Creating affordable homes and empowering communities

Boston Mayflower Limited

Group Financial Statements 31 March 2018

INVESTORS IN PEOPLE | Gold

National Centre for Diversity Top 100

LINCS INDEPENDENT LIVING PARTNERSHIP

RoSPA GOLD MEDAL Award

CUSTOMER SERVICE EXCELLENCE CSE

making a splash
in the areas we serve

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Chair's Statement

During the financial year Boston Mayflower changed its legal status from a Company limited by guarantee to that of a Co-operative and Community Benefit Society (CCBS) fully maintaining its charitable objectives. The business was then registered and regulated by the Financial Conduct Authority (FCA) rather than the former regulation through Companies House and the Charity Commission.

Following a period of extensive consultation with all parties including all customers, staff and stakeholders the shareholders of Boston Mayflower irrevocably voted on the 26th February 2018 to amalgamate with Shoreline Housing Partnership, an independent Registered Provider also controlled and registered as a CCBS business, to form a new, larger housing association called Lincolnshire Housing Partnership (LHP).

Following this, amalgamation took place on 3rd April 2018 via the statutory procedure available for registered societies under Section 109 of the Co-operative and Community Benefit Societies Act 2014 ("the Act"). This resulted in a statutory vesting of all the assets and liabilities of each of the amalgamating entities into the amalgamated society without the need for further legal formalities.

All necessary consents from stakeholders, regulatory bodies and Boston Mayflower's funders were received in advance of the completion of the amalgamation with the final confirmation being received from the Regulator for Social Housing on the 6th April 2018 confirming a new LHP registration number as 4877.

Under the new LHP arrangements the existing facilities with Lloyds Bank were restated to encompass the requirements of LHP with new term debt of £62m and a Recycled Credit Facility (RCF) of up to £29.2m. These arrangements replaced previous separate agreements to the same total commitment value.

The legal arrangements for the Lloyds facilities were concluded on 18th May 2018 with the term loan fully drawn and the RCF available but unutilised.

Through these enhanced Treasury Management arrangements in the new agreement it was possible to utilise spare cash within LHP to reduce ongoing debt costs through lower exposures. The blended average debt cost on the new 10 year term loan is agreed at a fixed rate of 4.2069% throughout the life of the loan. There are no capital repayments due before March 2025 but then with reductions of £3m per annum through to March 2028 when a bullet repayment of the outstanding balance will be due.

The existing Public Bond and Private Placement previously available and revealed in the following accounts were unaffected by the amalgamation and continue as committed.

Although many of the delivery functions remain at the Boston offices consequent on amalgamation, the Registered Office of the new amalgamated business of LHP moved to Westgate Park, Charlton Street, Grimsby, North East Lincolnshire DN31 1SQ.

BOSTON MAYFLOWER LIMITED: GROUP FINANCIAL STATEMENTS INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

Board of Management:	Lynda Bowen** - Chair Trevor Baines (resigned 27 June 2017) Louisa Clarke (retired 1 October 2017) Jane Coleman Mike Gilbert Rob Griffiths** (appointed 27 June 2017) Karen Hall – Chair of Audit & Risk Committee Rob Jones** - Chair of Growth Committee Murray Macdonald Sarah McKay Shaun Stevenson On 3 April 2018 Boston Mayflower amalgamated with Shoreline Housing Partnership to create a new Registered Provider of Social Housing called Lincolnshire Housing Partnership. At this date those indicated above as ** were appointed to the new Board with Lynda Bowen as Vice Chair, Rob Griffiths as Chair of Audit & Risk Committee and Rob Jones as Chair of Assets & Investments. All other Board members retired post balance sheet on the amalgamation. The new Board and Executives are shown in Page 4
Chief Executive:	Murray Macdonald Previously of Boston Mayflower was appointed Chief Executive of Lincolnshire Housing Partnership on amalgamation
Secretary:	Bridget Lloyd resigned as Company Secretary post balance sheet on amalgamation
Executive Directors	Louisa Clarke (Director of Finance and Deputy Chief Executive) – Retired 1 October 2017 - In the period prior to amalgamation the position was covered by Interim Director John Crowther Bridget Lloyd (Director of Corporate & Customer Services) continued as the Director of Customers in Lincolnshire Housing Partnership Matthew Spittles (Director of Property Services & Development) – Retired 31st March 2018
Registered Office	Chantry House 3 Lincoln Lane Boston Lincolnshire PE21 8RU amended post balance sheet on amalgamation

Financial Conduct Authority Registered Number:	718247 amended consequent on registration as Co-operative and Community Benefit Society on 28 November 2017
Regulator for Social Housing formerly Homes and Communities Agency Registration Number:	LH 4237 reregistered on amalgamation – see details below

Following the amalgamation of Boston Mayflower (BM) and Shoreline Housing Partnership (SHP) the new Lincolnshire Housing Partnership (LHP) was formed with the following:-

Board of Management:	Stephen Savage (formerly SHP Chair) Lynda Bowen (formerly BM Chair) Yvonne Lowe(formerly SHP) Paul Casey Carl Dewey Jiggy Lloyd (formerly SHP) Rob Griffiths (formerly BM) Rob Jones(formerly BM) The Board commenced operation on 3 April 2018 post the amalgamation
Chief Executive:	Murray Macdonald (formerly BM)
Secretary:	Mike Walters (formerly SHP)
Executive Directors	Bridget Lloyd Director of Customers (formerly BM) Mark Jones Director of Property (formerly SHP) Julie Kennealy, Director of Resources is newly appointed to take up her post from 13th August 2018. In the intervening period the position is covered by Interim Director of Resources Simon Bass
Registered Office	Westgate Park, Charlton Street, Grimsby, North East Lincolnshire DN31 1SQ
Financial Conduct Authority Registered Number:	7748
Regulator of Social Housing Registration Number:	4877

STRATEGIC REPORT

Introduction

The Board of Boston Mayflower is pleased to present its report together with the audited financial statements of Boston Mayflower Limited (the Association) and of the Boston Mayflower Group (the Group) for the year ended 31st March 2018. The Group comprises the Association, Speedwell Homes Limited (a wholly owned subsidiary) and Boston Mayflower Finance plc (a wholly owned subsidiary).

Throughout the year the Association was registered with the Regulator of Social Housing (RSH), formerly the Homes and Communities Agency (HCA). The Association was formed in 1999 to acquire the housing stock of Boston Borough Council. The Association has charitable objects.

Association Background, Structure and Principal Activities

Boston Mayflower was established in December 1999 as a charitable Company Limited by Guarantee to receive the transfer of over 4,800 homes from Boston Borough Council. The Association now owns and manages social homes to let and provides services to leaseholders and shared owners across Lincolnshire. The Association has over 800 sheltered housing flats and bungalows in 12 schemes for older people and; in partnership with Boston Borough Council and Lincolnshire County Council (who commission the care); provides an Extra Care facility in Boston.

The Association invests the majority of its resources into the provision of services to tenants, including repairs and maintenance which supports another 40 local jobs and invests around £3 million per annum improving and regenerating existing property for current and future tenants.

During the last year a significant development programme delivered 125 much needed new homes at a cost of £12.042m.

The Association operates a small subsidiary (Speedwell Homes) that owns and manages 3 properties for market rent and manages a small number of private rented properties on behalf of private landlords.

The Association also operates a finance subsidiary (Boston Mayflower Finance plc) that manages the funding on behalf of Boston Mayflower.

Having consulted widely with stakeholders and tenants, on the 27th June 2017 the company resolved to change its status from a Company Limited by Guarantee to a Co-operative and Community Benefit Society. This was concluded on 28 November 2017 with registration with the Finance Conduct Authority.

Registered Provider Regulation

As a Registered Provider of social housing (RP) the Association is regulated by the Regulator of Social Housing (RSH) formerly the Homes and Communities Agency (HCA).

Employees

The Association recognises its employees as one of its most valuable assets and invests accordingly in on-going staff development. The Association is proud to have achieved Investors in People Gold Standard status last year and has delivered to its agreed action plan to sustain that recognition.

Levels of staff turnover, sickness, ethnic mix, gender and age balance are closely monitored and benchmarked on a regular basis against national and sector statistics. The average number of full time equivalent staff was 122 (2017: 123).

The Association has an Equality and Diversity Policy and an Equal Opportunities Policy, both of which are underpinned by an Equality and Diversity Framework and is further recognised as a Leader in Diversity. In May this year Boston Mayflower was recognised as the UK Housing Provider of the year by the National Centre for Diversity.

Boston Mayflower is an Equal Opportunities employer and is committed to taking positive action to ensure that job vacancies are known widely within the community and further afield where appropriate. People from all backgrounds are encouraged to apply for vacancies regardless of race, gender, age, religion, sexual orientation, gender reassignment, marital status, pregnancy or disability and support both new and existing staff through agreed training and development plans.

Remuneration Policy

The Remuneration & Appointments Committee, comprising the Chair and a minimum of 2 other Board members, is responsible for setting the Group's remuneration policy for its executive directors and other staff.

The Committee pays close attention to remuneration levels in the sector in determining the remuneration packages of the executive directors. Basic salaries are set having regard to each executive director's responsibilities and pay levels for comparable positions.

Service Contracts

The executive directors are employed on the same terms as other senior managers - their notice period is three months.

Pensions

The executive directors are members of either the Social Housing Pension Scheme or the Lincolnshire County Council Pension Fund, both defined benefit pension schemes. They participate in the schemes on the same terms as all other eligible staff and the Association contributes to the schemes on behalf of its employees. As of 1 April 2014 Boston Mayflower no longer provides final salary schemes to new employees. Employees already members of the Social Housing Pension Scheme or the Lincolnshire County Council Pension Fund have been transferred to the defined benefit (career average revalued earnings - CARE) schemes offered by the 2 providers. This also applies to the executive directors. Eligible staff are only able to join CARE schemes.

Health and Safety

The Board is aware of its responsibilities on all matters relating to health and safety. The Association has prepared detailed health and safety policies and provides Board and staff training and education on health and safety matters.

Resident Involvement

The involvement of residents is pivotal to shaping and developing our services. Every 3 years the Association conducts a face to face survey of all its residents both to ensure corporate strategy reflects the wishes of residents and that services continue to meet residents' expectations.

Corporate Strategy and Objectives

The Association's long term strategy is defined by its corporate objectives. The Association's Corporate Plan helps it further its role as a key charitable and social enterprise in the community.

The Corporate Plan is built on **5 priorities:**

Excellent Service Boston Mayflower tenants receive great service

Growth Increasing access to affordable housing for local people

Affordable Warmth	Boston Mayflower tenants live in warm homes
Living Independently	Boston Mayflower tenants can remain in their homes
Financial Capability	Boston Mayflower tenants can manage their money

These, in turn, are supported by 3 key "**foundations**":

Money and Assets	Managing resources effectively to deliver value for money
Our People	Investing in staff
Risk Management	Managing risks proactively and robustly

Senior management and the Board have developed a series of key performance indicators to monitor performance against these objectives. Progress towards these objectives is monitored quarterly by the Board.

Annual Review of Performance

Homes and Communities Agency Regulatory Judgement (November 2017)	**Properly Governed: G1** "The provider meets the requirements on governance set out in the Governance and Financial Viability standard" **Viable: V1** "The provider meets the requirements on viability set out in the Governance and Financial Viability standard and has the capacity to mitigate its exposures effectively"
Hurry Tell Murray	In June 2015 employees knocked on the door of every Boston Mayflower household to ask tenants and customers a range of questions both to understand tenants' current level of satisfaction with their services and to seek their views on the direction of future services. The Association is pleased to report that customers remain highly satisfied with the services they receive.

96.8%	of customers are **satisfied with Boston Mayflower**
91.7%	of customers think that their **rent provides value for money**
75.7%	of customers think that their **service charges provide value for money**
90.8%	of customers are **satisfied with their area as a place to live**
91.4%	of customers are **satisfied with the quality of their home**
90.8%	of customers are **satisfied with the repairs and maintenance service**
87.8%	of customers are **satisfied that Boston Mayflower takes their views into account**

Value for Money (VFM)	In March 2018 the regulator issued new guidance on how VFM will be demonstrated by Registered Providers. The results of the new measures are shown later in this report but the approach adopted by Boston Mayflower is to compare its key strategic measures against a suite of benchmarked organisations with a similar size or characteristics.
Decent Homes Standard	Boston Mayflower remains compliant with the Decent Homes Standard.
Charter Mark for Customer Service Excellence	Retained in 2017 and reviewed annually.
Investors in People	Investors in People Gold Standard achieved in 2016.
RoSPA Gold Medal	Awarded by the renowned safety charity the Royal Society for the Prevention of Accidents (RoSPA), following 10 consecutive Gold Awards by the safety organisation.
National Centre for Diversity	Boston Mayflower achieved Leaders in Diversity reaccreditation.
Housemark and The Housing Ombudsman	Complaints accreditation achieved in 2016
Corgi	Corgi Technical Quality accreditation achieved in 2016
Telecare Services Authority	Accreditation achieved in 2017
Credit Rating	In 2014 Boston Mayflower raised £75m of new funding with a Publicly Quoted Bond and a further £15m as a direct Private Placement with an internal Pensions organisation. The arrangements also include provision for extending the Bond issue by another £75m to help fund new growth in the future. At the time a Credit Rating was obtained to support the process. Following the imposition of Government Policy on reduced rent charges the Agency (Standard & Poors) reassessed the rating down 1 'notch' to A+ in line with almost all other Registered Providers. In June 2017 we were pleased to receive the results of the annual review confirming the continuance of the A+ rating. Post amalgamation this rating has again been confirmed for the amalgamated entity albeit with a negative outlook pending satisfactions on demand and other factors including the impact of Welfare Reform

Financial Performance

The financial results are set out on pages 37 to 76.

