



Teign Housing Group

Directors' report and financial statements

Reporting date 31 March 2018

Registered company number 4619035

Registered charity number 1112196

Regulator of Social Housing
registration number LH4403

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Teign Housing – company information

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

Strategic Report

The Directors present their Strategic Report incorporating the Value for Money Statement for the reporting date 31 March 2018.

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.

Overview of the Business

Teign Housing is a registered charity, a company limited by guarantee, and is registered with the Regulator of Social Housing (formerly the Homes and Communities Agency) as a registered provider. A dormant subsidiary Teign Developments Limited was renamed Templer HomeBuild Limited and commenced trading on the 1st July 2017. Its purpose is to provide property maintenance and construction services to the Social Housing sector. Consolidated accounts for the Group are also reported along with those of Teign Housing, the parent organisation.

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

Vision

We dedicate ourselves to providing good quality homes and tailored housing support. Working with our diverse customers and trusted partners we provide effective services that bring long term benefits to all.

We are sustainable in a fast-changing environment and reinvest our surpluses to grow our communities.

Our Values are:

Respect

We treat people with empathy, respect, diversity and provide quality customer service. We appreciate the relationships we build and with our customers, contractors and partners compassion we are proud to be *team Teign*.

Ethical

We value our responsibility as a charity providing homes and services for those who need them and as an employer. We are an organisation with heart and strive to offer an empowering workplace and the personal service our communities want.

Resourceful

We maximise our resources through innovation and by using our money in efficient ways. We look for opportunities to expand our business by creating new homes and creating and growing valuable services.

We recognise our role in supporting the local economy

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 member retiring in September 2018. 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 two committees:

- Audit Committee
- 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 (retired)	£2,768.18
Andrew Jones	Chair of Board	£7,864.76
Alan Soper	Chair of Audit	£5,721.00
James O'Dwyer	Chair of Business Investment Panel	£4,492.29
Anne- Marie Henderson	Chair of Remuneration & Nominations	£5,146.80
Angela Edwards-Jones	Board Member	£3,519.19
Maureen Robinson	Board Member	£7,250.00
Gareth Bourton	Board Member	£3,087.96

For the year ending 31 March 2018 the Board met on 7 occasions. There was a 95.98% 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 FRS 102. Teign Housing also pays due regard to the guidance published by the Charity Commission on public benefit.

Financial Performance

Teign Housing Group has made a surplus after tax for the year of £5,397,000 (2016-17: £5,171,000). Full details of our financial results can be found on pages 19 - 56.

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 at each meeting through the Balanced Scorecard. As a result of the new Corporate Plan, approved by the Board in March 2018 there has been a review of the performance indicators with a revised focus for the Board from April 2018. The new plan covers a period of three years commencing in April 2018. 2017-18 was the fourth year of the continuous improvement targets that were covered in the previous five year plan from April 2014 and includes targets for all key areas of the company.

Further details of our operational performance including value for money can be found on pages 6 - 12.

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 further two years of reduced income. Efficiency savings have been identified and put in place that allows the rent reduction to be continued to be managed.

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 2018 the Group had a loan balance of £46.8m (2016-17: £46.9m) and an undrawn facility of £13.5m (2016-17: £13.5m).

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.

Finance costs on loans were £2,761,000 (2016-17: £2,490,000) which equates to an average rate of 5.47% (2016-17: 5.90%). Finance costs of £202,000 were capitalised during the year (2016-17: £16,000).

At 31 March 2018 Templer HomeBuild had loan balance with Teign Housing of £200,000 (2016-17: nil).

There was £7.96m of capital committed to the development programme (2016-17: £6.93m) and there was a cash and cash equivalents balance of £15.538m (2016-17: £17.6m)

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

Property sales

During the year 20 properties were sold (2016-17: 12 properties) of which 11 properties were under the Right to Buy scheme (2016-17: 12 properties). Teign Housing received proceeds of £1,693,000 from these property sales (2016-17: £1,049,000). Under the terms of the transfer agreement, £630,000 (2016-17: £792,000) of the sale proceeds were paid to Teignbridge District Council and the remainder was retained by Teign Housing in recognition of future income foregone and this will be invested in future development.

Staff

The average number of employees for the year ending 31 March 2018 was 127 (2016-17: 82 employees), the 44 employees of Templer HomeBuild Limited account for most of the increase. 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 £46,000 on staff training and development (2016-17: £44,000).

Strategic report cont'd.

Development

During 2017-2018 we entered into one new development contract. The schemes in progress at the reporting date will deliver a total of 22 shared ownership and, 44 rented properties.

The table below summarises the development program by tenure.

	Social Rental Units	Low Cost Home Ownership	Total Units
Under construction 31/03/2017	43	19	62
Started in the year	31	14	45
Completed in the year	30	11	41
Under construction 31/03/2018	44	22	66

We currently have contractual agreements to develop a total of 134 homes over the next 12 months and a further 41 homes which are in the stages of planning approval.

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 three year corporate plan:

- Excellent Services – We will deliver high quality services to all of our customers and partners. We will provide considerate customer services, empowering housing services and effective repairs
- Quality Homes – We will invest in new and existing homes by maintaining high standards of repairs and improvements to our current homes and developing new homes to meet the needs of the local people.
- Sustainable Business – We will strengthen our business by continually improving our governance, increasing the value of our work, seeking ways of joint working with our partners and investing in our staff.

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.
- The summary statement of the internal control arrangements to manage and mitigate risk, are detailed in the Internal Control statement detailed on pages 12 - 13.
- Teign Housing takes a formal approach to risk management and identifies strategic risks on a risk map which is reviewed quarterly by the Board and Audit Committee. The risk map is subject to a thorough review by the Board each year. The Board has identified 5 governance, 6 finance, 3 legal, 8 market, 3 security and 1 partner failure risk which it considers strategic. Of these risks the impact of Welfare Reform on our income stream and our customers' wellbeing is of utmost concern. This is mitigated by a robust Welfare Reform Strategy which seeks to ensure the impact of Welfare Reform is minimised.
- Consumer regulatory standards and data quality are key risks which have been highlighted by the tragic fire at Grenfell Tower and an error identified in rent setting at Teign. Void works and the performance failure of a key partner are significant risks to the organisation, particularly in light of historical difficulties in relation to void performance and because of the creation of a new subsidiary company for repairs, Templer HomeBuild. With the introduction of GDPR data protection breaches have been highlighted as a key risk. Due to a staffing restructure during the year the loss of key staff was highlighted as a risk and the cost of pensions is highlighted due to the increase in costs expected due to pension scheme valuation. For all of these risks mitigations have been identified to reduce the impact an adverse event may have on the company and its stakeholders.

