

## **Teign Housing**

Directors' report and financial statements  
Reporting Date 31 March 2017

Registered company number 4619035  
Registered charity number 1112196  
Homes and Communities Agency  
registration number LH4403

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## Teign Housing – company information

<b>Board of Management</b>	<b>Meeting attendance (7 meetings)</b>
<b>Non Executive Directors</b>	
Stephen Purser (chair) (retired 21 July 2017)	7
Patrick Clarke (vice chair) (retired 21 July 2016)	2
Alan Soper (chair of Audit Committee)	7
James O'Dwyer (chair of Business Investment Panel)	4
Anne-Marie Henderson (chair of Remuneration and Nominations Committee)	6
Maureen Robinson	7
Angie Edwards-Jones	7
Gareth Bourton	6
Andrew Jones (appointed as co-optee 15 December 2016) (appointed as Chair of Board 22 July 2017)	
<b>Executive Directors</b>	
Mike Hanrahan (Chief Executive) (resigned 15 December 2016)	5
Jo Reece (Deputy Chief Executive) (appointed 15 December 2016)	2
<b>Company Secretary</b>	Jo Reece
<b>Registered Office</b>	Millwood House, Templars Wharf Collett Way, Newton Abbot Devon, TQ12 4PH
<b>Executive Officers</b>	Mike Hanrahan (retired 31 December 2016)
Chief Executive	Jo Reece (appointed 3 April 2017)
Acting Chief Executive	Jo Reece (1 October 2016 to 2 April 2017)
Deputy Chief Executive	Jo Reece (to 30 September 2016)
Director of Services	Paula Birbeck (resigned 15 April 2016)
<b>Auditors</b>	<b>External Auditor</b>
	Beever and Struthers St George's House 215 – 219 Chester Road Manchester M15 4JE
	<b>Internal Auditor</b>
	Mazars LLP Clifton Down House Beaufort Buildings Clifton Bristol BS8 4AN
<b>Solicitors</b>	Capsticks Solicitors LLP 1 George Street London SW19 4DR
	Tozers Southernhay West Exeter EX1 1UA
<b>Bankers and Funders</b>	Barclays Bank PO.Box 1015 3 Windsor Place, Cardiff CF10 3ZL
	GB Social Housing 5 Great St Helen's London EC3A 6AP

## **Board Report**

The Director's present their Board Report incorporating the Strategic Report and Value for Money Statement for the reporting date 31 March 2017.

## **Strategic Report**

### **Overview of the Business**

Teign Housing is a registered charity, a company limited by guarantee, and is registered with the Homes and Communities Agency as a registered provider.

Our focus is on the core activity of the company which is the provision of rented accommodation.

In light of the changes to the rent setting announced in July 2015 the Board reviewed the corporate plan in May 2016.

The following details the key focus of the corporate plan 2014-2019.

### **Vision**

We are dedicated to raising the standard of our housing services in Teignbridge through investment and adapting to changing needs. We are committed to working with our tenants and partners to provide opportunities and develop thriving communities in our local area.

### **Our Values are:**

#### **Respect**

We treat people with respect and compassion and we are empowered to improve the wellbeing of people living in Teignbridge. We all, with our contractors and partners, work as part of *team Teign*.

#### **Proud and passionate**

We provide high levels of customer service. We work with pride and passion, going above and beyond to get things done.

#### **Resourcefulness**

We maximise our resources through innovation, careful spending and providing excellent value for money. We look for opportunities to expand the business by building new homes and regenerating existing homes. We recognise our role in supporting the local economy.

#### **Ambitious**

We are a small housing association with big ambitions and we will be the best we can.

### **Governance**

The Articles stipulate that there are up to 10 Board Members consisting of 7 non executive and up to 3 executive members. The Board currently consists of 7 non-executive members, 1 executive member and 1 co-opted member in advance of a retiring member at the AGM in July 2017. The members of the Board are legally the directors of the company and the Board is Teign Housing's governing body.

The Board is committed to and complies with the standards of the National Housing Federation's Code of Governance 2015.

### **Strategic report cont'd**

The Board is supported in its governance by three committees:

- Audit Committee
- Business Investment Panel
- Remuneration and Nominations Committee

The key governing documents are the Articles, the Standing Orders and the Financial Regulations with a range of policies that guide the operational activities of the company.

Payment of members was expanded to all Board members in July 2015. Payments during the year were:

Stephen Purser	Chair of Board	£7,843.42
Alan Soper	Chair of Audit	£4,479.00
Patrick Clarke	Vice Chair	£1,351.50
James O'Dwyer	Chair of Business Investment Panel	£4,813.00
Anne- Marie Henderson	Chair of Remuneration & Nominations	£4,733.00
Angela Edwards-Jones	Board Member	£3,087.96
Maureen Robinson	Board Member	£3,087.96
Gareth Bourton	Board Member	£1,685.50

During the reporting date 31 March 2017 the Board met on 7 occasions. There was a 91.8% attendance rate at Board meetings.

### **Public Benefit Entity**

As a public benefit entity, Teign Housing has applied the public benefit entity 'PBE' prefixed paragraphs of FRS102.

Teign Housing also pays due regard to the guidance published by the Charity Commission on public benefit.

### **Financial Performance**

Teign Housing has made a surplus after tax of £5,170,000 (compared with a surplus for the reporting date 31 March 2016 of £4,743,000). Full details of our financial results can be found on pages 15 - 45.

Financial performance is monitored through the annual budget, which is set by the Board. The annual budget is based on the business plan and the Board receives a report, at each meeting, assessing the company's performance against the business plan and budget.

### **Operational Performance**

The Board has established a range of key indicators to assess the company's performance in relation to the corporate plan objectives. The Board monitors these Key Performance Indicators regularly throughout the year through the Balanced Scorecard. In line with the review of the Corporate Plan there was also a review of the performance indicators with a revised focus for the Board from April 2016.

This is the third year of the continuous improvement targets that covers the five year period from April 2014 and the plan includes targets for all key areas of the company. Performance against these targets is reviewed by the Board at each meeting.

Further details of our operational performance can be found on pages 6 - 10.

## **Strategic report cont'd.**

### **Business Plan**

The 30 year Business Plan reflects the strategic direction of the company and its future aspirations.

In light of all of the Government changes in 2015-16 the focus for the coming years will be to continue to maintain the housing stock to an appropriate level, deliver further new homes and manage services with a reduced income. Efficiency savings have been identified and put in place that allows the rent reduction to be managed and further efficiency generating initiatives have been developed by the Senior Management Team and will be considered by the Board in 2017.

The Business Plan has been thoroughly stress tested and the key risks to the organisation identified and appropriate mitigation arrangements are in place.

### **Treasury management**

Teign Housing is funded by a £35m loan facility with Barclays Bank and a £25m bond with GB Social Housing. At 31 March 2017 the company had a loan balance of £46.9m (2015-16: £46.9m).

The funding agreements both contain three financial covenants. Teign Housing did not breach any of its loan covenants, and no breach is anticipated in the future.

A 3 year cash flow forecast is maintained and is used to anticipate the company's investment and borrowing requirements.

Finance costs on loans was £2,489,891 (2015-16: £2,551,460) which equates to an average rate of 5.47% (2015-16: 5.90%). Finance costs of £15,941 were capitalised during the year (2015-16: £17,306).