The accounting policies of the Group are set out on pages 41 to 49 of the Financial Statements.

The Group operating surplus for 2018 was £5,930k compared to £5,414k in the year ended 31 March 2017.

Turnover increased by £156k comprising:

- £109k decrease in income from rents, service charges and other income
- £152k increase in income from first tranche low cost home ownership sales
- £386k increase in income due to lower void rent loss
- £4k increase in income from Supporting People

Cost of sales increased by £116k. There were five shared ownership sales in the year ended 31 March 2018 compared to two the year before.

Operating costs decreased by £290k comprising:

- £729k increase in management costs primarily as a result of an increase in;
  - Administration Costs - £420k (which includes £341k merger costs)
  - Property services administration - £187k
  - Income Collection - £74k
- £88k increase in housing property depreciation
- £37k decrease in cost of bad debts
- £224k net decrease in maintenance costs, reflecting demand and cyclical programme of planned works
- £120k increase in major repairs expenditure
- £477k decrease in service charge costs
- £3k increase on Supporting People costs
- £200k cost of housing property impairment in the year (which is lower than prior year £664k).

Net financing costs were £169k less than last year reflecting a lower average bank balance. The disposal of assets generated a surplus of £389k, £186k less than last year.

These variances were expected and the Group outperformed its budget for the year.

The table below summarises the overall results for the Group:

	2018 £'000	2017 £'000
Turnover	21,371	21,215
Cost of Sales	(197)	(81)
Operating Cost	(15,633)	(15,923)
Surplus on Sale of Assets	389	203
Operating Surplus	5,930	5,414
Net Interest Charges	(3,893)	(4,062)
Increase in valuation of property, plant and equipment	9	20
Actuarial gain in respect of pension schemes	260	231
Surplus for the Year	2,306	1,603

Treasury Management

The Group is funded by a combination of retained reserves, long-term funding from the capital markets and grants awarded. The Association reviews and updates its Treasury Management Strategy and Policy on an annual basis to ensure financial risks are managed effectively, in light of best practice and changes in the Regulatory approach of Regulator for Social Housing. The Treasury Management Policy, Strategy and procedures are structured to minimise exposure to funding, price, credit, cash flow and liquidity risks that could jeopardise the delivery of Corporate Objectives.

The Group's performance against the Treasury Management Strategy is reviewed on an annual basis. Compliance with the Treasury Management Policy is reported to the Board quarterly as part of the Financial Performance Report. Stress testing of the Business Plan is conducted on a quarterly basis both to identify key financial risk areas and to ensure appropriate contingency plans are in place.

The Group refinanced in 2014/15, repaying in full a long term loan agreement with a syndicate of lenders comprising the Royal Bank of Scotland, Santander and the Newcastle Building Society. As a result the Association incurred break costs of £10.5m and additional one-off costs related to the refinancing, shown as an exceptional item of £10.5m in the 2015 accounts. In reaching the decision to refinance and incur these exceptional costs the Board considered the longer term savings generated by refinancing at a low fixed rate, which offsets these one-off costs incurred in the longer term.

The refinancing resulted in the issuance of a £150m 45 year listed bond (£75m retained) and the acquisition of a £15m 15 year private placement; totalling £90m of drawn funds. The Group's financial business plan includes a repayment profile for these facilities.

Loan covenants are based on interest cover and asset value. Performance against these measures is carefully monitored to ensure that breaches of the covenant do not occur. There are no covenant failures throughout the year under review.

In May 2015 the Group agreed a new £10m revolving credit facility with Lloyds Bank. One month before the year end £2m was drawn for the first time under this arrangement to support possible need of funding completing developments, this was repaid in April 2018 from surplus cash generated from general activities. It is fully secured by mortgages on existing properties. Loan covenants are based on interest cover, asset value and gearing.

There are no covenant failures throughout the year under review.

After the year end with the amalgamation into Lincolnshire Housing Partnership the existing facilities with Lloyds Bank were restated to form a combined 10 year term loan of £62m and an undrawn but fully secured Revolving Credit Facility of £29.2m. The new facilities were fully secured on housing assets formerly owned by Shoreline Housing Partnership and all former security provided by Boston Mayflower was released and is available for future funding requirements should it be needed.

No breaches of covenant are forecast throughout the life of the Business Plan.

Operating Environment and Future Prospects

As part of the Business Planning process Boston Mayflower has considered its current operating environment carefully and has factored this environment into both its corporate objectives and its financial plan. The key factors identified are:

Housing Demand

Demand for social housing in Boston Mayflower's areas of operation remains strong.

The affordability of housing has been identified as a key issue by the Boston Borough Council. This comes from high numbers of households on the waiting list, low income households and inward migration of older people who would like to retire on to the coast and migrant workers moving to the area for employment.

In response to this demand Boston Mayflower:

- Monitors homes as they become available to let to make sure that they are occupied as soon as possible;
- Completes any necessary works to bring them up to the required standard promptly;
- Is planning to increase its provision of affordable housing over the next 5 years with a Corporate Target strategy of 500 new homes;
- The Business Plan approved by Board includes financial commitment for at least 332 new homes. This will provide much needed affordable housing, built to modern standards and which is highly energy efficient. In addition, most new schemes include an element of low cost home ownership to assist those looking to get on the housing ladder. The necessary funding is in place and 2017 saw the start of delivering our objectives over the next 5 years; and
- As part of the amalgamation process a review of demand and capacity was undertaken and the new business plan has been built off the existing growth plans of both associations but with the efficiencies forecast to be driven out of amalgamation it is expected capacity to add an additional 60 social housing each year throughout the 30 year plan. The forecast of this increased capacity formed the core of the approved business case of the new entity.

Growth

The Homes and Communities Agency (HCA), now via Homes England, launched a new funding model in 2011 that introduced the concept of affordable rents which are expected to be higher than current social rent levels. The Association has been awarded grant for some new schemes on this basis. Boston Mayflower and its successor Lincolnshire Housing Partnership (LHP) continues to seek to acquire new properties that are made available under Section 106 planning agreements, provided that they are viable.

Boston Mayflower is part of the Blue Skies Consortium that assists in identifying potential development opportunities and which manages grant applications with a strong track record in this area.

LHP has a corporate target to deliver 472 homes over 5 years.

Affordable Warmth

With rising energy bills Boston Mayflower has identified affordable warmth as a key priority for the Association. Boston Mayflower wishes all its tenants to be able to afford to heat their properties for their own benefit but this also has benefits for the Association. By assisting tenants to keep their fuel bills as low as possible this may help ensure tenants have sufficient funds to pay their rent, which is clearly of benefit to the Association. Homes that are heated effectively also help to protect the Association's assets since it reduces the likelihood of long term damage to properties through damp and mould issues caused by tenants failing to heat and ventilate their properties properly.

Boston Mayflower has two Affordable Warmth Officers; one funded through the repairs Partnering Agreement, to support tenants with advice to reduce their fuel bills and to ensure that they know how to operate their heating systems efficiently. Performance indicators demonstrate that these roles are delivering thousands of pounds of utility cost savings to customers.

The Association has reviewed its long term asset plan with a view to ensuring a minimum SAP rating of 69 (Energy Performance Certificate rating C) across all its properties.

Welfare Reform and Financial Capability

The ongoing welfare reforms generate a number of challenges for Registered Providers. Boston Mayflower continues to work on a number of fronts to ensure customers are supported as effectively as possible through these changes whilst simultaneously strengthening measures to protect income. This is reflected in Boston Mayflower's strategic objective to improve the financial capability of its tenant base.

- Boston Mayflower is co-located with the Boston Citizens Advice Bureau (CAB) at its office in Boston town centre. This enables a seamless transition between housing advice and financial advice working in conjunction with CAB staff and volunteers. The offices are also utilised by the local credit union on a surgery basis to further demonstrate a strong partnership approach.
- The Boston Mayflower reception area includes banks of public access PCs to enable customers to manage their benefits online should they not have their own internet access. Support can also be provided by either Boston Mayflower staff or the Citizens Advice Bureau.
- Boston Mayflower has benefitted from 3 years of Big Lottery Funding to support members of the Boston community with financial management and budgeting. This funding has now come to an end but the Association continues to invest in a small Financial Inclusion team to continue to support Boston Mayflower customers.
- An Income Team with a dedicated Head of Service is in place to ensure income remains a priority at a corporate level.
- The Lettings Policy was reviewed prior to the implementation of the "Bedroom Tax" to prevent future under occupation and to give additional priority to people wishing to downsize. Further revisions to lettings policies and procedures are now being made to introduce a pre-tenancy financial assessment to ensure potential new tenants can afford the properties they are being offered and to minimise the number of tenants who will in the future be penalised by the introduction of the single room rate Local Housing Allowance (LHA) cap.
- Substantial additional provision has been made in the Business Plan for increased arrears, bad debts and voids in light of welfare reforms.

Independent Living

Helping people to remain independently in their homes remains a key priority for the Association.

Boston Mayflower owns over 800 flats and bungalows that provide homes for older and vulnerable residents. Support is provided to help these residents live as independently as possible, but the Association is acutely aware that the design of some of the accommodation provided is dated and needs to be refreshed so that it meets the future needs and aspirations of an ageing population. There is an agreed Sheltered Housing Asset Strategy in place to ensure this accommodation is fit for purpose and which has resulted in three schemes being remodelled over time.

On 1 April 2014 Supporting People funding for sheltered accommodation in Lincolnshire ended and was replaced with a new Wellbeing Framework. The Association opted not to tender to provide this service given inherent uncertainties around the contract specification that exceeded the Association's risk appetite. Instead, following a thorough consultation process with existing sheltered housing residents the Association introduced a warden service at its sheltered schemes, paid for directly by residents, with effect from 1 April 2014 supported by a business plan which also

identifies opportunities for broader growth. This is highly valued by residents and continues to promote sheltered housing schemes as safe, secure and attractive places in which to live.

Boston Mayflower also provides telecare services for Boston Mayflower tenants, private individuals and on a contractual basis for other organisations. This business is expected to grow and there is a corresponding business plan in place for the next 5 years.

Rents

The Association is required to comply with the Government's rent restructuring guidelines

In July 2015 the Chancellor announced that social rents will fall by 1 per cent each year until April 2020.

Subsequently the Government has affirmed that from the end of the rent reduction period in 2020 rents may revert to increasing by CPI+1% which has been used for business planning purposes for a 4 year period to 2024/25 thereafter rents are modelled at CPI only.

Principal Risks and Uncertainties

All organisations face a level of risk in almost all the things that they do. The diverse nature of a social housing provider's activities means that the Association faces different types of risk that require different responses. Identifying the significant risks and ensuring they are effectively managed is a key part of the Board's governance duty.

During the year the Board has actively considered and assessed the key strategic risks facing the organisation and responded to information presented by the Executive. The key risks are built into the process of stress testing which is conducted on a quarterly basis.

Principal Risk	Mitigations / Actions & Controls Being Taken
Inadequate IT Security Inadequate IT Security results in Boston Mayflower systems being exposed to a computer virus or external malicious systems access. This could lead to data corruption or loss. Personal data could be compromised with associated possible legal implications and cost. It could also expose Boston Mayflower to fraud and associated loss. Both of these could lead to regulatory intervention. It could be damaging to Boston Mayflower's reputation and may disrupt delivery of service.	**Encryption Measures** Encryption measures are in place on portable devices. **Virus Control Measures in Place** Virus control software is in place. There are also robust procedures for staff in the event of a suspected virus. **Strict Access Requirements and Enforced Password Changes** All Boston Mayflower systems have robust access requirements, standards of password security are enforced and passwords are changed on a regular basis.