Value for Money Statement

Value for Money

A new Value for Money (VfM) strategy was put in place in June 2016. This has recently been updated to reflect both the change in to the value for money standard issued by the regulator in April 2018 and the organisations revised corporate plan and will be presented to the Board for approval in June 2018.

The new standard states that a set of metrics should be used to measure the value for money achieved within the organisation and these are presented below.

Value for Money Statement cont'd.

		Group		Association		Forecast	Sector Metrics
		2017-18	2016-17	2017-18	2016-17	2018-19	2016-17
Metric 1	Reinvestment %	5.4%	4.6%	5.4%	4.6%	2.0%	5.7%
Metric 2	A New supply delivered SH %	1.1%	1.2%	1.1%	1.2%	3.7%	1.5%
	B New supply delivered NSH %	0.0%	0.1%	0.0%	0.1%	0.0%	1.8%
Metric 3	Gearing %	25.8%	25.1%	25.8%	25.1%	34.7%	45.8%
Metric 4	EBITDA MRI Interest cover %	233.6%	274.8%	233.6%	274.8%	207.1%	169.6%
Metric 5	Social housing cost per unit	3,123	2,956	3,133	2,956	3,234	3,698
Metric 6	A Operating margin SH %	41.2%	42.8%	41.2%	42.8%	36.6%	29.6%
	B Operating margin overall %	40.2%	41.9%	40.2%	41.9%	32.4%	34.1%
Metric 7	ROCE %	5.8%	5.8%	5.8%	5.8%	7.5%	4.3%

The group's metrics presented above compare favourably with that of the sector with exceptions being reinvestment and housing supply delivered. In 2018-19 we still do not anticipate to develop any non social housing but expect to exceed the sector average for delivery of social housing.

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.

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 a further 2 years of rent reductions, includes the delivery of 339 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.

These include:

- Value for Money Self assessment – full details of value for money achievements
- Housemark Benchmarking Results – comparative figures with our peers in the sector
- Quarterly treasury report – details of cash flow performance and forecasts
- Financial framework report - details of
- Annual report – report sent annually to our tenants.

Value for Money Statement cont'd.

- Quarterly development report – progress of development schemes, comparison to business plan, development cash flows

An evaluation of our costs in comparison to the global accounts, show that for repairs in total (routine and planned maintenance plus major repairs) we are below the average cost for 2016-17, although the split between capital and revenue shows some differences and this is due to the timings of the maintenance programme and costs will vary year on year. In 2016-17 the management costs were higher than average. The 2017-18 costs are already showing a reduction and a further reduction will be seen in 2018-19. Further scrutiny 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 accounts format.

Area	Teign Housing			RSH Global Accounts	
	2017-18 £	2016-17 £	2015-16 £	2017 £	2016 £
Expenditure – per Social Housing Property					
Management	960	1,004	1,015	872	1020
Routine & planned maintenance	720	682	716	958	997
Major repairs – total	1,130	946	1,026	830	1,009
Major repairs – revenue	362	481	565	242	296
Major repairs – capital	768	465	461	588	713

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 2018. We continue to look for opportunities to invest in renewable energy solutions for both our new build and existing homes.

Annually we submit data to Housemark to allow us to compare our costs and satisfaction against a variety of peer groups. The peer group that we use and evidenced in the table below is 'all South West Housing Associations'

Teign Housing Cost Per Property			Comparison Group	Comparison Group
			Median	Upper
Department	2016-17	2015-16	2016-17	2016-17
Major and Cyclical Maintenance	£1,330	£1,445	£1,395	£1,250
Responsive and Void Repairs	£698	£775	£848	£748
Housing Management	£503	£544	£470	£426
Estate Services	£159	£222	£136	£119
No of Properties	3,749	3,719	6,279	6,279

Value for Money Statement cont'd.

Maintenance and responsive repair and void costs compare favourably to the median, whilst housing management and estate services are above the median comparison group and are showing an improvement.

In 2017-18 we delivered a total of 41 units, 30 affordable rented properties and 11 shared ownership properties. There were 44 affordable rented properties and 22 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 339 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 is now underway to move residents to alternative accommodation to allow the properties that have been identified already to be disposed of.
- 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.

The void losses and turnaround time are receiving much scrutiny and have been subject to a lean process review in order to maximise efficiency. The way that void repairs are purchased and invoice will be changing from July 2018 which should have a positive impact on costs turnaround time and the standard of the property on letting and hence reducing void losses.

Satisfaction with the complaints process was measured over a small sample, as only 12 surveys were returned of the 65 sent out to relating to complaints received. There were 6 complainants there were not satisfied with the process and 6 which were.

Value for Money Statement cont'd.

Area	2017-18	2016-17	Housemark 2016-17 Benchmark	Target 2018-19
Void losses	0.86%	0.63%	0.50%	0.50%
Void turnaround time	26.2 days	21.5 days	24.36 days	19 days
Repairs completed on time	98.30%	95.19%	N/A	N/A
Gas safety checks	100.00%	100.00%	100.00%	100.00%
Customer satisfaction with key service areas				
Repairs	96.43%	89.09%	81.57%	90.00%
Standard of property on letting	88.83%	95.19%	N/A	90.00%
Satisfaction with Complaints process	50.00%	89.00%	81%	90.00%
Rent collection and arrears				
Rent collection	101.46%	100.83%	100.20%	100.00%
Rent arrears	1.17%	1.23%	1.63%	2.00%

The rent reduction continues to present a significant driver for efficiency. The opportunity to enhance the digital offering to customers continues to be a vital part our approach to Value for Money into the future and we will continue to work to the revised VfM Strategy which was put in place in June 2018.

