaw District Council did not change any of their representatives during the year.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

AUDITOR

A resolution to reappoint KPMG LLP, Chartered Accountants as auditor will be put to the Board at the Annual General Meeting.

By order of the Board

M Bowskill
Chairman
19 September 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPET OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

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

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

a. select suitable accounting policies and then apply them consistently;

b. make judgements and estimates that are reasonable and prudent;

c. state whether they have been prepared in accordance with IFRSs, as adopted by the EU, subject to any material departures disclosed and explained in the financial statements; and

d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

STATEMENT ON INTERNAL CONTROL

The Board acknowledge its ultimate responsibility for ensuring that the Company has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

- The reliability of financial information used within the Company or for publication;
- The maintenance of proper accounting records; and
- The safeguarding of assets against unauthorised use or disposal.

It is the Board of Directors responsibility to establish & maintain systems of internal control. The systems of internal control can only provide reasonable and not absolute assurance against material misstatements or loss. The system of internal control includes the following key elements:

- Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls, maintaining proper accounts and restrict the unauthorised use of the Company's assets;

- Experienced and suitably qualified staff to take responsibility for important business functions. Annual business planning and performance development appraisal with employees are in place to maintain standards of performance;

- Internal audit to undertake regular reviews on the effectiveness of internal controls. Based on the work undertaken during the year and the implementation by management of the recommendations made, Internal Audit has provided reasonable assurance that the Company has adequate and effective governance, risk management and internal control processes;

- A risk management framework in which priority risks are managed and reviewed by the Corporate Management Team and monitored by the Board;

- Forecasts and budgets are prepared which monitor the key business risks and financial objectives and progress towards financial plans set for the year and the medium term. Regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets are investigated as appropriate;

- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board and Corporate Management Team of the Company;

- The Board receives the external auditor's report. Among other things this provides reasonable assurance that control procedures are in place and being followed. The internal audit programme is in place to review, appraise and report upon the adequacy of internal controls. Any actions necessary to correct any weaknesses identified by internal or external audits are incorporated within the service plan that is agreed by the Board. This is monitored by the Audit Committee of the Board; and

- A full range of insurance including Fidelity Guarantee has been put in place to safeguard assets.

- During the period management has received regular reports from the Internal Audit Service covering the effectiveness of the systems of operational and financial controls. On behalf of the Board, the Corporate Management Team has reviewed the effectiveness of systems of internal control in existence for the period ended 31 March 2017. No weaknesses were found in the internal controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditors' report on the financial statements. The Board is satisfied that this remains the case up to the signing of these documents.

- There are written policies and procedures and a scheme of delegated authorities to ensure proper accounting records are maintained.

- After making appropriate enquiries the Board consider that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A1 HOUSING BASSETLAW LIMITED

We have audited the financial statements of A1 Housing Bassetlaw Limited for the year ended 31 March 2017 set out on pages 16 to 38. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

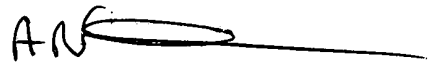
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



Anthony Felthouse (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

2 November 2017

A1 Housing Bassetlaw Limited
Company Limited by Guarantee
STATEMENT OF COMPREHENSIVE INCOME
for the year to 31 March 2017

	Notes	2017 £'000	2016 £'000
REVENUE	3	14,323	14,686
Operating Costs	5a	(14,820)	(15,058)
LOSS FROM OPERATIONS	5b	(497)	(372)
Finance costs	6	(470)	(532)
Administration expenses		(9)	(1)
LOSS BEFORE TAXATION		(976)	(905)
Corporation tax	8	-	-
LOSS FOR THE YEAR	14	(976)	(905)

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

The loss for the year is entirely attributable to its sole member (note 13).

	Notes	2017 £'000	2016 £'000
OTHER COMPREHENSIVE INCOME, NET OF TAX			
Loss for the year		(976)	(905)
Re-measurements / Actuarial losses and gains on defined benefit obligations	17	(5,761)	4,027
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		(6,737)	3,122

The total comprehensive loss for the year is entirely attributable to its sole member (note 13).