Principal Risk	Mitigations / Actions & Controls Being Taken
Safeguarding Not Reported A member of Boston Mayflower staff or a contractor working on behalf of Boston Mayflower does not report a safeguarding concern and / or follow the correct procedures. This could result in external investigation, reputation damage with partners and ultimately a failure in duty of care. This could have a regulatory impact. Failure to report a safeguarding issue or, relatedly, have adequate procedures and staff training in place has potentially significant reputational consequences for BM as well as potentially serious individual repercussions for the individual affected.	**Mandatory Safeguarding Training for all Staff** All Boston Mayflower staff are required to undertake mandatory safeguarding training. This training is also provided to repairs contractors. **Safeguarding Champions** A number of safeguarding champions are in place across the organisation to support other staff and contractors with any safeguarding concerns. **Safeguarding Policies and Procedures** There are robust safeguarding policies and procedures in place. **Concern Cards** Staff and contractors visiting Boston Mayflower residents are provided with Concern Cards by which they can notify Boston Mayflower of any concerns they have after visiting a property. The number of cards returned is monitored.
Skills Shortages There is a shortage of available people in the employment market to fill key roles within the organisation, for example due to geography, training facilities / institutions and the skills base in the areas of operation. This could result in a reduction in quality of services, increased workload for other staff members leaving them at risk of stress.	**Implementation of Organisation Development Strategy** OD Strategy focusing on growing our own staff and developing internally. This includes secondment opportunities across the business to aid skills development. **Terms and Conditions** Positive terms and conditions including a pay line that reflects regional salaries and provides a valuable pension offer helps to attract staff. **Close Working Relationship with Local Colleges and Recruitment Agencies** These relationships help bring people into the organisation.

Principal Risk	Mitigations / Actions & Controls Being Taken
Attracting & Retaining Staff Boston Mayflower does not attract and retain good quality staff. Not retaining staff could result in high staff turnover generating a lack of consistency in the approach of staff. Not attracting and retaining the right staff could have an adverse impact on service provision resulting in a negative impact on delivery of corporate objectives, possible regulatory intervention and reputational damage. It could also result in increased costs if temporary / interim staff are required.	**Implementation of Organisation Development Strategy** OD Strategy focusing on growing our own staff and developing internally. This includes secondment opportunities across the business to aid skills development. **Terms and Conditions** Positive terms and conditions including a pay line that reflects regional salaries and provides a valuable pension offer helps to attract staff. **Strong Employee Relations** Good employee relations help aid staff retention.
System/Telecoms Unavailability There is a technical fault (either in internal systems or on externally provided lines) that results in key systems (data or telephony) being unavailable. This could result in significant business interruption and have an adverse effect on reputation and customer service. Customers may be unable to make contact so an emergency repair (for example) might be missed. This could result in emergency telecare calls not being answered which in a worst case scenario could lead to loss of life. Ultimately this could also have legal and regulatory implications, could damage reputation and could have a financial impact in the form of fines.	**Bypass Points for System Availability** Multiple points of bypass exist including 0300 divert, switch divert and OSCC divert. **Back Up Call Centre / Remote Data Connections** Additional call groups exist to be activated as a backup call centre and mobile or remote data connections are available. **Robust ICT Disaster Recovery Plan in Place** Robust ICT Disaster Recovery Plan in place.
Inadequate Assurance Process Inadequate processes are in place to give the Board the assurance they require to enable them to properly fulfil their governance responsibilities. In a worst case scenario this could result in regulatory intervention and even business failure. Boston Mayflower has moved away from traditional internal audit to a Business Assurance Partner approach. Whilst this is expected to generate an improvement in the level of assurance received by the Board, the Board recognises that the approach is a risk and has therefore identified this as a key risk to ensure it is closely monitored during the implementation period.	There is a robust Performance Management and Assurance Framework in place. Monitoring of the Business Assurance Partner approach is now fully embedded by staff. Each department has responsibility for a Business Assurance Map. These are made up of a suite of controls and associated assurance activities. The maps are reviewed with each map owner on a regular basis and audited by Mazars quarterly. Deep Dive Reviews are also part of the approach. The main focus being on areas of significant risk. All recommendations are monitored and where necessary an improvement plan is implemented.

Principal Risk	Mitigations / Actions & Controls Being Taken
Flooding Flooding of a property or a significant number of properties. This generates potential significant costs of repair, limited places for and increased costs of growth, impacts on operational performance in the form of business interruption and generates disruption for customers and staff alike which could lead to a deterioration of service performance.	The Business Continuity Plan provides a response plan to ensure business continuity in the event of an emergency or disaster. Receiving Environment Agency flood alerts helps ensure Boston Mayflower is prepared to deal effectively with any particular flooding event by providing early warning. Boston Mayflower is now within the "Silver" chain of command for any flooding event. This means that the Association will be tasked directly as part of an overall co-ordinated response in the area. Having insurance in place ensures that costs above £2,500 associated with relocating tenants and repairing properties are covered in the event of a flooding incident. Flood mapping has been added to the GIS system to help with responses to flood warnings and to inform investment decisions.

Governance

Good corporate governance is essential to the Group. It provides the basis for sustainable long-term business activity.

Boston Mayflower has adopted the 2015 National Housing Federation Excellence in Governance Code. The Code includes the following principles:

- Ethics
- Accountability
- Customer first
- Openness, diversity & inclusion
- Review & renewal
- Clarity
- Control
- Structure

The Association is committed to maintaining a high standard of corporate governance that reflects both the principles of best practice that are set out in the Code and the internal governance framework under which the Association operates for the long-term benefit of all customers, potential customers, partners and stakeholders including the wider community.

The Association's leadership and structures continue to provide a firm foundation and the framework for strong governance has been firmly embedded in the culture of Boston Mayflower. The Homes and Communities Agency's Regulatory Judgement published in November 2017 affirmed the stable base by awarding the Association a "G1" rating for Governance confirming that "The provider meets the requirements on governance set out in the Governance and Financial Viability standard". The Association has retained the rating.

Following amalgamation the Regulator for Social Housing (RSH) has issued an interim assessment of G2 recognising the existing compliant but lower rating of Shoreline Housing Partnership. The new Board is determined that once a full assessment is undertaken the RSH will see the necessary delivery of excellent governance and restore the G1 rating.

The Association will continue to meet the principles of best practice set out in the Code. This means that the Board will continue to share via this annual Strategic Report information regarding the Board itself and the Committees which it operates. The Board considers that this annual Strategic Report is fair, balanced and understandable.

Boston Mayflower is proud to be an independent housing association, as the Association believes this enables the tailoring of services to the needs of the customers and communities it serves. Working as part of the community allows the Association to respond as needs change. Boston Mayflower listens to what customers want and learns, adapts and changes in response to what it hears. The scrutiny and challenge provided by service users allows the Association to grow and meet changing need. The successor organisation will continue to show this focus in Lincolnshire.

Boston Mayflower's strong track record of tenant involvement has meant that it has been able to take a lead in developing and implementing a 'co-regulatory' planning and scrutiny process. There are strong links at all levels of decision-making between the customer and the Association. The strategic, service and operational decisions are informed and monitored by a pyramid of scrutiny starting from a wide basis of engagement, information gathering and community involvement, through Service Voices and the Your Communications Service Voice who support the business to create the Board's Annual Report to Tenants, to the Customer Scrutiny Panel and ultimately the Board. This continues to be demonstrated by the presence of two tenants representing Scrutiny to the new Board.

Governance and Scrutiny Structure

Board Members

The members of the Board, as set out on page 3, have held office for the whole of the period from 1 April 2017 to the 31st March 2018 except as indicated, subsequent to the amalgamation a new Board has been appointed by the new entity.

The Board

The Board comprises up to 10 Board members including executive members and co-optees and is responsible for the Association's strategy and policy framework and managing the affairs of the Association.

The Board members are drawn from a wide background bringing together professional, commercial and local experience.

Residents with the appropriate skills may serve on the Board. A robust independent Customer Scrutiny Panel ensures that the Association is held to account for the quality of its service delivery and the panel reports directly to the Board. There are a range of Service Voices and a diverse range of other ways for residents to get involved to shape and improve services.

Internal Controls Assurance

The Board has previously complied with the Housing Corporation's regulatory requirement to conduct a review of the Association's systems of internal control and to include a report in the annual report. Although the regulatory requirement was relaxed by the Regulator and is no longer a requirement, the Board consider it appropriate to continue this practice.

The Board acknowledges it has ultimate responsibility for ensuring that the Association has in place a system of control that is appropriate to the various business environments in which it operates. The Board recognises that the internal control system can provide reasonable but not absolute assurance against material misstatement or loss and the development of the system is a continuing process. The system of control is designed to manage key risks and to provide reasonable assurance that planned business objectives and outcomes are achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Association's assets and interests. After the year end, we became aware of failings which had occurred under the external supplier, internal management and overall assurance checks on an area falling within the scope of the Homes Standard. We are currently working to remedy this situation and expect to have addressed it by the end of 2018/19.

During the year the Board and Executive Management Team have ensured that the structure of the Association has allowed the delegation of clear accountability and the operation of strong management control. Senior managers were involved in a detailed planning process which led to clear objectives being set.

The Board has received regular reports on operational and financial matters during the year. The emphasis continues to be identifying the measures that are key to providing excellent customer services and financial control.

The Association's approach to risk management has been consistent throughout the year. The Board recognises that the economic, regulatory, environmental and operating conditions the Association faces continue to present a serious risk to the sustainability of the Association. Work has been done to ensure that the major risks facing the Association are clearly understood and managed. The Board has adopted a risk-based approach to the implementation of controls which are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Association is exposed. The

Board is satisfied that the process for identifying and managing significant risks faced by the Association has been effective throughout the year under review, up to the date of approval of the annual report.

The Board retains overall responsibility for the governance of the organisation, with appropriate delegation of some of its duties to the three committees; the Audit & Risk Committee, the Growth Committee and Remuneration Committee. The committees consider a range of strategic, operational, financial and compliance issues as defined in the Association's Standing Orders.

The Board continues to operate under the National Housing Federation model Code of Conduct that was adopted as required by the Regulatory Framework.

The Financial Regulations are periodically reviewed and remain suitable for the business and operation of the Association; following amalgamation new Financial Regulations have adopted for the new entity but they will continue to be reviewed on a periodic basis. The Financial Regulations are supported by a framework of policies and procedures with which the employees must comply. These cover issues such as treasury management, health and safety, data and asset protection and fraud prevention and detection. All Association policies are subject to a periodic review to ensure they meet the needs of the business, support the delivery of excellent local services that respond to local need and are consistent with good practice. Improvements to the procedures have been made where weaknesses have been identified.

In 2016 a change in approach was implemented with Internal audits being more focussed on a 'Deep Dive' approach reviewing the Association's own reviews and studies and addressing key control systems. This approach has proven successful and continued through 2017/18. The work has been independently conducted by Mazars as the Association's Internal Auditors. The annual plan was delivered as scheduled to ensure that assurance is obtained on a wide range of activities at appropriate intervals. The strategy has been approved by the Audit & Risk Committee and senior management are responsible for implementing recommendations to improve controls. The internal auditors have reported to the Board on the reviews completed during the year and satisfied the Board that systems are operating effectively.

The Board recognises the value that external accreditation and review of the Association's services and systems can be of assistance in identifying potential areas of control weaknesses.

The principles outlined above have been carried forward to the approach adopted by the new Board of Lincolnshire Housing partnership.

Statement of Board Members' Responsibilities

The Board are responsible for preparing the Strategic Report and the financial statements in accordance with applicable law and regulations.

It is a legal requirement that the Board prepares financial statements for each financial year. Under these laws the Board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Board 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 Association and of the surplus or deficit of the Association for that period. In preparing these financial statements, the Board are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

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

In so far as the Board are aware:

- There is no relevant audit information of which the Association's auditor is unaware; and
- The Board have taken all steps that they ought to have taken to make them aware of any relevant audit information and to establish that the auditor is aware of that information.

Value for Money Self-Assessment

VFM statement in the statutory accounts

Value for money

Before we look at the new sector-wide VFM metrics and Boston Mayflower's performance against them, the following comments provide useful contextual background. This is because these accounts cover both the financial information for Boston Mayflower for 2017/8 but also the governance arrangements now operating under LHP. As LHP has only been operating for a short period of time, we have yet to establish a full VFM strategy but we do have financial objectives arising from the merger business case and these are covered below.

Strategic objectives

The accounts are for one of the predecessor organisations of LHP, Boston Mayflower, and so reflect the strategic objectives that were relevant prior to the amalgamation. New objectives for LHP will be agreed in 2018/19 and published in due course.