In 2017-18 our VfM focus was on

- 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. The Planned Maintenance programs have been re-profiled and 'smoothed' to ensure consistency of delivery and manage peaks in expenditure, this smoothing will be reflected in future budget setting and used to inform the business plan.
- There is going to be an 'MOT' system for responsive repairs that will be phased in over the next few years and will lead to each property being visited on an annual basis for routine repairs; with reactive visits only being required for emergency repairs. Annual MOT's are being rolled out in 2018-19 with priority being given to 'high cost' properties and those with low repairs activity, the roll out will be progressive and is intended to work and be co-ordinated alongside annual Tenancy Management visits.

Value for Money Statement cont'd.

- The Wholly Owned Subsidiary, Templer HomeBuild, began trading on 1 July 2017. This will provide us with greater control over service delivery and the aim is to make the repairs service more efficient by providing a one stop "fix all" service which will eliminate the need for multiple visits to the property and hence reducing costs and providing a better service for the tenant. The Price Per Property model which has been implemented as part of the Templer HomeBuild mobilisation places a greater emphasis on 'right first time' and this alongside the introduction of annual MOT's will drive a reduction in visits to properties generating progressive efficiencies and cost savings. From a customer perspective the 'one stop shop' has been achieved as all services are now provided via THB. The financial savings to be realised from Templer HomeBuild will start to be seen from 2018-19. The 2018-19 budget includes a VAT saving of £280k and a further 1% saving through efficiencies.
- From April 2018 we brought our gas servicing contract into Templer Homebuild. It is anticipated that this will bring an annual saving which has not yet been quantified but is anticipated to be in the region of £100k, but more importantly will give us the control over service delivery and enable us to provide an efficient service to our tenants.
- The implementation of Civica CX, the new housing management system continues and will go live in the Autumn of 2018-19.
- In May 2017 the Board set a 5% efficiency target, equating to £0.5m from 2018-19. In light of this, a staffing restructure was approved by the Board in June 2017 which created cost savings and more importantly enables the organisation to better deliver services into the future.
- A zero inflation budget has been maintained for 2018-19
- Technological enhancements are being implemented along with the new housing management system. The website has been redesigned to allow customers greater and easier access to services and, in some areas, for more automated responses to be delivered thereby reducing staff involvement. We are also reviewing mobile working practices to provide more flexibility and to enable staff to be more accessible to our customers.
- We continue to work with our customers and our employees to prepare for the Universal Credit due in September 2018. The Welfare Reform Action Group continue to meet regularly to share knowledge and best practice to allow us to develop our knowledge and support customers through the changes.
- Use of Active Asset Management to dispose of inappropriate and high value assets. We have disposed of one property in 2017-18 and another in early 2018-19.
- The development team was brought in house from April 2017 this has allowed us to increase the team at no additional cost and look for broader development opportunities.

Value for Money Statement cont'd.

- Two LEAN process reviews have been undertaken in invoice processing and voids and lettings. They have both resulted in different ways of working. We have seen success in the finance team with reduced processing time for invoices and getting things right first time. The progress on the new targets for voids and lettings is not yet as expected and will be closely monitored as part of the Balanced Scorecard to ensure the efficiencies are delivered.

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.

Assurance and Internal Control cont'd.

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 28 June 2018. The results of the Board's review are the basis of this statement.

Teign Housing has assessed its compliance with the Regulator of Social Housing's (formerly the Homes and Communities Agency) Governance and Financial Viability Standard and considers itself to be compliant. However, Teign Housing was not fully compliant with the Rent Standard and action has been taken to remedy this in 2017/18. Teign Housing has been assessed by the regulator and graded as G2 for governance and V1 for viability, both are compliant.

The Board confirms that an effective system of internal control has been in place throughout the reporting date 31 March 2018 and up to the date of signing this report.

The Strategic Report, incorporating the Value for Money Statement, was approved by the Board of Directors on 28 June 2018 and signed on its behalf by:



Andrew Jones
Chair of the Board

Directors Report

The Directors present their Directors report for the reporting date 31 March 2018.

Directors

The directors who served the company during the year are shown on page 1.

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 company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. This includes information that would have been included in the business review and the principal risks and uncertainties.

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.

This report was approved by the Board of Directors and signed on its behalf by:



Andrew Jones
Chair of the Board
28 June 2018

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

Opinion

We have audited the financial statements of Teign Housing "the parent association" and its subsidiary ("the group") for the year ended 31 March 2018 which comprise the consolidated Statement of Comprehensive Income, the consolidated and parent association Statement of Financial Position, the consolidated and parent association statement of changes in reserves, the consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent association's affairs as at 31 March 2018 and of the group's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent association and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the parent association, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent association 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.

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained.

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's web-site at <http://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>. This description forms part of our auditor's report.

Use of our report

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

Beever and Struthers

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: *13 August 2018*

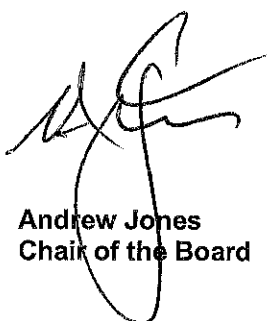
Statement of Comprehensive Income

	Note	Group 31-Mar-18 £'000	Group 31-Mar-17 £'000	Association 31-Mar-18 £'000	Association 31-Mar-17 £'000
Turnover	2	18,531	18,765	18,559	18,765
Cost of sales	2	(542)	(668)	(542)	(668)
Operating expenditure	2	(10,547)	(10,227)	(10,582)	(10,227)
Gain/(loss) on disposal of property, plant and equipment	2	513	(119)	513	(119)
Operating surplus	2	7,955	7,751	7,948	7,751
Interest receivable	4	54	66	61	66
Interest and financing costs	5	(2,612)	(2,646)	(2,612)	(2,646)
Surplus before tax		5,397	5,171	5,397	5,171
Taxation	7	-	-	-	-
Surplus for the year after tax		5,397	5,171	5,397	5,171
Actuarial (loss)/gain in respect of pension schemes	20	373	(486)	373	(486)
Total comprehensive income for the year		5,770	4,685	5,770	4,685

The financial statements on pages 19 to 56 were approved and authorised for issue by the Board on 28 June 2018 and were signed on its behalf by:



Jo Reece
Company Secretary



Andrew Jones
Chair of the Board



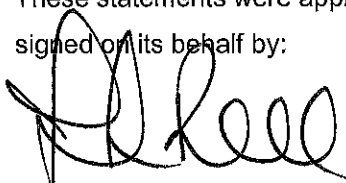
Alan John Soper
Director

The results relate wholly to continuing activities and the notes on pages 23 to 56 form an integral part of these accounts.

