



Warm
Friendly
Caring

Bolton Cares (A) Limited

Annual report and financial statements

Registered number 09760787

31 March 2018

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Company Information

Company Registered number	09760787
Registered Office	The Town Hall, Victoria Square, Bolton, BL1 1RU
Steering Committee	Councillor Cliff Morris (Chair) Councillor Madelaine Murray (Vice-Chair) Councillor David Chadwick Councillor Hilary Fairclough Councillor Jacqueline Radcliffe Councillor Debbie Newall
Directors	John Livesey (Chief Executive) Jackie Partington-Tait (Operations Director)
Company Secretary	Helen Gorman
Solicitors	Bolton Council Legal Services
Auditors	KPMG LLP 1 St Peters Square, Manchester, M2 3AE
Bank	Barclays Bank PLC, 1 Market Street, Victoria Square, Bolton, BL1 1XA (via Bolton Council's account)

Strategic Report – Bolton Cares (A) Limited

The Directors present their strategic report for the financial year ended 31st March 2018.

The company was incorporated on 3 September 2015 and commenced trading on the 1 July 2016. The first set of accounts produced by the company was for the 9 month period to the end of March 2017. These accounts cover the 12 month period from 1 April 2017 to 31 March 2018.

The company is a wholly owned local authority trading company, established by Bolton Council for the purposes of delivering adult social care services.

Principal Activity

The principal activity of Bolton Cares (A) Ltd is the provision of social care services to adults with learning disabilities and mental health needs and to older adults.

Our Mission

Our mission is to deliver high quality, compassionate care and support to help local people live better lives.

Our Vision

Our vision is to:

- Deliver high quality care.
- Protect people from harm and make them feel safe.
- Protect services for vulnerable people.
- Be a strong and stable business that provides excellent value for money for our customers.
- Grow to meet the care and health needs of local people.
- Continually learn and improve.
- Invest in our workforce and be a great place to work.

Our Strategic Objectives

The strategic objectives of Bolton Cares are set out in the company's strategic plan which is available on our website at <http://www.boltoncares.org.uk/strategic-business-plan/>. These objectives include:

- Establishing good governance and effective leadership.
- Developing our vision and strategic framework.
- A safe transition of services from Council to Company.
- Building the brand and reputation of the business and marketing our services.
- Improving the quality of care.
- Investing in our workforce.
- Financial sustainability and efficiency.
- Improving our environments.

Fair View of the Business

The directors are satisfied with the results of the company. The company has met its obligations to provide a high quality service to its principal customers. Turnover in 2017/18 was

£12,248,000 and a profit of £370,000 has been generated following pensions adjustments. The profit is largely due to additional income and cost management being partially offset by the charges for the pension liability in respect of the Greater Manchester Pension Fund. This responsibility was transferred when the staff TUPED to the Company on the 1 July 2016. For the Company the Pension Liability at the end of the financial year was £5.4million. This deficit depends on interest rates and the performance of the stock market. Bolton Council have undertaken to guarantee the Greater Manchester Pension Scheme liabilities of the Company if required and to support its operation as a going concern. The full profit and loss account for the year can be seen on page 10.

Strategic Direction

The strategic direction of the business is:

- Continued improvement in the quality of service provided.
- Cost reduction and improvement in the efficiency of the business.
- Improved value for money for customers.
- Increased income through business growth focussed upon:
 - Consolidation of the existing services by increasing the volume of business delivered through current contracts. In particular, significant new growth is anticipated in the company's supported living and outreach services.
 - The sale of existing and new services to a wider customer base, including self-funders and recipients of direct payments.
 - The development of new business outside of Bolton, in neighbouring areas.

Performance Monitoring

The Board of Directors has identified key performance indicators for the business which are regularly monitored by the Board and reported to our shareholder, the Council, through our Steering Committee. A balanced scorecard approach is taken with KPIs for quality, workforce and learning, finance and customers. These KPIs are available for the company as a whole and for each service area.