### **Property sales**

During the year 12 properties (2015-16: 15 properties) were sold under the Right to Buy scheme. Teign Housing received proceeds of £1,049,213 from these sales (2015-16: £1,304,070). Under the terms of the transfer agreement, £791,761 (2015-16: £752,261) of the sale proceeds were paid to Teignbridge District Council and the remainder was retained by Teign Housing in recognition of future income foregone.

### **Staff**

The average number of employees for the year ending 31 March 2017 was 82 (2015-16: 92 employees). The Board recognises the contribution made by all staff and is committed to the continued development of its staff. During the year the company spent £43,745 on staff training and development (2015-16: £27,192).

**Strategic report cont'd.**

**Development**

During 2016-2017 we entered into one new development contract. The schemes in progress at the reporting date will deliver a total of 18 shared ownership and, 43 rented properties.

The table below summarises the development program by tenure.

	<b>Rental Units</b>	<b>Shared Ownership Units</b>	<b>Retained Equity Units</b>	<b>Total Units</b>
Under construction 31/03/16	56	15	4	75
Started in the year	23	10	0	33
Completed in the year	36	7	4	47
Under construction 31/03/17	43	18	0	61

**Future Direction**

To achieve the Corporate Vision and Values, the Board has committed to the following strategic aims. Performance against these aims will be monitored as part of the five year corporate plan:

- People and Places – We build neighbourhoods and communities where people of any age want to live.
- Homes and Maintenance – We will build and maintain our homes to the Teign standard by providing our tenants with good quality repairs, maintenance and safety check services.
- Customers and Service – We will improve our services by finding out what our tenants want and need through meaningful consultation.
- Health and Growth – We will maintain our position as a healthy and growing organisation by making sure we are financially secure and have a good governance structure.
- Value and Investment – We will provide cost-effective, efficient and good quality services.

We are committed to maintaining our financial performance and our delivery of good homes and customer services by focusing on maintaining our operational performance by maximising our income and effectively driving down costs.

## **Strategic report cont'd.**

### **Risk Management**

- Teign Housing maintains a Risk Map that identifies risks which might prevent the company from achieving its corporate objectives. The Board makes an assessment of each risk and approves suitable controls to manage these. The Risk Map is continually updated to reflect changes to the company's risk profile and effectiveness of the controls is monitored by the Board.
- The Board considers risk in all its decision-making and has a Risk Management Policy and Strategy to communicate its approach to risk management to all staff.
- The Board has an established programme of internal audit work designed to provide additional assurance on the company's areas of greatest risk. The internal auditors provide an independent view on the design and operation of the company's controls which informs the Board's assessment.
- An annual review of the risk map is undertaken by Hargreaves Risk Management.
- An Internal Audit review of Teign's risk management was undertaken, the following is an extract from the report "We consider that Teign Housing's (Teign) risk management process is effective at identifying and highlighting risks at a strategic level. The Association is currently in the process of developing a new operational risk map, which aims to further enhance the risk management processes at the operational level."
- The summary statement of the internal control arrangements to manage and mitigate risk, are detailed in the Internal Control statement detailed on pages 10 - 11.

### **Value for Money Statement**

#### **Value for Money**

A new Value for Money (VfM) strategy was put in place in June 2016. We continue to be committed to providing good levels of customer service in a more rigorous financial environment and we continue to use our resources in an innovative and cost effective manner.

Our detailed Value for Money Self-Assessment can be found on our website at

<http://www.teignhousing.co.uk/files/content/value-money-assessment-2016-17pdf>

Value for Money underpins all business activities at Teign Housing and it is driven by the Board. VfM is about reviewing what we do and how we do it in order to make informed choices about how resources are effectively channelled towards the delivery of services and corporate priorities. The aim is to make the best use of our customers' money whilst balancing the cost and time with quality as well as stakeholder benefit, reasonable customer expectations, organisational benefits and business survival.



**Value for Money Statement cont'd.**

The Board's focus on VfM allows the company to continue to deliver good services and grow through developing new homes. The recent business plan, allowing for a further 3 years of rent reductions, includes the delivery of 311 new homes over the next 5 years.

The Board scrutinise financial and service delivery performance at each meeting, through the management accounts and balanced scorecard, and any areas of poor performance are supported by a detailed narrative identifying the issues and the steps being taken to deliver improvements.

Each year we publish a range of performance reports which are available on the corporate page of our website. These include:

- Value for Money Self assessment – full details of value for money achievements

<http://www.teignhousing.co.uk/files/content/value-money-assessment-2016-17pdf>

- Annual report – Report sent annually to our tenants.

[www.report2017.teignhousing.co.uk](http://www.report2017.teignhousing.co.uk)

An evaluation of our costs in comparison to the global accounts, show that for repairs in total we are below the average cost, although the split between capital and revenue shows some differences. Further reviews of management costs will improve the overall efficiency of the organisation.

The figures for Teign Housing have been re-stated in line with the current global account format.

Area	Teign Housing			HCA Global accounts	
	2016-17 £	2015-16 £	2014-15 £	2016 £	2015 £
<b>Expenditure – per Social Housing Property</b>					
Management	1,004	1,015	1,032	1020	972
Routine & planned maintenance	682	716	614	997	1,018
Major repairs – total	946	1,026	1,080	1,009	1,138
Major repairs – revenue	481	565	489	296	333
Major repairs – capital	465	461	590	713	805

We have a strong commitment to invest in our housing stock for the future and we maintain a 5 year rolling stock condition survey to ensure that the investment in our stock is focused in the right areas and maintains the longevity and desirability of our homes, this has been reflected in the recent Business Plan approved by the Board in May 2016. We continue to look for opportunities to invest in renewable energy solutions for both our new build and existing homes.

**Value for Money Statement cont'd.**

In 2016-17 we delivered 36 affordable rented properties, 7 shared ownership properties and 4 retained equity properties. We had 43 affordable rented properties and 18 shared ownership properties under construction at the reporting date. For the future we will be continuing with our development aspirations and we aim to deliver 311 homes over the next 5 years.

Return on Assets - the Asset Management Strategy approved by the Board in January 2016 continues to give us a clear direction about the future use of our assets such as continued use, redevelopment or disposal; it also redefined the Teign Standard which continues to be above the Decent Homes standard but allows us to proactively manage our planned maintenance programme to drive out maximum cost efficiency. Where we dispose of properties that were not suitable or sustainable as affordable housing, the proceeds are used to support the development of new homes.

We continue to:

- Review our own land, housing stock and garage sites for development opportunities – where suitable these are now included within the future development programme.
- Review key assets for potential disposal – work now started on moving residents to alternative accommodation to allow for disposal.
- The asset management software tool continues to improve the knowledge of our housing stock, including neighbourhood mapping and allows us to model the various options to determine the future of the asset.

At an operational level our performance is measured against the Housemark peer group of LSVT southern housing associations between 2,500 and 7,500 homes.