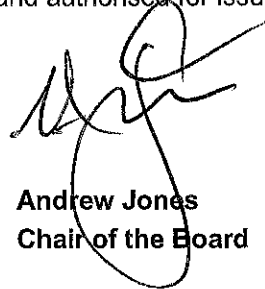
Statement of Financial Position

	Group Year Ended 31-Mar-18 Note	£'000	Group Year Ended 31-Mar-17 £'000	Association Year Ended 31-Mar-18 £'000	Association Year Ended 31-Mar-17 £'000
Fixed Assets					
Intangible Assets	8	273	218	273	218
Tangible Assets	9	122,950	118,723	122,950	118,723
Investment Properties	10	400	400	400	400
		123,623	119,341	123,623	119,341
Current Assets					
Stock	11	1,196	505	1,196	505
Trade and other debtors	12	592	1,315	802	1,315
Cash and cash equivalents	13	15,538	17,606	15,416	17,606
Less creditors: amounts falling due within one year	14	(2,732)	(5,736)	(2,820)	(5,736)
Net Current Assets		14,594	13,690	14,594	13,690
Total assets less current liabilities		138,217	133,031	138,217	133,031
Creditors: amounts falling due after more than one year	15	53,499	53,778	53,499	53,778
Provisions for Liabilities					
Pension Liability	20	782	1,087	782	1,087
Total Net Assets		83,936	78,166	83,936	78,166
Reserves					
Income and Expenditure reserve		51,982	45,625	51,982	45,625
Revaluation reserve		31,954	32,541	31,954	32,541
Total Reserves		83,936	78,166	83,936	78,166

These statements were approved and authorised for issue by the Board on 28 June 2018 and were signed on its behalf by:



Jo Reece
Company Secretary



Andrew Jones
Chair of the Board



Alan John Soper
Director

The notes on pages 23 to 56 form an integral part of these accounts.

Statement of Changes in Reserves

Group:

	Income and expenditure reserve £'000	Revaluation reserve £'000	Total £'000
Balance at 1st April 2016	39,999	33,482	73,481
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)	-
Balance at 31st March 2017	45,625	32,541	78,166
Surplus from Statement of Comprehensive Income	5,397	-	5,397
Actuarial gains relating to the year	373	-	373
Transfer from revaluation reserve to income and expenditure reserve	587	(587)	-
Balance at 31st March 2018	51,982	31,954	83,936

Association:

	Income and expenditure reserve £'000	Revaluation reserve £'000	Total £'000
Balance at 1st April 2016	39,999	33,482	73,481
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)	-
Balance at 31st March 2017	45,625	32,541	78,166
Surplus from Statement of Comprehensive Income	5,397	-	5,397
Actuarial gains relating to the year	373	-	373
Transfer from revaluation reserve to income and expenditure reserve	587	(587)	-
Balance at 31st March 2018	51,982	31,954	83,936

The notes on pages 23 to 56 form an integral part of these accounts.

Consolidated Statement of Cash Flows

	2018	2017
	£'000	£'000
Cash flows from operating activities		
Surplus for the year after tax	5,397	5,171
Adjustments for investing or financing activities		
(Gain)/loss on sale of fixed assets	(513)	119
Interest receivable	(54)	(66)
Interest and financing costs	2,612	2,646
	<u>2,045</u>	<u>2,699</u>
Adjustments for non-cash items:		
Depreciation	1,920	1,173
Government grant utilised in the year	(66)	(63)
(Increase)/decrease in stock	(691)	277
Decrease in trade and other debtors	724	210
(Decrease)/increase in trade and other creditors	(3,116)	1,085
	<u>(1,229)</u>	<u>2,682</u>
Net cash generated from operating activities	<u>6,213</u>	<u>10,552</u>
Cash flow from investing activities		
Capital expenditure on housing properties	(6,338)	(5,334)
Net proceeds on sale of housing properties	1,038	250
Purchase of other fixed assets and intangible assets	(185)	(261)
Government grant received	-	122
Interest received	53	73
Net cash used in investing activities	<u>(5,432)</u>	<u>(5,150)</u>
Cashflow from financing activities		
Interest paid	(2,842)	(2,640)
Interest element of finance lease rental payment	(7)	(6)
Loans repaid	-	-
Net cash used in financing activities	<u>(2,849)</u>	<u>(2,646)</u>
Net change in cash and cash equivalents	<u>(2,068)</u>	<u>2,756</u>
Cash and cash equivalents at beginning of year	<u>17,606</u>	<u>14,850</u>
Cash and cash equivalents at year end	<u><u>15,538</u></u>	<u><u>17,606</u></u>

The notes on pages 23 to 56 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 Regulator of Social Housing (formerly 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 Group's financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered social housing providers (2014). The Group is required under the Companies Act (Group Accounts) Regulations 2006 to prepare consolidated Group accounts.

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.

The Group financial statements consolidate the financial statements of Teign Housing (the parent) and its subsidiary undertaking Templer HomeBuild for the year ended 31 March 2018.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent company.
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole, and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

1 Principal Accounting Policies cont'd

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of Teign Housing and entities controlled by the Group (its subsidiary). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Intercompany transactions and balances between group entities are eliminated in full upon consolidation.

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 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.

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 the 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.

1 **Principal Accounting Policies cont'd**

- 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 20.
- 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.
- 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.
- 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%.

1 Principal 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 Group's debt has been treated as "basic" in accordance with paragraphs 11.8 and 11.9 of FRS 102.

1 Principal Accounting Policies cont'd

Corporation Tax

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

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

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

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

Properties for social rent transferred from the Local Authority are stated at deemed cost less accumulated depreciation, all other properties and 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. Cost includes the cost of acquiring land and buildings, development costs, and interest charges incurred during the development period. Staff costs and overheads directly attributable to bringing housing properties into working condition for their intended use are capitalised.

