

## Contents

Teign Housing Company Information	1
Board Report incorporating the Strategic Report and Value for Money Statement	2-10
Directors Responsibilities	11
Report of the Independent Auditor	12
Statement of Comprehensive Income (SOI)	14
Statement of Financial Position (SOFP)	15
Statement of Changes In Reserves	16
Statement of Cash Flows	17
Notes to the Financial Statements	18

## Teign Housing – company information

<b>Board of Management</b>	<b>Meeting attendance (6 meetings)</b>														
<b>Non Executive Directors</b>															
Stephen Purser (chair)	6														
Patrick Clarke (vice chair)	6														
Alan Soper (chair of Audit Committee)	6														
James O'Dwyer (chair of Business Investment Panel)	5														
Anne-Marie Henderson (chair of Remuneration and Nominations Committee)	6														
Maureen Robinson	5														
Angie Edwards-Jones	6														
Mike Hall (resigned 17 September 2015)	2														
Alec Munro (resigned 17 September 2015)	0														
Gareth Bourton (Co-optee) (appointed 28 January 2016)	2														
<b>Executive Director</b>															
Mike Hanrahan (Chief Executive) (appointed 10 December 2015)	3														
<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>	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Chief Executive</td> <td>Mike Hanrahan</td> </tr> <tr> <td>Deputy Chief Executive</td> <td>Jo Reece</td> </tr> <tr> <td>Director of Services</td> <td>Paula Birbeck</td> </tr> </table>	Chief Executive	Mike Hanrahan	Deputy Chief Executive	Jo Reece	Director of Services	Paula Birbeck								
Chief Executive	Mike Hanrahan														
Deputy Chief Executive	Jo Reece														
Director of Services	Paula Birbeck														
<b>Auditors</b>	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%;"><b>External Auditor</b></td> <td style="width: 50%;"><b>Internal Auditor</b></td> </tr> <tr> <td>Beever and Struthers</td> <td>Mazars LLP</td> </tr> <tr> <td>St George's House</td> <td>Clifton Down House</td> </tr> <tr> <td>215 – 219 Chester Road</td> <td>Beaufort Buildings</td> </tr> <tr> <td>Manchester</td> <td>Clifton</td> </tr> <tr> <td>M15 4JE</td> <td>Bristol</td> </tr> <tr> <td></td> <td>BS8 4AN</td> </tr> </table>	<b>External Auditor</b>	<b>Internal Auditor</b>	Beever and Struthers	Mazars LLP	St George's House	Clifton Down House	215 – 219 Chester Road	Beaufort Buildings	Manchester	Clifton	M15 4JE	Bristol		BS8 4AN
<b>External Auditor</b>	<b>Internal Auditor</b>														
Beever and Struthers	Mazars LLP														
St George's House	Clifton Down House														
215 – 219 Chester Road	Beaufort Buildings														
Manchester	Clifton														
M15 4JE	Bristol														
	BS8 4AN														
<b>Solicitors</b>	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Capsticks Solicitors LLP</td> <td style="width: 50%;">Tozers</td> </tr> <tr> <td>1 George Street</td> <td>Southernhay West</td> </tr> <tr> <td>London</td> <td>Exeter</td> </tr> <tr> <td>SW19 4DR</td> <td>EX1 1UA</td> </tr> </table>	Capsticks Solicitors LLP	Tozers	1 George Street	Southernhay West	London	Exeter	SW19 4DR	EX1 1UA						
Capsticks Solicitors LLP	Tozers														
1 George Street	Southernhay West														
London	Exeter														
SW19 4DR	EX1 1UA														
<b>Bankers and Funders</b>	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Barclays Bank</td> <td style="width: 50%;">GB Social Housing</td> </tr> <tr> <td>PO Box 1015</td> <td>5 Great St Helen's</td> </tr> <tr> <td>3 Windsor Place, Cardiff</td> <td>London</td> </tr> <tr> <td>CF10 3ZL</td> <td>EC3A 6AP</td> </tr> </table>	Barclays Bank	GB Social Housing	PO Box 1015	5 Great St Helen's	3 Windsor Place, Cardiff	London	CF10 3ZL	EC3A 6AP						
Barclays Bank	GB Social Housing														
PO Box 1015	5 Great St Helen's														
3 Windsor Place, Cardiff	London														
CF10 3ZL	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 2016.

## 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 January 2016 and a further strategic review is planned in June 2016.

The following details the key focus of the corporate plan 2014-2019 (revised Jan 2016).

### 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.

### Values:

#### **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 Board reviewed its constitution during 2015-16 and the Articles now 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 2016. 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.

The Board is supported in its governance by three committees:

- Audit Committee

## Strategic report cont'd

- 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	£7,934.61
Alan Soper	Chair of Audit	£6,896.85
Patrick Clarke	Vice Chair	£5,253.39
James O'Dwyer	Chair of Business Investment Panel	£1,203.24
Anne- Marie Henderson	Chair of Remuneration & Nominations	£1,183.26
Angela Edwards-Jones	Board Member	£771.99
Maureen Robinson	Board Member	£771.99

During the reporting date 31 March 2016 the Board met on 6 occasions. There was a 91.8% attendance rate at Board meetings and an 86.4% attendance rate at workshops and training sessions.

### Public Benefit Entity

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

### Financial Performance

Teign Housing has made a surplus after tax of £5,123,990 (compared with a restated surplus for the reporting date 31 March 2015 of £5,024,740). Full details of our financial results can be found on pages 14 - 46.

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 second 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 8 - 9.

## **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 already been identified and further efficiency generating changes are being developed by the Senior Management Team for consideration by the Board in 2016.

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

### **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 2016 the company had a loan balance of £46.9m (2014-15: £47.0m).

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 £2,551,460 (2014-15: £2,573,025) which equates to an average rate of 5.90% (2014-15: 6.08%). Finance costs of £17,306 were capitalised during the year (2014-15: £27,668).