Value for money objectives

The Board of LHP will address its own VFM approach in 2018/19 but this will include:

- Achieving a total of £1.8m savings over the next three years, before integration costs, as set out in the merger business case agreed by both predecessor Boards
- monitoring our performance against the selected peer group
- seeking to move to top quartile performance against that peer group
- how we intend to incorporate VfM into the processes for setting out our new corporate objectives

At the same time LHP has a strong customer engagement focus and monitors a range of metrics monitoring satisfaction. It is therefore able to assess cost, efficiency and satisfaction of its operations and so ensure value for money is achieved. To aid this, we intend to publish a small number of customer facing metrics next year alongside the statutory financial metrics.

Currently these accounts refer to the objectives set by Boston Mayflower but in respect of development, as LHP, we have set ourselves the target of completing both Boston Mayflowers prior development commitments as well as an additional 60 homes per year under LHP, this latter being a combined target for both rental and shared ownership.

In respect of efficiency of asset utilisation, all assets are subject to regular assessment using tools such as discounted cashflows / NPV's to consider whether it is better to maintain / reinvest in or dispose of properties, whilst major procurement decisions also consider different options before the final decision is made, including whether it is better to in- or outsource functions. Through this we can ensure that optimal benefit is derived from resources and assets and that we are optimising economy, efficiency and effectiveness in the delivery of our strategic objectives.

Apart from a small telecare service and an immaterial number of market rented properties, LHP does not undertake any material activity apart from social housing. We believe the return from telecare is commensurate with the risks encountered but keep the activity under review.

Our operating targets are in the process of definition but where areas are fully under our control, such as operating costs, we seek to achieve top quartile performance measured against our peer group. Where some areas are only partly under our control, such as margins (since we do not control rent levels) we seek to maximise performance in so far as it is within our gift to do so and subject to maintenance of our assets in good condition.

Such measures will be assessed and reported annually, with the results for Boston Mayflower in 2017/18, its final year of independent operation measured against our peer group shown below.

VFM metrics

Set out below are benchmarked and trend information for each metric. The Benchmarking information comes from the Global Accounts data held in Housemark and inevitably reflects the latest published statutory accounts, ie 2016/17. The trend information for Boston Mayflower uses definitions consistent with those specified by the Regulator of Social Housing.

The information reflects the global metrics from the guidance except as described below. Where there are differences between Housemark and RSH definitions these are explained in the relevant metrics.

For our benchmarking information we have used the organisations listed below which include us and 13 others. They have been selected as being either or both reasonably comparable in size and / or geographical location.

Yorkshire Coast Homes
South Yorkshire Housing Association
Boston Mayflower
Connect Housing Association
WATMOS Community Homes
Acis Group
Shoreline Housing Partnership
Bromsgrove District Housing Trust
Grand Union Housing Group
Wellingborough Homes
Arches Housing
Freebridge Community Housing
Ongo Homes
Saffron Housing Trust

In general, performance reflects both the context in which Boston Mayflower was established and in which it operates as well as action taken to improve that performance. Conclusions have been drawn as far as possible based on looking both at 'point' data on a comparable basis for 2016/17,

the last date such information is currently available for the peer group as well as four-year trend information for Boston Mayflower alone.

Against the peer group, a key measure is our cost per unit, since this is largely unaffected by differences between local rents and those ruling elsewhere in the country, whereas other metrics are very dependent on local economic and structural factors. Cost per unit was consistent with the median in 2016/17 but saw a reduction in 2017/18 of about 8%. As already noted, following amalgamation we have a target which sees a reduction in costs of £1.8m over three years so we would expect to see further improvements in the coming years.

Other metrics reflect the results of the strategic objectives of the formative organisations in its funding structure, stock reinvestment / new stock and the lower than average rents in the operating area, leading to slightly lower margins than in would be the case otherwise. However, strong cost control has enabled improving trends in margins, EBITDA-MRI and ROCE over the most recent years and this trend is expected to continue.

In respect of measurable plans to address any areas of underperformance, further high-level comments are made against each of the metrics set out below. However, as an amalgamated organisation, LHP has only been operating for a short period and further work is underway on what the specific targets we are setting ourselves are as well as the strategy we will put in place to ensure that they will be delivered. This will be published in the full VFM statement on lincolnshirehp.com by 30th September 2018. At this stage we can draw some comfort from our median cost per unit position and the three-year target of £1.8m savings, so we are moving in the right direction.

Metric 1 – Reinvestment %

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

For this metric we divide the total capital investment in developing / acquiring new properties as well as major works on existing properties. For the benchmarking graph it looks like Housemark use the Net book Value of total stock whereas the RSH definition now states cost or restated deemed cost, so for the internal trend information we have used the gross cost, ignoring depreciation.

The benchmark information shows that Boston Mayflower comes out with the 2nd least reinvestment from the 14 organisations selected to form our benchmarking group with 2.88%. The

peer group with the highest percentage of reinvestment is Yorkshire Coast with 12.33% and South Yorkshire with the lowest at 2.5%

The individual results based on the RSH definitions for 2017/18 clearly shows an increase in reinvestment for Boston Mayflower over the last 4years.

Metric 2 – New supply delivered %

The New supply metric sets out the number of new social housing and non-social housing units that have been acquired or developed in the year as a proportion of total social housing units and non-social housing units managed at period end.

The individual results based on the RSH definitions for 2017/18 clearly shows a step change in delivery with significant investment in new homes putting Boston Mayflower in the top quartile of

expected performance comparing with the leading group. Saffron Housing is significantly above this at twice the rate.

The information for these metrics were taken from the SDR. The benchmarking graphs that were taken from the Housemark Global accounts show that only two of our peer group actually delivered any non-social housing in the previous year and indeed Boston Mayflower has not delivered any non-social units over the last 4 years (so no yearly trend graph has been provided).

Metric 3 – Gearing %

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

This Metric shows the Gearing as a percentage of our properties Net Book Value (NBV). Boston Mayflower comes out as the 3rd highest geared from the 14 organisations selected to form our benchmarking group with 65.13%. The group with the highest percentage of Gearing is Acis with 76.4% and Watmos with the lowest at just 22.18%.

The Housemark Global accounts appear to have used NBV as the denominator in their calculations where the RSH definition is using Housing properties at cost or valuation. Also the debt in Housemark is gross debt but with the RSH it is Net Debt (deducting credit balances held). Applying the new definitions shows a stronger position as shown above with Gearing at 58%.

Metric 4 – Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover %

The EBITDA MRI interest cover measure is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that a registered provider generates after it has fully maintained its properties against interest payments (the measure avoids any distortions stemming from the depreciation and other non-cash charges).

This Metric shows the EBITDA MRI Interest cover. Boston Mayflower comes out as the lowest in the specific year impacted by investment in properties however using the new RSH definitions the performance is demonstrably improving with a good median performance in 2017/18. Clearly the introduction of the new Bond and Private Placement with their associated costs had a large impact in the specific year taken but the restructuring is now showing the benefits anticipated.

Metric 5 – Headline social housing cost per unit

The unit cost metric assesses the headline social housing cost per unit as defined by the regulator. The measure is unchanged from the metric used in the regulator's 2016 publication 'Delivering Better Value for Money'.

This Metric shows our Headline Social Housing Cost per unit. Boston Mayflower produces a median performance overall but has reduced in the past year.

Metric 6 – Operating Margin %

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

A) Operating Margin (social housing lettings only)

B) Operating Margin (overall)

Boston Mayflower comes out as the 4th lowest Overall Operating Margin from the 14 organisations selected to form our benchmarking The association with the highest Operating Margin for Social Housing Lettings is Saffron (44.91%) and the Lowest being Yorkshire Coast (16.14%) with Boston Mayflower achieving 24.56%. Looking at the detail of 2017/18 for Boston Mayflower the results are encouraging at 27.77%.

An industry aspiration is generally considered to be around 30% with higher results for those with an active shared ownership development programme.

Metric 7 – Return on capital employed (ROCE)

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. The ROCE metric would support registered providers with a wide range of capital investment programmes.

For Boston Mayflower the trend in this shows an increase in ROCE from 2015/16 to the current year with 3.81% achieved in 2017/18.

It would be expected to reflect increasing costs with a reduction in rental income as a result of the 1% reduction from the government rent policy but despite this the improved performance at Boston Mayflower is encouraging.

Performance against our Corporate Priorities

Boston Mayflower monitors its performance against its Corporate Strategy targets on a monthly basis. These are reported to and scrutinised by the Board on a quarterly basis.

Post Balance Sheet Events

On the 3rd April 2018 Boston Mayflower (BM) amalgamated with Shoreline Housing Partnership (SHP) to form a new Housing Association called Lincolnshire Housing Partnership (LHP).

From the 3rd April the Board of LHP became responsible for the amalgamated entities: BM & SHP and their respective subsidiaries. This includes approving the statutory accounts of the former entities.

When approving the financial statements the LHP Board is required to make an assessment of the Group's ability to continue as a Going Concern. In doing this the Board is required to consider all available information about the future, which is at least but not limited to twelve months from the date when the financial statements are approved and signed.

Going Concern

Having considered the plans and forecasts of both Boston Mayflower and the amalgamated Shoreline Housing Partnership which combined to form the new amalgamated business of Lincolnshire Housing Partnership and taking account of the advice received over the year from independent professional advisors on the merged activity and the continued support of its funders the Board has a reasonable expectation that the Group has adequate resources to continue operations for the foreseeable future. For this reason they continue to adopt the going concern basis in the preparation of these financial statements.

Statement of Compliance with Regulatory Standards

The Board confirms that the Association has maintained compliance with the Regulator of Social Housing (formerly the Homes and Communities Agency) Governance and Viability Standard but notes that after the year end became aware of failings in an area falling within the scope of the Homes Standard. Steps are being taken to remedy this situation which we expect to have done by the end of 2018/19.

Statement of Compliance

The Board confirms that this Strategic Report has been prepared in accordance with the principles set out in Para 4.7 of the 2014 SORP for Registered Social Housing Providers.

In the light of the amalgamation of Boston Mayflower and Shoreline Housing Partnership and the inheritance of all assets and liabilities of the former Boston Mayflower the new Board of Lincolnshire Housing Partnership has approved this Strategic Report on 31st July 2018. The process of Due Diligence prior to amalgamation and the continuance of certain Board members and staff into the new Business entity enabled the undersigned to confirm on behalf of the former Boston Mayflower and its successor body by:

Lynda Bowen **Board Member**	**Rob Griffiths** **Board Member**	**Mike Walters** **Company Secretary**

Opinion

We have audited the financial statements of Boston Mayflower Limited (the Association) and its subsidiaries (the Group) for the year ended 31 March 2018 which comprise the consolidated and Association Statement of Comprehensive Income, the consolidated and Association Statement of Financial Position, the consolidated Statement of Changes in Reserves, the consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2018 and of the Group's surplus and the Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Cooperative and Community Benefit Societies Act 2014, the Cooperative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report to you in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board of Management's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board of Management has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board of Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Cooperative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

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

Responsibilities of the Board of Management

As explained more fully in the Statement of Board Members' Responsibilities set out on pages 19 to 20, the Board of Management is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Management is responsible for assessing the Group's and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Management either intends to liquidate the Group or the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's web-site at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Association's members, as a body, in accordance with section 87(2) of the Cooperative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers

Beever and Struthers, Statutory Auditor
St George's House
215/219 Chester Road
Manchester
M15 4JE

Date: 21/9/18

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Year Ended 31 March 2018		Year Ended 31 March 2017	
		Consolidated £'000	Association £'000	Consolidated £'000	Association £'000
Turnover	2	21,371	21,346	21,215	21,202
Cost of sales	2	(197)	(197)	(81)	(81)
Operating expenditure	2	(15,633)	(15,624)	(15,923)	(15,908)
Gain on disposal of property, plant and equipment (fixed assets)	6	389	389	203	203
Operating surplus		5,930	5,914	5,414	5,416
Increase in valuation of property, plant and equipment		9	-	20	-
Interest receivable		15	22	30	36
Interest and financing costs	7	(3,908)	(3,908)	(4,092)	(4,092)
Gift Aid		-	-	-	31
Surplus before tax	8	2,046	2,028	1,372	1,391
Taxation	9	-	-	-	-
Surplus for the year after tax		2,046	2,028	1,372	1,391
Actuarial gain in respect of pension schemes	12	260	260	231	231
Total comprehensive income for the year		2,306	2,288	1,603	1,622

The financial statements on pages 37 to 76 were approved and authorised for issue by the Board on 31st July 2018 and were signed on its behalf by:

Lynda Bowen
Board Member

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Rob Griffiths
Board Member

.....

Mike Walters
Company Secretary

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The consolidated and parent results relate wholly to continuing activities and the notes on pages 41 to 76 form an integral part of these accounts.

