North Devon Homes Financial Statements for the year ended 31 March 2020

Registered Company No. 03674687

Registered Charity No. 1164142

North Devon Homes

Financial Statements

for the year ended 31 March 2020

Contents

Board Members, Executive Officers, Advisors and Bankers

The Board of Management

Mr Robert Stronge (Chair)
Mr Asad Butt (Vice Chairman)
Mr James Barrah
Dr Debbie Hay
Ms Suzanne Ingman
Ms Delyth Lloyd-Evans
Mr Scott Murray
Mr Paul Oldroyd
Ms Suzanne Lowther (appointed 4 November 2019)
Mr Simon Sanger-Anderson(appointed 4 November 2019)

Company Secretary

Mrs Philippa Butler

Executive Directors

Mr Martyn Gimber (Chief Executive)
Mr Marc Rostock (Director of Neighbourhoods)
Mrs Philippa Butler (Finance Director)

Statutory Independent Auditors

PricewaterhouseCoopers LLP
2 Glass Wharf
Bristol
BS2 0FR

Solicitors

Trowers & Hamlins LLP
The Senate
Southernhay Gardens
Exeter
Devon EX1 1UG

Tozers LLP
Broadwalk House
Southernhay West
Exeter
Devon EX1 1UA

Principal Funders

Lloyds TSB Bank PLC
Level 6
Bishopsgate Exchange
155 Bishopsgate
London EC2M 3YB

Funding Advisors

Altair Consultancy & Advisory Services Ltd
Tempus Wharf
29a Bermondsey Wall West
London SE16 4SA

Bankers

NatWest plc
Royal Bank of Scotland Group
1st Floor, Trinity Quay 1
Avon Street
Bristol BS2 0PT

North Devon Homes is a company limited by guarantee (Registered in England, Company Number 03674687), registered charity (charity number 1164142) and is registered with the Regulator of Social Housing (Registration Number LH4249).

The registered office is at:
Westacott Road
Barnstaple
Devon
EX32 8TA
www.ndh-ltd.co.uk

Board of Management report for the year ended 31 March 2020

Strategic Report

The Board of Management presents its strategic report and audited financial statements for the year ended 31 March 2020.

Legal Structure

North Devon Homes ('NDH' or 'the Association') was incorporated in November 1998. NDH is an independent social business and registered charity. It has one wholly owned subsidiary Anchorwood Limited which is a development company.

NDH is registered with the Charity Commission as a charitable company and as a provider of social housing with the Regulator of Social Housing. It is also a company limited by guarantee, registered at Companies House. Anchorwood Limited is also registered at Companies House.

The Directors of the Association who have served during the year are listed below and the current directors up to the date of the signing of these financial statements are listed on page 3.

Principal activities

The principal activity of the Association is to provide social housing. Any financial surpluses are reinvested into improving existing homes, communities and services and developing new homes.

The Group also consists of Anchorwood Limited a development company.

Review of the business

A review of the business is discussed in the Strategic Report on pages 8 to 25. This includes the Value for Money Statement 2020 and the Board's arrangements for managing risk.

Results

The Group's surplus after tax for the year was £1,287k (2019: £1,029k).

Going concern

The Board has a reasonable expectation that adequate resources will continue in existence for the foreseeable future and for this reason it continues to adopt the going concern basis in preparing the financial statements. Further details with regard to going concern are considered in Note 1 to the financial statements on page 38.

Constitution and Governance

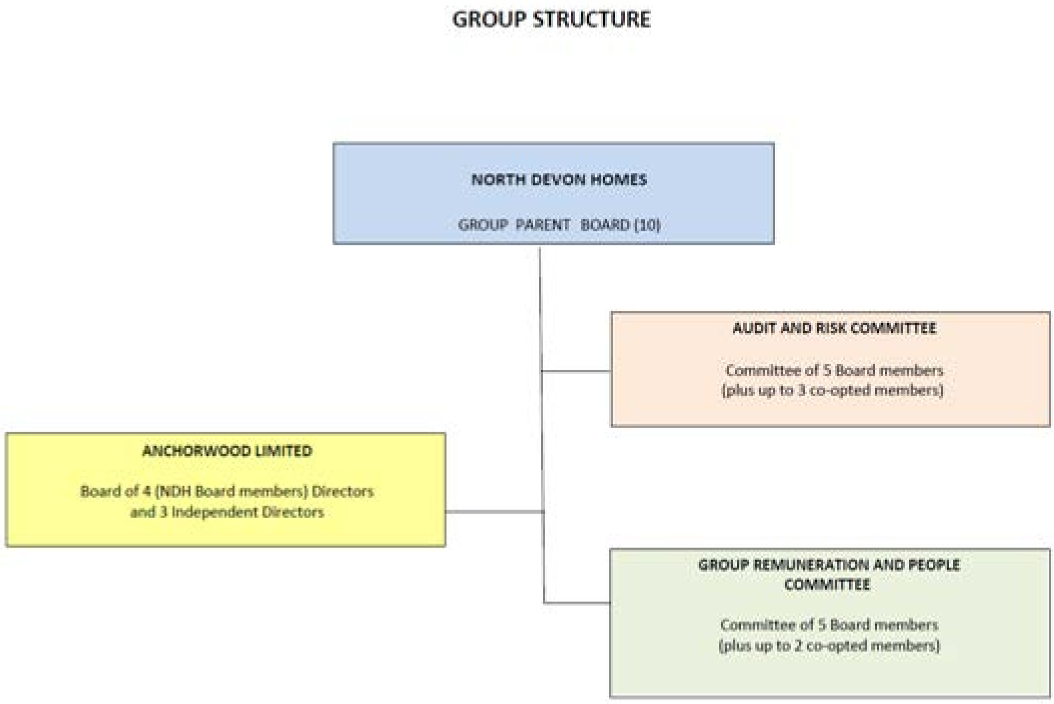
The Board is skills-based and consists of up to ten independent members.

For the year ending 31 March 2020 the following members served on the Board:

Board of Management report for the year ended 31 March 2020 (continued)

- Mr Robert Stronge
- Mr Asad Butt
- Mr Scott Murray
- Mr James Barrah
- Ms Delyth Lloyd-Evans
- Ms Sabina Goodman (resigned 30 August 2019)
- Ms Suzanne Ingman
- Ms Debbie Hay
- Mr Paul Oldroyd
- Ms Suzanne Lowther (appointed 4 November 2019)
- Mr Simon Sanger-Anderson (appointed 4 November 2019)

The governance structure for the Group is summarised below:



The Boards of North Devon Homes and its subsidiary company Anchorwood Limited are committed to upholding and maintaining the highest standard of governance, accountability and probity in effectively leading and managing the business. The Boards continue to work and challenge themselves to ensure that they have the necessary skills, experience and where appropriate, the necessary external advice to support decision making and strategic planning.

Board of Management report for the year ended 31 March 2020 (continued)

Compliance Statement

North Devon Homes (NDH) has adopted the NHF 2015 Code of Governance and strives to uphold the principles of good governance as defined by the Code. The Board regularly assesses compliance with the Code to gain assurance that the organisation remains compliant and implements any areas for improvement.

The Board confirms that NDH was fully compliant with the Code through the financial year ending 31 March 2020.