Area	2016-17	2015-16	Housemark 2015-16 Benchmark
Void losses	0.63%	0.47%	0.51%
Void turnaround time	21.5 days	21.8 days	24.36 days
Repairs completion time	95.19%	96.70%	N/A
Gas safety checks	100.00%	100.00%	100.00%
<b>Customer satisfaction with key service areas</b>			
Repairs	89.09%	92.87%	85.85%
Standard of property on letting	95.19%	96.70%	N/A
Complaints process	89.00%	91.00%	81.00%
<b>Rent collection and arrears</b>			
Rent collection	100.83%	100.49%	100.16%
Rent arrears	1.23%	1.14%	2.03%

**Value for Money Statement cont'd.**

In 2016-17 our VfM focus was on

- Strategic review of IT – the work reviewing the IT systems continued. The project group reviewed a number of housing management systems to improve functionality into the future. A business case for a new system was approved by the Board and a project has commenced to implement the new system selected.
- Implementation of the outcome of the repairs service review. Estimated cost savings are £2.8m to £3.8m over 10 years. The Board approved the move to a wholly owned subsidiary 'Templer Homebuild Ltd' for the delivery of the repairs service. Following a tendering process contracts have been put in place for the management of the new repairs service from 1 July 2017.
- Welfare Reform – we continue to work with our customers as the Welfare Reform changes continue updating our customer insight information to allow us to develop our knowledge and support customers through the changes.
- Bringing more of the Grounds Maintenance service in house - we have reduced the level of contracted out work on Grounds Maintenance by extending the works undertaken by our in house team. This has resulted in further cost savings and we anticipate improved satisfaction due to fewer issues with service delivery.
- Use of Active Asset Management to dispose of inappropriate and high value assets—we have vacated flats in a high value listed building for disposal. In addition we purchased a leasehold property, in a large house conversion, again with the intention of disposing of the property as a whole. Both disposals are anticipated in 2017.
- Bringing the development service in house – this has allowed us to increase the team at no additional cost and look for broader development opportunities.
- The in house development team has increased the opportunity to work with wider partnerships to allow us to develop more effective delivery models to deliver mixed tenure housing, which is in line with the revised Development Strategy approved by the Board in December 2016.
- Two LEAN process reviews have been undertaken in invoice processing and voids and lettings. They have both resulted in different ways of working. For voids and lettings significantly reduced target times for the turnaround of vacant properties have been set for 2017-18.

### **Value for Money Statement cont'd.**

The rent reduction presents a significant driver for efficiency, as does the opportunity to enhance the digital offering to customers, both of which add to our approach to Value for Money into the future:

- Continually reviewing the overall planned maintenance programme in light of the rolling stock condition surveys and improved component lifecycles whilst continuing to maintain a good stock investment standard.
- We continue to work to the revised VfM Strategy which was put in place in June 2016.
- In May 2017 the Board set a 5% efficiency target, equating to £0.5m from 2018-19. In light of this, a staffing restructure has been presented to the Board in June 2017 to enable the organisation to better deliver services into the future.
- All staff vacancies will continue to be reviewed, and where suitable roles re-profiled. Any vacancies are reviewed to consider if the role is still required in its existing form or if it can be changed to deliver enhanced services as a result of process or technological changes.
- Zero inflation budgets will be maintained for the next 3 years.
- Technological enhancements are being implemented along with the new IT system we are redesigning our website to allow customers greater and easier access to services and, in some areas, for more automated responses to be delivered thereby reducing staff involvement.
- The progress on the new targets for voids and lettings will be closely monitored as part of the Balanced Scorecard to ensure the efficiencies are delivered.
- There is an ongoing critical evaluation of other processes in order to streamline them and reduce waste.

All of this continues to allow us to ensure that the Business Plan can manage the impact of the rent reduction, deliver new homes and improve the overall capacity of the plan whilst still delivering the aims and aspirations of the company.

### **Assurance and Internal control**

The Board of Teign Housing has overall responsibility for establishing and maintaining an effective system of internal control. The systems of internal control are the measures designed to ensure that Teign Housing is successfully working toward its objectives, and that the risks which threaten the achievement of the company's objectives are identified and properly managed. Such a system can provide reasonable but not absolute assurance, and cannot entirely eliminate risk.

The Board reviews the system of internal controls, assesses its effectiveness and takes any steps it considers necessary to maintain or improve their effectiveness.

Teign Housing's system of internal controls includes the measures set out below.

**Policy and strategy** – there are a range of policies and strategies in place that determine and guide the activities and arrangements of the company.

### **Prevention and detection of fraud**

The system of internal control includes measures designed to prevent or detect fraud.

**Assurance and internal control cont'd.**

The Board has established a policy on the prevention, detection and investigation of fraud which includes a whistle blowing procedure and an anti-money laundering policy. The company uses different measures to prevent and detect fraud which include but are not limited to:

- A Risk Management Framework
- Policies on staff conduct
- Declarations of interest
- Key reconciliations
- Authorisation controls
- Access controls
- Exception reports
- Cash receipting procedures

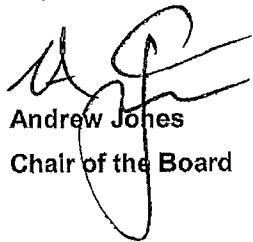
**Board's assessment of assurance and internal control**

The Board has conducted a review and made enquiries of the Executive and Senior Management Team to inform its view on the effectiveness of Teign Housing's internal controls. A full report on Internal Controls Assurance was provided to the Audit Committee on 14 September 2017. The results of the Board's review are the basis of this statement.

Teign Housing has assessed its compliance with the Homes and Communities Agency's Governance and Financial Viability Standard and considers itself to be compliant. However, Teign Housing is not fully compliant with the Rent Standard and we are taking action to remedy this in 2017/18.

The Board confirms that an effective system of internal control has been in place throughout the reporting date 31 March 2017 and up to the date of signing this report.

The Board Report, incorporating the Strategic Report and Value for Money Statement, was approved on 14 September 2017 and signed on its behalf by:



Andrew Jones  
Chair of the Board

## **Directors Responsibilities**

### **Information for auditors**

The directors who held office at the date of approval of this Board Report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **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.

### **Statement of Directors Responsibilities**

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

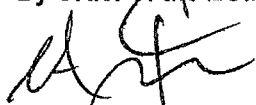
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the surplus or deficit 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 accounting 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; and
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**By Order of the Board:**



**Andrew Jones**

**Chair of the Board**

**14 September 2017**

## **Independent auditor's report to the members of Teign Housing Limited**

We have audited the financial statements of Teign Housing Limited for the year ended 31 March 2017 set out on pages 15 to 45. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

### **Respective Responsibilities of the Directors and the auditor**

As explained more fully in the Statement of Directors' Responsibilities set out on page 12, the Directors are responsible for the preparation of the financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its surplus for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

**Independent auditor's report to the members of Teign Housing Limited cont'd.**

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, the information given in the Board Report, incorporating the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

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

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

*Beever and Struthers*

Sue Hutchinson

Senior Statutory Auditor  
For and on behalf of Beever and Struthers, Statutory Auditor  
St George's House  
215-219 Chester Road  
Manchester  
M15 4JE

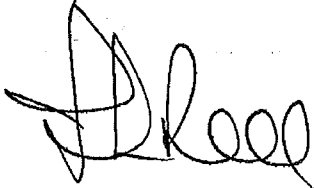
Date: *18 September 2017*



## Statement of Comprehensive Income

	Note	31-Mar-17	31-Mar-16
		£'000	Restated £'000
Turnover	2	18,765	18,547
Cost of sales	2	(668)	(423)
Operating expenditure	2	(10,227)	(10,819)
<b>Operating surplus</b>	2	<b>7,870</b>	<b>7,305</b>
(Loss)/gain on disposal of property, plant and equipment	5	(119)	18
Interest receivable	6	66	83
Interest and financing costs	7	(2,646)	(2,663)
<b>Surplus before tax</b>		<b>5,171</b>	<b>4,743</b>
Taxation	9	-	-
<b>Surplus for the year after tax</b>		<b>5,171</b>	<b>4,743</b>
Actuarial (loss)/gain in respect of pension schemes	22	(486)	175
<b>Total comprehensive income for the year</b>		<b>4,685</b>	<b>4,918</b>

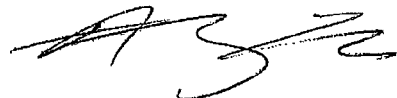
The financial statements on pages 15 to 45 were approved and authorised for issue by the Board on 14 September 2017 and were signed on its behalf by:



Jo Reece  
Company Secretary



Andy Jones  
Chair of the Board



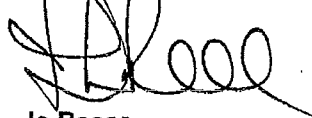
Alan John Soper  
Director

The results relate wholly to continuing activities and the notes on pages 19 to 45 form an integral part of these accounts.