A1 Housing Bassetlaw Limited
Company Limited by Guarantee

BALANCE SHEET

As at 31 March 2017 Company Registration No: 5233802

	Notes	2017 £'000	2016 £'000
CURRENT ASSETS			
Inventories	10	110	116
Trade and other receivables	11	305	411
Cash	15	1,234	985
TOTAL ASSETS		1,649	1,512
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	(1,146)	(1,043)
NON CURRENT LIABILITIES			
Net pension liability	17	(19,824)	(13,027)
Provision for liabilities and charges	18	(87)	(113)
TOTAL NON CURRENT LIABILITIES		(19,911)	(13,140)
TOTAL LIABILITIES		(21,057)	(14,183)
NET LIABILITIES		(19,408)	(12,671)
EQUITY			
Retained earnings excluding pension liability	14	416	356
Pension reserve	14	(19,824)	(13,027)
TOTAL EQUITY	14	(19,408)	(12,671)

The financial statements on pages 16 to 38 were approved by the Board and authorised for issue on 19 September 2017 and are signed on its behalf by:

M Bowskill
Chairman

A1 Housing Bassetlaw Limited
Company Limited by Guarantee
STATEMENT OF CHANGES IN EQUITY

		2017 £'000		2016 £'000
BALANCE AT 1 APRIL		(12,671)		(15,793)
Loss for the year	(976)		(905)	
Other comprehensive income, net of tax:				
Re-Measurement / Actuarial gains on defined benefit obligations	(5,761)		4,027	
TOTAL COMPREHENSIVE INCOME / (EXPENDITURE) FOR THE YEAR		(6,737)		3,122
BALANCE AT 31 MARCH		(19,408)		(12,671)

A1 Housing Bassetlaw Limited
Company Limited by Guarantee
STATEMENT OF CASH FLOWS
for the year to 31 March 2017

CASH FLOWS FROM OPERATING ACTIVITIES	2017 £'000	2016 £'000
Reconciliation of loss from operations to net cash generated from operating activities		
Loss from operations	(497)	(372)
Pension contributions paid in period	(757)	(723)
Pension contributions charged in the period	1,313	1,252
Decrease / (Increase) in stock	6	(14)
Decrease / (Increase) in debtors	107	417
(Decrease) / Increase in creditors	103	(81)
(Decrease) / Increase in provisions	(26)	63
Net cash inflow from operating activities	249	542
CASH FLOWS FROM INVESTING ACTIVITIES	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
NET MOVEMENT IN CASH OR CASH EQUIVALENTS		
Cash and Cash Equivalents at the beginning of the year	985	443
Cash and Cash Equivalents at the end of the year	1,234	985
Net cash inflow / (outflow) from operating activities	249	542

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with accounting standards.

These financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

CHANGES IN ACCOUNTING POLICY

There have been no changes in accounting policy. Accounting policies have been consistently applied from one financial year to another.

GOING CONCERN

The activities of the company, together with the factors likely to affect its future development and performance are set out in the Directors Report. The financial position of the company, its cashflow and liquidity are described in the financial statements and accompanying notes. Accordingly, the company has a reasonable expectation that it has adequate resources to continue in an operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its financial statements.

REVENUE RECOGNITION

Revenue is recognised when revenue and associated costs can be measured reliably and future economic benefits are probable. Revenue is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Revenue from services is recognised on a time-apportioned basis by reference to the provision of services set out in the Management Agreement.

Sales of goods are recognised when goods are delivered and title has passed. Delivery occurs when the products have arrived at the specified location, and the risks and rewards of ownership have been transferred to the customer.

INVENTORIES

Inventory is stated at the lower of cost and net realisable value. Cost comprises direct material costs and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using actual costs in most circumstances. Net realisable value represents the estimated selling price less all estimated costs to completion and selling costs to be incurred.

LEASES

Leases in which a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged against profit or loss on a straight line basis over the period of the lease.

PENSION CONTRIBUTIONS

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

Actuarial gains and losses arising were replaced in 2014 by re-measurements of the net defined benefit liability / (asset). This will include return on plan assets, actuarial gains and losses on changes in demographic assumptions,

actuarial gains and losses on changes in financial assumptions and other. Re-measurements are reported within Other Comprehensive Interest and Expenditure within the Comprehensive Income and Expenditure Statement. Past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits have already vested, the cost is recognised immediately in profit or loss.

An asset or liability is recognised equal to the present value of the defined benefit obligation, adjusted for unrecognised past service costs, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the lower of the asset, and any unrecognised past service cost plus the present value of available refunds or reductions in future contributions to the plan.