The Directors meet on a regular basis to review the performance of the business to identify good practice and actions for improvement.

Principal Risks

The Directors are responsible for identifying risks to the business so that such risks can be managed and mitigated.

Bolton Cares (A) Limited benefits from an internal audit and risk management service from Bolton Council. With the support of this service, the company has developed a risk register which is reviewed on a quarterly basis by the Board of Directors.

The company is subject to general risks associated with the wider economy and the social care sector, not all of which are in the control of the Director's. The principal risks to the business include:

1. Council Funding

The initial Bolton Cares contract for the provision of social care services for Bolton Council is for five years. Since entering into this contract a number of factors have emerged that impact on the costs facing the business, for example case law in relation to sleep in payments and the

increasing costs of CQC registration fees. These factors expose the company to costs that were not envisaged at the beginning of the contract. The company is mitigating the risk by reducing its costs and generating additional income, including additional contract income from Bolton Cares.

2. Service Quality

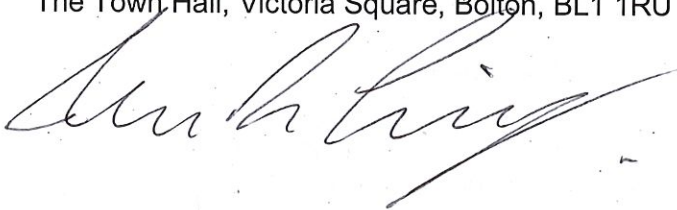
It is important for Bolton Cares A to maintain the safety and quality of its care and support services. The company achieves this through a commitment to continuous service improvement. Following inspection, all Bolton Cares A services are rated as good overall and good in all areas of the CQC essential standards.

Approved by the Board of Directors on 2nd October 2018 and signed on its behalf by:

John Livesey – Chief Executive Officer

2nd October 2018

The Town Hall, Victoria Square, Bolton, BL1 1RU

A handwritten signature in black ink, appearing to read 'John Livesey', is written over the printed name and address.

Directors' Report– Bolton Cares (A) Limited

The Directors present their report and the financial statements for the financial year ended 31st March 2018.

Directors

The directors who held office during the year were as follows:

- John Livesey: Chief Executive Officer
- Jackie Partington-Tait: Operations Director

The Directors are accountable to the shareholder of the company through a Steering Committee. The Bolton Cares Steering Committee is a committee of Bolton Council and in 2017/18 the members of the committee included:

- Councillor Cliff Morris (Chair)
- Councillor Madelaine Murray (Vice-Chair)
- Councillor David Chadwick
- Councillor Hilary Fairclough
- Councillor Jacqueline Radcliffe
- Councillor Debbie Newall

Disclosures of information to the auditor

At the date of approval of this report the directors confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each Director has taken all the steps that he/she ought to have taken as a member of the Board of Directors to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Employees

At the end of the financial year (31st March 2018) the Company had 536 employees. The cost of employees for the year was £9.991m. Further detail of the costs can be seen in note 5.

The Company discharges its obligations to provide an employee pension scheme through the National Employment Savings Trust (NEST). This is a defined contributions scheme.

The Company operates policies regarding equality and recruitment which meet the requirements of Companies Act 2008 Schedule 7.

Financial Instruments

Various financial instruments are utilised such as loans and cash, and other items such as trade creditors that arise directly from the operations.

The company is exposed to a number of financial risks but these have been minimised by the company using the council bank account.

Proposed Dividends

A dividend is not proposed for the year ending 31st March 2018.

Political contributions

The company made no political donations or incurred any political expenditure during the year.

Auditor

In accordance with Section 489 of the Companies Act 2006, a resolution for the appointment of auditors of the company was proposed at a Board of Directors meeting and Grant Thornton were appointed auditors of Bolton Cares Limited from 2018/19.

Approved by the Board of Directors on 2nd October 2018 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'John Livesey', with a stylized flourish at the end.