1 Principal Accounting Policies cont'd

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.

1 Principal Accounting Policies cont'd

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.

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.

1 Principle Accounting Policies cont'd.

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 transfer rented social housing properties and their historical cost carrying value, where deemed cost transitional relief was taken.

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

Group	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	2018 Operating surplus £'000	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	2017 Operating surplus £'000
Social housing lettings (note 2a)	17,288	-	(10,169)	7,119	17,289	-	(9,882)	7,407
Other social housing activities								
Teigncare alarm services	219	-	(189)	30	207	-	(175)	32
Other services	74	-	(65)	9	100	-	(42)	58
First tranche low cost home ownership sales	281	(211)	-	70	670	(492)	-	178
Retained equity home ownership sales	344	(331)	-	13	180	(176)	-	4
Activities other than social housing								
Lettings (note 2b)	325	-	(124)	201	319	-	(128)	191
Total	18,531	(542)	(10,547)	7,442	18,765	(668)	(10,227)	7,870
Gain/(loss) on disposal of property, plant and equipment (note 2c)				513				(119)
Operating surplus				7,955				7,751

2 Turnover, cost of sales, operating expenditure and operating surplus cont'd.

Association	Turnover	Cost of sales	Operating expenditure	2018 Operating surplus	Turnover	Cost of sales	Operating expenditure	2017 Operating surplus
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings (note 2a)	17,295	-	(10,229)	7,066	17,289	-	(9,882)	7,407
Other social housing activities								
Teigncare alarm services	219	-	(189)	30	207	-	(175)	32
Other services	95	-	(40)	55	100	-	(42)	58
First tranche low cost home ownership sales	281	(211)	-	70	670	(492)	-	178
Retained equity home ownership sales	344	(331)	-	13	180	(176)	-	4
Activities other than social housing								
Lettings (note 2b)	325	-	(124)	201	319	-	(128)	191
Total	18,559	(542)	(10,582)	7,435	18,765	(668)	(10,227)	7,870
Gain/(loss) on disposal of property, plant and equipment (note 2c)				513				(119)
Operating surplus				7,948				7,751

2a Income and expenditure from lettings

Group	General needs older people £'000	Housing for home ownership £'000	Other £'000	Total 2018 £'000	Total 2017 £'000
Income					
Rent receivable, net of identifiable service charge and voids	11,539	4,222	13	16,028	16,015
Service charge income	319	651	36	1,011	1,110
Amortised government grants	66	-	-	66	63
Other income from social housing lettings	129	50	3	183	101
Turnover from social housing lettings	12,053	4,923	52	17,288	17,289
Operating expenditure					
Management	(2,490)	(968)	(15)	(3,478)	(3,614)
Service charge costs	(559)	(279)	(17)	(858)	(851)
Routine maintenance	(1,588)	(382)	(30)	(2,007)	(1,718)
Planned maintenance	(581)	(15)	(4)	(601)	(739)
Major repairs expenditure	(969)	(325)	(17)	(1,312)	(1,776)
Bad debts	(35)	(12)	-	(47)	(71)
Depreciation	(1,328)	(498)	(8)	(1,842)	(1,061)
Amortisation	(17)	(7)	-	(24)	(52)
Operating expenditure on social housing lettings	(7,567)	(2,486)	(91)	(10,169)	(9,882)
Operating surplus/(deficit) on social housing lettings	4,486	2,437	(39)	7,119	7,407
Void losses	(106)	(26)	(6)	(144)	(87)

2a Income and expenditure from lettings cont'd.

Association	General needs	Housing for older people	Low cost home ownership	Other	Total 2018	Total 2017
	£'000	£'000	£'000	£'000	£'000	£'000
Income						
Rent receivable, net of identifiable service charge and voids	11,539	4,222	254	13	16,028	16,015
Service charge income	319	651	5	36	1,011	1,110
Amortised government grants	66	-	-	-	66	63
Other income from social housing lettings	136	50	1	3	190	101
Turnover from social housing lettings	12,060	4,923	260	52	17,295	17,289
Operating expenditure						
Management	(2,490)	(968)	(5)	(15)	(3,478)	(3,614)
Service charge costs	(559)	(279)	(3)	(17)	(858)	(851)
Routine maintenance	(1,616)	(390)	(7)	(31)	(2,044)	(1,718)
Planned maintenance	(581)	(15)	(1)	(4)	(601)	(739)
Major repairs expenditure	(986)	(331)	(1)	(17)	(1,335)	(1,776)
Bad debts	(35)	(12)	-	-	(47)	(71)
Depreciation	(1,328)	(498)	(8)	(8)	(1,842)	(1,061)
Amortisation	(17)	(7)	-	-	(24)	(52)
Operating expenditure on social housing lettings	(7,612)	(2,500)	(25)	(92)	(10,229)	(9,882)
Operating surplus/(deficit) on social housing lettings	4,448	2,423	235	(40)	7,066	7,407
Void losses	(106)	(26)	(6)	(6)	(144)	(87)

2b Turnover from activities other than social housing

	Group		Group Association		Association	
	2018	2017	2018	2017	2017	2017
	£'000	£'000	£'000	£'000	£'000	£'000
Garage lettings	282	277	282	277	277	277
Commercial property lettings	43	42	43	42	42	42
	<u>325</u>	<u>319</u>	<u>325</u>	<u>319</u>	<u>319</u>	<u>319</u>

2c Gain/ (loss) on disposal of assets

Group and Association	Right to	Low Cost	Property	Total	Total
	Buy Sales	Home	Disposals	2018	2017
		Ownership			
Proceeds of sales	816	207	670	1,693	1,049
Less: Costs of sales	(297)	(73)	(180)	(550)	(376)
Selling costs	-	-	-	-	-
Amount payable to Teignbridge District Council	(583)	(47)	-	(630)	(792)
(Loss)/gain	(64)	87	490	513	(119)

3 Directors' emoluments, key management personnel & employee information

Directors emoluments

	2018	2017
	£'000	£'000
The aggregate emoluments paid to or receivable by non executive Directors and former Directors	32	31
The aggregate emoluments paid to or receivable by executive Directors and former Directors	117	240
	149	271
The emoluments paid to the highest paid Director excluding pension contributions	117	107
The aggregate amount of Directors or past Directors' pensions, excluding amounts payable under a property funded pension scheme	-	-

	Group	Group	Association	Association
The number of full time equivalent staff whose remuneration payable fell within bands of:	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
£60,000 to £69,999	2	1	1	1
£90,000 to £99,999	-	1	-	1
£100,000 to £109,999	-	1	-	1
£110,000 to £119,999	1	-	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 employee, and the employer in 2017/18. No enhanced or special terms apply. There are no additional pension arrangements. A contribution by the company of £Nil (2017: £Nil) was paid in addition to the personal contributions of the Chief Executive.