Each year our Regulator, the Regulator of Social Housing, requires us to assess our compliance with its Governance and Financial Viability Standard and provide assurance to customers and stakeholders that the specific expectations are being complied with.

During the year a new integrated housing management software system was procured and is currently being implemented for October 2020. This will enable full compliance with the General Data Protection Regulation (GDPR) legislation and whilst NDH was not fully compliant with all aspects of the GDPR requirements during the year any areas of non-compliance are not considered to be material.

The Board is pleased to confirm that during the year ended 31 March 2020 it considers that NDH has complied with all applicable outcomes and specific expectations of the Governance and Financial Viability Standard and its accompanying Code of Practice, together with the outcomes and requirements of all the other economic and consumer standards.

Charity commission compliance

The Board as Trustees can confirm that in respect of the Association as the registered charity, it has complied with Charity Commission's requirements during the year and any fundraising activities in respect of its youth service (as the only area of fundraising activity) have been in accordance with the Charities (Protections and Social Investment) Act 2016.

Executive officers

The Board of Management has delegated authority for operational matters to a team of executive officers. The executive officers who held office during the year are:

Mr Martyn Gimber (Chief Executive)
Mr Marc Rostock (Director of Neighbourhoods)
Mrs Philippa Butler (Finance Director)

Board of Management report for the year ended 31 March 2020 (continued)

Financial Risk Management Objectives and Policies

The Association's operations expose it to a variety of financial risks that include the effects of credit risk, liquidity risk and interest rate risk. The Association has a formal risk management and assurance framework to mitigate the potential adverse effects that such risks may pose which are further detailed in the Strategic Report on pages 8 to 25.

Employees

The strength of the Group lies in the quality and commitment of its employees. Our strong team NDH culture enables us to meet our objectives and deliver good quality services to our customers in an efficient manner. We value highly the continued dedication and professionalism of our employees.

The Group operates a continuous performance management review process which supports the delivery of corporate objectives by identifying any training and development needed to achieve those objectives.

Equal opportunities

The Group is committed to an equal opportunities policy within which it actively encourages applications for employment from all groups in society.

It is our policy that disabled persons should be considered for employment, training, career development and promotion on the basis of their abilities in common with all employees.

Directors' and officers' liability insurance

The Group has maintained directors' and officers' liability insurance throughout the year.

Executive Officers' remuneration

The remuneration of the Chief Executive, Director of Neighbourhoods and Finance Director is determined, when reviewed, by the Board with the aid of external professional advice. Following formal approval by the Charities Commission, the Board members (who are also Trustees) are remunerated for their services, details of which are set out in note 7 to the financial statements.

Disclosure of information to the auditors

In the case of each person who was a Board member at the time this report was approved:

- so far as that Board member was aware there was no relevant available information of which the auditors were unaware; and
- that Board member had taken all steps that the Board member ought to have taken as a Board member to make himself of herself aware of any relevant audit information and to establish that the auditors were aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

By order of the Board

Robert Stronge
Chair of the Board
22 September 2020

Strategic Report

Background

North Devon Homes is a registered provider of social housing which was formed in February 2000 to accept the transfer of 3,281 homes from North Devon Council. At 31 March 2020, the Association owned 3,317 (2019: 3,282) affordable homes.

With the exception of one property in the Torridge area, all of North Devon Homes' housing stock is located within the local government district of North Devon. The Association operates in an area where there is an acute shortage of existing affordable homes and limited supply of new sites for new housing provision. In addition to this, the area has very low average wages coupled with high property prices.

An analysis of the Association's property assets is as follows:

	2020 No.	2019 No.
North Devon Homes' Affordable Housing Stock:		
General Needs		
Social rent (2020 includes 9 units managed by others)	2,266	2,275
Affordable rent	425	426
Intermediate rent	14	14
Shared Ownership	71	56
Older persons Housing		
Social rent	509	511
Affordable rent	28	-
Intermediate rent	4	-
Total	**3,317**	**3,282**
Other units not included above:		
Market Rented	7	7
Leasehold Properties	89	89
Units managed on behalf of others	16	20
Garages	670	679
Commercial Properties	19	20
Total	**801**	**815**

Governance and Management

During 2019/20 the NDH Board met eight times to provide effective governance to the business. The Board is supported by its Audit and Risk Committee and also the Remuneration Committee. The Anchorwood Limited Board met five times during the year.

A governance improvement working group established in 2018/19 to identify areas where governance could be further strengthened, was disbanded following its last meeting in September 2019, having fulfilled its objectives.

The global Covid-19 pandemic that arose in the final quarter of the year necessitated the Association having to put its business continuity arrangements into place to ensure the safety of its staff and customers. In order to ensure that the Board had sufficient governance oversight, a Covid-19 task group was set up of up to five Board Members, including the Chair, Vice Chair and Chair of the Audit and Risk Committee. This group met weekly with the Executive Team to ensure it was kept informed on key issues and risks, moving to fortnightly meetings from mid May 2020.

Strategic Report (continued)

Similarly the Anchorwood Limited Board established a weekly meeting timetable to ensure that the key risks in relation to the Taw Wharf site were being robustly monitored and reviewed and that key decisions regarding the scheme were agreed by the Board. From mid May 2020 this meeting cycle also moved to fortnightly.

The NDH Board has formally adopted the 2015 National Housing Federation Code of Governance "promoting Board excellence for housing associations". This code not only underpins the way the Board operates but also forms the basis of an ongoing commitment to governance excellence and continuous strengthening of North Devon Homes' governance arrangements.

Further details are provided within the Board of Management Report on pages 4-7.

Regulatory Status

The Association is a Registered Provider (RP) of Social Housing and is regulated by the Regulator of Social Housing (the "Regulator") under the Regulatory Framework for Social Housing in England.

In October 2019, following the Regulator's annual stability check review, it was confirmed that the Association maintained the following highest Regulatory Ratings (which were in place as at March 2020):

- **Properly Governed: G1**
  The provider meets the governance requirements.

- **Viable: V1**
  The provider meets the viability requirements and has the financial capacity to deal with a wide range of adverse scenarios.

Corporate Priorities and Strategies

The Association's vision, objectives and strategies are set out in our 2018-2021 Corporate Plan, following the key themes of *Me, My Home, My Neighbourhood, My Landlord*. Through this plan, the Association has set out four clear corporate objectives through which to deliver our vision of "*working together to create communities where people want to live". These are:*

1. Me: Put the customers at the heart of all we do

2. My Home: Maintain and build quality affordable homes

3. My Neighbourhood: Improve, support and develop our neighbourhoods

4. My Landlord: Deliver Value for Money

The full Corporate Plan document (which can be obtained from our registered office and is on our website), sets out targets for each objective. 2019/20 was the second year of the Corporate Plan and the end year review demonstrated that the majority of objectives were being delivered on target. At the time of review, there were no objectives that were at risk of not being achieved during the 3 year period of the Plan. Key areas of focus for 2020/21 are to ensure we achieve the Corporate Plan objectives relating to the new IT system and channel shift strategy, and the Taw Wharf mixed-tenure development being undertaken by Anchorwood Limited.