## Statement of Financial Position

	Year Ended 31-Mar-17	Year Ended 31-Mar-16 Restated
Note	£'000	£'000
<b>Fixed Assets</b>		
Intangible Assets	10      218	79
Tangible Assets	11      118,723	114,793
Investment Properties	12      400	400
	<b>119,341</b>	<b>115,272</b>
<b>Current Assets</b>		
Stock	13      505	782
Trade and other debtors	14      1,315	1,532
Cash and cash equivalents	15      17,606	14,850
Less creditors: amounts falling due within one year	16      (5,736)	(11,545)
<b>Net Current Assets</b>	<b>13,690</b>	<b>5,619</b>
Total assets less current liabilities	<b>133,031</b>	<b>120,891</b>
Creditors: amounts falling due after more than one year	17      53,778	46,857
<b>Provisions for Liabilities</b>		
Pension Liability	22      1,087	553
<b>Total Net Assets</b>	<b>78,166</b>	<b>73,481</b>
<b>Reserves</b>		
Income and Expenditure reserve	45,625	39,999
Revaluation reserve	32,541	33,482
<b>Total Reserves</b>	<b>78,166</b>	<b>73,481</b>

These statements were approved and authorised for issue by the Board on 14 September 2017 and were signed on its behalf by:



**Jo Reece**  
Company Secretary



**Andy Jones**  
Chair of the Board



**Alan John Soper**  
Director

The notes on pages 19 to 45 form an integral part of these accounts.

## Statement of Changes in Reserves

	Income and expenditure reserve £'000	Revaluation reserve £'000	Total £'000
<b>Balance as at 1st April 2015</b>	35,531	33,681	69,212
Prior period adjustment to 31/03/15	(649)	-	(649)
<b>Balance as at 1st April 2015 restated</b>	34,882	33,681	68,563
Surplus from Statement of Comprehensive Income	4,743	-	4,743
Actuarial gains relating to the year	175	-	175
Transfer to revaluation reserve from income and expenditure reserve	199	(199)	-
<b>Balance at 31st March 2016 restated</b>	<b>39,999</b>	<b>33,482</b>	<b>73,481</b>
Surplus from Statement of Comprehensive Income	5,171	-	5,171
Actuarial losses relating to the year	(486)	-	(486)
Transfer from revaluation reserve to income and expenditure reserve	941	(941)	-
<b>Balance at 31st March 2017</b>	<b>45,625</b>	<b>32,541</b>	<b>78,166</b>

The notes on pages 19 to 45 form an integral part of these accounts.

## Statement of Cash Flows

	2017	2016
	£'000	Restated £'000
<b>Cash flows from operating activities</b>		
<b>Surplus for the year after tax</b>	5,171	4,743
<b>Adjustments for investing or financing activities</b>		
Interest receivable	(66)	(83)
Interest and financing costs	2,646	2,663
Loss/(gain) on sale of fixed assets	119	(18)
<b>Operating surplus</b>	<u>7,870</u>	<u>7,305</u>
<b>Adjustments for:</b>		
Depreciation	1,173	1,393
Government grant utilised in the year	(63)	(61)
Decrease/(increase) in stock	277	(399)
Decrease/(increase) in trade and other debtors	210	(207)
Increase in trade and other creditors	1,085	609
<b>Net cash generated from operating activities</b>	<u>10,552</u>	<u>8,640</u>
<b>Cash flow from investing activities</b>		
Purchase of housing properties	(5,334)	(6,198)
Net proceeds on sale of housing properties	250	1,313
Purchase of other fixed assets and intangible assets	(261)	(172)
Government grant received	122	161
Interest received	73	83
<b>Net cash used in investing activities</b>	<u>(5,150)</u>	<u>(4,813)</u>
<b>Cashflow from financing activities</b>		
Interest paid	(2,640)	(2,615)
Interest element of finance lease rental payment	(6)	(6)
Loans repaid	-	-
<b>Net cash used in financing activities</b>	<u>(2,646)</u>	<u>(2,621)</u>
<b>Net change in cash and cash equivalents</b>	<u>2,756</u>	<u>1,206</u>
<b>Cash and cash equivalents at beginning of year</b>	<u>14,850</u>	<u>13,644</u>
<b>Cash and cash equivalents at year end</b>	<u>17,606</u>	<u>14,850</u>

The notes on pages 19 to 45 form an integral part of these accounts.

## **Notes to the financial statements**

### **Legal Status**

Teign Housing is a company limited by guarantee incorporated in England under the Companies Act 2006, it is a registered charity under the Charities Act 2011, and is registered with the Homes and Communities Agency as a Private Registered Provider of Social Housing. The registered office is Millwood House, Collett Way, Newton Abbot, Devon TQ12 4PH.

## **1 Principal Accounting Policies**

### **Basis of Accounting**

The 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 social housing providers (2014). The financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. The financial statements have been prepared in compliance with FRS102.

The financial statements are prepared on the historical cost basis of accounting as modified by the valuation of the transferred rented housing stock to deemed cost on transition to FRS 102 and are presented in £000's.

Investment properties are included in the financial statements at valuation.

As a public benefit entity, Teign Housing has applied the public benefit entity 'PBE' prefixed paragraphs of FRS 102.

A Prior Period Adjustment has been applied to the comparative accounts. Details of the adjustment are given in Note 26 to these financial statements.

### **Going Concern**

The company's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. Government announcements in July 2015 impacting on the future income of the company led to a reassessment of the company's business plan as well as an assessment of imminent or likely future breach in borrowing covenants. No significant concerns were noted.

The business plan was reviewed and independently verified to include the impact of the rent setting error, as explained in note 26 Prior Period Adjustment. The business plan was also stress tested and assessed for any imminent or likely future breach in borrowing covenants. No significant concerns have been noted we consider it appropriate to continue to prepare the financial statements on a going concern basis.

## **Principle Accounting Policies cont'd.**

### **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 statement of financial position 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 company capitalises development expenditure when the Board approve the agreement for contract. 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 company has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the company has considered if the asset is held for social benefit or to earn commercial rentals.
- c. **Tangible fixed assets.** Other than investment properties, tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as 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.
- d. **Pension and other post-employment benefits.** The cost of defined benefit pension plans and other post-employment 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. Further details are given in note 22.

**Principle Accounting Policies cont'd.**

**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.

A review of void losses in the year has been carried out and no properties have been identified as impaired.

A review of the schemes in development has been carried out and no properties have been identified as impaired.

Following the assessment of impairment, no impairment losses were identified in the reporting period.

- e. **Provision for bad debts.** A provision is made for bad debts based on the age of the debt. The rates of the provision increase from 10% for debts over 13 weeks to 50% for debts over 52 weeks. Former tenant arrears are provided for at 100%.