John Livesey – Chief Executive Officer

2nd October 2018

The Town Hall, Victoria Square, Bolton, BL1 1RU

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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



John Livesey – Chief Executive Officer

2nd October 2018

The Town Hall, Victoria Square, Bolton, BL1 1RU

Independent Auditor's Report to the Members of Bolton Cares (A) Limited

Opinion

We have audited the financial statements of Bolton Cares (A) Limited ("the company") for the year ended 31 March 2018 which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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



Timothy Cutler (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

15 October 2018

Profit and Loss Account and Other Comprehensive Income For the year ended 31 March 2018

The Company began trading on the 1st July 2016 and the 2016/17 figures reflect only 9 months as a result. The 2017/18 figures reflect a full year of trading.

	Notes	2017-2018		2016-2017	
		£000's	£000's	£000's	£000's
Turnover	2	12,248		8,810	
Cost of Sales		(11,055)		(7,722)	
Gross Profit/(Loss)			1,193		1,087
Distribution Costs		0		0	
Administration Expenses		(1,431)		(1,066)	
Other Operating Income	3	0		0	
			(1,431)		(1,066)
Operating Profit/(Loss)			(238)		21
Other interest receivable and other similar income		0		0	
Interest payable and similar charges	14	(148)		(95)	
			(148)		(95)
Profit/(Loss) on ordinary activities before taxation			(386)		(74)
Tax on Profit/(Loss) on ordinary activities	7		0		0
Profit/(Loss) for the financial year			(386)		(74)
Other Comprehensive Income					
Revaluation of tangible fixed assets					
Actuarial gain (deficit) in relation to the defined benefit liability	15		756		(5,117)
Income tax on other comprehensive income			0		0
Other comprehensive income (loss) for the year net of income tax			756		(5,117)
Total Comprehensive Income (loss) for the year			370		(5,191)

The 2016-2017 deficit is due to the charges for the pension liability in respect of the Greater Manchester Pension Fund. This responsibility was transferred when the staff TUPE transferred to the Company on the 1 July 2016. This deficit depends on interest rates and the performance of the stock market. Bolton Council has undertaken to guarantee the Greater Manchester Pension Scheme liabilities of the Company if required and to support its operation as a going concern.

All company activities are continuing.

Balance Sheet as at 31 March 2018

	Notes	2017-2018		2016-2017	
		£000's	£000's	£000's	£000's
Fixed Assets					
Tangible assets					
Land and Property		0		0	
Investments		0		0	
			0		0
Current Assets					
Stock	8	1		1	
Debtors (including those due after more than one year)	9	25		92	
Cash	10	1,030		582	
		1,057		675	
Creditors (amounts falling due with one year)	11	(435)		(422)	
Net Current Assets/(liabilities)			622		253
Total Assets less current liabilities			622		253
Creditors (amounts falling due after more than one year)	12	0		0	
Provisions for liabilities					
Deferred Tax Liability				0	
Other provisions	13	0		0	
Pensions and similar obligations	14	(5,388)		(5,444)	
			(5,388)		(5,444)
Net Assets/(liabilities)			(4,766)		(5,191)
Capital and reserves					
Share Capital	15	0		0	
Pension Liability reserve	15	(4,361)		(5,117)	
Other Reserves	15	55		0	
Profit and Loss Account	15	(460)		(74)	
Share Holder Funds			(4,766)		(5,191)

For the Company the Pension Liability at the end of the financial year was £5.4 million. This deficit depends on interest rates and the performance of the stock market. Bolton Council has undertaken to guarantee the Greater Manchester Pension Scheme liabilities of the Company if required and to support its operation as a going concern.