### **Property sales**

During the year 15 properties (2014-15: 11 properties) were sold under the Right to Buy scheme, one shared ownership property staircased to 100% and open market sale. Teign Housing received proceeds of £1,304,070 from these sales (2014-15: £1,104,755). Under the terms of the transfer agreement, £752,261 (2014-15: £668,941) 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 during the reporting date 31 March 2016 was 92 employees (2014-15: 88 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 £27,192 on staff training and development (2014-15: £40,918).

### **Development**

During 2015-2016 we entered into two new development contracts, which alongside the scheme started in 2014-2015 will deliver a total of 18 shared ownership, 52 rented properties and 4 properties for outright sale.

### **Future Direction**

To achieve the new Corporate Vision and Values, the Board has also 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.

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

- 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.

### **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 established a 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. In their annual report for 2015-16 the internal auditor's opinion states:  
"In our opinion, Teign Housing has in place an appropriate framework for identifying, evaluating and managing the significant risks faced by the Association. In respect of the areas of activity which we reviewed, and subject to the weaknesses identified and reported in our internal audit reports, Teign Housing has an adequate, effective and reliable framework of internal control and effective risk management and governance processes which provides reasonable assurance regarding the effective and efficient achievement of the association's objectives. No instances of actual or suspected fraud have been encountered during our audit work."
- An annual review of the risk map is undertaken by Hargreaves Risk Management.
- In early 2016 the Board undertook an independent review of the risk management and reporting arrangements and further improvements are underway including new reporting and monitoring arrangements that will be adopted in 2016-17.
- The summary statement of the internal control arrangements to manage and mitigate risk are detailed in the Internal Control statement detailed on page 10.

## Value for Money Statement

### Value for Money

The current Value for Money (VfM) Strategy came to an end in 2015 and a new strategy is 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 via our website at [www.annualreport.teignhousing.co.uk](http://www.annualreport.teignhousing.co.uk)

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.

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 4 years of rent reductions, includes the delivery of 257 new homes over 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/vfm-self-assessment-2015-16pdf>
- Housemark Benchmarking Results – comparative figures with our peers in the sector.  
<http://benchmarking.housemark.co.uk/HousemarkBenchmark/Dashboard/DashboardOverview.aspx?Oid=56D84843C033552E802573B8003B8B9D&embed=1>
- Annual report – Report sent annually to our tenants.  
[www.annualreport.teignhousing.co.uk](http://www.annualreport.teignhousing.co.uk)

An evaluation of our costs, when compared to the global accounts, show that in total for repairs 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.

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

Area	Teign Housing			Global accounts	
	2015-16 £	2014-15 £	2013-14 £	2015 £	2014 £
<b>Expenditure – per Social Housing Property</b>					
Management	1,015	1,032	1,229	972	939
Routine & planned maintenance	716	614	869	1,018	1,039
Major repairs – total	1,026	1,080	910	1,138	1,183
Major repairs – revenue	565	489	457	333	343
Major repairs – capital	461	590	453	805	840

We have a strong commitment to investing 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.

In 2015-16 we delivered 3 shared ownership properties and there are 62 affordable rented properties and 17 shared ownership properties under construction at the reporting date. This compares with 2014-15 when 43 affordable rent and 9 shared ownership properties were completed in the year and 14 properties for affordable rent and 4 shared ownership properties were under construction. For the future we will be continuing with our development aspirations and we aim to deliver 257 homes over the next 5 years.

Return on Assets - a revised Asset Management Strategy was approved by the Board in January 2016 and not only does it continue to give us a clear direction about the future use of our assets such as continued use, redevelopment or disposal; it has 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 has now started on moving residents to alternative accommodation to allow for disposal.
- We have implemented an enhanced asset management software tool that has improved the knowledge of our housing stock including neighbourhood mapping and allows us to model the various options to determine the future of the asset.



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

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	2015-16	2014-15	Housemark 2014-15 Benchmark
Void losses	0.47%	0.74%	0.56%
Void turnaround time	21.8 days	27.7 days	24.58 days
Repairs completion time	97.38%	94.50%	98.30%
Gas safety checks	100.00%	99.97%	100.00%
<b>Customer satisfaction with key service areas</b>			
Repairs	92.87%	94.95%	85.7%
Standard of property on letting	96.70%	95.50%	97.3%
Complaints process	91.00%	89.74%	75.85%
<b>Rent collection and arrears</b>			
Rent collection	100.49%	100.22%	99.91%
Rent arrears	1.14%	1.07%	1.99%

In 2015-16 our VfM focus was on

- Implementation of a new phone system in August 2015 - this generates savings of £68,000 over 5 years for the system itself. Further efficiencies as a result of enhanced functionality and process reviews will save at least £18,000 per annum in staff time and printing costs.
- Strategic reviews of IT – the work reviewing the IT systems continues and the project group have reviewed a number of systems that will improve functionality into the future. The investment business case is currently being developed and will evidence the savings that will be generated by a new system; this will then be considered by the Board.
- Implementation of the review of the repairs service with a view to generating cost savings of £2.8m to £3.8m over 10 years – the Board have approved the move to a wholly owned subsidiary for the delivery of the repairs service from July 2017. The revised estimated financial savings, now the detailed review has been undertaken, are in the region of £5m over 10 years along with greater control and improvements in service delivery.
- 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.
- Consideration of bringing some more of the Grounds Maintenance service in house generating cost savings and certainty with service delivery – this was delayed as a result of the rent reduction however we are refreshing this proposal as the current contract with one of the grounds maintenance contractors will finish in October 2016. This will be an opportunity to review how the service is delivered and improve both cost efficiency and service delivery.

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

- Use of Active Asset Management to dispose of inappropriate and high value assets– we have disposed of a large house during the year and we are currently vacating flats in a high value listed building for future disposal. In addition we purchased a leasehold property, in a large house conversion, again with the intention of disposing of the whole property.