The rate used to discount the benefit obligations is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

Gains and losses on curtailments/settlements are recognised when the curtailment/settlement occurs.

TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from accounting profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit.

OPERATING SEGMENTS

The Company has adopted IFRS 8 'Operating Segments' during the year. IFRS 8 provides segmental information for the Company on the basis of information reported internally to the chief operating decision-maker for decision-making purposes. The Company considers that the role of chief operating decision-maker is performed by the Company's Board of Directors. The adoption of IFRS 8 has not had any impact on the performance or position of the entity and all results are reported as a single segment.

FINANCIAL INSTRUMENTS

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

Financial assets

Trade receivables

Trade receivables are classified as loans and receivables and are initially recognised at fair value. They are subsequently measured at their amortised cost using the effective interest method less any provision for impairment. A provision for impairment is made where there is objective evidence, (including customers with

financial difficulties or in default on payments), that amounts will not be recovered in accordance with original terms of the agreement. A provision for impairment is established when the carrying value of the receivable exceeds the present value of the future cash flows discounted using the original effective interest rate. The carrying value of the receivable is reduced through the use of an allowance account and any impairment loss is recognised in profit or loss.

Financial liabilities

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

Trade payables

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

ADOPTION OF INTERNATIONAL ACCOUNTING STANDARDS

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

Standards adopted early by the Company

The Company has not adopted any standards or interpretations early in either the current or the preceding financial year.

Interpretations to existing standards, new standards and amendments to existing standards that are relevant but are not yet effective and have not been early adopted by the Company

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases
IFRS 17	Insurance Contracts

The Directors anticipate that the adoption of the majority of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Company when the relevant standards and interpretations come into effect.

1 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- the assumptions underpinning the pension scheme valuation assumptions – see note 17 for details of the sensitivities on key assumptions.

Critical areas of judgement

There are no critical judgements, apart for those involving estimations (see above), that the Directors have made in the process of applying the entity's accounting policies and that have a significant effect on the amounts recognised in the financial statements.

2 FINANCIAL RISK MANAGEMENT

The roles and responsibilities on how risks are managed and reviewed are set out in the Risk Strategy which is reviewed on a triennial basis. The last review was in 2015. A revised risk register is reported to both Board and Finance and Organisational Health Champions Group in May of each year. The register has been adapted to show the residual risk after taking into account control measures that have been put in place. Also a Strategic Management Group has been set up by the Corporate Management Team to identify risks and take necessary actions to resolve them. Internal Audit reviewed the process etc. and gave risk management the best assurance level of green.

The three areas that are showing a risk of high impact and likelihood (before actions put in place to manage the risks) are:

- Significant disruption to IT services
- Impact on A1 Housing of political/business changes
- Welfare Reform
- Social Media
- Sheltered housing scheme reviews

Control measures are in place within the risk register to mitigate the impact and/or likelihood of each risk.

Liquidity risk and credit risk

Management's objective is to meet its liabilities as they fall due whilst maintaining sufficient headroom to enable the Board to react to unexpected changes in market conditions. The Company is largely dependent on its largest customer, Bassetlaw District Council ("the Council"), which represents 97.4% (2016: 97.5%) of its revenue in order to maintain the necessary cash headroom to operate effectively.

2 FINANCIAL RISK MANAGEMENT (continued)

The Management fee from the Council is receivable monthly by A1 Housing Bassetlaw Limited. The Company's finance team assesses its cash flow requirements by reference to the annual budget and monthly management accounts and review of the cash position daily and places surplus funds on deposit with the Council. The Council pools the Company's funds and manages this under a service level agreement.

A1 Housing Bassetlaw Limited is exposed to liquidity and credit risk principally in the event that the Council were to experience cash flow difficulties in paying A1 Housing Bassetlaw Limited its management charge monthly or in returning the funds that the company has deposited with it.

Credit risk predominantly arises from trade and other receivables (principally the Council).

Maturity analysis

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

Liabilities - 2017	Within 6 months £'000	6 months - 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Trade and other payables	1,146	-	-	-	1,146

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

Assets – 2017	Within 6 months £'000	6 months – 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Trade and other receivables	200	-	-	-	200

2 FINANCIAL RISK MANAGEMENT (continued)

Maturity analysis

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

Liabilities - 2016	Within 6 months £'000	6 months - 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Trade and other payables	1,043	-	-	-	1,043

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

Assets – 2016	Within 6 months £'000	6 months – 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Trade and other receivables	318	-	-	-	318

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

Interest rate risk

All of the company's financial assets and liabilities are non-interest bearing in both 2016 and 2017.