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Year Ended 31 March 2018		Year Ended 31 March 2017	
		Consolidated £'000	Association £'000	Consolidated £'000	Association £'000
Fixed assets					
Tangible fixed assets	13	151,435	151,045	138,870	138,489
Investment in subsidiaries	14	-	13	-	13
		151,435	151,058	138,870	138,502
Current assets					
Properties in the course of sale	15	1,649	1,649	309	309
Stock		37	37	24	24
Trade and other debtors	16	975	1,252	1,044	1,333
Cash and cash equivalents	17	5,080	5,064	11,663	11,650
		7,741	8,002	13,040	13,316
Less: Creditors: amounts falling due within one year	18	(3,658)	(3,660)	(2,325)	(2,324)
Net current assets		4,083	4,342	10,715	10,992
Total assets less current liabilities		155,518	155,400	149,585	149,494
Creditors: amounts falling due after more than one year	19	93,928	93,928	90,046	90,046
Provisions for liabilities					
Pension provision	12	2,689	2,689	2,953	2,953
Total net assets		58,901	58,783	56,586	56,495
Reserves					
Non-equity share capital	23	-	-	-	-
Income and expenditure reserve		12,578	12,460	9,602	9,511
Revaluation reserve		46,319	46,319	46,980	46,980
Restricted reserves		4	4	4	4
Total reserves		58,901	58,783	56,586	56,495

The financial statements on pages 37 to 76 were approved and authorised for issue by the Board on 31st July 2018 and were signed on its behalf by:

Lynda Bowen
Board Member

.....

Rob Griffiths
Board Member

.....

Mike Walters
Company Secretary

.....

The notes on pages 41 to 76 form an integral part of these accounts.

BOSTON MAYFLOWER LIMITED: GROUP FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2018

	Income and expenditure reserve £'000	Restricted reserves £'000	Revaluation reserve £'000	Total reserves £'000
Balance as at 1 April 2016	6,994	5	47,984	54,983
Surplus from Statement of Comprehensive Income	1,372	-	-	1,372
Pension revaluation from Statement of Comprehensive Income	231	-	-	231
Transfer from revaluation reserve to income and expenditure reserves	1,004	-	(1,004)	-
Transfer of restricted expenditure from unrestricted reserve	1	(1)	-	-
Balance as at 31 March 2017	9,602	4	46,980	56,586
Increase in investment properties valuation	9			9
Surplus from Statement of Comprehensive Income	2,046	-	-	2,046
Pension revaluation from Statement of Comprehensive Income	260	-	-	260
Transfer from revaluation reserve to income and expenditure reserves	661	-	(661)	-
Transfer of restricted expenditure from unrestricted reserve	-	-	-	-
Balance as at 31 March 2018	12,578	4	46,319	58,901

The notes on pages 41 to 76 form an integral part of these accounts.

BOSTON MAYFLOWER LIMITED: GROUP FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	Year Ended 31 March 2018 £'000	Year Ended 31 March 2017 £'000
Net cash generated from operating activities (see Note i)	9,895	9,451
Cash flow from investing activities		
Purchase of tangible fixed assets	(17,305)	(3,785)
Proceeds from sale of tangible fixed assets	761	889
Grants received	1,959	-
Interest received	15	30
	(14,570)	(2,866)
Cash flow from financing activities		
Interest paid and similar charges	(3,908)	(4,092)
Loan issue costs	-	-
New secured loans	2,000	-
Repayment of borrowings	-	-
Net change in cash and cash equivalents	(6,583)	2,493
Cash and cash equivalents at the beginning of the year	11,663	9,170
Cash and cash equivalents at the end of the year	5,080	11,663

Note i

	Year Ended 31 March 2018 £'000	Year Ended 31 March 2017 £'000
Cash flow from operating activities		
Surplus for the year	2,306	1,603
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	3,834	3,795
Amortisation of loan issue costs	44	44
Increase in properties in the course of sale	(1,340)	(188)
Increase in stock	(13)	(3)
Decrease in trade and other debtors	69	204
Increase / (decrease) in trade and other creditors	1,337	(192)
Decrease in provisions	(264)	(211)
Pension costs less contributions payable	(70)	(43)
Carrying amount of tangible fixed asset disposals	697	631
Impairment	200	664
Adjustments for investing or financing activities:		
Proceeds from the sale of tangible fixed assets	(761)	(889)
Government grants utilised in the year	(37)	(26)
Interest payable	3,908	4,092
Interest received	(15)	(30)
Net cash generated from operating activities	9,895	9,451

The notes on pages 41 to 76 form an integral part of these accounts.

Legal Status

The Group Company (Boston Mayflower Limited) is a registered society in England under the Co-operative and Community Benefit Societies Act 2014. It has charitable status and was registered with the Homes and Communities Agency now Regulator for Social Housing as a Registered Provider (RP) of social housing. On the 3rd April 2018 it amalgamated with Shoreline Housing Partnership to form a new business in the name of Lincolnshire Housing Partnership which is also a registered society in England under the Co-operative and Community Benefit Societies Act 2014. For the whole of the year It was registered with the Regulator of Social Housing as a Registered Provider (RP) of social housing. Boston Mayflower was previously a Company limited by Guarantee and a Registered Charity until the 28 November 2017.

The Group comprises the following entities:

Name	Incorporation	Registered / Non-registered
Boston Mayflower Limited	Co-operative and Community Benefit Society	Registered
Speedwell Homes Limited	Companies Act 2006	Non-registered
Boston Mayflower Finance plc	Companies Act 2006	Non-registered

1. Principal Accounting Policies

Basis of accounting

The Group's financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2014. The Group is required to prepare consolidated Group accounts.

The 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. The accounts are prepared on the historical cost basis of accounting as modified by the revaluation of housing properties stated at deemed cost and are presented in sterling £.

The Group's financial statements have been prepared in compliance with FRS102. In complying with FRS102 the Association meets the definition of a Public Benefit Entity.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS102:

- 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,
- 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.

Transition options

The option to adopt the FRS102 deemed cost methodology for housing properties fixed assets at the date of transition was taken.

Basis of consolidation

The consolidated financial statements incorporate the results of Boston Mayflower Limited and all of its subsidiary undertakings as at 31 March 2018 using the acquisition method of accounting as required.

Post Balance Sheet Events (as disclosed in Note 31 to these accounts)

On the 3rd April 2018 Boston Mayflower (BM) amalgamated with Shoreline Housing Partnership (SHP) to form a new Housing Association called Lincolnshire Housing Partnership (LHP).

From the 3rd April the Board of LHP became responsible for the amalgamated entities : BM & SHP and their respective subsidiaries. This includes approving the statutory accounts of the former entities.

When approving the financial statements the LHP Board is required to make an assessment of the Group's ability to continue as a Going Concern. In doing this the Board is required to consider all available information about the future, which is at least but not limited to twelve months from the date when the financial statements are approved and signed.

Going Concern

Having considered the plans and forecasts of both Boston Mayflower and the amalgamated Shoreline Housing Partnership which combined to form the new amalgamated business of Lincolnshire Housing Partnership and taking account of the advice received over the year from independent professional advisors on the merged activity and the continued support of its funders the Board has a reasonable expectation that the Group has adequate resources to continue operations for the foreseeable future. For this reason they continue to adopt the going concern basis in the preparation of these financial statements.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

a. Development expenditure. The Group capitalises development expenditure in accordance with the accounting policy described on page 45. Initial capitalisation of costs is based on management's judgement that development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

b. Categorisation of housing properties. The Group has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Group has considered if the asset is held for social benefit or to earn commercial rentals. The Group has determined that market rented properties are investment properties.

c. Impairment. The Group has identified a cash generating unit for impairment assessment purposes at a property scheme level.

d. The costs of shared ownership properties are split between current and fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset and the sale proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset and subsequent sales treated as sales of fixed assets. Where a shared ownership property is unsold at the year end the first tranche sales portion is estimated based on an agreed sales value where this is in place or the first tranche sale portion to be advertised.

Other key sources of estimation and assumptions:

a. Tangible fixed assets. Completed housing properties at FRS 102 transition date are stated at deemed cost at the transition date and subsequently at cost and all other tangible fixed assets are held at historic cost. Both are depreciated over their useful lives taking into account residual values, where appropriate. For housing property assets the assets are broken down into components based on management's assessment of the properties. 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 technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

b. Pension and other post-employment benefits. The cost of defined benefit pension plans and other postemployment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest

rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific sector. Future salary increases and pension increases are based on expected future inflation rates for the respective sector.

Further details are given in note 12.

c. Impairment of non-financial assets. Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash generating unit is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified.

The Group perform impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from sales transactions in an arm's length transaction on similar cash generating units (properties) or observable market prices less incremental costs for disposing of the properties. The value in use calculation is based on either a depreciated replacement cost or a discounted cash flow model. The depreciated replacement cost is based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential to the Association as the existing property. The cash flows are derived from the business plan for the next 30 years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

Following the assessment of impairment one impairment loss (£200k) was identified in the reporting period and this is fully accounted for in the results shown. The impairment covers the Riverhead Court property which has 13 units with a carrying value of £555,785 with attached grant of £334,767.

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

Turnover and revenue recognition

Turnover represents rental income receivable, amortised capital grant, revenue grants from local authorities and Homes England, income from the sale of shared ownership and other properties developed for outright sale and other income and are recognised in relation to the period when the goods or services have been supplied.

Rental income is recognised when the property is available for let, net of voids. Income from property sales is recognised on legal completion. Supporting People Income is recognised under the contractual arrangements.

Support income and costs including Supporting People income and costs

Supporting People (SP) contract income received from Administering Authorities is accounted for as SP income in the Turnover as per note 2. The related support costs are matched against this income in the same note.

Support charges included in the rent are included in the Statement of Comprehensive Income from social housing lettings note 3 and matched against the relevant costs.

Service charges

Service charge income and costs are recognised on an accruals basis. The Group operates fixed service charges on a scheme by scheme basis in full consultation with residents. Where periodic expenditure is required a provision may be built up over the years, in consultation with the residents; until these costs are incurred this liability is held in the Statement of Financial Position within long term creditors.

Loan interest costs

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and amount of maturity of the related loan.

Loan finance issue costs

These are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised.

Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income account in the year in which the redemption took place.

Taxation

Boston Mayflower Limited has charitable status and is not subject to Corporation Tax.

For the subsidiary companies the tax expense for the period comprises current and deferred tax. Tax is recognised in profit and loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Association's subsidiaries operate and generate taxable income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits,
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met, and
- Where timing differences relate to interests in subsidiaries and the Group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair value of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Value Added Tax

The Group charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. All amounts disclosed in the accounts are inclusive of VAT to the extent that it is suffered by the Group and not recoverable.

Tangible fixed assets and depreciation

Housing properties

Housing properties are stated at deemed cost at transition date and at cost thereafter, less accumulated depreciation.

Housing properties under construction are stated at cost and are not depreciated. These are reclassified as housing properties on practical completion of construction.

Freehold land is not depreciated.

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

The Group depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

UELs for identified components are as follows:

- Structure – 80 Years
- Roofs – 70 Years
- Windows – 30 Years
- Bathroom – 25 Years
- Kitchen – 20 Years
- Central Heating / Boiler – 15 Years
- Lifts – 35 Years
- Wiring / Electrical – 30 Years

The Group depreciates housing properties held on long term leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

Depreciation is charged on other tangible fixed assets on a straight-line basis over the expected economic useful lives which are as follows:

- Office Buildings – 100 Years
- Computer equipment & software – 3 Years
- Improvements/Refurbishing Leasehold Premises – 5 Years
- Motor Vehicles – 3 Years
- Other equipment – 10 Years

Shared ownership properties

The costs of shared ownership properties are split between current and fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset and the sale proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset and subsequent sales treated as sales of fixed assets.

Capitalisation of administration costs

Administration costs relating to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into their intended use.

Operating leases

Payments are charged to the Statement of Comprehensive Income on a straight line basis over the term of the lease.

Investment property

Investment property includes market rented properties not held for the social benefit of the Group.

There are 5 market rented properties within the Group and these are not adjusted for as they are deemed to be immaterial. There are 2 market rented properties within the Association that are not adjusted for on the grounds that they are immaterial to the Group and were acquired as part of a stock transfer so are not held for commercial reasons.

Valuation of investments

The Association holds £12.5k of shares in its subsidiary, Boston Mayflower Finance plc. at cost less impairment. There are no other investments.

Stock and properties held for sale

Stock of materials Stocks are stated at the lower cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

Properties developed for shared ownership are included in current assets as they are intended to be sold, at the lower of cost or estimated selling price less costs to complete and sell.

At each reporting date, stock and properties held for sale are assessed for impairment. If there is evidence of impairment, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in Statement of Comprehensive Income.

Short-term 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.

Non-government grants

Grants received from non-government sources are recognised under the performance model. If there are no specific performance requirements the grants are recognised when received or receivable. Where grant is received with specific performance requirements it is recognised as a liability until the conditions are met and then it is recognised as Turnover.

Social Housing and other government grants

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been transferred to revenue reserves in accordance with the performance model adopted at transition.