The rent reduction presents a significant driver for efficiency in the future and work has already started on our approach to Value for Money into the future:

- reviewing the overall planned maintenance programme in light of the rolling stock condition surveys whilst maintaining a good stock investment standard
- a revised VfM Strategy will be in place in June 2016
- an efficiency cost savings plan will be presented to the Board with key deliverables and timescales in the autumn of 2016
- the Board will review the Development Strategy to determine the most effective delivery models for mixed tenure new housing
- we are reviewing all staff vacancies and re-profiling roles or reducing overall staff numbers - any staff vacancy that arises will be reviewed to consider if the role is still required in its existing form or if it can be changed to deliver additional services, reduced as a result of process or technological changes, or removed completely
- zero inflation budgets will be maintained for the next 4 years
- technological enhancements will be considered at the earliest opportunity to allow customers greater and easier access to services or for more automated responses to be delivered thereby reducing staff involvement
- there will be a critical evaluation of processes in order to streamline them and reduce waste

All of this has allowed us to ensure that the Business Plan can manage the impact of the rent reduction and still deliver 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.

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 24 June 2016. 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 fully compliant.

The Board confirms that an effective system of internal control has been in place throughout the reporting date 31 March 2016 and up to the date of signing this report.

The Board Report, incorporating the Strategic Report and Value for Money Statement, was approved on 15 September 2016 and signed on its behalf by:



**Stephen Purser**  
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

Company law and registered social housing legislation require the Board to prepare financial statements for each reporting period that give a true and fair view of the state of affairs of the company and of the Income and Expenditure for the year. In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006, Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. It is 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.

The Board is 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.

By Order of the Board:



Signed:

Date: 15 September 2016

Statement of Directors Responsibilities

**Statement of Directors Responsibilities**

## **Report of the independent auditors to the members of Teign Housing Limited**

We have audited the financial statements of Teign Housing Limited ("the company") for the reporting date 31 March 2016 set out on pages 14 to 46. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Section 128 of the Housing and Regeneration Act 2008 and 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors Responsibilities set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 web-site at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the company as at 31 March 2016 and of its surplus for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

### **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 reporting period 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*

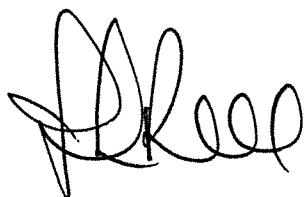
**Maria Hallows**  
**(Senior Statutory Auditor)**  
**for and on behalf of Beever and Struthers, Statutory Auditor**  
*Chartered Accountants*  
St George's House  
215 – 219 Chester Road  
Manchester  
M15 4JE

**15 September 2016**

## Statement of Comprehensive Income (SOI)

	Note	31 Mar 2016	<i>Restated</i> 31 Mar 2015.
		£'000	£'000
<b>Turnover</b>	2	<b>18,887</b>	18,903
Cost of sales	2	<b>(423)</b>	(1,264)
Operating expenditure	2	<b>(10,819)</b>	(10,091)
		<hr/>	<hr/>
<b>Operating surplus</b>	2	<b>7,645</b>	7,548
Gain/(loss) on disposal of property, plant and equipment (fixed assets)	7	<b>18</b>	(9)
Interest receivable	4	<b>83</b>	48
Interest and financing costs	5	<b>(2,622)</b>	(2,628)
Other finance income	21	<b>-</b>	65
		<hr/>	<hr/>
<b>Surplus before tax</b>		<b>5,124</b>	5,024
Taxation	9	<b>-</b>	-
		<hr/>	<hr/>
<b>Surplus for the year after tax</b>		<b>5,124</b>	5,024
Actuarial gains/(loss) in respect of pension schemes	21	<b>175</b>	(456)
		<hr/>	<hr/>
<b>Total comprehensive income for the year</b>		<b>5,299</b>	4,568
		<hr/>	<hr/>

The financial statements on pages 14 to 46 were approved and authorised for issue by the Board on 15 September 2016 and were signed on its behalf by:



**Jo Reece**  
Company Secretary



**Stephen Purser**  
Chair of the Board



**Alan John Soper**  
Director

The results relate wholly to continuing activities and the notes on pages 18 to 46 form an integral part of these accounts.



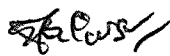
## Statement of Financial Position (SOFP)

		<i>Restated</i>	
		<i>Year Ended</i>	<i>Year Ended</i>
		<b>31 Mar 2016</b>	<b>31 Mar 2015</b>
	<b>Note</b>	<b>£'000</b>	<b>£'000</b>
<b>Fixed Assets</b>			
Intangible Assets	10a	79	90
Tangible Assets	10b	114,793	111,071
Investment Properties	11	400	400
		<b>115,272</b>	<b>111,561</b>
<b>Current Assets</b>			
Stock	17	782	384
Trade and other debtors	12	1,532	1,318
Cash and other equivalents	18	14,850	13,644
Less creditors: amounts falling due within one year	13	(10,515)	(7,052)
		<b>6,649</b>	<b>8,294</b>
<b>Net Current Assets</b>		<b>6,649</b>	<b>8,294</b>
Total assets less current liabilities		121,921	119,855
Creditors: amounts falling due after more than one year	13	46,857	49,962
<b>Provisions for Liabilities</b>			
Pension Liability	21	553	681
		<b>74,511</b>	<b>69,212</b>
<b>Total Net Assets</b>		<b>74,511</b>	<b>69,212</b>
<b>Reserves</b>			
Income and Expenditure reserve		41,029	35,531
Revaluation reserve		33,482	33,681
		<b>74,511</b>	<b>69,212</b>
<b>Total Reserves</b>		<b>74,511</b>	<b>69,212</b>

These statements were approved and authorised for issue by the Board on 15 September 2016 and were signed on its behalf by:



**Jo Reece**  
Company Secretary



**Stephen Purser**  
Chair of the Board



**Alan John Soper**  
Director

The notes on pages 18 to 46 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 1 April 2014</b>	30,706	33,938	64,644
Surplus from Statement of Comprehensive Income	5,024	-	5,024
Actuarial (losses) relating to the year	(456)	-	(456)
Transfer to revaluation reserve from income and expenditure reserves	257	(257)	-
<b>Balance at 31 March 2015</b>	<u>35,531</u>	<u>33,681</u>	<u>69,212</u>
Surplus from Statement of Comprehensive Income	5,124	-	5,124
Actuarial gains relating to the year	175	-	175
Transfer from revaluation reserve to income and expenditure reserves	199	(199)	-
<b>Balance at 31 March 2016</b>	<u><u>41,029</u></u>	<u><u>33,482</u></u>	<u><u>74,511</u></u>

The notes on pages 18 to 46 form an integral part of these accounts.