Credit risk

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

	2017 £'000	2016 £'000
Maximum exposure to credit risk		
Trade and other receivables:		
- Council	127	234
- Other	73	84
	200	318

2 FINANCIAL RISK MANAGEMENT (continued)

Capital management

The Company's main objective when managing capital is to ensure that it maintains sufficient capital to ensure that the Council's tenants continue to receive an excellent housing management service from the Company. The level of management fee agreed with the Council annually in respect of the Management Agreement and the Company's level of operating efficiency are the principal determinants of the level of equity that the Company is able to retain. As a company limited by guarantee, the only equity / capital of the Company is represented by its retained earnings reserves.

The Company has no debt.

The Company does not have any externally imposed capital requirements and has not made any changes to its capital management during the year.

A1 Housing Bassetlaw Limited is a not for profit organisation is not driven to make a surplus but for fulfilment of the Company priorities. Following the establishment of the Company as part of the Management Agreement the Company has to provide for all its own risks and costs of inflation, single status and modernisation. The retained earnings reserve provides cover for these and also for known risks and unforeseen events and this is important for the future viability of the Company.

3 REVENUE

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

	2017 £'000	2016 £'000
Management Fee	11,959	11,717
Technical & Design Fees	876	878
Building Repair Service	944	1,372
Other Work for BDC	38	34
Other	506	685
	14,323	14,686

4 SEGMENT INFORMATION

Under IFRS 8, the Company considers it has one segment. It generates 97.4 % (2016: 97.5 %) of its total revenues from its largest customer, Bassetlaw District Council, of £13.95m (2016: £14.31m).

5a	OPERATING COSTS	2017 £'000	2016 £'000
	The following table analyses the nature of expenses:		
	Staff related costs	6,636	6,423
	Goods and services supplied by Bassetlaw DC	1,834	1,783
	Building repair service materials	981	1,117
	Supplier and service costs	849	1,142
	Contractor payments	3,986	4,002
	Other costs	534	591
	Total expenditure	14,820	15,058

5b	LOSS FROM OPERATIONS	2017 £'000	2016 £'000
	Loss from operations is stated after charging/(crediting):		
	Change in inventory	(6)	14
	Auditor's fees:		
	On audit services	18	18
	On taxation	2	4
	Rentals under operating leases	229	228

No interest was generated on impaired financial assets in either the current or preceding financial years.

During the year, the Company impaired certain financial assets classified as loans and receivables. Details are provided in note 11.

6	FINANCE COSTS	2017 £'000	2016 £'000
	Other interest payable – pension scheme	470	532

7 STAFF COSTS

	2017 No.	2016 No.
The average monthly number of persons employed by the Company during the period, expressed as full time equivalents (FTEs) was:		
Technical and Housing Services	127	131
Strategy and Change Services	29	31
Corporate services	31	33
Trading Concerns	8	13
Average monthly number of FTEs excluding Directors	195	208
Directors	9	11
Average monthly number of FTEs including Directors	204	219

	2017 £'000	2016 £'000
Wages and salaries	4,905	4,842
Social security costs	418	329
Other pension costs	1,313	1,252
Total expenditure	6,636	6,423

The number of executive management team members who received emoluments in the following ranges was:

	2017 No.	2016 No.
£45,000 - £49,999	-	2
£50,000 - £54,999	-	-
£55,000 - £59,999	2	-
£60,000 - £64,999	-	-
£65,000 - £69,999	1	1
£70,000 - £74,999	-	1
£75,000 - £79,999	1	-
£80,000 - £84,999	-	-
£85,000 - £89,999	1	1

Remuneration of key management personnel

The remuneration of key management personnel of the Company, which is defined as the Corporate Management Team, is set out below in aggregate.

7 STAFF COSTS (continued)

	2017 £'000	2016 £'000
Short-term employee benefits	331	301
Post-employment benefits	72	74
	403	375

Further details of executive management remuneration can be found on the website of A1 Housing Bassetlaw Ltd.

The remuneration paid to the Directors of the Company (including pension contributions and benefits in kind) for management services was £Nil (2016: £Nil). The total of Directors' pension contributions was £Nil (2016: £Nil).