Performance in the Year

Underpinning the Corporate Objectives, the following specific priorities were delivered in 2019/20:

Strategic Report (continued)

Performance in the Year (continued)

- **Deliver Welfare Reform Support**

Universal Credit (UC) was rolled out in North Devon from July 2018, and by year end 615 of our customers had transitioned to UC. Current tenant rent arrears figures continued to show excellent performance throughout the year with the year end result at 0.65% of the annual rent debit, only showing a marginal increase on the previous year. The difficulties for customers on UC are demonstrated when looking deeper at the results: arrears for non-UC customers are significantly lower than arrears for those in receipt of UC. During the year, we continued to work with customers to help them transition to UC, and to help them build up a rent credit to cover them across the gap in benefit when switching to Universal Credit. At the end of the year, as the Pandemic impacted people's circumstances, the rate of transfer to UC increased significantly.

- **Taw Wharf Development**

During 2019/20, Anchorwood Limited continued work on the residential element of the first and second phases of the Taw Wharf (previously named Anchorwood Bank) development. The entire scheme will deliver 37 social rented homes to NDH, and also gift aid to NDH the profits arising from the sale of 135 open market sale units.

- **IT Systems**

Our three core IT systems – relating to tenancy management, repairs and asset management – are deemed to be at the end of their useful lives. As a consequence, following process reviews, requirements gathering and investigation of potential suppliers, we procured a new integrated housing management system to cover all three areas. During 2019/20 we have planned and begun to deliver the implementation of the system, with the first phase of the implementation planned to be completed in Quarter 3 of 2020/21. The system changes will reduce the risk related to IT, but are also a key part of our Value for Money (VfM) delivery. They will enable more on-line interaction with customers and will also deliver efficiencies as we refine processes and take advantage of new IT capabilities.

- **Improving our stock for customers**

During 2019/20, we have implemented the Energiesprong approach in a number of properties as a pilot project to identify whether this improves the energy efficiency of these homes. In addition, we continue to identify and dispose of our worst performing properties when opportunity arises, using receipts to acquire or develop new affordable homes.

Performance Management Framework

The Company has a robust Performance Management Framework in place. The Corporate Objectives set by the Board as part of the Corporate Plan are cascaded into Service Excellence Plans (SEPs) for each service area. The SEPs inform the personal objectives for each member of staff. Both the SEPs and the staff objectives are regularly monitored through a continuous performance review process to ensure operational delivery.

Key Performance Indicators (KPIs)

The North Devon Homes Board and Executive Team monitor the Group's KPIs through quarterly performance reporting, regular meetings of the Executive Team and of the Strategic Performance Group. Performance information is widely available in customer newsletters, on our website and in our offices.

A web-based performance management system is in place to monitor and manage performance and delivery across the business including our Corporate Plan, service excellence plans and quarterly performance reports.

Performance across the organisation as at 31 March 2020 is summarised on the following page:

Strategic Report (continued)

Key Performance Indicators (KPIs) (continued)

Here is how we are performing in some of our key areas compared to the same period in the previous financial year.

The background colour tells us if we are on, close to, or some way below target.
The arrow indicates if our performance has improved, decreased or is unchanged since the same period last year.

⇧ performance improved
⇔ performance unchanged
performance decreased

● we are on target
● we are close to target
we are some way below target

	PREVIOUS PERFORMANCE	CURRENT PERFORMANCE	TARGET	POSITION
CUSTOMER SATISFACTION				
Satisfaction with overall service provided by ndh*	92.1%	88.4%	87.0%	⇩
Compliments received	27	70	No Target	n/a
Complaints received	36	43	No Target	n/a
Complaints upheld	16	23	No Target	n/a
RESPONSIVE REPAIRS				
Customer satisfaction with the repairs service - overall	97.4%	96.8%	95.5%	⇩
Emergency repairs completed **within 24 hours**	99.6%	99.2%	99.0%	⇩
Urgent repairs completed **within 7 calendar days**	97.4%	97.6%	97.3%	⇧
Routine repairs completed **within 28 calendar days**	89.8%	89.2%	95.0%	⇩
CUSTOMER CARE TEAM				
Call Quality Overall % Score	91.4%	90.7%	80.0%	⇩
Neighbour disputes handled	155	179	No Target	n/a
PLANNED MAINTENANCE				
% Planned Maintenance Programme Delivery	No Data**	96.0%	100.0%	
Customer satisfaction with Planned Maintenance service received	No Data**	98.3%	96.0%	
GAS SAFETY				
Properties with a gas safety certificate	100%	100%	100%	⇔
RE-LET PROPERTIES				
Number of properties re-let	218	228	No Target	n/a
Rent loss due to empty properties (as a % of rental due)	0.83%	0.41%	0.55%	⇧
Average time to complete void works and re-let properties (in c/days)	54.7	32.8	38.3	⇧
Number of mutual exchanges completed	38	42	No Target	n/a
RENT COLLECTION				
Outstanding rent (current customers)	0.60%	0.65%	1.76%	⇩
Outstanding rent (former customers)	0.70%	0.70%	0.70%	⇔
INDEPENDENT LIVING SERVICES				
Customers likely to recommend the Devon Homelink alarm service	100%	100%	95%	⇔
Customers satisfied with the Devon Homelink home support service	99%	95%	90%	⇩
FINANCE				
Liquidity - Group	3.72	6.01	0.95	⇧
Liquidity - Association	1.42	4.68	0.95	⇧
Quick Liquidity Ratio (excluding stock) - Group	1.05	4.00	0.65	⇧
Quick Liquidity Ratio (excluding stock) - Association	1.11	4.40	0.65	⇧
Interest Cover - Group	162.8%	165.3%	110%	⇧
Interest Cover - Association	180.1%	187.3%	110%	⇧

**Previous Performance = STAR 2015. Current Performance = STAR 2018. Target = Peer Group (Housing Associations (Traditional): London; South East/West). Upper Quartile Position 2017/18.*
***No Data indicates that either the measure is new for the current year or that the way we measure performance has changed, meaning that results are non-comparable.*

Strategic Report (continued)

Key Performance Indicators (KPIs) (continued)

Some further commentary on performance in the year is provided below:

- **Repairs:** Customer satisfaction with our repairs service remained high and above target, despite being slightly lower than the previous year. Repairs on time performance was above target for the highest priority repairs (i.e. Emergency, Urgent), but below target for routine repairs, largely due to sickness and turnover in the team, access issues, and the impact of lockdown at year end when routine and urgent repairs were halted in line with Government guidance.

- **Rent Collection:** The performance of rent collection for current customers continued to be extremely strong in 2019/20. This year has seen the continued roll-out of Universal Credit in North Devon and current arrears performance is significantly better than target – despite the number of UC claimants increasing from 270 to 615 in the year. Former tenant arrears are also on target.

- **Gas Safety:** At the end of the year all properties had a valid gas certificate.

- **Re-let times:** Re-let times for properties, and consequently void rent loss, significantly improved during the year and were within target. This year has seen some structural changes to the management of voids operations, alongside continued IT improvements, which has led to the significantly improved performance, and more resilience in the team to be able to cope with short term increases in voids.