## Statement of Cash Flows

### For the reporting date 31 March 2016

	2016	Restated 2015		
	£'000	£'000	£'000	£'000
<b>Net cash generated from operating activities</b>		<b>8,640</b>		3,063
<b>Cashflow from investing activities</b>				
Cash paid for construction and purchase of housing properties	(6,198)		(2,853)	
Proceeds on sales of housing properties	1,313		1,105	
Purchase/Sale of other fixed assets	(172)		(88)	
Social Housing Grant Income	161		370	
Finance Income/investment income	83		48	
		<b>(4,813)</b>		(1,418)
<b>Cashflow from Financing Activities</b>				
Interest paid	(2,615)		(2,461)	
Interest element of finance lease rental payment	(6)		(2)	
Loans received	-		28,526	
Loans repaid	-		(16,100)	
		<b>(2,621)</b>		9,963
<b>Net change in cash and cash equivalents</b>		<b>1,206</b>		11,608
<b>Cash and cash equivalents at beginning of year</b>		<b>13,644</b>		2,036
<b>Cash and cash equivalents at year end</b>		<b>14,850</b>		13,644
			<b>2016</b>	2015
			<b>£'000</b>	£'000
<b>Cashflow from operating activities</b>				
Surplus for the year		<b>5,299</b>		4,568
Depreciation charge of tangible fixed assets		<b>1,341</b>		(2,919)
Depreciation on disposals		<b>(27)</b>		-
Depreciation charge of intangible assets		<b>52</b>		(44)
(Increase) in stock		<b>(399)</b>		(384)
(Increase) in trade and other debtors		<b>(207)</b>		(362)
Increase/(decrease) in trade and other creditors		<b>64</b>		(240)
(Decrease) in Provisions		<b>-</b>		(685)
Pension costs less contributions payable		<b>(20)</b>		397
Carrying amount of tangible fixed asset disposals				
Movement in fair value of loans		<b>114</b>		(35)
(Decrease)/increase in lease obligations in the year		<b>(36)</b>		232
<b>Adjustments for investing or financing activities</b>				
Proceeds from sale of tangible fixed assets		<b>(18)</b>		9
Government grants utilised in the year		<b>(61)</b>		(54)
Interest Payable		<b>2,621</b>		2,628
Interest Received		<b>(83)</b>		(48)
		<b>8,640</b>		3,063

## **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 Charities Act 2011, 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 as it applies for the first time to the financial statements for the year ended 31 March 2016.

The company transitioned from previous UK GAAP to FRS102 as at 1 April 2014. An explanation of how the transition to FRS102 has affected the reported financial position and performance is given in note 26.

The financial statements are prepared on the historical cost basis of accounting as modified by the revaluation of the transfer rented housing stock and are presented in £000's.

Investment properties are included in the financial statements at valuation, based on an independent external valuation as at 31 March 2016.

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

### **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's announcements in July 2015 impacting on the future income of the company have 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 have been noted and we consider it appropriate to continue to prepare the financial statements on a going concern basis.

### **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

**Principle Accounting Policies cont'd.**

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 21.
- e. **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.

**Principle Accounting Policies cont'd.**

During the year the government announced a change in rent policy which resulted in a material impact on the net income expected to be collected in the future for housing properties and the Group have assessed that this represents a trigger for impairment review.

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

A review of void losses in the year 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.

- f. 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%.

**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 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.

**Principle Accounting Policies cont'd.**

**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 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.

**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 are stated at 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.

**Principle Accounting Policies cont'd.**

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

**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.



**Principle Accounting Policies cont'd.**

**Other Tangible Fixed Assets**

Other tangible fixed assets are stated at cost less accumulated depreciation. 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

Leased assets are depreciated over the life of the lease if this is shorter than their useful economic life.

**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 by external valuers 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.

**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

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

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 transfer rented 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)**

	2016				2015			
	Turnover	Cost of Sales	Operating expenditure	Operating surplus/(deficit)	Turnover	Cost of sales	Operating expenditure	Operating surplus/(deficit)
	£'000		£'000	£'000	£'000	£'000	£'000	£'000
<b>Social Housing Letting (note 3a)</b>	17,713	-	(10,458)	7,255	17,175	-	(9,800)	7,375
<b>Other social housing activities</b>								
TeignCare alarm service	184	-	(186)	(2)	183	-	(130)	53
Other Services	44	-	(32)	12	40	-	(35)	5
First tranche low cost home ownership sales	632	(423)	-	209	48	(27)	-	21
Haldon Development	-	-	-	-	1,160	(1,237)	-	(77)
<b>Activities other than social housing</b>								
Lettings (note 3b)	314	-	(143)	171	297	-	(126)	171
<b>Total</b>	<b>18,887</b>	<b>(423)</b>	<b>(10,819)</b>	<b>7,645</b>	18,903	(1,264)	(10,091)	7,548