8 TAXATION

	2017 £'000	2016 £'000
Analysis of charge in year:		
Current tax:		
UK – Current year	-	-
Current tax reconciliation:		
The tax assessed for the years differ from the standard rate of corporation tax as follows:		
Loss before tax	(976)	(905)
Tax at the rate of corporation tax 20% (2016: 20%)	(195)	(181)
Effect of non-trading activities with member not subject to corporation tax	195	181
Corporation Tax due as at 31st March	-	-

The Company is a wholly owned subsidiary of Bassetlaw District Council and the majority of income is derived from services provided to the Council. HM Revenue and Customs has confirmed that transactions between ALMOs and their Councils do not amount to trading and, accordingly, any surplus or deficit arising thereon is outside the scope of corporation tax. As a result of this, the effective rate of tax is Nil% (2016: Nil%), which is lower than the standard UK rate of 20%.

9 FINANCIAL INSTRUMENTS

2017

	Loans and receivables £'000
Current financial assets	
Trade and other receivables	200

2017

	Trade and other payables £'000
Current financial liabilities	
Trade and other payables	1,146

2016

	Loans and receivables £'000
Current financial assets	
Trade and other receivables	318

2016

	Trade and other payables £'000
Current financial liabilities	
Trade and other payables	1,043

10 INVENTORIES

	2017 £'000	2016 £'000
Raw materials and consumables	110	116

Raw materials set out above are carried at the lower of average cost and net realisable value.

The above figures are after deducting an obsolete stock provision of £2,000 in 2017 and 2016. No earlier inventory write-downs were reversed during the current or preceding years.

11 TRADE AND OTHER RECEIVABLES

	2017 £'000	2016 £'000
Trade receivables	54	67
Amounts due from Bassetlaw District Council - cash on deposit	6	42
- other receivables	121	191
Other receivables	19	17
Prepayments and accrued income	105	94
	305	411

The average credit period taken on provision of services is 5 days (2016: 7 days).

An impairment review has been undertaken at the year end to assess whether the carrying amount of financial assets is deemed recoverable. The primary credit risk relates to amounts due outside of their credit period. A provision for impairment is made when there is objective evidence of impairment which is usually indicated by a delay in the expected cash flows or non-payment from customers. As at 31 March 2017 £47,600 (2016: £48,800) of trade receivables were impaired in relation to customers who are known to be in financial difficulty and from whom payment was over-due by more than three months. No provision for impairment has been made against any amounts due from the Council at 31 March 2017 or 2016.

The following table provides analysis of trade and other receivables (including amounts due from the Council) that were past due at 31 March, but not impaired. The Company believes that the balances are ultimately recoverable based on a review of past payment history and the current financial status of the customers.

	2017 £'000	2016 £'000
Up to three months	12	13
Up to six months	15	10
	27	23

The movement in the allowance account was as follows:

	2017 £'000	2016 £'000
Opening balance as at 1 April	(49)	(61)
Provision for receivables impairment	(55)	(50)
Receivables written off during the year	56	62
Closing balance as at 31 March	(48)	(49)

12 TRADE AND OTHER PAYABLES

Trade and other payables are as follows:

	2017 £'000	2016 £'000
Amounts payable relating to invoiced amounts	82	61
Amounts due to Bassetlaw District Council	27	100
Other tax and social security costs	423	417
Accruals	614	465
	1,146	1,043

Trade and other payables principally comprise amounts outstanding for trade purchases and on-going costs. The average credit period taken for trade purchases is 11 days (2016: 11 days).

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

13 COMPANY LIMITED BY GUARANTEE

The Company is limited by guarantee, incorporated in the United Kingdom, and is governed by its memorandum and articles of association. The guarantor is its sole member, Bassetlaw District Council, (see note 19) which is listed in the Company's Register of Members. The liabilities in respect of the guarantee are set out in the memorandum of association and are limited to £1 per member of the Company.