Directors (key management personnel) are defined as the members of the Board and the Chief Executive.

Employee Information

	Group	Group	Association	Association
The average number of persons employed during the year expressed in full time equivalents (37 hours per week) was:	2018	2017	2018	2017
Office staff	82	67	70	67
Wardens, caretakers and cleaners	13	15	13	15
Maintenance staff	32	-	-	-
	127	82	83	82

3 Directors' emoluments, key management personnel & employee information cont'd.

	Group	Group	Association	Association
	2018	2017	2018	2017
Staff costs (for the above employees)	£'000	£'000	£'000	£'000
Wages and salaries	3,211	2,166	2,225	2,166
Social Security costs	294	178	191	178
Other Pension costs	85	86	78	86
Non Executive Director Wages and salaries	30	31	30	31
	3,620	2,461	2,524	2,461

4 Finance income and other income

	Group	Group	Association	Association
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Bank finance income	54	66	54	66
Interest received from Group entities	-	-	7	-
	54	66	61	66

5 Finance costs and similar charges

	Group	Group	Association	Association
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Lease finance costs	7	6	7	6
On loans wholly or partly repayable in more than five years	2,761	2,490	2,761	2,490
Costs associated with financing	8	73	8	73
Unwinding of SHPS pension liability discount	37	33	37	33
Less finance costs capitalised on housing properties under construction	(202)	(16)	(202)	(16)
Other interest charges	1	60	1	60
	<hr/>	<hr/>	<hr/>	<hr/>
Charged to income and expenditure account	2,612	2,646	2,612	2,646
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

6 Surplus on ordinary activities before taxation

	Group	Group	Association	Association
Is stated after charging:	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Depreciation of housing properties	1,794	1,024	1,794	1,024
Depreciation of other fixed assets	102	96	102	96
Amortisation of intangible fixed assets	24	53	24	53
Operating lease rentals (land and buildings)	39	36	39	36
Operating lease rentals (other)	49	53	49	53
Auditors remuneration (excluding VAT)				
- In their capacity as auditors	29	18	27	18
- Other service	1	-	1	-

7 Taxation on deficit on ordinary activities

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

Analysis of charge/(credit) for the year	Group 2018 £'000	Group 2017 £'000	Association 2018 £'000	Association 2017 £'000
Current tax				
UK corporation tax at 19% (2017: 20%)	-	-	-	-
Adjustment in respect of prior years	-	-	-	-
Total current tax charge/(credit)	-	-	-	-
Deferred tax				
Total deferred tax charge/(credit)	-	-	-	-
Tax on surplus on ordinary activities	-	-	-	-
Reconciliation of tax charge				
Surplus on ordinary activities before taxation	5,397	5,171	5,397	5,171
Tax on surplus at standard corporation tax rate of 19% (2017: 20%)	1,025	1,034	1,025	1,034
Effects of:				
Non-taxable surplus on charitable activities	(1,025)	(1,034)	(1,025)	(1,034)
Expenses not deductible for tax purposes	1	-	-	-
Non trade charges utilised in period	(1)	-	-	-
Tax charge/(credit) for the year	-	-	-	-

8 Intangible assets – IT software

	2018
	£'000
Cost	
At 1 April 2017	930
Additions	79
At 31 March 2018	1,009
Amortisation	
At 1 April 2017	(712)
Charge for year	(24)
At 31 March 2018	(736)
Net book value	
At 31 March 2018	273
At 31 March 2017	218

9 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	Total housing properties	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	£'000
Cost												
At 1 April 2017	117,092	848	3,501	293	121,734	65	277	1,296	356	243	67	124,038
Additions	2,750	2,675	-	1,115	6,540	-	43	-	35	16	12	6,646
Transfers	2,794	(2,794)	924	(924)	-	-	-	-	-	-	-	-
Disposals	(462)	-	(74)	-	(536)	-	(2)	-	(70)	-	(8)	(616)
At 31 March 2018	122,174	729	4,351	484	127,738	65	318	1,296	321	259	71	130,068
Depreciation												
At 1 April 2017	(4,336)	-	(97)	-	(4,433)	-	(207)	(162)	(280)	(195)	(38)	(5,315)
Charge for the year	(1,770)	-	(24)	-	(1,794)	-	(36)	(17)	(28)	(10)	(11)	(1,896)
Disposals	9	-	4	-	13	-	3	-	70	-	7	93
At 31 March 2018	(6,097)	-	(117)	-	(6,214)	-	(240)	(179)	(238)	(205)	(42)	(7,118)
Net book Value												
At 31 March 2018	116,077	729	4,234	484	121,524	65	78	1,117	83	54	29	122,950
At 31 March 2017	112,756	848	3,404	293	117,301	65	70	1,134	76	48	29	118,723

9 Tangible fixed assets cont'd

Number of units owned and managed

Group and Association	2018 Social Rent	2018 Affordable Rent	2018 Total	2017 Total
Social Housing Accommodation				
Under development at end of year				
General needs housing	-	44	44	43
Low cost home ownership	-	22	22	18
Under management at end of year				
General needs housing	2,388	164	2,552	2,540
Supported housing and housing for older people	1,002	-	1,002	1,002
Low cost home ownership	68	-	68	59
	3,458	230	3,688	3,662
Social Housing Accommodation				
Managed for others at end of year			26	25
			26	25

The value of property additions includes £202,000 of capitalised finance costs (2016-17: £16,000). Finance costs are charged on all schemes during the development stage. The total cumulative value of capitalised finance costs is £553,000 (2016-17: £351,000). The average rate of finance costs are 4.25% (2016-17: 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 2018 equated to £36.2m and properties valued triennially for funding commitments at 31 March 2018 equated to £61.7m, £97.9m in total.