### 3a Income and expenditure from lettings

	General needs £'000	Housing for older People £'000	Shared ownership £'000	Other £'000	Total 2016 £'000	Total 2015 £'000
<b>Income</b>						
Rent receivable net of identifiable service charge	11,803	4,411	206	2	16,422	15,754
Service Charge Income	356	669	4	45	1,074	1,022
Amortised Government Grant	61	-	-	-	61	55
Other income from Social Housing Lettings	112	40	1	3	156	344
<b>Turnover from social housing lettings</b>	<b>12,332</b>	<b>5,120</b>	<b>211</b>	<b>50</b>	<b>17,713</b>	<b>17,175</b>
<b>Operating expenditure</b>						
Management	(2,624)	(1,057)	(6)	(16)	(3,703)	(3,673)
Service Charge Costs	(507)	(275)	(1)	(18)	(801)	(910)
Routine Maintenance	(1,280)	(541)	(7)	(42)	(1,870)	(1,805)
Planned Maintenance	(590)	(65)	(2)	(7)	(664)	(627)
Major repairs	(1,214)	(780)	(3)	(31)	(2,028)	(1,547)
Bad debts	(44)	(13)	-	-	(57)	(62)
Depreciation of housing properties	(914)	(361)	(4)	(6)	(1,285)	(1,176)
Amortisation	(36)	(14)	-	-	(50)	-
<b>Operating expenditure on social housing lettings</b>	<b>(7,209)</b>	<b>(3,106)</b>	<b>(23)</b>	<b>(120)</b>	<b>(10,458)</b>	<b>(9,800)</b>
<b>Operating surplus/(deficit) on social housing lettings</b>	<b>5,123</b>	<b>2,014</b>	<b>188</b>	<b>(70)</b>	<b>7,255</b>	<b>7,375</b>
<b>Void Losses</b>	<b>(39)</b>	<b>(29)</b>	<b>-</b>	<b>-</b>	<b>(68)</b>	<b>(117)</b>

### 3b Turnover from activities other than social housing

	2016 £'000	2015 £'000
<b>Lettings</b>		
Garage lettings	273	257
Commercial property lettings	41	40
	<u>314</u>	<u>297</u>
	<u><u>314</u></u>	<u><u>297</u></u>

### 4 Finance income and other income

	2016 £'000	2015 £'000
Bank finance income	83	48
	<u>83</u>	<u>48</u>

### 5 Finance costs and similar charges

	2016 £'000	2015 £'000
Lease finance costs	6	2
On loans repayable within 5 years	211	218
On loans wholly or partly repayable in more than five years	2,341	2,355
Costs associated with financing	81	81
Less finance costs capitalised on housing properties under construction	(17)	(28)
Charged to income and expenditure account	<u>2,622</u>	<u>2,628</u>
	<u><u>2,622</u></u>	<u><u>2,628</u></u>

The weighted average interest on borrowings of 5.3% was used for calculating capitalised finance costs.

### 6 Surplus on ordinary activities before taxation

Is stated after charging:	2016 £'000	2015 £'000
Depreciation of housing properties	1,248	984
Depreciation of other fixed assets	93	139
Operating lease rentals (land and buildings)	34	31
Operating lease rentals (other)	53	54
Auditors remuneration (excluding VAT)		
- In their capacity as auditors	17	14
- Other service	-	-

**7 Gain/(Loss) on disposal of assets**

	Right to Buy Sales	Low Cost Home Ownership	Property Disposals	Other Disposals	Total 2016	Total 2015
	£'000	£'000	£'000	£'000	£'000	£'000
Proceeds of sales	1,013	142	150	9	1,314	1,105
Less: Costs of sales	(437)	(71)	(20)	-	(528)	(431)
Selling costs	(14)	(1)	-	-	(15)	(14)
Amount payable to Teignbridge District Council	(719)	(34)	-	-	(753)	(669)
	_____	_____	_____	_____	_____	_____
Gain/(Loss)	(157)	36	130	9	18	(9)
	_____	_____	_____	_____	_____	_____

## 8 Directors' Emoluments & Employee information

	<b>2016</b>	2015
	<b>£'000</b>	£'000
The aggregate emoluments paid to or receivable by non executive Directors and former Directors	<b>21</b>	18
The aggregate emoluments paid to or receivable by executive Directors and former Directors	<b>296</b>	292
The emoluments paid to the highest paid Director excluding pension contributions	<b>114</b>	112
The aggregate amount of Directors or past Directors' pensions, excluding amounts payable under a property funded pension scheme	<b>15</b>	15

	<b>2016</b>	2015
The number of full time equivalent staff whose remuneration payable fell within bands of:		
£80,000 to £89,999	<b>1</b>	1
£90,000 to £99,999	<b>1</b>	1
£100,000 to £109,999	<b>-</b>	-
£110,000 to £119,999	<b>1</b>	1

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 employer and employee. No enhanced or special terms apply. There are no additional pension arrangements. A contribution by the company of £5,804 (2015: £5,729) 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

The average number of persons employed during the year expressed in full time equivalents (37 hours per week) was:

Office staff	<b>77</b>	74
Wardens, caretakers and cleaners	<b>15</b>	14
	<b>92</b>	88

	<b>2016</b>	2015
	<b>£'000</b>	£'000
Staff costs (for the above named persons)		
Wages and salaries	<b>2,317</b>	2,344
Social Security costs	<b>182</b>	183
Other Pension costs	<b>337</b>	207
Non Executive Director Wages and salaries	<b>21</b>	18
	<b>2,857</b>	2,752

**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.

**10a Intangible Assets – IT software**

	<b>£'000</b>
<b>Cost</b>	
At 1 April 2015	697
Additions	41
Disposals	-
At 31 March 2016	738
 <b>Amortisation</b>	 
At 1 April 2015	(607)
Charge for year	(52)
Disposals	-
At 31 March 2016	(659)
 <b>Net book value</b>	 
At 31 March 2016	79
At 31 March 2015	90



## 10b Tangible Assets

	Housing Properties				Other fixed assets						Total 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	£'000
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>											
At 1 April 2015	108,687	296	2,823	69	65	377	1,295	277	217	48	<b>114,154</b>
Additions	2,377	2,940	30	212	-	71	1	43	10	23	<b>5,707</b>
Transfers	-	-	212	(212)	-	-	-	-	-	-	<b>-</b>
Disposals	(581)	-	(72)	-	-	(1)	-	-	(3)	(14)	<b>(671)</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2016	110,483	3,236	2,993	69	65	447	1,296	320	224	57	<b>119,190</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>											
At 1 April 2015	(2,133)	-	(66)	-	-	(305)	(128)	(233)	(178)	(40)	<b>(3,083)</b>
Charge for the year	(1,233)	-	(15)	-	-	(41)	(17)	(20)	(10)	(5)	<b>(1,341)</b>
Disposals	8	-	2	-	-	-	-	-	3	14	<b>27</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2016	(3,358)	-	(79)	-	-	(346)	(145)	(253)	(185)	(31)	<b>(4,397)</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>											
At 31 March 2016	107,125	3,236	2,914	69	65	101	1,151	67	39	26	<b>114,793</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2015	106,554	296	2,757	69	65	72	1,167	44	39	8	<b>111,071</b>