- **Customer Satisfaction:** The STAR survey (Survey of Tenants and Residents) was undertaken in August 2018, and although overall satisfaction dropped, it remained upper quartile compared to our peer group. Customer satisfaction remains a key driver, and in 2019/20 we created a Service Improvement Coordinator role to focus not just on formal complaints, but also on resolving instances of customer dissatisfaction across the organisation. There were 43 complaints in 2019/20, up from 36 the previous year, but still a relatively small number (Housemark suggest a Housing Association can expect 33 complaints annually per 1000 properties). Of the 43 complaints received, just over half (23) were upheld.

- **Planned Maintenance (major repairs):** The majority of the planned maintenance programme was completed in year (217 out of 226 units). A further 128 unplanned units have been delivered as works were identified. Customer satisfaction with planned works was very high and above target.

- **Finance:** Financial performance outperformed the budget set for the year. Through the addition of 104 new homes, the net book value of total housing property fixed assets increased by £1.6m from the previous year. Liquidity remained strong at the end of the year with £12.5m of additional loan funding agreed in the year to fund future development schemes. At the year end there was £6.9m of stock and work in progress, mainly attributable to the investment in the Taw Wharf development site. Further detail on financial performance is provided on pages 23-25.

Strategic Report (continued)

Risk Management

The Group has a clear framework for managing risk and during the year an external review of Risk Management was carried out by Hargreaves Risk and Strategy which concluded again that the Risk Management was 'very good'.

The risks are recorded in the Risk Register and are assessed in terms of impact and probability, both in terms of inherent risk (i.e. if all controls failed / worst case scenario) and residual risk (i.e. controls in place and working as expected). Each risk has an underlying plan which includes details of controls in place, time-specific assurances against those controls, as well as actions planned to further improve controls. We are also in the process of completing an Assurances report for each key risk, which sets out the critical assurances in place against the three lines of defence model. The full risk register is reviewed by the Audit and Risk Committee on a quarterly basis as well as every four to six weeks by the Strategic Performance Group.

The Board considers risk in all of its decision making and the Executive Team and the Board have an open dialogue regarding the key and emerging risks to the business. This ensures that the Board understands the risks and receives assurance regarding the systems of internal control.
The Board has established a programme of internal audit work designed to provide additional assurance on the Group's areas of greatest risk. The internal auditors provide an independent view on the design and operation of the Group's controls which informs the Board's assessment.

Some of the key risks to successful achievement of the Group's objectives are summarised below. These risks are actively monitored by the Board and the Executive Team.

Strategic Report (continued)

Risk Management (continued)

Risk	Key controls
Failure to achieve and deliver Value for Money (VfM)	Budgetary control policy and procedures in place. Corporate Plan for 2018-2021 Plan establishes VfM priorities. VFM Strategy 2018-21 outlines how value will be delivered. Procurement strategy embedded in VfM Strategy. VfM link through strategy, departmental service excellence plans, performance and Board decision making. Use of benchmarking tools to monitor performance and inform a programme of continuous improvement activity.
Higher arrears than anticipated as a result of welfare reform	Significant work continues with customers who have moved to UC, to support them to manage finances and keep their arrears down. Close arrears monitoring. Income management service tailored to support customers. Close monitoring of changes to the welfare system and communication with customers. Identification of customers most at risk of higher arrears in order to target interventions towards them. Promote Direct Debits and basic bank accounts. Recurring card payments implemented via Allpay. Wide range of payment facilities available with new facilities introduced in the year. Whilst overall performance continues to be very good, as UC continues to be rolled out this still remains a key risk due to the result of the significant impact that UC has on customers. This is exacerbated by the impact of the Covid-19 pandemic which has tipped many onto UC as circumstances changed, or negatively impacted their finances in other ways.
Poor financial control or business planning threatens financial viability	Budgetary control through monthly review of management accounts. Annual review of business plan and the financial assumptions contained within it. Key controls are reviewed annually as part of internal audit programme. Regular business plan updates to Boards. Comprehensive stress testing and scenario testing of business plan.
Failure to effectively monitor, anticipate and respond to changes in the economic environment	Interest rate exposures carefully monitored and Treasury strategy regularly reviewed. Prudent business plan assumptions made around inflation and interest rates, and sensitivity analysis carried out. Stress testing carried out based on externally developed scenarios e.g. Bank of England stress tests, to ensure Business Plan capacity is understood. We are prepared for changes in the environment, and have identified triggers and recovery actions. Regular review by senior management of external sources of information and attendance at events. Emerging risks discussed at Strategic Performance Group and Audit & Risk Committee. Risk is regularly reviewed and will continue to be, as there is likely to be ongoing uncertainty affecting the economic environment due to Covid-19, and then the outcomes of Brexit.
Failure to effectively monitor and respond to changes in the external political environment	Key information sources monitored. Key emerging / potential issues and their implications are discussed at Strategic Performance Group. Senior staff engaged with local political networks. Environmental scanning to be aware of potential emerging issues. Risk is regularly reviewed and will continue to be, as there is likely to be ongoing uncertainty affecting the economic environment due to Covid-19, and then the outcomes of Brexit.

Strategic Report (continued)

Risk Management (continued)

Risk	Key controls
Non-Compliant with General Data Protection Regulation (in force from 25th May 2018)	Information Security Compliance Group (ISCG) in place to support compliance and delivery of the action plan. Finance Director appointed as Data Protection Officer (DPO) in place to ensure compliance progress monitored at a senior level. Group Governance Manager appointed to provide high level support to DPO. Member of South West GDPR group, sharing resources and materials. Programme of data protection e-learning and other awareness activities in place for all staff. GDPR compliance audit undertaken during 2018 by specialist advisors. GDPR requirements included in specification for new housing management system.
Failure of the Board to exercise good governance	Skills-based Board in place. Assurance Framework developed and implemented to ensure Board receives information needed to govern effectively. Board attendance monitored through KPI's. Robust recruitment procedure for Board members. Coaching, training and support available to Board members. Skills mix of Board reviewed annually and / or when membership changes.
Failure of Taw Wharf (Anchorwood Bank) development	Local estate agents and valuers engaged to inform the development of homes for sale, sales strategy, and pricing. External advice sought for key decisions about development to add to the local intelligence. Mitigation in place to address potential failure of contractor / joint venture agreement partner. Exit stages mapped out to ensure Board has choices throughout the development prior to commitment to each build phase. Contracts in place to set out responsibilities of contractors / partners and to mitigate against cost increases. Controls in place to ensure VfM and delivery against anticipated profit. Controls in place to ensure Health and Safety on site; reviewed and amended in light of Covid-19 to continue works safely whilst social distancing. Scenario and stress testing of Anchorwood Limited business plan to understand the impact of risks crystallising. The assumptions are continually reviewed to ensure the plan is realistic in the current environment with the ongoing impacts of Covid-19 and also Brexit at the end of 2020 (i.e. significant recession and potential for falling house prices, sales delays, rising costs of borrowing and materials etc).
Failure to comply with Health and Safety obligations	Permanent Health and Safety (H&S) Officer post in place with an allocated H&S budget. External expertise retained to provide support. To mitigate the H&S risks as an employer: policy and procedures are in place, reviewed regularly and communicated; monitoring of near misses, incidents, and actions; training provided for all staff; regular briefings / updates on H&S. To mitigate the H&S risks in our stock we have robust policies and procedures which are monitored and regularly audited in relation to gas, fire safety, electrics, legionella, and asbestos; a cyclical maintenance process / procedure is in place; and, an overall compliance register is maintained. To mitigate risks as client and developer, there are procedures to ensure Construction Design and Management regulations are followed. We continue to prepare for legislative changes resulting from the Grenfell enquiry by investing in health and safety compliance and robust monitoring arrangements.