Post transition, where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in Turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. SHG received for items of cost written off in the Statement of Comprehensive Income Account is included as part of Turnover.

Where there is a government grant associated with housing properties as part of a stock transaction, the fair value of the obligation to repay or recycle the government grant is reflected in the fair value of

the housing properties and therefore no additional value is attributed to the government grant transferred.

SHG must be recycled by the Group under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by the Homes England. SHG may however have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as Turnover. In certain circumstances, SHG may be repayable, and, in that event, is a subordinated unsecured repayable debt.

Recycling of capital grant

Where Social Housing Grant is recycled, as described above, the SHG is credited to a fund which appears as a creditor until used to fund the acquisition of new properties, where recycled grant is known to be repayable it is shown as a creditor within one year.

Disposal Proceeds Fund (DPF)

Receipts from the sale of SHG funded properties less the net book value of the property and the costs of disposal are credited to the DPF, this creditor is carried forward until it is used to fund the acquisition of new social housing.

Following the Housing and Planning Act 2016, disposals made after 6 April 2017 no longer have to be accounted for through the DPF.

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.

Retirement benefits

The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services.

The disclosures in the accounts follow the requirements of Section 28 of FRS 102 in relation to multi-employer funded schemes in which the Group has a participating interest.

Contributions payable under an agreement with SHPS or the Lincolnshire County Council Pension Scheme to fund past deficits are recognised as a liability in the Group's financial statements calculated by the repayments known, discounted to the net present value at the year ended using a market rate discount factor of 2.06% at 31 March 2016, 1.33% at 31 March 2017 and 1.72% at 31 March 2018.

The unwinding of the discount is recognised as a finance cost in the Statements of Comprehensive Income in the period incurred.

Revaluation reserve

The revaluation reserve represents the difference on transition between the fair value of social housing properties and other assets and the deemed cost carrying value, where deemed cost transitional relief was taken.

Financial instruments

Financial assets and financial liabilities are measured at transaction price initially, plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

At the end of each reporting period, financial instruments are measured as follows, without any deduction for transaction costs the entity may incur on sale or other disposal:

Debt instruments that meet the conditions in paragraph 11.8(b) of FRS 102 are measured at amortised cost using the effective interest method, except where the arrangement constitutes a financing transaction. In this case the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt.

Commitments to receive or make a loan to another entity which meet the conditions in para 11.8(c) of FRS 102 are measured at cost less impairment.

Financial instruments held by the Group are classified as follows:

- Financial assets such as cash, current asset investments and receivables are classified as loans and receivables and held at amortised cost using the effective interest method,
- Financial liabilities such as bonds and loans are held at amortised cost using the effective interest method,
- Loans to or from subsidiaries including those that are due on demand are held at amortised cost using the effective interest method,
- Commitments to receive or make a loan to another entity which meet the conditions above are held at cost less impairment,
- An investment in another entity's equity instruments other than non-convertible preference shares and non-puttable ordinary and preference shares are held at cost less impairment.

Financial assets and financial liabilities at fair value are classified using the following fair value hierarchy:

a) The best evidence of fair value is a quoted price in an active market.

b) When quoted prices are unavailable, the price of a recent transaction for an identical asset, adjusted to reflect any circumstances specific to the sale, such as a distress sale, if appropriate.

c) Where there is no active market or recent transactions then a valuation technique is used to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

Impairment of financial assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

The following financial instruments are assessed individually for impairment:

a) All equity instruments regardless of significance; and

b) Other financial assets that are individually significant.

Other financial instruments are assessed for impairment either individually or grouped on the basis of similar credit risk characteristics.

An impairment loss is measured as follows on the following instruments measured at cost or amortised cost:

a) For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

b) For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. The reversal cannot result in a carrying amount (net of any allowance account) which exceeds what the carrying amount

Impairment of financial assets (continued)

would have been had the impairment not previously been recognised. The amount of the reversal is recognised in profit or loss immediately.

Segmental Reporting

As Boston Mayflower Finance plc holds debt which is publically traded, the parent body, Boston Mayflower Limited, is required to disclose consolidated information about its operating segments in accordance with IFRS 8.

The Chief Operating Decision Maker (CODM) has been identified as the Group Executive Directors.

The Group Executive Directors have identified the operating segments as General Needs & Supported Housing and Low Cost Home Ownership, reflecting the way in which the organisation is operated and managed. The Group Executive Directors receive information regarding the financial and operational performance of these segments on a regular basis.

General Needs & Supported Housing incorporates all of our social rented housing provision, including both social rent and affordable rent properties. Income is derived primarily from rent and service charges.

Low Cost Home Ownership comprises those properties where we have sold a proportion of the equity share to the occupier whilst retaining the remaining equity and the freehold of the property. Income is derived from service charges in respect of the properties and from rent charged on the unsold equity element of the properties.

Analysis of the Statement of Comprehensive Income by segment is provided in note 30 to these financial statements. Our management reporting structure does not require analysis of assets and liabilities by segment, and these are therefore not included in the analysis of segmental reporting.

Restricted reserves

The Association restricts those reserves which have been set aside for uses which prevent them from being regarded as part of the free reserves of the Association.

2a Turnover, cost of sales, operating expenditure and operating surplus

Group	2018			
	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Operating surplus £'000
Social housing lettings (note 3a)	20,403	-	(15,301)	5,102
Other social housing activities				
Low cost home ownership sales	247	(197)	(12)	38
Supporting people	71	-	(61)	10
Activities other than social housing (note 3c)				
Telecare services to third parties	373	-	(210)	163
Community support	36	-	(39)	(3)
Residual income	216	-	-	216
Market rent	25	-	(10)	15
Total	21,371	(197)	(15,633)	5,541

	2017			
	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Operating surplus / (deficit) £'000
Social housing lettings (note 3a)	20,512	-	(15,566)	4,946
Other social housing activities				
Low cost home ownership sales	95	(81)	(2)	12
Supporting people	67	-	(58)	9
Activities other than social housing (note 3c)				
Telecare services to third parties	306	-	(235)	71
Community support	49	-	(39)	10
Residual income	173	-	-	173
Market rent	13	-	(23)	(10)
Total	21,215	(81)	(15,923)	5,211

2b Turnover, cost of sales, operating expenditure and operating surplus

Association	2018			
	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Operating surplus £'000
Social housing lettings (note 3b)	20,403	-	(15,302)	5,101
Other social housing activities				
Low cost home ownership sales	247	(197)	(12)	38
Supporting people	71	-	(61)	10
Activities other than social housing				
Telecare services to third parties	373	-	(210)	163
Community support	36	-	(39)	(3)
Residual income	216	-	-	216
Total	21,346	(197)	(15,624)	5,525

	2017			
	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Operating surplus / (deficit) £'000
Social housing lettings (note 3b)	20,512	-	(15,574)	4,938
Other social housing activities				
Low cost home ownership sales	95	(81)	(2)	12
Supporting people	67	-	(58)	9
Activities other than social housing				
Telecare services to third parties	306	-	(235)	71
Community support	49	-	(39)	10
Residual income	173	-	-	173
Total	21,202	(81)	(15,908)	5,213

3a Turnover and operating expenditure

Group	Rented Housing	Low Cost Home Owner-ship	Other	**Total 2018**	Total 2017
	£'000	£'000	£'000	**£'000**	£'000
Income					
Rent receivable net of identifiable service charge	18,467	164	205	18,836	18,877
Service charge income	1,473	14	43	1,530	1,609
Amortised government grants	37	-	-	37	26
Turnover from Social Housing Lettings	19,977	178	248	20,403	20,512
Operating expenditure					
Management	6,024	-	-	6,024	5,295
Service charge costs	1,275	10	-	1,285	1,762
Routine maintenance	1,964	-	-	1,964	2,104
Planned maintenance	1,340	-	-	1,340	1,424
Major repairs expenditure	699	-	-	699	579
Bad debts	94	1	-	95	132
Depreciation of Housing Properties	3,647	47	-	3,694	3,606
Impairment of Housing Properties	200	-	-	200	664
Operating expenditure on Social Housing Lettings	15,243	58	-	15,301	15,566
Operating Surplus on Social Housing Lettings	4,734	120	248	5,102	4,946
Void losses (being rental income lost as a result of a property not being let, although it is available for letting)	217	3	-	220	606

3b Turnover and operating expenditure

Association	General Needs Housing £'000	Low Cost Home Owner-ship £'000	Other £'000	**Total 2018 £'000**	Total 2017 £'000
Income					
Rent receivable net of identifiable service charge	18,467	164	205	18,836	18,877
Service charge income	1,473	14	43	1,530	1,609
Amortised government grants	37	-	-	37	26
Turnover from Social Housing Lettings	19,977	178	248	20,403	20,512
Operating expenditure					
Management	6,025	-	-	6,025	5,303
Service charge costs	1,275	10	-	1,285	1,762
Routine maintenance	1,964	-	-	1,964	2,104
Planned maintenance	1,340	-	-	1,340	1,424
Major repairs expenditure	699	-	-	699	579
Bad debts	94	1	-	95	132
Depreciation of Housing Properties	3,647	47	-	3,694	3,606
Impairment of Housing Properties	200	-	-	200	664
Operating expenditure on Social Housing Lettings	15,244	58	-	15,302	15,574
Operating on Social Housing Lettings	4,733	120	248	5,101	4,938
Void losses (being rental income lost as a result of a property not being let, although it is available for letting)	217	3	-	220	606

3c Turnover from activities other than social housing

	2018 £'000	2017 £'000
Telecare services to third parties	373	306
Community support	36	49
Residual income	216	173
Market rent	25	13
	650	541

4 Accommodation owned, managed and in development

	2018		2017	
	No. of properties		No. of properties	
	Owned	**Managed**	Owned	Managed
Social Housing				
Under development at the end of year:				
General needs housing intermediate rent	99	-	32	-
General needs housing affordable rent	19	-	21	-
General needs housing social rent	43		-	-
General needs housing rent to buy	4		-	-
Low-cost home ownership	60	-	36	-
	225	-	89	-
Under management at the end of the year:				
General needs housing	3,700	-	3,611	-
Supported housing and housing for older people	945	-	986	-
Low-cost home ownership	98	-	72	-
Extra care housing rented	30	-	30	-
Leasehold properties	144	-	144	-
Total owned and managed	4,917	-	4,843	-
Non-Social Housing				
Under management at the end of the year:				
Market rented	5	7	5	7
Leasehold properties	9	-	9	-
	14	7	14	7

5 Accommodation managed by and leased to others

Boston Mayflower owns property managed by or leased to other bodies.

	2018	2017
	No. of properties	No. of properties
General needs	12	12
Supported housing	58	58
Non-social housing	9	9
	79	79

6 Gain on disposal of property, plant and equipment (fixed assets)

Group and Association	Right to Buy / Right to Acquire sales of housing properties	Outright sales of housing properties	Shared ownership stair-casing sales	Others	**Total 2018**	Total 2017
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	£'000
Proceeds of sales	543	105	75	38	761	889
Less: Costs of sales	(250)	(21)	(72)	(29)	(372)	(458)
Surplus	293	84	3	9	389	431
Capital grant recycled (Note 21)	-	-	-	-	-	-
Disposal proceeds fund (Note 22)	-	-	-	-	-	(228)
	293	84	3	9	389	203

The outright sale follows the stock rationale to dispose of any housing properties where the cost to maintain is greater than future benefits.

7 Interest and financing costs

	Group		Association	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Defined benefit pension charge	(74)	109	(74)	109
On loans repayable within five years	-	-	-	-
On loans wholly or partly repayable in more than five years	3,845	3,846	3,845	3,846
Costs associated with financing	137	137	137	137
	3,908	4,092	3,908	4,092

8 Surplus on ordinary activities

	2018 £'000	2017 £'000
The operating surplus is stated after charging / (crediting):-		
Auditors remuneration (excluding VAT):		
Audit of the Group financial statements*	21	22
Audit of subsidiaries	1	1
Fees payable to the Association's auditor and its associates for other services to the Group:		
Taxation compliance services	1	1
Service charge certification	4	3
Other services	-	3
Impairment losses of housing properties	200	664
Depreciation of housing properties	3,694	3,606
Depreciation of other fixed assets	140	189
Surplus on sale of other fixed assets	(389)	(203)

*£22,410 (2017: £22,385) of this relates to the Association.

9 Taxation

No taxation charge arises as the Association has been granted charitable status accepted by HMRC.