## **Principle Accounting Policies cont'd.**

### **Turnover and revenue recognition**

Turnover comprises rental income receivable from tenants and leaseholders, income for other services supplied excluding VAT, income from sale of Shared Ownership and Retained Equity properties, income from development activities and amortised capital grant. Income is 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. Sales of properties developed for outright sale are included in Turnover and Cost of Sales.

### **Service charges**

Service charge income and costs are recognised on an accruals basis. The company operates variable service charges on a scheme by scheme basis in full consultation with residents.

### **Operating Leases**

Rentals paid under operating leases are charged to the Income and Expenditure account on a straight line basis over the term of the lease.

### **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.

### **Capitalised Interest**

Interest on our development schemes is capitalised from the point the Board approves the project and the company begins to incur development costs.

### **Categorisation of Debt**

The Company's debt has been treated as "basic" in accordance with paragraphs 11.8 and 11.9 of FRS 102. The Company has loans which have optional prepayments or cancellation clauses. The Financial Reporting Council (FRC) issued a statement on 2 June 2016 in respect of such loans with no prescriptive direction as to whether they should be classified as "basic" or "non basic". On the grounds that the Company believes the recognition of each debt liability at cost provides a more transparent and understandable position of the Company's financial position and that each loan still satisfies the requirements of paragraphs 11.8 and 11.9 of FRS 102, the Company has retained its "basic" treatment of its debt following the FRC announcement.

### **Corporation Tax**

Teign Housing is a registered charity.

All income, profits and gains are (or will be) applied for wholly charitable purposes. Teign Housing's activities are therefore exempt from UK Corporation Tax.



## **Principle Accounting Policies cont'd.**

### **Value Added Tax**

The company 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 company and not recoverable.

### **Intangible Assets**

Intangible assets are for IT software. They are stated at cost less accumulated depreciation. The useful economic life is 3 to 5 years.

### **Tangible Assets**

Tangible fixed assets, properties for social rent transferred from the Local Authority are stated at deemed cost less accumulated depreciation, all other tangible fixed assets are stated at historic cost less accumulated depreciation. Donated land/assets or assets acquired at below market value from a government source, i.e. local authority, are included as a liability in the Statement of Financial Position at the fair value less consideration paid. 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 company 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:

Property Costs	100 Years
Cornish Units	50 Years
Kitchens	20 Years
Bathrooms	30 Years
Wiring	30 Years
Heating/boilers	15 Years
Windows and Doors	30 Years
Pitched Roof	70 Years
Flat Roof	20 Years
Disabled adaptations	10 Years

## **Principle Accounting Policies cont'd.**

### **Low Cost Home Ownership**

The costs of low cost home 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. Interest on loans used to finance the development of new housing properties is capitalised during the construction period.

### **Finance Leases**

Where assets are financed by leasing arrangements that give rights approximating to ownership, they are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term, this is generally equivalent to the original cost of the assets. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and finance cost elements and the finance costs are charged to the Statement of Comprehensive Income.

### **Other Tangible Fixed Assets**

Other tangible fixed assets are stated at cost less accumulated depreciation. Leased assets are depreciated over the life of the lease if this is shorter than their useful economic life. Depreciation is provided on a straight line basis, at rates considered appropriate to write off the assets over their useful economic lives as follows:

IT equipment	3 to 5 years
Leasehold Improvements	5 to 10 years
Office premises	90 years
Office fixtures and fittings	3 to 5 years
Teigncare Alarm Equipment	3 to 10 years
Motor Vehicles	4 years
Electrical works	40 years
New technology	15 years
Gas Installations	25 years

### **Investment Property**

Investment property includes commercial properties not held for the social benefit of the company. Investment property is measured at cost on initial recognition, which includes purchase cost and any directly attributable expenditure, and subsequently at fair value at the reporting date. Fair value is determined annually and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

## **Principle Accounting Policies cont'd.**

### **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.

### **Social Housing Grant**

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. Social Housing Grant (SHG) received for items of cost written off in the Statement of Comprehensive Income Account is included as part of Turnover.

When SHG in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

SHG must be recycled by the company 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 and Communities Agency. However, SHG may 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.

### **Revaluation Reserve**

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

### **Consolidation**

The company has taken advantage of the exemption available under section 229(5) of Companies Act 2006 from preparing consolidated financial statements on the grounds that the subsidiary is not material as it is dormant.

**2 Turnover, cost of sales, operating expenditure and operating surplus/(deficit)**

	Turnover	Cost of sales	Operating expenditure	Operating surplus/(deficit)	2017	Turnover Restated	Cost of sales	Operating expenditure	Operating surplus/(deficit)	2016
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	Restated	£'000
<b>Social housing lettings (note 3b)</b>	17,289	-	(9,882)	7,407	17,373	-	(10,458)	6,915		
<b>Other social housing activities</b>										
Teigncare alarm services	207	-	(175)	32	184	-	(186)	(2)		
Other services	100	-	(42)	58	44	-	(32)	12		
First tranche low cost home ownership sales	670	(492)	-	178	632	(423)	-	209		
Retained equity home ownership sales	180	(176)	-	4	-	-	-	-		
<b>Activities other than social housing</b>										
Lettings (note 3a)	319	-	(128)	191	314	-	(143)	171		
<b>Total</b>	<b>18,765</b>	<b>(668)</b>	<b>(10,227)</b>	<b>7,870</b>	<b>18,547</b>	<b>(423)</b>	<b>(10,819)</b>	<b>7,305</b>		

**3a Turnover from activities other than social housing**

	2017	2016
	£'000	£'000
<b>Lettings</b>		
Garage lettings	277	273
Commercial property lettings	42	41
	<u>319</u>	<u>314</u>

**3b Income and expenditure from lettings**

	General needs £'000	Housing for older people £'000	Low cost home ownership £'000	Other £'000	Total 2017 £'000	Total 2016 Restated £'000
<b>Gross rent and service charges</b>						
Rent receivable, net of identifiable service charge and voids	11,525	4,275	213	2	16,015	16,082
Service charge income	373	687	5	45	1,110	1,074
Amortised government grants	63	-	-	-	63	61
Other income from social housing lettings	75	22	-	4	101	156
<b>Turnover from social housing lettings</b>	<b>12,036</b>	<b>4,984</b>	<b>218</b>	<b>51</b>	<b>17,289</b>	<b>17,373</b>
<b>Operating expenditure</b>						
Management	(2,579)	(1,015)	(5)	(15)	(3,614)	(3,703)
Service charge costs	(524)	(307)	(3)	(17)	(851)	(801)
Routine maintenance	(1,250)	(414)	(4)	(50)	(1,718)	(1,870)
Planned maintenance	(699)	(37)	-	(3)	(739)	(664)
Major repairs	(1,238)	(494)	(9)	(35)	(1,776)	(2,028)
Bad debts	(53)	(18)	-	-	(71)	(57)
Depreciation	(767)	(286)	(4)	(4)	(1,061)	(1,285)
Amortisation	(37)	(15)	-	-	(52)	(50)
<b>Operating expenditure on social housing lettings</b>	<b>(7,147)</b>	<b>(2,586)</b>	<b>(25)</b>	<b>(124)</b>	<b>(9,882)</b>	<b>(10,458)</b>
<b>Operating surplus/(deficit) on social housing lettings</b>	<b>4,889</b>	<b>2,398</b>	<b>193</b>	<b>(73)</b>	<b>7,407</b>	<b>6,915</b>
<b>Void losses</b>	<b>(55)</b>	<b>(28)</b>	<b>(1)</b>	<b>(3)</b>	<b>(87)</b>	<b>(68)</b>