These financial statements were approved by the Board of Directors on 2nd October 2018 and were signed on its behalf by:

John Livesey
Chief Executive

Company registered number: 09760787

Statement of Changes in Equity

	Notes	Share Capital £000's	Other Reserve £000's	Profit and Loss Account £000's	Total Equity £000's
Balance at 1 April 2017				(5,191)	(5,191)
Effect of change in accounting policy					0
Balance at 1 April 2017 (restated)		0	0	(5,191)	(5,191)
Total Comprehensive Income for the period					
Profit or (Loss)	15			(386)	(386)
Other comprehensive income (loss) for the year	15		55	756	811
Total comprehensive Income for the period		0	55	370	425
Transactions with owners recorded directly in equity					
Issue of Shares	15	0			0
Dividends					0
Total Contributions by and to the Owners		0	0	0	0
Balance at 31st March 2018		0	55	(4,821)	(4,766)

Cash Flow Statement for the year ended 31 March 2018

	Notes	2017-2018 £000's	2016-2017 £000's
Cash flows from operating activities			
Profit for the year		(386)	(74)
Adjusted for:			
Depreciation, amortisation or impairment		0	0
Change in value of property		0	0
Interest receivable and similar income		0	0
Interest payable and similar charges		0	0
Gain on sale of tangible fixed assets		0	0
Deferred Government Grants		0	0
Taxation		0	0
		(386)	(74)
(Increase)/decrease in trade debtors	9	66	(92)
(Increase)/decrease in stocks	8	(0)	(1)
(Decrease)/increase in trade and other creditors	11	13	422
(Decrease)/increase in provisions and employee benefits	14	700	327
(Decrease)/increase in Other Reserves	15	55	0
		448	582
(Interest paid)		0	0
(Tax paid)		0	0
(Dividend Paid)		0	0
Net Cash from operating activities		448	582
Cash Flows from Investing activities			
Proceeds from sale of tangible fixed assets			0
Net Cash from investing activities		0	0
Cash Flows from financing activities			
Proceeds for the issue of share capital		0	0
Proceeds from new loan			0
(Interest paid)			0
(Repayment of borrowings)			0
(Dividends paid)			
Net cash from financing activities		0	0
Net increase/(decrease) in cash and cash equivalents		448	582
Cash and Cash equivalents at 1 April 2017		582	0
Cash and Cash equivalents at 31 March 2018		1,030	582

Notes

1 Accounting policies

Bolton Cares (A) Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's parent undertaking, Bolton Council will include the Company in its consolidated financial statements. The consolidated financial statements of Bolton Council are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from Town Hall, Bolton BL1 1RU.

1.1 Measurement convention

The financial statements are prepared on an accruals basis and account for activity in the year rather than when cash payments are made or received.

1.2 Going concern

The business activities, current financial position and future development are set in the Strategic Report. The Board of Directors is satisfied that the business plan is sufficiently robust to ensure that there will be adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed.

Bolton Council have undertaken to guarantee the Greater Manchester Pension Fund liabilities, that have been attributed to the Company, if required to do so and to support its operation as a going concern.

For this reason the Company will continue to adopt the going concern basis in the financial statements.

1.3 Basic Financial Instruments

1.3.1 Short term debtors

Short term debtors are accounted as income in the profit and loss account at the point the service is given and recorded at transaction price less any impairment

1.3.2 Short term creditors

Short term creditors are accounted as expenditure once the goods or services are received and are recorded at transaction price.

1.3.3 Stocks

Stocks are valued at cost price including chargeable deposits but less value added tax.

1.3.4 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions.

1.4 Contingent Assets and Contingent Liabilities

1.4.1 Contingent Assets

Contingent assets are not recognised in the accounts as there is no certainty as to when the benefit will materialise. When the flow of the future economic benefits are virtually certain, then the related asset will not be classed as a contingent asset and will be recognised in the accounts at that point. The guarantee from Bolton Council in relation to the Greater Manchester Pension Fund has been treated as a contingent asset.

1.4.2 Contingent Liabilities

A contingent liability is either a possible but uncertain obligation or a present obligation that is not recognised because it fails to meet one or both of the following conditions:

- It is probable that the Company will be required to transfer resources embodying economic benefits in settlement and/or
- The settlement amount can be measured reliably.

There are currently no contingent liabilities that the Company is aware of.