14 RESERVES

	2017 £'000	2016 £'000
Retained Earnings – 1 April	(12,671)	(15,793)
Retained loss for the year	(976)	(905)
Re-measurements / Actuarial gain/(loss) (note 17)	(5,761)	4,027
At 31 March	(19,408)	(12,671)

	2017 £'000	2016 £'000
Analysed as:		
Profit and loss reserve (excluding pension liability)	416	356
Pension reserve	(19,824)	(13,027)
	(19,408)	(12,671)

15 CASH AND CASH EQUIVALENTS

	2017 £'000	2016 £'000
Bank Account	1,233	984
Cash	1	1
	1,234	985

16 COMMITMENTS UNDER OPERATING LEASES

	Land and buildings 2017 £'000	Land and buildings 2016 £'000	Plant and machinery 2017 £'000	Plant and machinery 2016 £'000
The minimum lease payments under non-cancellable operating rentals are in aggregate as follows:				
Expiry of lease:				
Within one year	216	207	13	17
Between one to five years	433	622	9	23
After five years	-	-	-	-
	649	829	22	40

Operating lease payments represent rentals payable by the Company for certain of its office properties, vehicles and equipment. Leases are negotiated for an average term of four years and rentals are fixed for an average of two years.

17 RETIREMENT BENEFIT OBLIGATIONS

Defined benefit plan

The Company is a scheduled member into the Local Government Pension Scheme. This is a funded defined benefit scheme. Employees are eligible to join the Local Government Pension Scheme subject to certain qualifying criteria. The pension costs that are charged to the Company's accounts in respect of those employees are equal to contributions paid to the fully funded benefit pension scheme.

The agreed employer's contribution rate is 13.50% (2016: 13.5%) of pensionable earnings. The employees' contribution rate is tiered starting at 5.5% for employees earning below £13,600 and raising to 12.5% for employees earning over £151,800.

The pension contributions made by the Company for the year were £757,000 (2016: £724,000).

The pension cost is assessed every three years in accordance with the advice of a qualified independent actuary. The date of the last full valuation was 31 March 2016.

At the year end there were outstanding contributions of £66,925 (2015: £70,919), included within Accruals in Note 12.

The most recent actuarial valuations of plan assets and the present value of the defined benefit

obligation were carried out at 31 March 2016 for the purposes of the IAS 19 valuation for inclusion in these financial statements prepared by a registered actuary engaged by Barnett Waddingham. The present values of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

	Valuation at	
Key assumptions used:	2017	2016
	%	%
Discount rate	2.8	3.7
Rate of CPI inflation	2.7	2.4
Expected rate of salary increases	4.2	4.2
Future pension increases	2.7	2.4

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

	2017	2016
Male	22.5	22.1
Female	25.5	25.3

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

Male	24.7	24.4
Female	27.8	27.7

The sensitivity of the overall impact on pension liabilities/assets to changes in the weighted principal assumptions is as follows:

	£'000	£'000	£'000
Adjustment to discount rate	+ 0.1%	0.0%	- 0.1%
Present Value of Total Obligation	48,352	49,337	50,344
Projected Service Cost	1,308	1,338	1,368
Adjustment to long term salary increase	+ 0.1%	0.0%	- 0.1%
Present Value of Total Obligation	49,502	49,337	49,174
Projected Service Cost	1,338	1,338	1,338
Pension increases and deferred revaluation	+ 0.1%	0.0%	- 0.1%
Present Value of Total Obligation	50,179	49,337	48,513
Projected Service Cost	1,368	1,338	1,308
Adjustment to life expectancy assumptions	+ 1 Year	None	- 1 Year
Present Value of Total Obligation	51,124	49,337	47,614
Projected Service Cost	1,381	1,338	1,297

17 RETIREMENT BENEFIT OBLIGATIONS (continued)

Amounts recognised in profit or loss in respect of these defined benefit schemes are as follows:

	2017 £'000	2016 £'000
Service Cost	(1,313)	(1,252)
Net interest on the defined liability (asset)	(470)	(532)
Administration Expenses	(9)	(1)
	(1,792)	(1,785)

Of the deficit for the year, £(1,313,000) (2016: £(1,252,000)) has been included in cost of sales and £(470,000) (2016: £(532,000)) in finance costs.

Re-measurements are reported within Other Comprehensive Income and Expenditure within the Comprehensive Income and Expenditure Statement. The re-measurement for 2017 is £(5,761,000) (2016: £4,027,000).

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

	2017 £'000	2016 £'000
Fair value of scheme assets	29,513	24,045
Present value of defined benefit obligations	(49,337)	(37,072)
Deficit in scheme	(19,824)	(13,027)
Liability recognised in balance sheet	(19,824)	(13,027)

Of the defined benefit plan obligations, £139,000 (2016: £119,000) relate to unfunded schemes.