**10b Tangible Assets cont'd**

**Number of units owned and managed**

	<b>2016 Social rent</b>	<b>2016 Affordable rent</b>	2015
<b>Social Housing Accommodation</b>			
<b><i>Under development at end of year</i></b>			
General needs housing	-	<b>56</b>	14
Shared ownership accommodation	-	<b>15</b>	4
<b><i>Under management at end of year</i></b>			
General needs housing	<b>2,414</b>	<b>98</b>	2,523
Supported housing and housing for older people	<b>1,005</b>	-	1,007
Shared ownership accommodation	<b>54</b>	-	53
	<hr/> <b>3,473</b> <hr/>	<hr/> <b>169</b> <hr/>	<hr/> 3,601 <hr/>
<b>Non-Social Housing</b>			
Under management at end of year		<b>761</b>	762
		<hr/> <b>761</b> <hr/>	<hr/> 762 <hr/>

The value of property additions includes £17,306 of capitalised finance costs (2014-15: £27,668). Finance costs are charged on all schemes during the development stage, this is capitalised when the scheme is complete. The total cumulative value of finance costs is £334,757 (2014-15: £317,451). The average rate of finance costs are 5.3% (2014-15: 5.03%).

Housing properties were valued by Jones Lang LaSalle in accordance with Royal Institute of Chartered Surveyors procedures. Properties valued for funding commitments at 31 March 2016 equated to £97.5m.

The total expenditure on repairs and maintenance to existing properties in the year was £6,207,031 (2014-15: £6,593,341). Of this £1,645,799 was capitalised under the SORP 2014 (2014-15 £2,402,950).

The residual value of the housing property assets represents land which is not depreciated. The cost of land at 31 March 2016 was £35,058,583. (2014-15: £35,757,554).

The net book value of tangible fixed assets – housing land and buildings includes £347,169 (2015: £366,920) in respect of assets under finance leases.

## 11. Investment properties held for letting

	<b>2016</b>
	<b>£'000</b>
<b>Valuation</b>	
At 1 April 2015	400
Additions	-
Gain/(loss) from adjustment in value	-
	400
<b>At end of year</b>	<b>400</b>

Investment properties were valued at 31 March 2016 by Jones Lang Lasalle professional qualified external valuer's. 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.

## 12. Trade and other debtors

	<b>2016</b>	2015
	<b>£'000</b>	£'000
Arrears of rent and service charges	<b>1,093</b>	1,163
Provision for bad and doubtful debts	<b>(153)</b>	(159)
	<b>940</b>	1,004
Prepayments and accrued income	<b>540</b>	195
Other trade receivables	<b>52</b>	84
VAT Debtor	<b>-</b>	35
	<b>1,532</b>	1,318

## 13. Creditors

	<b>2016</b>	Restated
	<b>£'000</b>	2015 £'000
<b>Amounts falling due within one year:</b>		
Trade payables	<b>198</b>	458
Accruals and deferred income	<b>1,496</b>	1,510
Rent and service charges paid in advance	<b>356</b>	351
Right To Buy sharing agreement (see below)	<b>752</b>	669
Other creditors	<b>448</b>	247
Bank loans (see note 14)	<b>7,015</b>	3,500
Social Housing Grant	<b>61</b>	54
Social Housing Pension Scheme	<b>95</b>	75
VAT Creditor	<b>7</b>	-
Income Tax (PAYE) and National Insurance	<b>47</b>	53
Lease Obligations	<b>40</b>	135
	<b>10,515</b>	7,052

**13. Creditors cont'd**

	<b>2016</b>	Restated 2015
<b>Amounts falling due after more than one year:</b>	<b>£'000</b>	<b>£'000</b>
Bank loans (see note 14)	<b>39,910</b>	43,470
Lease Obligations	<b>196</b>	232
Social Housing Grant	<b>6,130</b>	5,726
Social Housing Pension Scheme	<b>621</b>	534
	<b>46,857</b>	49,962
	<b>46,857</b>	49,962

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.

**14. Loans**

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

	<b>2016</b>	2015
	<b>£'000</b>	<b>£'000</b>
<b>Fixed rate loans</b>		
Within 1 year	<b>3,515</b>	-
2 to 5 years	-	3,540
In 5 years or more	<b>39,910</b>	39,930
 <b>Variable rate loans</b>		
Within 1 year	<b>3,500</b>	3,500
In 5 years or more	-	-
	<b>46,925</b>	46,970
	<b>46,925</b>	46,970

All loans are secured by specific charges on the Company's housing properties and are repayable at varying rates of finance costs, from 1.95% to 6.72%.

The average rates of finance costs on the loans outstanding at 31 March 2016 were:

Fixed rate loans	5.66% (2014-15: 5.66%)
Variable rate loans	1.96% (2014-15: 1.96%)

#### 14. Loans cont'd

At 31 March 2016 the Company also had the following undrawn loan facilities:

	2016 £'000	2015 £'000
Undrawn committed facilities	-	-
Other facilities	13,500	13,500
<b>Total undrawn facilities</b>	<b>13,500</b>	<b>13,500</b>

#### 15. Deferred Capital Grant

	2016 £'000	Restated 2015 £'000
At start of the year	5,780	5,480
Received during the year	472	354
Released to income during the year	(61)	(54)
At end of the year	6,191	5,780
Amount due to be released < 1 year	(61)	(54)
Amount due to be released > 1 year	6,130	5,726

The total accumulated government grant and financial assistance received or receivable at 31 March 2016 is £6,503k, of which, £6,191k is included as deferred capital grant and £312k has been recognised as income through the Statement of Comprehensive Income to date.