1.5 Intangible assets

1.5.1 Trademarks

Bolton Cares has been registered as a trademark on 2 December 2016 for a period of 10 years. It is not considered that currently this is of material enough value to qualify as an intangible asset.

1.6 Employee benefits

1.6.1 Short term employee benefits

Short term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense in the year in which the service was rendered to the Company. An accrual is made for the cost of holiday entitlements (or any form of leave, eg time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the rates applicable in the following accounting year, being the period which the employee takes the benefit. The accrual is charged to the profit and loss account.

1.6.2 Termination Benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

1.6.3 Pensions

1.6.3.1 Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

The Company offers the following defined contributions scheme to its employees:

- National Employment Savings Trust (NEST).

There were 401 staff members on the scheme in the year and the employers contributions of £334,000 have been charged to the profit and loss account. The employer contribution rate is 6%.

1.6.3.2 Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans and other long term employee benefits are calculated separately. The Company has two defined benefit plans for employees that TUPED from the Council and have not taken up the Companies terms and conditions. The schemes are:

- The National Health Service Pension Scheme.
- The Greater Manchester Pension Scheme, administered by Tameside Council.

The National Health Service Pension Scheme

The arrangements for this scheme mean that the liabilities for these benefits cannot be identified to the Company and therefore it is accounted for as if it were a defined contributions scheme – no liability for future payments of benefits is recognised in the balance sheet and the company profit and loss account is charged with the employer's contributions in year at a cost of £13,000 and a contribution rate of 14.38%. There were four employees on the scheme in the year.

Greater Manchester Pension Fund

This scheme has been accounted for as a defined benefits scheme. The assets of the scheme are administered by trustees in a fund independent from those of the Company. The liabilities attributable to Bolton Cares (A) Limited are included in the balance sheet on an actuarial basis using the projected unit credit method of valuation, which is an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions including mortality rates, employee turnover rates and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices based on the last formal valuation date of the fund.

The assets of the fund have also been based on the last formal valuation date allowing for investment returns, the effect of contributions paid into and estimated benefits paid from the fund.

There were 136 employees on the scheme in the year.

The change in the net pension's liability is analysed into seven components:

- Current service costs – the increase in liabilities as a result of years of service earned this year.
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years.

- Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid.
- Expected return on assets – the annual investment return on the fund assets attributable to the Company.
- Gains/losses on settlements and curtailments – the result of actions to relieve the Company of liabilities or events that reduce the expected further service or accrual of benefits of employees.
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions.
- Contributions paid to the Greater Manchester pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities.

1.7 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

1.8 Turnover

Turnover is largely as a result of the block contract arrangement with Bolton Cares Limited. Other income is derived from small amounts of room bookings, some self-funding clients and bar income. All of this is accrued into relevant periods.

1.9 Expenses

1.9.1 Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

1.9.2 Interest receivable and Interest payable

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established.

1.10 Taxation

Tax on the profit or loss for the year comprises current tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income. The company has applied and been successful in obtaining non-statutory business clearance for its Bolton Cares related activities. As a result Corporation Tax would be only liable on a relatively small amount of profit/loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

1.11 Fixed Assets

The Company currently had no fixed assets with all property held on licence at a peppercorn rent.

2 Turnover

	2017-2018 £000's	2016-2017 £000's
Sale of Services	12,159	8,742
Hire of facilities	60	43
Sale of Goods	29	25
Total Turnover	12,248	8,810
By Activity		
Day Care	953	785
Disability Day Care	1,952	1,501
Extra Care	1,697	757
Shared Lives	283	204
Supported Living	6,178	4,896
Management Costs	1,185	667
	12,248	8,810

3 Other operating income

There has been no other operating income in the year.