10 Directors' remuneration

	2018 £'000	2017 £'000
The aggregate emoluments paid to or receivable by non-executive Directors and former non-executive Directors	38	37
The aggregate emoluments paid to or receivable by executive Directors and former executive Directors	-	-
The aggregate emoluments paid to or receivable by Directors (key management personnel)	377	417
The emoluments paid to the highest paid Director excluding pension contributions	136	117
The aggregate amount of Directors or past Directors pensions, excluding amounts payable under a properly funded pension scheme	-	-
The aggregate amount of any consideration payable to or receivable by third parties for making available the services of a Director	-	-
The aggregate amount of any consideration payable to Directors for loss of office	12	-

The Chief Executive is an ordinary member of the pension scheme. The pension scheme is a defined benefit career average revalued earnings scheme funded by annual contributions by the employer and the employee. No enhanced or special terms apply. There are no additional pension arrangements. A contribution by the Association of £32,416 (2017: £25,783) was paid in addition to the personal contributions of the Chief Executive.

10 Directors' remuneration (continued)

Directors (key management personnel) are defined as members of the Board, the Chief Executive and any other person who is a member of the Executive Management Team or its equivalent.

Emoluments were made to the following members of the Board:	**2018**	2017
	£	£
L.Bowen - Chair of the Board (from 27 September 2016)	12,000	6,000
S. Harriott - Chair of the Board (to 27 September 2016)	-	6,000
K. Hall	6,096	6,060
R. Jones	3,943	3,535
T. Baines	758	3,030
J. Coleman	3,047	3,030
M. Gilbert	3,047	3,030
R.Griffiths	2,740	-
S. McKay	3,047	3,030
S. Stevenson	3,047	3,030
	37,725	36,745

11 Employee information

	2018	2017
	No.	No.
The average number of persons employed during the year expressed in full time equivalents (37 hours per week) was:		
Office staff	105	102
Wardens, caretakers and cleaners	17	21
	122	123

	£'000	£'000
Staff costs (for the other persons)		
Wages and salaries	3,286	3,325
Social Security costs	283	282
Other pension costs	620	474
	4,189	4,081

Aggregate number of full time equivalent staff whose remuneration exceeded £60,000 in the period:	**2018**	2017
	No.	No.
£60,000 - £70,000	-	-
£70,000 - £80,000	-	-
£80,000 - £90,000	1	2
£90,000 - £100,000	-	1
£100,000 - £110,000	-	-
£110,000 - £120,000	-	1
£120,000 - £130,000	-	-
£130,000 - £140,000	1	-
£270,000 - £280,000	1	-

The £270,000 - £280,000 banding includes £174,587 pension contributions for a retiring director.

12 Pension obligations

The Association participates in 3 different pension schemes: the Social Housing Pension Scheme (SHPS) Career Average Revalued Earnings (CARE) scheme, the Lincolnshire County Council Local Government Pension Scheme (LGPS) and the Social Housing Pension Scheme (SHPS) Defined Contribution scheme.

The Social Housing Pension Scheme (SHPS) (for new employees)

The Association participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the Association to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2014. This actuarial valuation was certified on 23 November 2015 and showed assets of £3,123m, liabilities of £4,446m and a deficit of £1,323m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

Deficit contributions:

Tier 1	£40.6m per annum
From 1 April 2016 to 30 September 2020:	(payable monthly and increasing by 4.7% each year on 1st April)
Tier 2	£28.6m per annum
From 1 April 2016 to 30 September 2023:	(payable monthly and increasing by 4.7% each year on 1st April)
Tier 3	£32.7m per annum
From 1 April 2016 to 30 September 2026:	(payable monthly and increasing by 3.0% each year on 1st April)
Tier 4	£31.7m per annum
From 1 April 2016 to 30 September 2026:	(payable monthly and increasing by 3.0% each year on 1st April)

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2011; this valuation was certified on 17 December 2012 and showed assets of £2,062m, liabilities of £3,097m and a deficit of £1,035m. To eliminate this funding shortfall, payments consisted of the Tier 1, 2, 3 and 4 deficit contributions.

Where the scheme is in deficit and where the Association has agreed to a deficit funding arrangement, the Association recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

12 Pension obligations (continued)

PRESENT VALUES OF PROVISION

	31 March 2018 £000	31 March 2017 £000	31 March 2016 £000
Present value of provision	413	483	526

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	31 March 2018 £000	31 March 2017 £000
Provision at start of period	483	526
Unwinding of the discount factor (interest expense)	5	11
Deficit contribution paid	(70)	(67)
Remeasurements – impact of any change in assumptions	(5)	13
Remeasurements – amendments to the contribution schedule	-	-
Provision at end of period	413	483

INCOME AND EXPENDITURE IMPACT

	31 March 2018 £000	31 March 2017 £000
Interest expense	5	11
Remeasurements – impact of any change in assumptions	(5)	13
Remeasurements – amendments to the contribution schedule	-	-
Contributions paid in respect of future services	(70)	(67)
Costs recognised in income and expenditure account	(70)	(43)

ASSUMPTIONS

	31 March 2018 % per annum	31 March 2017 % per annum	31 March 2016 % per annum
Rate of discount	1.72	1.33	2.06

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

During the year ended 31 March 2018 the association received notification of changes to the additional deficit payment to SHPS, this resulted in a reduction to the liability of £70,000 at 31 March 2018.

12 Pension obligations (continued)

DEFICIT CONTRIBUTIONS SCHEDULE

	31 March 2018 £000	31 March 2017 £000	31 March 2016 £000
Year 1	73	70	67
Year 2	76	73	70
Year 3	64	76	73
Year 4	51	64	76
Year 5	53	51	64
Year 6	42	53	51
Year 7	31	42	53
Year 8	32	31	42
Year 9	17	32	31
Year 10	-	17	32
Year 11	-	-	17
Year 12	-	-	-
Year 13	-	-	-
Year 14	-	-	-
Year 15	-	-	-
Year 16	-	-	-
Year 17	-	-	-
Year 18	-	-	-
Year 19	-	-	-
Year 20	-	-	-

The Association must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises.

It is these contributions that have been used to derive the Association's balance sheet liability.

Local Government Pension Scheme (LGPS) (The Lincolnshire County Council Pension – for TUPE employees)

The LGPS is a funded defined benefit scheme, with the assets held in separate funds administered by the Lincolnshire County Council. The total contributions made for the year ended 31 March 2018 were £236,924, of which employer's contributions totalled £179,466 and employees' contributions totalled £57,458. The agreed contribution rates for future years are 26.2% for employers and range from 5.5% to 11.4% for employees, depending on salary.

PRINCIPAL ACTUARIAL ASSUMPTION

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 March 2018 by a qualified independent actuary.

	31 March 2018	31 March 2017
Rate of increase in salaries	2.8%	2.8%
Rate of increase for pensions in payment / inflation	2.4%	2.4%
Discount rate for scheme liabilities	2.7%	2.6%
Inflation assumption (CPI)	2.4%	2.4%
Commutation of pensions to lump sums	75%	75%

12 Pension obligations (continued)

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	31 March 2018	31 March 2017
Current Pensioners		
- Males	22.1 years	22.1 years
- Females	24.4 years	24.4 years
Future Pensioners		
- Males	24.1 years	24.1 years
- Females	26.6 years	26.6 years

LGPS: Analysis of the amount charged to operating costs in the Statement of Comprehensive Income

	31 March 2018 £000	31 March 2017 £000
Employer service cost (net of employee contributions)	(278)	(225)
Past service cost	(101)	-
Total operating charge	(379)	(225)
Analysis of pension finance income / (costs)		
Interest income on plan assets	342	408
Interest cost on deferred benefit obligation	(418)	(517)
Amounts charged to financing costs	(76)	(109)
Amount of gains and losses recognised in the Statement of Comprehensive Income		
Actuarial gains on pension scheme assets	342	408
Actuarial gains/(losses) on scheme liabilities	(797)	(742)
Total defined benefit cost recognised	(455)	(334)
Movement in surplus / (deficit) during the year		
Deficit in scheme at 1 April	(2,953)	(3,164)
Movement in year:		
Employer service cost (net of employee contributions)	(278)	(225)
Employer contributions	459	314
Past service cost	(101)	-
Net interest/return on assets	(76)	(109)
Remeasurements	260	231
Deficit in scheme at 31 March	**(2,689)**	**(2,953)**

12 Pension obligations (continued)

Asset and Liability Reconciliation

	31 March 2018 £000	31 March 2017 £000
Reconciliation of liabilities		
Liabilities at start of period	(16,005)	(14,774)
Service cost	(278)	(225)
Interest cost	(418)	(517)
Employee contributions	(56)	(65)
Remeasurements	300	(716)
Benefits paid	295	292
Past Service cost	(101)	-
Curtailments and settlements	-	-
	(16,263)	**(16,005)**
Reconciliation of assets		
Assets at start of period	13,052	11,610
Return on plan assets	342	1,355
Remeasurements	(40)	-
Employer contributions	459	314
Employee contributions	56	65
Benefits paid	(295)	(292)
Assets at end of period	**13,574**	**13,052**
Deficit at end of period	**(2,689)**	**(2,953)**

Projected defined benefit cost for the period to 31 March 2019

	Assets £000	Obligations £000	Net (liability) / asset £000	% of pay
Projected current service cost*	-	270	(270)	(39.9%)
Past service cost including curtailments	-	-	-	-
Effect of settlements	-	-	-	-
Total service cost	-	270	(270)	(39.9%)
Interest income on plan assets	367	-	367	54.3%
Interest cost on defined benefit obligation	-	440	(440)	(65.1%)
Total net interest cost	367	440	(73)	(10.8%)
Total included in profit and loss	**367**	**710**	**(343)**	**(50.7%)**

* The current service cost includes an allowance for administration expenses of 0.5%

13a Tangible fixed assets

Group	Housing Properties for Letting Completed	Housing Properties for Letting Under Con-struction	Low Cost Home Ownership Properties Completed	Low Cost Home Ownership Properties Under Con-struction	**Total Housing Properties**	Freehold Offices	Computer and Office Equipment	Motor Vehicles	Play-ground Equipment	**Total Fixed Assets**
	£'000	£'000	£'000	£'000	**£'000**	£'000	£'000	£'000	£'000	**£'000**
Cost										
At start of the year	142,891	764	2,635	329	**146,619**	1,684	1,334	11	34	**149,682**
Additions to properties acquired	98	10,321	-	3,764	**14,183**	5	8	-	-	**14,196**
Works to existing properties	3,109	-	-	-	**3,109**	-	-	-	-	**3,109**
Schemes completed	8,934	(8,934)	3,108	(3,108)	**-**	-	-	-	-	**-**
Disposals	(1,449)	-	(78)	-	**(1,527)**	(24)	(495)	-	-	**(2,046)**
At the end of the year	153,583	2,151	5,665	985	**162,384**	1,665	847	11	34	**164,941**
Depreciation and impairment										
At start of the year	9,564	-	127	-	**9,691**	60	1,024	11	26	**10,812**
Charge for year	3,647	-	47	-	**3,694**	17	120	-	3	**3,834**
Impairment losses	200	-	-	-	**200**	-	-	-	-	**200**
Disposals	(842)	-	(6)	-	**(848)**	(4)	(488)	-	-	**(1,340)**
At the end of the year	12,569	-	168	-	**12,737**	73	656	11	29	**13,506**
Net book value 31 March 2018	141,014	2,151	5,497	985	**149,647**	1,592	191	-	5	**151,435**
Net book value 31 March 2017	133,327	764	2,508	329	**136,928**	1,624	310	-	8	**138,870**

13a Tangible fixed assets (continued)

Housing Properties Comprise:

	2018 £'000	2017 £'000
Freeholds	148,910	136,173
Long leaseholds	608	626
Short leaseholds	129	129
	149,647	136,928

	2018 £'000	2017 £'000
Works to existing properties in the year:		
Improvement works capitalised	-	1,661
Components capitalised	3,109	2,431
Amounts charged to expenditure	4,003	4,123

13b Tangible fixed assets

Association	Social Housing Properties for Letting Completed	Social Housing Properties for Letting Under Con-struction	Low Cost Home Ownership Properties Completed	Low Cost Home Ownership Properties Under Con-struction	**Total Housing Properties**	Freehold Offices	Computer and Office Equipment	Motor Vehicles	Play-ground Equipment	**Total Fixed Assets**
	£'000	£'000	£'000	£'000	**£'000**	£'000	£'000	£'000	£'000	**£'000**
Cost										
At start of the year	142,510	764	2,635	329	**146,238**	1,684	1,334	11	34	**149,301**
Additions to properties acquired	89	10,321	-	3,764	**14,174**	5	8	-	-	**14,187**
Works to existing properties	3,109	-	-	-	**3,109**	-	-	-	-	**3,109**
Schemes completed	8,934	(8,934)	3,108	(3,108)	**-**	-	-	-	-	**-**
Disposals	(1,449)	-	(78)	-	**(1,527)**	(24)	(495)	-	-	**(2,046)**
At the end of the year	153,193	2,151	5,665	985	**161,994**	1,665	847	11	34	**164,551**
Depreciation and impairment										
At start of the year	9,564	-	127	-	**9,691**	60	1,024	11	26	**10,812**
Charge for year	3,647	-	47	-	**3,694**	17	120	-	3	**3,834**
Impairment losses	200	-	-	-	**200**	-	-	-	-	**200**
Disposals	(842)	-	(6)	-	**(848)**	(4)	(488)	-	-	**(1,340)**
At the end of the year	12,569	-	168	-	**12,737**	73	656	11	29	**13,506**
Net book value 31 March 2018	140,624	2,151	5,497	985	**149,257**	1,592	191	-	5	**151,045**
Net book value 31 March 2017	132,946	764	2,508	329	**136,547**	1,624	310	-	8	**138,489**