#### 4 Directors' emoluments & employee information

	2017	2016
	£'000	£'000
The aggregate emoluments paid to or receivable by non executive Directors and former Directors	31	21
The aggregate emoluments paid to or receivable by executive Directors and former Directors	240	296
The emoluments paid to the highest paid Director excluding pension contributions	107	114
The aggregate amount of Directors or past Directors' pensions, excluding amounts payable under a properly funded pension scheme	-	15
	<b>2017</b>	<b>2016</b>
The number of full time equivalent staff whose remuneration payable fell within bands of:		
£60,000 to £69,999	1	1
£80,000 to £89,999	-	1
£90,000 to £99,999	1	1
£100,000 to £109,999	1	-
£110,000 to £119,999	-	1
£120,000 to £129,999	-	-

The Chief Executive is an ordinary member of the pension scheme. The pension scheme is a final salary scheme funded by annual contributions by the employee, and the employer in 2015/16. No enhanced or special terms apply. There are no additional pension arrangements. A contribution by the company of £Nil (2016: £5,804) was paid in addition to the personal contributions of the Chief Executive.

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

#### Employee Information

	2017	2016
The average number of persons employed during the year expressed in full time equivalents (37 hours per week) was:		
Office staff	67	77
Wardens, caretakers and cleaners	15	15
	<b>82</b>	<b>92</b>
	<b>82</b>	<b>92</b>

**Directors' emoluments & employee information cont'd.**

	2017	2016
	£'000	£'000
Staff costs (for the above employees)		
Wages and salaries	2,166	2,317
Social Security costs	178	182
Other Pension costs	86	337
Non Executive Director Wages and salaries	31	21
	<b>2,461</b>	<b>2,857</b>
	<b>2,461</b>	<b>2,857</b>

**5 (Loss)/gain on disposal of assets**

	Right to Buy Sales	Low Cost Home Ownership	Property Disposals	Other Disposals	Total 2017	Total 2016
Proceeds of sales	1,049	-	-	-	1,049	1,314
Less: Costs of sales	(376)	-	-	-	(376)	(528)
Selling costs	-	-	-	-	-	(15)
Amount payable to Teignbridge District Council	(792)	-	-	-	(792)	(753)
<b>(Loss)/gain</b>	<b>(119)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(119)</b>	<b>18</b>
	<b>(119)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(119)</b>	<b>18</b>

**6 Finance income and other income**

	2017	2016
	£'000	£'000
Bank finance income	66	83
	<b>66</b>	<b>83</b>
	<b>66</b>	<b>83</b>

**7 Finance costs and similar charges**

	2017	2016
	£'000	Restated £'000
Lease finance costs	6	6
On loans repayable within 5 years	-	252
On loans wholly or partly repayable in more than five years	2,490	2,300
Costs associated with financing	73	81
Unwinding of SHPS pension liability discount	33	-
Less finance costs capitalised on housing properties under construction	(16)	(17)
Other interest charges	60	41
	<b>2,646</b>	<b>2,663</b>
Charged to income and expenditure account	<b>2,646</b>	<b>2,663</b>

## 8 Surplus on ordinary activities before taxation

Is stated after charging:	2017 £'000	2016 £'000
Depreciation of housing properties	1,024	1,248
Depreciation of other fixed assets	96	93
Operating lease rentals (land and buildings)	36	34
Operating lease rentals (other)	53	53
Auditors remuneration (excluding VAT)		
- In their capacity as auditors	18	17
- Other service	-	-

## 9 Taxation on deficit on ordinary activities

Teign Housing is a registered charity. Charitable activities of the Company are exempt from United Kingdom Corporation Tax.

## 10 Intangible assets – IT software

	2017 £'000
<b>Cost</b>	
At 1 April 2016	738
Additions	192
<b>At 31 March 2017</b>	<b>930</b>
<b>Amortisation</b>	
At 1 April 2016	(659)
Charge for year	(53)
<b>At 31 March 2017</b>	<b>(712)</b>
<b>Net book value</b>	
<b>At 31 March 2017</b>	<b>218</b>
At 31 March 2016	79



**11 Tangible fixed assets**

	Social Housing Properties for Letting Completed	Social Housing Properties for letting under construction	Low cost home ownership properties completed	Low cost home ownership properties under construction	Land	IT equipment	Office	Supported Housing equipment	Fixtures, fittings & other equipment	Motor Vehicles	Total fixed assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>											
At 1 April 2016	110,483	3,236	2,993	69	65	447	1,296	320	224	57	119,190
Additions	2,517	2,077	-	756	-	6	-	36	19	10	5,421
Transfers	4,489	(4,465)	508	(532)	-	-	-	-	-	-	-
Disposals	(397)	-	-	-	-	(176)	-	-	-	-	(573)
<b>At 31 March 2017</b>	<b>117,092</b>	<b>848</b>	<b>3,501</b>	<b>293</b>	<b>65</b>	<b>277</b>	<b>1,296</b>	<b>356</b>	<b>243</b>	<b>67</b>	<b>124,038</b>
<b>Depreciation</b>											
At 1 April 2016	(3,358)	-	(79)	-	-	(346)	(145)	(253)	(185)	(31)	(4,397)
Charge for the year	(1,006)	-	(18)	-	-	(37)	(17)	(25)	(10)	(7)	(1,120)
Disposals	28	-	-	-	-	176	-	(2)	-	-	202
<b>At 31 March 2017</b>	<b>(4,336)</b>	<b>-</b>	<b>(97)</b>	<b>-</b>	<b>-</b>	<b>(207)</b>	<b>(162)</b>	<b>(280)</b>	<b>(195)</b>	<b>(38)</b>	<b>(5,315)</b>
<b>Net book Value</b>											
At 31 March 2017	112,756	848	3,404	293	65	70	1,134	76	48	29	118,723
At 31 March 2016	107,125	3,236	2,914	69	65	101	1,151	67	39	26	114,793

**Tangible fixed assets cont'd**

**Number of units owned and managed**

	2017 Social Rent	2017 Affordable Rent	2017 Total	2016 Total
<b>Social Housing Accommodation</b>				
<b>Under development at end of year</b>				
General needs housing	-	43	43	56
Low cost home ownership	-	18	18	15
<b>Under management at end of year</b>				
General needs housing	2,406	134	2,540	2,512
Supported housing and housing for older people	1,002	-	1,002	1,005
Low cost home ownership	59	-	59	54
	<b>3,467</b>	<b>195</b>	<b>3,662</b>	<b>3,642</b>
<b>Social Housing Accommodation</b>				
Managed for others at end of year			761	761
			<b>761</b>	<b>761</b>

The value of property additions includes £15,941 of capitalised finance costs (2015-16: £17,306). Finance costs are charged on all schemes during the development stage, this is capitalised when the scheme is complete. The total cumulative value of capitalised finance costs is £350,698 (2015-16: £334,757). The average rate of finance costs are 5.3% (2015-16: 5.3%).

Housing properties were valued by Jones Lang LaSalle in accordance with Royal Institute of Chartered Surveyors procedures. Properties valued annually for funding commitments at 31 March 2017 equated to £35.3m and properties valued for triennially for funding commitments at 31 March 2015 equated to £58.7m, £94.0m in total.

The total expenditure on repairs and maintenance to existing properties in the year was £5,911,675 (2015-16: £6,207,031). Of this £1,678,466 was capitalised under the SORP 2014 (2015-16 £1,645,799).