4 Expenses and auditor's remuneration

Included within the Profit/Loss Account are the below:

	2017-2018 £000's	2016-2017 £000's
Audit of Financial Statements and assurance related services	8	6
Internal Audit	32	23
Corporate finance services	70	51
Other service level agreements and running expenses	1,321	986
Total Expenses and Audit Remuneration	1,431	1,066

5 Staff numbers and costs

The number of people employed by the Company at the end of the year is shown below. The employee costs for the year analysed by category, was as follows:

	2017-2018	2016-2017
Number of Employees at the 31 March 2017		
Directors	2	2
Administration Assistants	6	0
Apprentices	2	0
Care Assistant	40	41
Community Support Worker	423	323
Day Care Worker	17	17
Management	31	23
Other	15	9
Total Employees	536	415

	2017-2018 £000's	2016-2017 £000's
Employee Costs		
Gross Pay	8,662	6,077
National Insurance	661	492
Contributions to defined contribution plans	334	195
Contributions to defined benefit plans treated as defined contribution plans	13	10
Contributions to defined benefit plans	255	602
Other	66	42
Total Employee Costs	9,991	7,419

6 Directors' remuneration

The Chief Executive secondment from Bolton Council ended in 2017/18 financial year and became a Bolton Cares direct staff member. All of the costs have been charged to the relevant profit and loss account in year.

Members of the Steering Committee receive no emoluments from the Company.

	2017-2018 £000's	2016-2017 £000's
Number of Directors at the 31 March 2018	2	2
Gross Pay	86	55
National Insurance	10	7
Contributions to defined contribution plans	4	1
Contributions to defined benefit plans	5	8
Other	0	0
Total Directorate Pay Costs	105	71

7 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2017-2018		2016-2017	
	£000's	£000's	£000's	£000's
Current Tax on Income for the period	0		0	
Adjustments in respect of prior periods	0		0	
Total Current Tax		0		0
Deferred Tax	0		0	
Origination and reversal of timing difference	0		0	
Change in tax rate	0		0	
Total Deferred Tax		0		0
Total Tax due		0		0

The Bolton Cares contract with the Council is compliant with Regulation 12 of the Public Contracts Regulations 2015 and, therefore, any further trading with 3rd parties is restricted to less than 20% of the contract value with the Council. The company has applied and been successful in obtaining non-statutory business clearance. As a result it is felt there will be no Corporation Tax payable on these activities. The company has done minimal trading outside of these activities which would be liable to corporation tax but on calculation no profit has been incurred.

8 Stocks

Stocks relate to the Bar at the Jubilee Centre and have been valued at £1,318.

	2017-2018 £000's	2016-2017 £000's
Bar Stocks	1	1
Total Stock	1	1

9 Debtors

Bolton Cares (A) Limited has debtors of £25,000 at the 31st March 2018.
The company also have a quarterly settlement period for Value Added Tax (VAT).

Further detail is given below:

	2017-2018 £000's	2016-2017 £000's
Trade Debtors	17	18
Other debtors	0	53
Prepayments	0	0
Taxation and Social Security	8	21
Total Debtors	25	92
Due within one year	25	92
Due after more than one year	0	0
	25	92

10 Cash and cash equivalents/bank overdrafts

	2017-2018 £000's	2016-2017 £000's
Cash at Bank	1,040	589
Bank Overdraft	0	0
Cash in transit	(12)	(9)
Petty Cash	2	2
Total Cash	1,030	582

11 Creditors: amounts falling due within one year

	2017-2018 £000's	2016-2017 £000's
Trade Creditors	(435)	(370)
Other Creditors	0	(52)
Tax	0	0
Total Creditors: amounts falling due within one year	(435)	(422)

12 Creditors: amounts falling after more than one year

There were no creditors falling due after more than one year.

13 Provisions

No provisions have been made to the period ending 31 March 2018.

14 Employee benefits

14.1 Defined benefit scheme – Greater Manchester Pension Fund

Detailed below are the pension liabilities in relation to the Greater Manchester Pension Fund that have been devolved to the Company on 1 July 2016 for the staff that were TUPED across. The figures have been obtained from the Actuarial Report done by Hymans Robertson LLP to meet the requirements of FRS102. The report covers the period 1st April 2017 to 31 March 2018.