Analysis for reporting purposes:

	2017 £'000	2016 £'000
Non-current liabilities	19,824	13,027

17 RETIREMENT BENEFIT OBLIGATIONS (continued)

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

	2017 £'000	2016 £'000
At 1 April	37,072	39,896
Current service cost	1,088	1,252
Interest cost	1,364	1,350
Change in financial assumptions	10,144	(5,034)
Change in demographic assumptions	412	-
Experience loss / (gain) on defined benefit obligation	(462)	1
Estimated benefits paid net of transfers in	(768)	(661)
Past service costs, including curtailments	225	-
Contributions by scheme participants	267	273
Unfunded pension payments	(5)	(5)
At 31 March	49,337	37,072

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

	2017 £'000	2016 £'000
At 1 April	24,045	23,902
Interest on assets	894	818
Return on assets less interest	4,655	(1,005)
Other actuarial gains / (losses)	(323)	-
Administration expenses	(9)	(1)
Contributions by employer, including unfunded	757	724
Contributions by Scheme participants	267	273
Estimated benefits paid plus unfunded net of transfers in	(773)	(666)
At 31 March	29,513	24,045

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

	Fair value of assets 2017 £'000	2016 £'000
Equity instruments	20,641	16,740
Debt instruments:		
- Government bonds	902	748
- Other bonds	1,781	1,645
Property	3,281	3,037
Cash liquidity	1,485	975
Inflation-linked pooled fund	737	677
Infrastructure	686	223
	29,513	24,045

17 RETIREMENT BENEFIT OBLIGATIONS (continued)

For accounting years beginning on or after 1 January 2013, the expected return and the interest cost has been replaced with a single net interest cost, which effectively sets the expected return equal to the discount rate. The discount rate for 2017 is 2.8% (2016: 3.7%).

The five year history of experience adjustments are as follows:

£'000	2017	2016	2015	2014	2013
Present value of defined benefit obligations	(49,198)	(36,953)	(39,770)	(32,140)	(30,148)
Fair value of Fund assets (bid value)	29,513	24,045	23,902	21,227	22,041
(Deficit) / Surplus	(19,685)	(12,908)	(15,868)	(10,913)	(8,107)
Present value of unfunded obligation	(139)	(119)	(126)	(115)	(101)
Deficit in scheme	(19,824)	(13,027)	(15,994)	(11,028)	(8,208)
Experience adjustments on scheme liabilities	-	-	-	2,373	(6)
Experience adjustments on scheme assets	n/a	n/a	n/a	n/a	(1,850)

The estimated amounts of contributions expected to be paid to the scheme during the financial year ending 31 March 2018 is £767,000 (2017: £733,000).

18 PROVISIONS

Public Liability Claims	Amount £'000
Balance as at 1st April 2016	113
Provisions made during the year	-
Provisions used during the year	(26)
Provisions reversed during the year	-
Amounts arising from acquisition / disposal	-
Unwinding of discounted amount	-
Balance as at 31st March 2017	87
Non-current	87
Current	-

The above provision consists of Public Liability claims, some of which relate as far back as 2006. Traditionally, liability claims can take up to six years to be finalised. This is as a result of the judicial process, the requirement for medical evidence and the recovery period of any claimant. The value of

outstanding claims is an estimate of the anticipated financial impact should the claim be successful. In most circumstances, the outstanding value reflects the "worse case" scenario.

There were no contingent liabilities to report as at the end of March 2017, (2016: £nil).

19 RELATED PARTY TRANSACTIONS

The Company's parent, ultimate parent and controlling party is Bassetlaw District Council ("the Council"). The Company is an Arm's Length Management Organisation from the ultimate parent to run the management and maintenance function of the Council's homes and other buildings.

During the year, the Company supplied goods and services to the Council totalling £13,947,192 (2016: £14,311,420) and purchased goods and services from the Council totalling £1,834,213 (2016: £1,782,910).

At 31 March 2017, included in receivables is a total amount due from the Council of £126,748 (2016: £233,597) and included in payables is a total amount due to the Council of £26,919 (2016: £99,657). The net balance due from the Council to the Company was £99,829 (2016: £133,940).

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

20 POST BALANCE SHEET EVENTS

There have been no post balance sheet events that could have a material effect on the Company.