#### 16. 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:

	2016 £'000	2015 £'000
<b>Land and buildings</b>		
Not later than one year	34	41
Later than one year and not later than five years	50	74
Later than five years	-	-
<b>Others:</b>		
Not later than one year	54	54
Later than one year and not later than five years	147	201
Later than five years	-	-
	<b>285</b>	<b>370</b>

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

**17. Stock**

	<b>2016</b>	2015
	<b>£'000</b>	£'000
<b>Properties held for sale</b>		
<b>Shared ownership properties:</b>		
Completed	<b>162</b>	384
Work in progress	-	-
<b>Outright sale properties:</b>		
Completed	-	-
Work in progress	<b>620</b>	-
	<b>782</b>	384
	<b>782</b>	384

There are 3 shared ownership properties completed and held for sale at the end of the year (2014-15: 8). First tranche sales on these properties are expected to complete in the first quarter of the 2016-17 reporting period.

**18. Cash at Bank and short term deposits**

	<b>2016</b>	2015
	<b>£'000</b>	£'000
Short term deposits	<b>12,000</b>	10,500
Cash at bank	<b>2,850</b>	3,144
	<b>14,850</b>	13,644
	<b>14,850</b>	13,644

**19. Share capital**

Teign Housing is a company limited by guarantee and as such does not have share capital. At 31 March 2016 the company's only guarantor was Teignbridge District Council and the extent of the guarantee was £1.

## 20. Capital commitments

	<b>2016</b>	2015
	<b>£'000</b>	£'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<b>5,581</b>	3,252
Capital expenditure that has been authorised by the committee of management but has not yet been contracted for	<b>4,136</b>	3,077
	<b>9,717</b>	6,329

The company expects these commitments to be financed with:

	<b>2016</b>	2015
	<b>£'000</b>	£'000
Social Housing Grant	<b>488</b>	488
Other Grant	<b>70</b>	140
Proceeds from sale of shared ownership properties	<b>1,675</b>	-
Proceeds from restricted Equity Open market Sales	<b>666</b>	666
Committed loan facilities	<b>6,818</b>	5,035
	<b>9,717</b>	6,329

## 21. 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.

**21. 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>	£40.6m per annum
From 1 April 2016 to 30 September 2020:	(payable monthly and increasing by 4.7% each year on 1 <sup>st</sup> April)
<b>Tier 2</b>	£28.6m per annum
From 1 April 2016 to 30 September 2023:	(payable monthly and increasing by 4.7% each year on 1 <sup>st</sup> April)
<b>Tier 3</b>	£32.7m per annum
From 1 April 2016 to 30 September 2026:	(payable monthly and increasing by 3.0% each year on 1 <sup>st</sup> April)
<b>Tier 4</b>	£31.7m per annum
From 1 April 2016 to 30 September 2026:	(payable monthly and increasing by 3.0% each year on 1 <sup>st</sup> April)

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



## 21. Pensions cont'd

### PRESENT VALUES OF PROVISION

	31 March 2016 (£000s)	31 March 2015 (£000s)	31 March 2014 (£000s)
Present value of provision	717	609	636

### RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	<b>Period Ending</b> 31 March 2016 (£000s)	<b>Period Ending</b> 31 March 2015 (£000s)
Provision at start of period	609	636
Unwinding of the discount factor (interest expense)	11	18
Deficit contribution paid	(75)	(72)
Remeasurements - impact of any change in assumptions	(4)	26
Remeasurements - amendments to the contribution schedule	177	-
Provision at end of period	717	609

### INCOME AND EXPENDITURE IMPACT

	<b>Period Ending</b> 31 March 2016 (£000s)	<b>Period Ending</b> 31 March 2015 (£000s)
Interest expense	11	18
Remeasurements – impact of any change in assumptions	(4)	26
Remeasurements – amendments to the contribution schedule	177	-
Contributions paid in respect of future service*	58	63
Costs recognised in income and expenditure account	146	151

\*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 2016 % per annum	31 March 2015 % per annum	31 March 2014 % per annum
Rate of discount	2.06	1.92	3.02

**21. 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 2016 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 2013 updated to 31 March 2016 by a qualified independent actuary.

	At 31 March 2016	At 31 March 2015
Rate of increase in salaries	4.1%	4.1%
Rate of increase for pensions in payment / inflation	2.3%	2.3%
Discount rate for scheme liabilities	3.5%	3.2%
Inflation assumption (CPI)	2.3%	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 2016	At 31 March 2015
	Years	Years
Retiring today		
Males	22.9	22.8
Females	26.2	26.1
Retiring in 20 years		
Males	25.2	25.1
Females	28.6	28.4

## 21. Pensions cont'd

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

	At 31 March 2016 £'000	At 31 March 2015 £'000
Employer service cost (net of employee contributions)	70	77
Total operating charge	70	77
Analysis of pension finance income / (costs)		
Net Interest on the defined liability (asset)	21	9
Administration expenses	3	4
Amounts charged/credited to financing costs	94	90
Amount of gains and losses recognised in the Statement of Comprehensive Income		
Actuarial gain/(loss) recognised	175	(456)
	<hr/>	<hr/>
Movement in surplus/(deficit) during year		
	At 31 March 2016 £'000	At 31 March 2015 £'000
Surplus/(deficit) in scheme at 1 April	(681)	(192)
Movement in year:		
Employer service cost (net of employee contributions)	(70)	(77)
Employer/Employee contributions	47	57
Net interest/return on assets	(182)	380
Remeasurements	336	(845)
Administration expenses	(3)	(4)
(Deficit)/Surplus in scheme at 31 March	(553)	(681)
	<hr/>	<hr/>
Asset and Liability Reconciliation		
	At 31 March 2016 £'000	At 31 March 2015 £'000
Reconciliation of liabilities		
Liabilities at start of period	7,422	6,483
Service cost	70	77
Interest cost	234	281
Employee contributions	15	18
Remeasurements	(336)	845
Benefits paid	(226)	(282)
Liabilities at end of period	7,179	7,422
	<hr/>	<hr/>