13b Tangible fixed assets (continued)

Housing Properties Comprise:

	2018	2017
	£'000	£'000
Freeholds	148,520	135,792
Long leaseholds	608	626
Short leaseholds	129	129
	149,257	136,547

	2018	2017
	£'000	£'000
Works to existing properties in the year:		
Improvement works capitalised	-	1,661
Components capitalised	3,109	2,410
Amounts charged to expenditure	4,003	4,107

14 Fixed asset investments

Group companies
The Group comprises the following companies, all registered in England:

Name	Incorporation and ownership	Regulated / non-regulated	Nature of business
Boston Mayflower	Company 100%	Regulated	Housing Association
Speedwell Homes	Company 100%	Non-regulated	Market Renting
Boston Mayflower Finance plc	Company 100%	Non-regulated	Financing

Group	Speedwell Homes £'000	Boston Mayflower Finance plc £'000
Cost		
At start of year	-	13
Additions	-	-
At end of year	-	13
Share of retained profits		
At start of year	-	-
Adjustment to opening balance	-	-
Profit / (loss) for the year	-	-
At end of year	-	-
Net book value		
At 31 March 2018	-	13
At 31 March 2017	-	13

15 Properties in the course of sale

	Group		Association	
	2018 £'000	2017 £'000	**2018 £'000**	2017 £'000
Properties held for sale				
Low cost home ownership properties:				
Completed	1,149	90	1,149	90
Work in progress	500	219	500	219
	1,649	309	1,649	309

16 Trade and other debtors

	Group		Association	
	2018 £'000	2017 £'000	**2018 £'000**	2017 £'000
Rent arrears	648	853	642	851
Less: provision for bad debts	(526)	(581)	(522)	(577)
Amounts due from Group undertakings	-	-	279	287
Other debtors	195	106	195	106
Prepayment and accrued income	658	666	658	666
	975	1,044	1,252	1,333

Debtors are all due within one year.

17 Cash and cash equivalents

	Group		Association	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Cash at bank (balances uncharged)	5,080	11,663	5,064	11,650

18 Creditors: amounts falling due within one year

	Group		Association	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Trade creditors	14	125	11	121
Amounts owed to Group undertakings	-	-	249	250
Rents and service charges paid in advance	368	512	368	512
Corporation Tax	1	-	-	-
Other taxation and social security payable	6	4	6	4
Accruals and deferred income	3,047	1,453	2,804	1,206
Deferred Capital Grant (Note 20)	37	26	37	26
SHPS pension agreement plan (Note 12)	73	70	73	70
Other creditors	112	135	112	135
	3,658	2,325	3,660	2,324

19a Creditors: amounts falling due after more than one year

	Group		Association	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Loans (Note 19b)	92,000	90,000	91,262	89,238
Less: Loan arrangement fees	(780)	(824)	(42)	(62)
Deferred Capital Grant (Note 20)	2,360	449	2,360	449
Recycled Capital Grant Fund (Note 21)	8	8	8	8
SHPS pension agreement plan (Note 12)	340	413	340	413
	93,928	90,046	93,928	90,046

19b Debt analysis

	Group		Association	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Loans repayable by instalments				
Within one year	-	-	-	-
In one year or more, but less than two years	-	-	-	-
In two years or more and less than five years	-	-	-	-
In five years or more	75,000	75,000	74,370	74,355
Loans not repayable by instalments				
Within one year	-	-	-	-
In one year or more, but less than two years	2,000	-	2,000	-
In two years or more and less than five years	-	-	-	-
In five years or more	15,000	15,000	14,892	14,883
Less: loan issue costs	(780)	(824)	(42)	(62)
	91,220	89,176	91,220	89,176

On 8 September 2014 Boston Mayflower Limited borrowed £90m from the capital markets through its subsidiary Boston Mayflower Finance plc via a combination of a 45 year bond issue and a 15 year Private Placement. Loans are secured by floating charges on all of the Association's assets and fixed charges on individual properties.

The amount payable in relation to the bond issue is an intercompany creditor for Boston Mayflower Limited with the amount owed to its subsidiary, Boston Mayflower finance plc. Boston Mayflower Finance plc recognises an equivalent intercompany debtor within its accounts and the third party liability to repay the bond on 8 September 2049.

The interest rate profile of the Association at 31 March 2018 was:

	Total	Variable rate	Fixed rate	Weighted average rate	Weighted average term
	£'000	£'000	£'000	%	Years
Instalment loans	75,000	-	75,000	4.32	45
Non-instalment loans	15,000	-	15,000	4.08	15
Lloyds Revolving Credit	2,000	-	2,000	1.10	5
	92,000	-	92,000	4.28	40

As at 31 March 2018 the Association has the following borrowing facilities:	£'000
Undrawn committed facilities	8,000
Undrawn facilities	-
	8,000

20 Deferred Capital Grant

	Group		Association	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
At start of the year	475	273	475	273
Grant received in the year	1,959	228	1,959	228
Released to income in the year	(37)	(26)	(37)	(26)
At the end of the year	2,397	475	2,397	475
Amount due to be released < 1 year	37	26	37	26
Amount due to be released > 1 year	2,360	449	2,360	449
Total deferred capital grant	2,397	475	2,397	475

21 Recycled Capital Grant Fund

	Group		Association	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
At start of the year	8	8	8	8
Inputs: Grant recycled	-	-	-	-
Interest accrued	-	-	-	-
Transfers from other registered providers	-	-	-	-
Recycling: New Build	-	-	-	-
Major repairs	-	-	-	-
Transfers to other registered providers	-	-	-	-
At the end of the year	8	8	8	8
Amount three years or older where repayment may be required	-	-	-	-

22 Disposal Proceeds Fund

	Group		Association	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
At start of the year	-	-	-	-
Funds recycled	-	-	-	-
Net PRTB receipts	-	228	214	228
Certain proceeds of profit making PRPs	-	-	-	-
Interest accrued	-	-	-	-
Transfers from other PPRPs	-	-	-	-
Use / allocation of funds	-	-	-	-
New build	-	-	-	-
Major repairs and works to existing stock	-	(228)	(214)	(228)
Transfers to other PPRPs	-	-	-	-
Other	-	-	-	-
Repayment of funds to the HCA / GLA	-	-	-	-
At the end of the year	-	-	-	-
Amount three years or older where repayment may be required	-	-	-	-

23 Non-equity share capital

The Association's constitution is that of a company limited by guarantee, therefore there is no share capital.

Boston Mayflower Limited retains a £12,500 investment in Boston Mayflower Finance plc and is the registered holder of 50,000 shares of £1 each, of which £12,500 has been paid.

24 Capital commitments

	2018	2017
	£'000	£'000
Capital expenditure that has been contracted for, but has not been provided for in the financial statements	14,148	7,271
Capital expenditure that has been authorised by the Board, but has not been contracted for	-	21,689
Total capital expenditure in the next 12 months	14,148	28,960
The Association expects these commitments to be financed with:		
Social Housing Grant	840	1,476
Committed loan facilities	8,244	15,821
Existing cash balances	5,064	11,663
Total capital expenditure in the next 12 months	14,148	28,960

25 Operating leases

There were no operating leases at 31 March 2018.

26 Contingent liability

There were no contingent liabilities to third parties as at 31 March 2018.

27 Grant and financial assistance

	2018	2017
	£'000	£'000
The total accumulated government grant and financial assistance received or receivable at 31 March	13,670	11,497
Held as deferred grant (note 20)	2,397	475
Recognised as income in Statement of Comprehensive Income	8,239	8,202

£2,469,000 (2017: £2,469,000) of grant associated with stock purchases from other Registered Providers is not recognised at acquisition but has an on-going liability to repay or recycle on disposal of those properties.

28 Related parties

Boston Mayflower Limited is the Parent entity in the Group and ultimate controlling party. The Group has taken advantage of the exemption available under Section 33.1A FRS 102 not to disclose transactions with wholly owned subsidiary undertakings.

The Group entered into the following related party transactions in the year ended 31 March 2018:

During the year the Board had a tenant member who held a tenancy agreement on normal terms and did not use their position to their advantage; the tenant member resigned on 1 October 2017. Rent charged to the tenant Board member was £2,525 (2017: £4,706). There are no arrears on their tenancies at the reporting period end (2017: £Nil).

There have been no Directors' loans during the reporting year (2017: £Nil).

There have been no transactions with key management personnel and their close family, (including compensation paid) (2017: £Nil).

Related party balances are not secured.

28 Related parties (continued)

Transactions with registered and non-registered elements of the business

The Association provides management services, other services and loans to its subsidiaries.

	Management charges		Other charges		Interest charges	
	2018	2017	**2018**	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Non-regulated entities:						
Boston Mayflower Finance plc	2	(7)	-	-	-	-
Speedwell Homes Limited	3	2	-	-	7	6
	5	(5)	-	-	7	6

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 and providing services. The management fee is calculated by using varying methods of allocation.

In March 2018 Speedwell Homes Limited declared a £7,757 gift aid payment to the Association (2017: £31,023).

Intra-group interest charges

Intra-group interest is charged by the Association to its subsidiaries at an agreed commercial rate.

	At start of year £'000	Advanced / (received) £'000	At end of year £'000
Speedwell Homes Limited	287	(8)	279

29 Financial instruments

The Group had the following financial Instruments

	2018 £'000	2017 £'000
Financial assets that are debt instruments measured at amortised cost:		
Cash at bank and in hand	5,080	11,663
Rental and service charge debtors	648	272
Accrued income	54	26
Other debtors	195	106
Financial liabilities at amortised cost:		
Loans	92,000	90,000
Trade creditors	14	125
Recycled Capital Grant Fund	8	8
Deferred Capital Grant Fund	2,397	475
Accruals	3,047	1,453
Rents and service charges paid in advance	368	512
SHPS pension agreement plan	413	483
Other creditors	112	135
Other taxation and social security payable	6	4

30 Segmental Reporting

	Group 2018			
	General Needs & Supported Housing £000	Low Cost Home Ownership £000	All Other Segments £000	2018 Total £000
Gross Segmental Income	20,048	425	898	21,371
Segmental Operating Surplus	4,744	158	639	5,541
Interest receivable	15	-	-	15
Interest and financing costs	(3,768)	(79)	(61)	(3,908)
Gain on disposal of property, plant and equipment (fixed assets)	377	3	9	389
Increase in valuation of property, plant and equipment	9	-	-	9
Surplus before Tax	1,377	82	587	2,046
Taxation	-	-	-	-
Surplus for the Year	1,377	82	587	2,046
Depreciation of fixed assets	3,647	47	140	3,834
Impairment of fixed assets	(200)	-	-	(200)
Additions to fixed assets	13,528	3,764	13	17,305

	Group 2017			
	General Needs & Supported Housing £000	Low Cost Home Ownership £000	All Other Segments £000	2017 Total £000
Gross Segmental Income	20,165	262	788	21,215
Segmental Operating Surplus	4,592	128	491	5,211
Interest receivable	30	-	-	30
Interest and financing costs	(3,935)	(73)	(84)	(4,092)
Gain on disposal of property, plant and equipment (fixed assets)	173	(4)	34	203
Increase in valuation of property, plant and equipment	20	-	-	20
Surplus before Tax	880	51	441	1,372
Taxation	-	-	-	-
Surplus for the Year	880	51	441	1,372
Depreciation of fixed assets	3,560	46	189	3,795
Impairment of fixed assets	664	-	-	664
Additions to fixed assets	3,613	329	31	3,973

31 Post Balance Sheet Event

On the 3rd April 2018 Boston Mayflower (BM) amalgamated with Shoreline Housing Partnership (SHP) to form a new Housing Association called Lincolnshire Housing Partnership (LHP).

From the 3rd April the Board of LHP became responsible for the amalgamated entities : BM & SHP and their respective subsidiaries. This includes approving the statutory accounts of the former entities.

When approving the financial statements the LHP Board is required to make an assessment of the Group's ability to continue as a Going Concern. In doing this the Board is required to consider all available information about the future, which is at least but not limited to twelve months from the date when the financial statements are approved and signed.