Strategic Report (continued)

Risk Management (continued)

Risk	Key controls
IT systems and security. Failure to comply with data protection legislation	Firewall and anti-virus software are in place and penetration testing is carried out. Non-public areas of the building are protected by security systems, and devices are protected by passwords. Training is provided for staff, and regular updates (e.g. regarding ransomware threat). IT Strategy is in place, with appropriate budget in the business plan, to ensure IT systems that meet business need are in place and maintained. Work is underway to implement Civica CX, a new integrated housing management IT system. A programme is ongoing to upgrade end-of-life IT infrastructure. Data protection policies and procedures are in place.
Failure to successfully implement new Integrated Housing Management System	Project Manager in place, with a robust project governance structure (Delivery Group / Project Board). Resources in place internally to deliver project (seconded staff team), supported by external contractors to give additional expertise / capacity as needed (e.g. around data). Project plan in place, with detailed Project Risk Register. Close working with other Housing Associations to learn lessons from their implementations. Preparation work undertaken ahead of time to ensure teams understand their requirements and workflows.

The key risks above were addressed throughout 2019/20; however, towards the end of the year the Covid-19 pandemic and associated restrictions significantly impacted the operations of the company and increased the risk profile overall. In summary:

- **A number of risks increased** such as:
  - delivery of Asset Management Strategy due to not being able to carry out some works safely
  - backlog of routine and planned maintenance
  - increase in void levels
  - arrears levels as financial conditions became more difficult for customers, and the number moving to Universal Credit increased
  - Health and safety due to the risk of virus transmission
  - contractor failure due to work being paused/economic environment
  - Taw Wharf development due to works / viewings stopping
  - uncertain economic environment going forward
  - business continuity risk as staff were working from home using IT set up at short notice.
- **Additional / strengthened controls and mitigations** were put in place (e.g. health and safety related procedures; stopping of activities that could not be completed safely; more regular review of current and emerging risks with key operational Managers etc.)
- **A number of new risks** were added to the Register for the short term, such as materials shortages, Covid-19 impacting an older persons' scheme, and staffing capacity if significant numbers were impacted by Covid-19.

Looking forward, the risk profile will remain heightened as the impacts of the pandemic are felt on the economy, and with the possibility of further local or national restrictions (e.g. due to local spike in infections or second wave). Brexit, currently set for the end of 2020, could exacerbate these risks

Strategic Report (continued)

Risk Management (continued)

further – particularly in the event of a 'no deal' exit – but also due to the uncertainty in the economy if we approach the deadline without a clear resolution. These external threats are in addition to the costs and risks associated with: achieving enhanced fire safety compliance post Grenfell; making necessary steps towards achieving carbon neutral stock by 2050; and, responding to the expected Social Housing White paper.

In this uncertain environment going forward, a number of risks are being considered particularly carefully to ensure the continued good financial health and effectiveness of the Group:

- **Impacts of a weak economic environment:** Ensuring we can respond appropriately to the economic conditions and are able to support our customers who face financial difficulties as a result
- **Arrears levels:** We are anticipating an increase in arrears as the Government support to individuals and businesses ends in the autumn, and a difficult economic environment means more customers are at risk of being in arrears (e.g. due to unemployment, reduced income)
- **Asset Management:** Increased risk comes as we need to manage the backlog of works created by the Pandemic, but also have the likely additional and significant costs associated with fire safety compliance and decarbonisation over the coming years.
- **Taw Wharf:** The difficult economic conditions increase the risk of a housing market decline, which would impact market sales and cashflow. However, there are mitigations in place which allow us to exit or amend the scheme at key decision points throughout, and interest has remained strong throughout the Brexit uncertainty to date and the Pandemic.
- **Staff culture / ways of working:** With offices closed, staff had to adapt to working remotely. As we aim to build back better, there will be new ways of working backed up by a new IT infrastructure and new Integrated Housing Management system. Change such as this brings significant opportunities, but also risk, which we will address taking on board the lessons from the Pandemic where change was implemented swiftly and successfully.

A key mitigation for all these risks will be the development of a new Corporate Plan for March 2021 onwards. This allows us to refocus our objectives and ambition in the light of the challenges faced by the Group and our Customers over the next few years, and ensure they are achievable.

Strategic Report (continued)

Value for Money Statement 2020

As a community landlord, Value for Money (VfM) is a key driver of our culture and is integral in everything that we do, from setting strategies at Board level through to delivering good value services to our customers. Delivering VfM is one of the four main strategic objectives in our Corporate Plan 2018-2021: maximising the value of the services we provide within available resources. We aim to deliver a high quality service as efficiently and effectively as we can.

This VfM statement outlines our key areas of achievement during the year as well as highlighting those areas where we could have performed better.

Benchmarked data is contained in the report to show how well we are performing compared to our peers and the sector as a whole. In line with the Regulator's new VfM Standard, which came into operation in April 2018, our statement is focused on the seven key metrics that the Regulator of Social Housing (RSH) uses to compare providers. Wider benchmarked data for operational areas is used in addition to demonstrate the VfM we achieve.

Value for Money performance
Our VfM strategy 2018-2021 includes the seven VfM metrics that the RSH is using to measure efficiency across the sector, as defined in their revised VfM Standard published in 2018. The targeted outcomes for the seven metrics in our VfM strategy for the NDH Group are set out below, together with the targets for the following two years as forecast in our May 2020 Business Plan.

VfM Targets 2018-21	VfM Strategy Targets 2018-21			Business Plan Targets	
	2018/19	2019/20	2020/21	2021/22	2022/23
Reinvestment	5.40%	2.20%	2.10%	5.90%	5.10%
New Supply - Social Housing Units	2.50%	2.20%	0.60%	0.60%	0.90%
New Supply - non-Social Housing Units	0.40%	1.00%	1.40%	1.10%	0.80%
Gearing	60.00%	59.00%	59.00%	61.20%	56.70%
EBITDA MRI	143.00%	182.00%	155.00%	130.10%	142.40%
Headline Social Housing Cost per unit	£2,945	£2,753	£2,980	£3,438	£3,511
Operating Margin - Social Housing Lettings	25.10%	27.90%	28.10%	23.90%	26.00%
Operating Margin - Overall	22.90%	22.50%	21.80%	20.30%	23.10%
Return on Capital Employed (ROCE)	2.70%	3.60%	3.20%	3.20%	3.50%

The table below shows performance against the seven regulatory VfM metrics as published in the Regulator's Global Accounts data for 2018/19. NDH's Group performance is shown alongside sector performance for 2018/19, this being the latest published information available. NDH's Group performance for 2019/20 is also shown demonstrating how our absolute performance has changed, and whether we have achieved the targets we have set ourselves in the current VfM Strategy.