## 21. Pensions cont'd

Reconciliation of assets		
Assets at start of period	6741	6,291
Return on plan assets	52	661
Remeasurements	(3)	(4)
Employer contributions	47	57
Employee contributions	15	18
Benefits paid	(226)	(282)
Assets at end of period	6,626	6,741
	<hr/>	<hr/>
Actual return on plan scheme assets	52	661
	<hr/>	<hr/>

## 22. 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:

<b>Service</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
Section 106 Charges	<b>29</b>	93
Town Centre Shop	<b>34</b>	28
Professional services	<b>2</b>	1
Refuse collection	<b>7</b>	7
Repairs and maintenance	<b>2</b>	2
Training	<b>8</b>	8
Other	<b>-</b>	1
	<hr/>	<hr/>
	<b>82</b>	140
	<hr/>	<hr/>

The Board has tenant members who hold tenancy agreements on normal terms and cannot use their position to their advantage.

Tenant Board member	<b>Rent charged 2016 £'000</b>	Rent charged 2015 £'000	<b>Arrears on tenancy at 31 March 2016 £'000</b>	Arrears on tenancy at 31 March 2015 £'000
Anne Marie Henderson	<b>5</b>	5	-	-
Mike Hall	<b>5</b>	5	-	-
Alec Munro	<b>4</b>	4	-	-

## **22. Related parties cont'd.**

During the year one member of the Board, Stephen Purser, was a 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.

## **23. Financial instruments**

Financial assets measured at fair value through the Statement of Comprehensive Income comprise of investment properties.

Financial assets at amortised cost comprise of cash and bank, trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost include loans, leases, trade creditors and other creditors.

## **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.

During the year Teign housing took a 24% holding in Sharewest Limited. Sharewest Limited is 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. Shared ownership – Buyback liability**

Teign Housing has two shared 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.

**25. Shared Ownership – Buyback liability cont'd.**

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. First time adoption of FRS 102**

Association	Note	Reserves as at transition date 1 Apr 2014 £'000	Surplus/(deficit) Year ended 31 Mar 2015 £'000	Reserves as at 31 Mar 2015 £'000
<b>As previously stated under former UK GAAP</b>		<b>32,003</b>	<b>4,752</b>	<b>36,755</b>
<b>Transitional adjustments</b>				
Revaluation to deemed cost of housing properties	a	33,538	(257)	33,281
Increase in depreciation of housing properties	b	(180)	(49)	(229)
Increase in amortisation of grants relating to housing properties	c	197	54	251
Inclusion of SHPS pension deficit payment liability	d	(636)	27	(609)
Change to measurement of net finance cost on defined benefit pension schemes	e	-	-	-
Fair value adjustment for investment properties	f	400	-	400
Fair value adjustment for financial instruments	g	(678)	41	(637)
		<hr/>	<hr/>	<hr/>
<b>As stated in accordance with FRS102</b>		<b><u>64,644</u></b>	<b><u>4,568</u></b>	<b><u>69,212</u></b>

**26. First time adoption of FRS102 cont'd.**

**Explanation of changes to previously reported profit and equity:**

- a. On transition to FRS102 the Board has elected to measure local government stock transfer properties in the company at EUV-SH at the date of transition. The effect is to increase reserves and the carrying amount of fixed assets in the company at the transition date.
- b. FRS102 requires that capital grant previously deducted from the cost of fixed assets, is treated as creditors where the fixed assets are carried at cost. The effect compared to previous UK GAAP is an increase to the carrying cost of housing properties resulting in an increase in the depreciation at transition of £179,953 and a decrease in the surplus for the year ended 31 March 2015 of £48,701.
- c. FRS102 requires that government capital grant previously deducted from the carrying cost of housing properties is treated as a deferred capital grant creditor and released to the statement of comprehensive income over the useful life of the associated assets. The effect compared to previous UK GAAP is an increase in income recognised on transition of £196,103, and £53,973 increase in surplus for the year ended 31 March 2015.
- d. FRS102 requires that a liability is recognised for the contributions that arise from an agreement to fund a deficit in a multi-employer pension scheme. The effect is that a liability for the SHPS payment plan has been recognised at the present value of the contributions payable using the discount rate specified in note 21. This has resulted in a decrease in reserves of £636,000 at transition and an increase in the surplus in the year ended 31 March 2015 of £27,189.
- e. FRS102 requires the recognition in profit or loss of a net interest cost (or income) on defined benefit pension schemes. This is calculated by multiplying the net pension liability (or asset) by the market yields on high quality corporate bonds. The effect of this, when compared to previous UK GAAP, has been to reduce reported profits for the year ended 31 March 2015 because previous UK GAAP led to the recognition of finance income calculated by reference to the expected returns on the pension plan's specific assets be they equities, properties or bonds. The change has had no effect on reported equity as the measurement of the net defined pension scheme liability (or asset) has not changed. Instead, the decrease in reported profit is mirrored by a decrease in actuarial losses which are presented within other comprehensive income.

**26. First time adoption of FRS102 cont'd.**

- f. The adoption of a new accounting policy that meets the requirements of FRS102 has been applied for investment properties. FRS102 requires that changes in the fair value of investment properties are recognised in profit or loss for the period. This resulted in an increase in reserves of £400,000 at the transition date.
  
- g. In applying the Effective Interest Rate method to loans held at transition to FRS102, reserves reduced by £678,486, and in the year to 31 March 2015, reported surplus increased by £41,646.

**Exemptions taken on transition to FRS102:**

- (1) To measure property using a previous GAAP revaluation as deemed cost at the variation date.



## **Teign Housing**

Directors' report and financial statements

Reporting Date 31 March 2016

Registered company number 4619035

Registered charity number 1112196

Homes and Communities Agency

registration number LH4403