During the year 136 employees, with an average age of 54, were within the scheme. The Company has made actual contributions in the year of £257,000 but a further charge of £551,000 has been made to the profit and loss account in the year to reflect the current cost of the service as notified in the Actuarial Report.

The employer contribution rate for 2017-2018 was 20.8%. The Company was notified in January 2017 that this rate would be applicable for the period 1st April 2017 to 31 March 2020.

The financial assumptions used in the report are detailed below:

Period Ended	31 March 2018 % per annum	31 March 2017 % per annum
Pension increase rate	2.40%	2.40%
Salary increase rate	3.20%	3.20%
Discount rate	2.70%	2.60%

The mortality assumptions for current and future pensioners have been based on Vita Curves with improvements in line with the CMI 2013 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% per annum. The result of these assumptions for the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	21.5 years	24.1 years
Future pensioners*	23.7 years	26.2 years

*Figures assume member aged 45 at the last formal valuation date.

For historic mortality life expectancies for the prior period end are based on the Fund's Vita Curves. The allowances for future improvements are shown below:

Period Ended	Prospective Pensioners	Pensioners
31 March 2017	CMI 2010 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% per annum.	CMI 2010 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% per annum.

Mortality assumptions used at the date the Employer joined the Fund and the accounting period end are different.

For Commutation an allowance is included for future retirements to elect to take 55% of the maximum additional tax free cash up to HMRC limits for pre-April 2008 service and 80% of the maximum tax-free cash for post April 2008 service.

The tables overleaf detail the present value of the defined benefits obligation and the movements in the fair value of the plan assets. At the 31 March 2018 it shows that the net

liability on the scheme was £5,388,000. The balance is after the expenses of £957,000 have been recognised in the profit and loss account. It also reflects re-measurements on the fund being charged to Comprehensive Income as detailed below:

• Re-measurement of actuarial gains (losses)	£462,000
• Re-measurement return on plan assets less interest income	£294,000
• Total liability charged to Comprehensive Income	<u>£756,000</u>

	2017-2018		2016-2017	
	GMPF £000's	Total £000's	GMPF £000's	Total £000's
Defined Benefits Obligation	(23,845)	(23,845)	(22,816)	(22,816)
Plan Assets	18,457	18,457	17,372	17,372
Net pension (liability)/asset	(5,388)	(5,388)	(5,444)	(5,444)
Movements in present value of defined benefits obligation				
At 1 April 2017	(22,816)	(22,816)	(18,662)	(18,662)
Current cost of service	(480)	(480)	(594)	(594)
(Past cost of service)	(329)	(329)	0	0
Interest expense	(604)	(604)	(411)	(411)
(Curtailment)	0	0	0	0
(Settlement)	0	0	0	0
Remeasurement: actuarial gains/(losses)	462	462	(3,033)	(3,033)
(Contributions by members)	(78)	(78)	(116)	(116)
(Pension Scheme assumed on acquisition of)	0	0	0	0
Benefits Paid	0	0	0	0
(Exchange adjustment)	0	0	0	0
At 31 March 2018	(23,845)	(23,845)	(22,816)	(22,816)
Movements in fair value of plan assets				
At 1 April 2017	17,372	17,372	14,372	14,372
Interest Income	456	456	316	316
Remeasurement: return on plan assets less interest income	294	294	2,206	2,206
Contributions by employer	257	257	362	362
Contributions by members	78	78	116	116
(Pension scheme assumed on acquisition of)	0	0	0	0
(Assets distributed on settlements)	0	0	0	0
Benefits paid	0	0	0	0
Exchange adjustments	0	0	0	0
At 31 March 2018	18,457	18,457	17,372	17,372
Expense recognised in the profit and loss account				
Current service cost	(480)	(480)	(594)	(594)
(Losses/gains on curtailments and settlements)	0	0	0	0
(Past service cost)	(329)	(329)	0	0
Net interest on net defined benefit liability	(148)	(148)	(95)	(95)
Total expense recognised in profit or loss account	(957)	(957)	(689)	(689)

The investment returns on the Fund in market value terms for the period to 31 March 2018 is based on actual Fund returns as provide by the Administering Authority and index returns where necessary. The details are given below:

Actual Returns from 1 April 2017 to 31 March 2018	4.3%
Total Returns from 1 April 2017 to 31 March 2018	4.3%

The asset values detailed below are at bid value. Where asset splits were not available at the exact start and end dates, the nearest asset split prior to these dates have been used.