Strategic Report (continued)

Value for Money Statement 2020 (continued)

VfM Metrics	2018/19 performance		2019/20 performance		
	North Devon Homes	*Sector Median*	North Devon Homes	Performance Change	2019/20 target achieved
Reinvestment	4.9%	*6.2%*	3.3%	↓	Yes
New Supply - Social Housing Units	2.1%	*1.4%*	1.8%	↓	No
New Supply - non-Social Housing Units	0.03%	*0.0%*	1.3%	↑	Yes
Gearing	59.9%	*43.4%*	58.4%	↑	Yes
EBITDA MRI	142.3%	*184.0%*	133.3%	↓	No
Headline Social Housing Cost per unit	£2,672	*£3,690*	£2,810	↓	No
Operating Margin - Social Housing Lettings	30.0%	*29.2%*	26.8%	↓	No
Operating Margin - Overall	28.2%	*25.8%*	21.2%	↓	No
Return on Capital Employed (ROCE)	3.1%	*3.8%*	3.0%	↓	No

A summary commentary on performance is provided below:

- **Reinvestment** was below the sector median in 2018/19 – impacted by a smaller planned maintenance programme and less development expenditure than forecast. Despite falling in 2019/20, performance was well above the target of 2.2% set out in the VfM Strategy. In 2019/20, we invested £4.8m into new additions to our social housing stock and a further £1.1m into works to existing properties.
- **New supply** of both social and non-social units was above the median in 2018/19. In 2019/20, social unit delivery was lower and did not achieve the target of 2.2%; however, non-social unit delivery increased and was above target. Overall, unit targets for the year were delivered except for one delayed unit; but the profile changed so that more non-social units were delivered in the year and social units were delayed.
- **Gearing** was above the sector average for 2018/19 because, as a Large Scale Voluntary Transfer Association, we carry more debt arising from the stock transfer in February 2000, than traditional providers. Despite the additional £12.5m of MORhomes borrowing in the year, there was a very slight improvement in 2019/20 performance compared to the previous year due to an increase in the fixed assets value and cash balance.
- **EBITDA MRI** was below the median in 2018/19 and decreased further in 2019/20. Despite better performance than forecast in the Association, the loss on the golden brick contract that was recognised in Anchorwood Limited's financial statements led to a lower than forecast Group surplus.
- **Headline Social Housing Cost per unit** remained significantly lower than the sector median in 2018/19, demonstrating that NDH costs are well controlled. The 2019/20 result shows an increase of around £140 per unit, in part due to a more usual planned maintenance programme, compared to the relatively small programme in 2018/19. Despite this increase, 2019/20 cost is still nearly £900 per unit less than the median cost for the sector in the previous year. Whilst the target for 2019/20 has not been met, the difference is small, equating to £57 per unit.
- **Operating margins** were both above the sector median in 2018/19. In 2019/20, the margin on social housing lettings fell and did not quite achieve target. Operating margin overall was also below target as whilst market sale activity performed well in Anchorwood Limited from sales at Taw Wharf, the recognition of the full loss on the golden brick contract had the effect of reducing the overall margin to below the target.
- **Return on Capital Employed (ROCE)** was below the median in 2018/19 and decreased again and fell below target in 2019/20 due to the lower than forecast surplus in Anchorwood Limited that, as mentioned above, has also impacted EBITDA-MRI and the overall operating margin.

Strategic Report (continued)

Value for Money Statement 2020 (continued)

In addition to the metrics used by the RSH, the table below shows VfM performance for 2018/19 compared to 2017/18 for different operational areas of NDH. This table utilises Housemark data. Where an area is flagged red, performance is below the median, or costs are higher; where an area is flagged green, the opposite is true.

This data (the latest comparative data available) takes into account the cost of the service and the performance of the service – giving a good indicator of VfM. The data has been benchmarked against our Housemark peer group of Southern Traditional Housing Associations, rather than the whole sector.

Area	2017/18		2018/19		Change
	Cost Per Property (CPP)	Performance	Cost Per Property (CPP)	Performance	
Responsive Repairs	CPP Responsive repairs service provision	Satisfaction with repairs & maintenance (STAR)	CPP Responsive repairs service provision	Satisfaction with repairs & maintenance (STAR)	⟷
Voids and lettings	CPP Void works service provision	Void rent loss %	CPP Void works service provision	Void rent loss %	⟷
Rent arrears and collection	CPP rent arrears and collection	Rent collected %	CPP rent arrears and collection	Rent collected %	⟷
Tenancy Management	CPP tenancy management	Overall satisfaction (STAR)	CPP tenancy management	Overall satisfaction (STAR)	⟷
Resident Engagement	CPP resident involvement	Satisfaction views listened to / acted upon (STAR)	CPP resident involvement	Satisfaction views listened to / acted upon (STAR)	⟷
Customer Services	CPP Housing Management	No benchmarked data (average seconds to answer inbound calls)	CPP Housing Management	No benchmarked data (average seconds to answer inbound calls)	⟷
Neighbourhood Management	CPP ASB	Satisfaction with neighbourhood (STAR)	CPP ASB	Satisfaction with neighbourhood (STAR)	↑
Community Involvement	CPP Community investment	No benchmarked data	CPP Community investment	No benchmarked data	⟷

The data above suggests that for most areas where data is available, performance is unchanged, and remained good in 2018/19. In terms of changes from 2017/18:

- Cost per property of void service provision fell from £170 to £144, whilst rent loss due to voids increased to 0.83% from 0.57%.
- Satisfaction with Neighbourhood has not changed for us since the previous year, and is higher than the current median score for our Peer Group.

Areas where cost per property has remained above the peer group median are:

- Community Investment: Our CPP has risen from £80 to £105, whilst others in the Peer Group have cut costs significantly (median fell from £73 to £32). The greater costs we have reflect the investment we continue to make in our youth service.
- Resident Involvement: Costs have increased slightly from £94 to £99, and remain above the median of £73. Both pay and non-pay costs are above the median.

Strategic Report (continued)

Value for Money Targets

As noted above, the key VfM targets are against the seven VfM metrics set by the RSH. However, the Board has also outlined three other targets in its VfM strategy. These are set out in the table below:

Measure	2018/19 Target	2019/20 Target	2020/21 target
No. of changes as a result of customer consultation / feedback	12	12	12
Financial welfare referrals having a positive impact for customers	50%+ referrals receiving positive financial outcome	50%+referrals receiving positive financial outcome	50%+ referrals receiving positive financial outcome
Staff volunteer days linked to customers and community	-	50	50

In terms of performance against these targets for 2019/20:

- **No. of changes as a result of customer consultation / feedback:** Customers are consulted and can feedback through our customer involvement processes, led by the C90 group. In 2019/20, 296 changes were made as a result of customer input. Examples included changes to the information provided to customers about our services in our online customer handbook, changes to our service standards, and changes to key policies impacting customers. A key reason why the number of changes was so high in 2019/20 was that customers were reviewing correspondence and customer journey information associated with the design and implementation of our new integrated housing management system, and making recommendations for change.
- **Financial welfare referrals having a positive impact for customers:** In 2019/20, there were 442 referrals. Customers who engaged with the team were supported to get the benefits they were entitled to, were given advice about how best to prioritise their repayments with limited funds, and / or were referred to other specialist organisations that could assist them (e.g. LEAP regarding reducing energy bills). During the year £141k of additional income was received by customers where staff helped identify additional benefits / assistance that they were entitled to.
- **Staff volunteer days linked to customers and community:** The scheme was set up and launched in 2018/19, and has got off to a successful start; by the end of 2019/20, 88 days of staff time had been volunteered to help out with community projects and activities.