The residual value of the housing property assets represents land which is not depreciated. The cost of land at 31 March 2017 was £34,829,986. (2016: £35,058,583).

The net book value of tangible fixed assets – housing land and buildings includes £330,488 (2016: £347,169) in respect of assets under finance leases.

## 12 Investment properties held for letting

	2017 £'000
<b>Cost</b>	
At 1 April 2016	400
Additions	-
Disposals	-
Gain/(loss) from adjustment in value	-
	400
<b>At 31 March 2017</b>	<b>400</b>

Investment properties were valued at 31 March 2016 by Jones Lang Lasalle professionally qualified external valuers. The valuation of properties was undertaken in accordance with the Royal Institute of chartered Surveyors Valuation Standards. These properties were part of the original stock transfer from Teignbridge District Council and transferred with a nil value. The shops have been valued separately for balance sheet purposes on the Market Value basis using a simplified investment approach.

The Board has considered the year end carrying value and deems it a fair reflection of market value.

## 13 Stock

	2017 £'000	2016 £'000
<b>Properties held for sale</b>		
<b>Low cost home ownership properties</b>		
Completed	-	162
<b>Outright sale properties</b>		
Completed	505	-
Under construction	-	620
	505	782
	<b>505</b>	<b>782</b>

There were 3 retained equity properties completed and held for sale at the end of the 2016-17.

There are no low cost home ownership properties. First tranche sales were achieved on the properties available for sale at the start of the year.

**14 Trade and other debtors**

	2017	2016
	£'000	£'000
Arrears of rent and service charges	1,045	1,093
Provision for bad and doubtful debts	(163)	(153)
	882	940
Prepayments and accrued income	389	540
Other trade receivables	44	52
	1,315	1,532

**15 Cash and cash equivalents**

	2017	2016
	£'000	£'000
Short term deposits	13,013	12,000
Cash at bank	4,593	2,850
	17,606	14,850

**16 Creditors: amounts falling due within one year**

	2017	2016
		Restated
	£'000	£'000
Trade payables	798	198
Accruals and deferred income	3,139	2,526
Rent and service charges paid in advance	478	356
Right to Buy sharing agreement (see below)	792	752
Other creditors	273	448
Bank loans (note 17a)	-	7,015
Deferred capital grant (note 17b)	66	61
Social Housing Pension Scheme agreement plan (note 22)	99	95
VAT creditor	2	7
Income Tax (PAYE) and National Insurance	49	47
Lease obligations	40	40
	<u>5,736</u>	<u>11,545</u>

The Right to Buy sharing agreement is part of the inventory transfer agreement and requires Teign Housing to pay a share of the proceeds from property sales to Teignbridge District Council.

**17 Creditors: amounts falling due after more than one year**

	2017	2016
	£'000	£'000
Bank loans (note 17a)	46,884	39,910
Lease obligations	156	196
Deferred capital grant (note 17b)	6,184	6,130
Social Housing Pension Scheme agreement plan (note 22)	554	621
	<u>53,778</u>	<u>46,857</u>

### 17a Bank loans

The company's loans are repayable in the following periods:

	2017 £'000	2016 £'000
<b>Fixed rate loans</b>		
Within one year	-	3,515
In 5 years or more	43,384	39,910
<b>Variable rate loans</b>		
Within one year	-	3,500
In 5 years or more	3,500	-
	<u>46,884</u>	<u>46,925</u>

All loans are secured by specific charges on the Company's housing properties and are repayable at varying rates of finance costs, from 1.76% to 6.37%.

The average rates of finance costs on the loans outstanding at 31 March 2017 were:

Fixed rate loans	5.25%	(2015-16: 5.66%)
Variable rate loans	1.76%	(2015-16: 1.96%)

At 31 March 2017 the Company also had the following undrawn loan facilities:

	2017 £'000	2016 £'000
Undrawn committed facilities	5,855	6,818
Other facilities	7,645	6,682
<b>Total undrawn facilities</b>	<u>13,500</u>	<u>13,500</u>

### 17b Deferred capital grant

	2017 £'000	2016 £'000
At start of the year	6,191	5,780
Received during the year	122	472
Released to income during the year	(63)	(61)
	<u>6,250</u>	<u>6,191</u>
Amount due to be released < 1 year	(66)	(61)
	<u>6,184</u>	<u>6,130</u>

The total accumulated government grant and financial assistance received or receivable at 31 March 2017 is £6,624k, of which, £6,250k is included as deferred capital grant and £374k has been recognised as income through the Statement of Comprehensive Income to date.

## 18 Operating Leases

The company has operating leases for the provision of its town centre office, car parking spaces communal TV aerial equipment, water coolers, photocopiers and heating. These leases commit the company to future payments as follows:

	2017 £'000	2016 £'000
<b>Land and buildings:</b>		
Not later than one year	35	34
Later than one year and not later than five years	61	50
<b>Others:</b>		
Not later than one year	52	54
Later than one year and not later than five years	65	147
	<b>213</b>	<b>285</b>
	<b>213</b>	<b>285</b>

The lease agreements do not include any contingent rent or restrictions.

## 19 Share capital

Teign Housing is a company limited by guarantee and as such does not have share capital. At 31 March 2017 the company's only guarantor was Teignbridge District Council and the extent of the guarantee was £1.

## 20 Financial instruments

Teign Housing has the following financial instruments

	2017 £'000	2016 £'000
<b>Financial assets that are debt instruments measured at amortised cost:</b>		
Cash at bank and In hand	17,606	14,850
Rental and service charge arrears	882	940
Other trade receivables	44	52
	<b>18,532</b>	<b>15,842</b>
	<b>18,532</b>	<b>15,842</b>
<b>Financial liabilities at amortised cost:</b>		
Trade and other payables	1,071	646
Loans	46,884	46,925
Finance leases	196	236
	<b>48,151</b>	<b>47,807</b>
	<b>48,151</b>	<b>47,807</b>

## 21 Capital commitments

	2017 £'000	2016 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	6,195	5,581
Capital expenditure that has been authorised by the committee of management but has not yet been contracted for	740	4,136
	<u>6,935</u>	<u>9,717</u>

The company expects these commitments to be financed with:

	2017 £'000	2016 £'000
Social Housing Grant	-	488
Other Grant	-	70
Proceeds from sale of shared ownership properties	1,080	1,675
Proceeds from restricted Equity Open market Sales	-	666
Committed loan facilities	5,855	6,818
	<u>6,935</u>	<u>9,717</u>

## 22 Pensions

### (a) Social Housing Pension Scheme

The company 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 company 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 company 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.



**Pensions cont'd**

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**

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

Note: 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 deficit contributions.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement, the company 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.

**Pensions cont'd**

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2017 £000s	Period Ending 31 March 2016 £000s
Provision at start of period	717	609
Unwinding of the discount factor (Interest expense)	14	11
Deficit contribution paid	(95)	(75)
Re-measurements - impact of any change in assumptions	17	(4)
Re-measurements - amendments to the contribution schedule	-	177
Provision at end of period	653	717

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 March 2017 £000s	Period Ending 31 March 2016 £000s
Interest expense	14	11
Re-measurements – Impact of any change in assumptions	17	(4)
Re-measurements – amendments to the contribution schedule	-	177
Contributions paid in respect of future service*	26	58
Costs recognised in income and expenditure account	57	146

\*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes.

ASSUMPTIONS

	31 March 2017 % per annum	31 March 2016 % per annum	31 March 2015 % per annum
Rate of discount	1.33	2.06	1.92

**Pensions cont'd**

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.