	GMPF £000's	2017-2018 Total Fair Value £000's	2017-2018 Percentage of total assets	GMPF £000's	2016-2017 Total Fair Value £000's	2016-2017 Percentage of total assets
Equities	5,785	5,785	31.34%	7,153	7,153	41.17%
Government Debt	1,358	1,358	7.36%	1,602	1,602	9.22%
Private Equity	618	618	3.35%	494	494	2.84%
Property	632	632	3.42%	477	477	2.74%
Other	10,065	10,065	54.53%	7,647	7,647	44.03%
	18,457	18,457	100.00%	17,372	17,372	100.00%
Discount rate			2.70%			2.60%
Future salary increases			3.20%			3.15%
Pension Increase rate			2.40%			2.40%
Other material assumptions						

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out in the following table:

Change in assumptions at 31 March 2018	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount £000's
0.5% decrease in real discount rate	10%	2,424
0.5% increase in the salary increase rate	2%	568
0.5% increase in the pension increase rate	8%	1,809

15 Capital and reserves

15.1 Share capital

Share Capital of 10 £1 shares have been issued and paid. The holders of ordinary shares are entitled to receive dividends as declared from time to time.

15.2 Other comprehensive Income

	Own Share Reserve £000's	Revaluation Reserve £000's	Other Reserves £000's	Profit and Loss Account £000's	Total £000's
Other comprehensive income				(386)	(386)
Revaluation of tangible assets					0
Remeasurement of net defined benefit liability less underwriting				756	756
Income tax on other comprehensive income					0
Total other comprehensive income	0	0	0	370	370

16 Operating leases

There are currently no operating leases within the profit and loss account.

17 Related parties

At the 31st March 2018 the only transactions with related parties were with Bolton Cares Limited and Bolton Council and have been shown below:

	Receivables Outstanding		Creditors Outstanding	
	2017-2018 £000's	2016-2017 £000's	2017-2018 £000's	2016-2017 £000's
Entities with control, joint control or significant influence	1	58	93	146
Entities over which Company has control, joint control or significant influence (subject to wholly owned exemptions)	0	0	0	0
Key management personnel of the company or its parent	0	0		0
Other related parties	0	0		0
	1	58	93	146

Note: above figures included in below table.

	Total Received		Total Paid	
	2017-2018 £000's	2016-2017 £000's	2017-2018 £000's	2016-2017 £000's
Entities with control, joint control or significant influence	12,127	8,738	1,431	1,066
Entities over which Company has control, joint control or significant influence (subject to wholly owned exemptions)	0	0	0	0
Key management personnel of the company or its parent	0	0	0	0
Other related parties	0	0	0	0
	12,127	8,738	1,431	1,066

18 Ultimate parent company and parent company of larger group

The ultimate controlling party is Bolton Council who own all the shares in the Company.

19 Financial Instruments

Various financial instruments are utilised such as loans and cash, and other items such as trade creditors that arise directly from the operations.

The company is exposed to a number of financial risks but these have been minimised as the Company has continued to use the Council bank account.

20 Interest Payable and Similar Charges

All interest payable of £148,000 relates to pensions adjustments as shown in more detail in Note 14.

21 Accounting Estimates and Judgement

Accounts have been produced on an accruals basis with limited use of estimation. All major balance sheet items are based on actual invoices to be paid / received. Pensions estimates have been provided via Tameside MBC.

22 Subsequent event

There are no events that are known at this time that materially affect the balance sheet shown at 31st March 2018.