Social value

The social value that NDH provides to its customers includes a social return for the benefit of communities. We continue to invest in our Independent Living Service to support older customers in their homes and additionally are using staff from the Service in the community to identify and resolve wider issues that vulnerable customers may have. Our youth project continues to deliver significant value for young people. The team has carried out family intervention and support, supported young people of school leaving age into college or paid employment, and is continuing to evaluate outcomes to demonstrate the benefits and VfM offered by the programme.

Strategic Report (continued)

C90 and Scrutiny Panel

As a community landlord, engaging with our customers is a key part of delivering VfM. As a result of customers volunteering their time through our customer groups such as C90 and the Scrutiny Panel, a number of policies and procedures have been reviewed in the year leading to process efficiencies and better outcomes for both customers and the Association.

Our customers will play an integral part in our DB2020 digital transformation project as customers continue to be part of our customer journey mapping and consultation with customers is embedded in our decision making.

Plans for the year ahead

In addition to focussing on the VfM targets outlined above, other key priorities for the year 2020/21 are:

- Continue to progress with our Digital by 2020 (DB2020) project, replacing old IT software with new systems that will allow us to be more efficient and provide a better experience for our customers. The new housing management system is planned to go live in quarter 3.
- Work with our partners in Advantage South West (in which NDH has a 25% shareholding) to develop the modern methods of construction initiative, enabling quicker and cost efficient delivery of new homes in our communities. ASW is also working on an apprenticeship and training initiative to encourage new opportunities to develop careers in social housing.
- Work with the local authority and other key partners such as One North Devon to develop a strategic approach to alleviating poverty and providing new affordable homes in North Devon.
- Engage effectively with our customers to challenge and refine service delivery. Continue to utilise feedback from complaints to make service improvements.
- Through Anchorwood Limited, ensure that profitability levels are maintained to enable gift aid receipts from profits to be passed back to NDH to allow it to invest in more affordable homes in the wider area as well as delivering 37 affordable homes at the Taw Wharf scheme.
- Through our strong Team NDH culture, continue to invest and develop our staff through our organisational development strategy (Team NDH plan) and as a result of the Covid-19 pandemic review our ways of working to build back better.
- Continue to invest in our robust health and safety compliance arrangements and be prepared for any future legislative changes.

Delivery of the VfM strategy will be a continued focus during the coming year for our Board through its decision making; for customers including our C90 and Scrutiny Group; and for staff through our VfM culture and delivery of key projects delivering our corporate plan objectives. We continue to monitor and report performance against all of our targets and in our communications with customers and staff.

Strategic Report (continued)

Operating and Financial Review

Financial Review
Despite the 1% rent reduction, turnover from social housing lettings increased in the year to 31 March 2020 by 1.0% (2019: 1.5% increase) from £14,809k in 2019to £14,960k. Despite stock losses of 23 general needs properties through Right to Buy/Acquire and strategic disposals, 61 new social housing properties were added to our stock resulting in an overall increase in social housing lettings income.

There was an increase in turnover within other social housing activities of £804k to £1,048k in 2020 (2019: £244k) as there were eleven shared ownership properties developed in the year (2019: two). There was an increase in turnover of £3,789k to £4,894k (2019: £1,105k) within non-social housing activity due to the sale of 26 market sale properties at Taw Wharf through Anchorwood Limited.

The Group operating surplus for the year was £5,529k (2019: £5,370k), an increase of £159k from the previous year. This includes gains from disposals of property, plant and equipment of £1,093k (2019: £810k) as we continued to disinvest in our poorest performing assets and reinvest in new affordable homes. There was an increase in Group turnover of £4,744k mainly arising from an increase in current asset property sales and the market sale activity undertaken through Anchorwood; in addition there was a corresponding increase in operating costs of £4,868k. During the year £1,424k (2019: £1,288k) of major repairs expenditure was written off to the income and expenditure account and in addition £1,101k of works were capitalised (2019: £1,019k).

Surplus on property disposals was £1,093k, an increase of £283k from 2018/19. This was as a result of the delivery of the strategic disposals programme during the year which resulted in the sale of thirteen general needs properties, for a total of £1,317k. Receipts from these disposals have been reinvested in the development programme for the provision of new social housing in the area.

The Group's surplus before tax was £1,287k (2019: £1,029k). There was an actuarial gain in the year of £1,321k (2019: £301k loss) in relation to the Devon County Council Pension Fund and SHPS pension scheme.

The Group's surplus after tax and pension gains for the year was £2,608k (2019: £226k loss). The surplus was credited to revenue reserves.

Debt Profile
During the year, in order to secure the funding for phase 2 of the Taw Wharf development, Anchorwood Limited secured a new facility with NatWest for £2.030m in respect of phase 2a and £1.530m in respect of phase 2b (in addition to the phase 1 facility of £5.17m); none of this phase 2b facility had been drawn as at the year end. The Association also secured long term fixed debt with MORhomes of £12.5m which was fully drawn at the time the loan was agreed in November 2019. There was no change to the other facilities.

A summary of loan facilities as at the year end is below:

Strategic Report (continued)

Operating and Financial Review

Financial Review (continued)

Lender	2020 £'000	2019 £'000	Description
Lloyds	51,300	51,300	Fixed
Lloyds revolving credit facility	5,000	5,000	Variable
Affordable Housing Finance	8,000	8,000	Fixed
GB Social Housing	27,638	27,638	Fixed
MORhomes	12,500	-	Fixed
NatWest	8,733	8,613	Variable
TOTAL	**113,171**	**100,551**	

Individual lenders specify their own covenant requirements. For Lloyds and GB Social Housing these are interest cover, asset cover and debt per unit. The two Affordable Housing Finance covenants are net annual income and asset cover. The MORhomes bond that was drawn in November 2019, requires asset cover only. There were no covenant breaches during the year.

At 31 March the debt profile was as follows:

Loan Facility	2020	2019
Fixed Rate Loans £'000	£99,438	£86,938
Variable Rate Loans £'000	£47	£4,257
Total Loans Drawn £'000	**£99,485**	**£91,195**
% unhedged	0.05%	4.9%
Average cost of funds	4.86%	5.12%
Undrawn facility £'000	£13,686	£9,356
Total Facility £'000	**£113,171**	**£100,551**

The average maturity of net debt was over five years (see note 15).

Treasury operations are managed by the Finance Director within parameters set down by the Board of Management through its Treasury Management Strategy and Policy. This activity is regularly reported to and monitored by the Board. External advice is sought in relation to policy, strategy and training in this area.

Cash Flows

Cash inflows and outflows for the year under review are contained in the Consolidated Statement of Cash Flows on page 35. The main net cash inflows from operating activities are from housing management activities. The net cash outflow from investing activities is the net expenditure (after grant) on regeneration projects, development properties and planned maintenance improvements, including the replacement of components of housing properties.

Market value of land and buildings

The most recent valuation was concluded by Bruton Knowles in June 2015 based on March 2015 data. Using the Existing Use Value Social Housing (vacant units re-let) methodology (EUV-SH), Bruton Knowles provided a valuation of £120.8m (2014: £112.5m) in respect of the whole social rented housing stock at that time. In respect of property charged to Lloyds Bank the valuation was updated in June 2017 and the value of the charged stock at 31 March 2020 was £65.0m, valued at EUV-SH. The next valuation is due in July 2020.