The total expenditure on repairs and maintenance to existing properties in the year was £6,697,000 (2016-17: £5,911,000). Of this £2,777,000 was capitalised under the SORP 2014 (2016-17 £1,678,000).

The residual value of the housing property assets represents land which is not depreciated. The cost of land at 31 March 2018 was £34,644,000 (2017: £34,830,000).

The net book value of tangible fixed assets – housing land and buildings includes £290,000 (2017: £330,000) in respect of assets under finance leases.

10 Investment properties held for letting

	2018
Group and Association	£'000
Cost	
At 1 April 2017	400
	400
At 31 March 2018	400

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.

11 Stock

	2018	2017
Group and Association	£'000	£'000
Properties held for sale		
Low cost home ownership properties		
Completed	472	-
Under construction	563	-
Outright sale properties		
Completed	161	505
	1,196	505

There was 1 retained equity property completed and held for sale at 31 March 18 (2016-17: 3).

There are 22 low cost home ownership properties under construction and 8 properties completed and available for sale at 31 March 2018.

12 Trade and other debtors

	Group	Group	Association	Association
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Arrears of rent and service charges	396	1,045	396	1,045
Provision for bad and doubtful debts	(167)	(163)	(167)	(163)
	229	882	229	882
Prepayments and accrued income	363	389	373	389
Other trade receivables	-	44	-	44
Amounts owed by subsidiary undertakings	-	-	200	-
Amounts due in less than one year	592	1,315	802	1,315

13 Cash and cash equivalents

	Group	Group	Association	Association
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Short term deposits	10,770	13,013	10,770	13,013
Cash at bank	4,768	4,593	4,646	4,593
	15,538	17,606	15,416	17,606

14 Creditors: amounts falling due within one year

	Group	Group	Association	Association
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Trade payables	166	798	161	798
Accruals and deferred income	766	3,139	915	3,139
Rent and service charges paid in advance	642	478	642	478
Right to Buy sharing agreement (see below)	630	792	630	792
Other creditors	177	273	160	273
Deferred capital grant (note 15b)	66	66	66	66
Recycled Capital Grant Fund (note 15c)	36	-	36	-
Social Housing Pension Scheme agreement plan (note 20)	103	99	103	99
VAT creditor	2	2	2	2
Income Tax (PAYE) and National Insurance	91	49	52	49
Lease obligations	53	40	53	40
	2,732	5,736	2,820	5,736

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.

15 Creditors: amounts falling due after more than one year

	Group	Group	Association	Association
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Bank loans (note 15a)	46,849	46,884	46,849	46,884
Lease obligations	113	156	113	156
Deferred capital grant (note 15b)	6,074	6,184	6,074	6,184
Recycled Capital Grant Fund (note 15c)	11	-	11	-
Social Housing Pension Scheme agreement plan (note 20)	452	554	452	554
	53,499	53,778	53,499	53,778

15a Bank loans

The Group and Association loans are repayable in the following periods:

	Group	Group	Association	Association
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Fixed rate loans				
Within one year	-	-	-	-
In 5 years or more	43,349	43,384	43,349	43,384
Variable rate loans				
Within one year	-	-	-	-
In 5 years or more	3,500	3,500	3,500	3,500
	46,849	46,884	46,849	46,884

All loans are secured by specific charges on the Company's housing properties and are repayable at varying rates of finance costs, from 2.234% to 6.77%.

The average rates of finance costs on the loans outstanding at 31 March 2018 were:

Fixed rate loans	5.71% (2016-17: 5.25%)
Variable rate loans	2.423% (2016-17: 1.76%)

At 31 March the Group and Association also had the following undrawn loan facilities:

	2018	2017
	£'000	£'000
Undrawn committed facilities	5,855	5,855
Other facilities	7,645	7,645
Total undrawn facilities	13,500	13,500

15b Deferred capital grant

	Group	Group	Association	Association
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
At start of the year	6,250	6,191	6,250	6,191
Received during the year	-	122	-	122
Grants recycled on disposals to RCGF	(44)	-	(44)	-
Released to income during the year	(66)	(63)	(66)	(63)
	6,140	6,250	6,140	6,250
Amount due to be released < 1 year	(66)	(66)	(66)	(66)
	6,074	6,184	6,074	6,184

The total accumulated government grant and financial assistance received or receivable at 31 March 2018 is £6,577k, of which, £6,140k is included as deferred capital grant and £437k has been recognised as income through the Statement of Comprehensive Income to date.

15c Recycled capital grant fund

	Group	Group	Association	Association
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
At 1 April 2017	-	-	-	-
Inputs to RCGF:				
Grants recycled	46	-	46	-
Interest accrued	1	-	1	-
At 31 March 2018	47	-	47	-
Due within one year	36	-	36	-
Due in more than one year	11	-	11	-
Amounts 3 years or older where repayment may be required	-	-	-	-

All balances relate to Homes England.

16 Operating leases

The Group and Association have 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:

	2018	2017
	£'000	£'000
Land and buildings:		
Not later than one year	39	35
Later than one year and not later than five years	26	61
Others:		
Not later than one year	49	52
Later than one year and not later than five years	40	65
	154	213

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

17 Share capital

Teign Housing is a company limited by guarantee and as such does not have share capital. At 31 March 2018 the company's only guarantor was Teignbridge District Council and the extent of the guarantee was £1.

18 Financial instruments

Teign Housing Group has the following financial instruments

	2018	2017
	£'000	£'000
Financial assets that are debt instruments measured at amortised cost:		
Cash at bank and in hand	15,538	17,606
Rental and service charge arrears	229	882
Other trade receivables	-	44
	15,767	18,532
Financial liabilities at amortised cost:		
Trade and other creditors	343	1,071
Loans	46,849	46,884
Finance leases	166	196
	47,358	48,151

19 Capital commitments

	2018	2017
	£'000	£'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	6,017	6,195
Capital expenditure that has been authorised by the committee of management but has not yet been contracted for	1,946	740
	7,963	6,935

The company expects these commitments to be financed over the life of the committed development program over a period of 2 years with:

	2018	2017
	£'000	£'000
Proceeds from sale of shared ownership properties	2,764	1,080
Committed loan facilities	5,199	5,855
	7,963	6,935

20 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.