**(b) Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by Devon County Council. The total contributions made for the year ended 31 March 2017 were £62,000, of which employer's contributions totalled £47,000 and employees' contributions totalled £15,000. The agreed contribution rates for future years are 22% for employers and range from 5.5% to 8.5% for employees, depending on salary.

**Principal Actuarial Assumptions**

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 March 2017 by a qualified independent actuary.

	At 31 March 2017	At 31 March 2016
Rate of increase in salaries	4.1%	4.1%
Rate of increase for pensions in payment / inflation	2.6%	2.3%
Discount rate for scheme liabilities	2.6%	3.5%
Inflation assumption (CPI)	2.6%	2.3%

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

	At 31 March 2017	At 31 March 2016
	Years	Years
Retiring today		
Males	23.4	22.9
Females	25.5	26.2
Retiring in 20 years		
Males	25.6	25.2
Females	27.8	28.6

**Pensions cont'd**

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

	At 31 March 2017 £'000	At 31 March 2016 £'000
Employer service cost (net of employee contributions)	(72)	(70)
Administration expenses	(4)	(3)
<b>Total operating charge</b>	<b>(76)</b>	<b>(73)</b>
<b>Analysis of pension finance income / (costs)</b>		
Net interest on the defined liability	(19)	(21)
Amounts charged to financing costs	(19)	(21)
<b>Amount of gains and losses recognised in the Statement of Comprehensive Income</b>		
Actuarial (loss)/gain recognised	(486)	175
<b>Movement in surplus/(deficit) during year</b>	<b>At 31 March 2017</b>	<b>At 31 March 2016</b>
	<b>£'000</b>	<b>£'000</b>
Deficit in scheme at 1 April	(553)	(681)
Movement in year:		
Employer service cost (net of employee contributions)	(72)	(70)
Employer/Employee contributions	47	47
Net interest/return on assets	815	(182)
Remeasurements	(1,320)	336
Administration expenses	(4)	(3)
<b>Deficit in scheme at 31 March</b>	<b>(1,087)</b>	<b>(553)</b>
<b>Asset and Liability Reconciliation</b>	<b>At 31 March 2017</b>	<b>At 31 March 2016</b>
	<b>£'000</b>	<b>£'000</b>
<b>Reconciliation of liabilities</b>		
Liabilities at start of period	7,179	7,422
Service cost	72	70
Interest cost	245	234
Employee contributions	15	15
Remeasurements	1,373	(336)
Change in demographic assumptions	(53)	-
Experience gain on defined benefit obligation	(67)	-
Benefits paid	(375)	(226)
<b>Liabilities at end of period</b>	<b>8,389</b>	<b>7,179</b>

**Pensions cont'd**

Reconciliation of assets	At 31 March 2017	At 31 March 2016
	£'000	£'000
Assets at start of period	6,626	6,741
Return on plan assets	1,118	52
Other actuarial losses	(125)	-
Re-measurements	(4)	(3)
Employer contributions	47	47
Employee contributions	15	15
Benefits paid	(375)	(226)
	7,302	6,626

**23 Related parties**

During the year, the Company's transactions with Teignbridge District Council fell within the definition of Related Parties under Financial Reporting Standard 102 Section 33. The Council provided a number of services to the Company during the period, details of which are shown below:

Service	2017 £'000	2016 £'000
Section 106 Charges	-	29
Town Centre Shop rent	36	34
Professional services	2	2
Refuse collection	7	7
Repairs and maintenance	1	2
Training	-	8
Other	1	-
	47	82

The Board has tenant members who hold tenancy agreements on normal terms and cannot use their position to their advantage. Transactions and balances at the year end are as follows:

Tenant Board member	Rent charged 2017 £'000	Rent charged 2016 £'000	Arrears on tenancy at 31 March 2017 £'000	Arrears on tenancy at 31 March 2016 £'000
Anne Marie Henderson	5	5	-	-
Mike Hall	-	5	-	-
Alec Munro	-	4	-	-

**Related parties cont'd.**

During 2015/16 one member of the Board, Stephen Purser, was an elected member of Teignbridge District Council. Stephen Purser is no longer an elected member of Teignbridge District Council from May 2015.

All transactions with Teignbridge District Council are on an arms length basis and under normal commercial terms.

**24 Consolidated structure**

On 17 October 2005 Teign Development Limited was formed as a wholly owned subsidiary of Teign Housing.

Teign Development has not started to trade and, as a dormant company, does not produce financial statements. Teign Housing is exempt by virtue of section 229(5) of Companies Act 2006 from the requirement to prepare consolidated financial statements.

Teign housing has a 24% holding in Sharewest Limited. Sharewest Limited is a non profit making cost sharing vehicle which provides gas servicing and installations. There are no amounts due to/from the company in relation to the holding at the reporting date.

Teign Holds 24 Ordinary B shares of £1 each in Sharewest Limited.

**25 Low cost home ownership – buyback liability**

Teign Housing has two low cost home ownership properties that have mandatory buy back clauses, this means that in the event of the owner being unable to sell their property we are obliged to purchase their share. These will be noted as contingent liabilities in the accounts. A contingent liability is one where the outcome of an existing situation is uncertain, and this uncertainty will be resolved by a future event.

10 Lonsee Gardens

Sale date – 23<sup>rd</sup> November 2010

Share percentage bought – 35%

Price of percentage bought - £53,235

Original 100% market value as stated in the Lease - £152,100

The property/shares were transferred to a new shared owner on 21<sup>st</sup> November 2013.

The 100% market value on 21<sup>st</sup> November 2013 was £145,000

12 Lonsee Gardens

Sale date – 1<sup>st</sup> October 2010

Share percentage bought – 25%

Price of percentage bought - £37,537.50

Original 100% market value as stated in the Lease – £150,150

## 26 Prior period adjustment

Following a review of rents it was determined that Teign Housing has charged some rents at a level higher than the social rent formula plus tolerance, as specified in the Rent Standard Guidance issued by the Homes and Communities Agency in April 2015.

Teign Housing has taken prompt and appropriate action to remedy the situation following the Board's decision to make a voluntary refund of overcharged rents, interest will be included in the refund payment. The correction of the error has been accounted for as a prior period adjustment to reflect the timing of the issue.

The notes below show the restatement resulting from the correction.

<b>Statement of Financial Position</b>	2016 £'000	2015 £'000
<b>Income and Expenditure reserve at 31 March as originally stated</b>	41,029	35,531
Adjust for accrued rent overcharge and interest to 31/03/15	(649)	(649)
Adjust for accrued rent overcharge and interest 2015/16	(381)	-
<b>Restated Income and Expenditure reserve at 31 March</b>	<u>39,999</u>	<u>34,882</u>
		2016 Restated £'000
<b>Creditors: amounts falling due within than one year as originally stated</b>		(10,515)
Adjust for accrued rent overcharge and interest to 31 March 2016		(1,030)
<b>Restated Creditors: amounts falling due within one year</b>		<u>(11,545)</u>
		2016 £'000
<b>Statement of Comprehensive Income</b>		7,645
<b>Operating surplus 2015/16 as originally stated</b>		(340)
Turnover adjustment for rent overcharge		7,305
<b>Restated Operating surplus 2015/16</b>		<u>7,305</u>
		2016 £'000
<b>Interest and financing costs 2015/16 as originally stated</b>		(2,622)
Adjust for accrued interest		(41)
<b>Restated Interest and financing costs 2015/16</b>		<u>(2,663)</u>