20 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

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

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.

20 Pensions cont'd

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2018 £000s	Period Ending 31 March 2017 £000s
Provision at start of period	653	717
Unwinding of the discount factor (interest expense)	8	14
Deficit contribution paid	(99)	(95)
Re-measurements - impact of any change in assumptions	(7)	17
Re-measurements - amendments to the contribution schedule	-	-
Provision at end of period	555	653

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 March 2018 £000s	Period Ending 31 March 2017 £000s
Interest expense	8	14
Re-measurements – impact of any change in assumptions	(7)	17
Re-measurements – amendments to the contribution schedule	-	-
Contributions paid in respect of future service*	41	26
Costs recognised in income and expenditure account	42	57

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

20 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 2018 were £60,000, of which employer's contributions totalled £46,000 and employees' contributions totalled £14,000. 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 2018 by a qualified independent actuary.

	At 31 March 2018	At 31 March 2017
Rate of increase in salaries	3.85%	4.1%
Rate of increase for pensions in payment / inflation	2.35%	2.6%
Discount rate for scheme liabilities	2.6%	2.6%
Inflation assumption (CPI)	2.55%	2.6%

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 2018	At 31 March 2017
	Years	Years
Retiring today		
Males	23.5	23.4
Females	25.6	25.5
Retiring in 20 years		
Males	25.7	25.6
Females	27.9	27.8

20 Pensions cont'd

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

	At 31 March 2018 £'000	At 31 March 2017 £'000
Employer service cost (net of employee contributions)	(82)	(72)
Administration expenses	(4)	(4)
	<hr/>	<hr/>
Total operating charge	(86)	(76)
	<hr/>	<hr/>
Analysis of pension finance income / (costs)		
Net Interest on the defined liability	(28)	(19)
	<hr/>	<hr/>
Amounts charged to financing costs	(28)	(19)
	<hr/>	<hr/>
Amount of gains and losses recognised in the Statement of Comprehensive Income		
Actuarial (loss)/gain recognised	373	(486)
	<hr/>	<hr/>

Movement in surplus/(deficit) during year

	At 31 March 2018 £'000	At 31 March 2017 £'000
Deficit in scheme at 1 April	(1,087)	(553)
Movement in year:		
Employer service cost (net of employee contributions)	(82)	(72)
Employer/Employee contributions	46	47
Net interest/return on assets	81	815
Re-measurements	264	(1,320)
Administration expenses	(4)	(4)
	<hr/>	<hr/>
Deficit in scheme at 31 March	(782)	(1,087)
	<hr/>	<hr/>

Asset and Liability Reconciliation

	At 31 March 2018 £'000	At 31 March 2017 £'000
Reconciliation of liabilities		
Liabilities at start of period	8,389	7,179
Service cost	82	72
Interest cost	215	245
Employee contributions	14	15
Re-measurements	(264)	1,373
Change in demographic assumptions	-	(53)
Experience gain on defined benefit obligation	-	(67)
Benefits paid	(248)	(375)
	<hr/>	<hr/>
Liabilities at end of period	8,188	8,389
	<hr/>	<hr/>

20 Pensions cont'd

Reconciliation of assets	At 31 March 2018	At 31 March 2017
	£'000	£'000
Assets at start of period	7,302	6,626
Return on plan assets	296	1,118
Other actuarial losses	-	(125)
Re-measurements	(4)	(4)
Employer contributions	46	47
Employee contributions	14	15
Benefits paid	(248)	(375)
Assets at end of period	<u>7,406</u>	<u>7,302</u>

21 Related parties

As permitted by FRS 102 paragraph 33.1A, the Association has not presented details of related party transactions with other companies that are wholly owned by within the Group.

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. All transactions with Teignbridge District Council are on an arms length basis and under normal commercial terms. The Council provided a number of services to the Company during the period, details of which are shown below:

Service	2018 £'000	2017 £'000
Section 106 Charges	11	-
Town Centre Shop rent	37	36
Professional services	3	2
Refuse collection	8	7
Repairs and maintenance	1	1
Other	3	1
	<u>63</u>	<u>47</u>

The Board has 1 tenant member who holds a tenancy agreement 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 2018 £'000	Rent charged 2017 £'000	Arrears on tenancy at 31 March 2018 £'000	Arrears on tenancy at 31 March 2017 £'000
Anne Marie Henderson	5	5	-	-

21 Related parties cont'd.

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

Transactions with regulated and non regulated elements of the business

The association provides management services, other services and loans to its subsidiary.

The association also receives charges from its subsidiary for labour services provided for property maintenance and compliance.

Gift aid from the subsidiary is recognised at year end on receivable basis and is calculated based on the profit for the year end.

Payable to the association from non-regulated subsidiaries

Member	Transaction	2018 £'000	2017 £'000
Templer HomeBuild Limited	Gift aid	7	-
Templer HomeBuild Limited	Management & administration	22	-
Templer HomeBuild Limited	Loan interest	7	-
		36	-

Payable to non-regulated subsidiaries from the association

Member	Transaction	2018 £'000	2017 £'000
Templer HomeBuild Limited	Property services provided	1,156	-
Templer HomeBuild Limited	Loans	200	-
		1,356	-

22 Consolidated structure and investment

On 17 October 2005 Teign Development Limited was formed as a wholly owned subsidiary of Teign Housing. Teign Development Limited changed its name to Templer HomeBuild Limited on 11 April 2017 and commenced trading on the 1 July 2017. The principal activity of Templer HomeBuild is the provision of property maintenance and construction services to the Social Housing sector, including properties for rent and sale. Templer HomeBuild profit for the year was nil and had net assets of nil, at 31 March 2018.

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.

23 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 – 23rd 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 21st November 2013.

The 100% market value on 21st November 2013 was £145,000

12 Lonsee Gardens

Sale date – 1st October 2010

Share percentage bought – 25%

Price of percentage bought - £37,537.50

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