Strategic Report (continued)

Operating and Financial Review (continued)

The value of stock charged to the Affordable Housing Finance at 31 March 2020 was £10.110m at EUV-SH, based on the valuation that was concluded in March 2020. The value of the stock charged to GB Social Housing was £36.51m valued at Market Value - Subject to Tenancies (MV-ST) at the year end.

As at the year end the securitisation of the MORhomes loan was still progressing, this having to be in place 12 months after the loan is drawn (so by November 2020). This work was completed on 1 July 2020.

Devon County Council Pension Scheme
The Association has a potential unprovided liability for additional pension costs for the Devon County Council Pension Scheme of £1.307m. During 2017/18 a jointly controlled bank account was set up with Devon County Council as the administering authority, to provide this indemnity as a cash deposit. As at the year end the balance in this account was £1.325m.

Statement of compliance
The Board of Management confirms that the Strategic Report has been prepared in accordance with the principles set out in the SORP 2018.

By order of the Board

Robert Stronge
Chair of the Board
22 September 2020

Statement of the Board of Management's Responsibilities

The Board of Management is responsible for preparing the Board of Management Report, the Strategic Report, the Report of the Board on Internal Control and the financial statements in accordance with applicable law and regulations.

Company law requires the Board to prepare financial statements for each financial year. Under that law the Board has prepared the Group and the Association financial statements in accordance with FRS102 the Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the Board must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the Group and the Association and of the surplus or deficit of the Group and the Association for that period. In preparing these financial statements, the Board is 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Association and enable it to ensure that 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 2019. It is also responsible for safeguarding the assets of the Group and the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the Association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

Robert Stronge
Chair of the Board

22 September 2020

Report of the Board on Internal Control

The Board acknowledges that it has overall responsibility for establishing and maintaining the internal control systems and for reviewing their effectiveness. This responsibility applies to all organisations within the Group. The systems in place focus on:

- the significant risks that threaten the Group's ability to meet its objectives as described in its Corporate Plan;
- the prevention of fraud and safeguarding of assets against unauthorised use or disposition.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The Group's assurance framework aligns the assurance monitoring process from Board through to operational level and clearly sets out the reporting framework. This framework supports the robust culture of internal controls within the Group.

The process for identifying, evaluating and managing the risks faced by the Group is ongoing and part of its Risk Management Framework that has been in place throughout the year, up to the date of approval of the annual report and financial statements. The framework is externally reviewed at least annually. The Board receives an update on key risks facing the Group at each meeting and the Audit and Risk Committee receives a detailed report on risk at each quarterly meeting focussing not only on reviewing current risks but also emerging risks. Board agendas are structured so that key risk issues are discussed as early agenda items and are clearly identified at the start of reports. The Board had a dedicated risk workshop during its awayday sessions in the year to review risk, the risk management framework and risk appetite and further develop its revised approach to assurance.

Risk is incorporated into the 4-6 weekly Strategy and Performance Group meetings to ensure that it is embedded within the culture and operating environment. This group, comprising senior members of management across all areas of the business, meets to not only review performance but also to review the Group's risk register, ensure that risk management is embedded within the business, to identify emerging risks, review risk triggers and to track progress against delivery of key Corporate Plan projects. As a result of these controls and reviews of when controls have been effective, for example in the prevention of fraud, the risk register has been updated regularly throughout the year and risks realigned or developed in response to the many changes that the sector has faced.

The Anchorwood Bank (Taw Wharf) project group (which is the main Anchorwood Limited development) meet weekly to review the project risk register as well as any new or emerging risks, and the project risk register is reviewed by the Anchorwood Board at each meeting. The highest residual score on the project risk register forms the score for Corporate Risk number 67 'Failure of Anchorwood Bank Project'.

We continue to develop our customer involvement framework and, as part of this, the customer Scrutiny Panel undertakes a programme of regular reviews into a broad range of service areas. The outcomes are reported to the customer C90 group and ultimately the Board. This approach provides further assurance over performance and key policies which form a key part of the internal control environment.

The Group produces a three year Corporate Plan and 30 year financial business plan, which is updated on at least an annual basis and which is supported by detailed financial budgets and forecasts. This Plan identifies the threats and opportunities in the environment which may prevent the achievement of objectives; and sensitivity and scenario modelling is carried out to model different events and develop contingency plans. A key area of focus during the year has been scenario testing and the preparation and review of contingency plans in respect of the Taw Wharf scheme and the potential Brexit impact on this scheme and the wider Group activities.

Report of the Board on Internal Control (continued)

The day to day operation of internal control is delegated to the Executive Officers. The Group has a clearly defined organisational structure based upon an approved system of delegation and authorisation that includes members of the Board of Management and the Officers. The levels of authority are set out in Standing Orders and Financial Regulations and are subject to periodic review.

Some of the key policies that are established to ensure effective internal control are shown below.

- Anti-Fraud and Anti-Bribery Policy
- Group Code of Conduct
- Group Probity, Hospitality, Gifts and Interests
- Integrity at Work
- Information Security
- Data Protection
- Disciplinary policy
- Money Laundering
- Investment
- Income Collection and Debt Recovery
- Treasury Management Policy (subject to external review annually)
- Whistleblowing
- Health and Safety Policy statement and associated policies

North Devon Homes has suitably qualified and experienced staff who are responsible for its business functions. Recruitment, induction and training processes are comprehensive and are designed to ensure that staff entering the organisation are both qualified and committed to working with the Group and the achievement of its objectives.

The Group has an ongoing internal audit plan and RSM were employed as internal auditors during the year. The Group also employs consultants, where necessary, who provide specialist support, advice and training where appropriate. Hargreaves Risk and Strategy consultants are also engaged to provide specialist advice on risk and Altair and Aquila Treasury and Finance Solutions are engaged to provide governance, funding and treasury advice.

The Group has an anti-fraud policy in place covering prevention, detection and reporting of fraud, and mitigation of fraud risk has been incorporated into the performance review process. The Board reviews the fraud register at each Board meeting and can confirm that there have been no frauds against the Group during the year that have resulted in any losses. An attempted cheque fraud was identified during the year but no loss was incurred due to its early detection.

The Board cannot delegate ultimate responsibility for the system of internal control, but it can and has, appointed an Audit and Risk Committee to oversee risk and internal control. A full report on Internal Controls Assurance was provided to the Audit and Risk Committee on 9 March 2020 and the results of the Board's review of that report are the basis of this statement.

The Audit and Risk Committee approves an annual internal audit plan, reviews the effectiveness of internal control systems and has an active role in the promotion and monitoring of standards. The Audit and Risk Committee achieves this by considering risk reports, recommendations on internal audit reports and agreeing appropriate responses and actions with the Executive Officers; reviewing the external auditors' management letter; and can undertake specialist reviews on areas such as health and safety. The internal and external auditors are guaranteed a right of direct access to the Board of Management and the Audit and Risk Committee should they identify any material internal control concerns.

Report of the Board on Internal Control (continued)

By order of the Board

Robert Stronge
Chair of the Board

22 September 2020

Independent Auditors' report to the members of North Devon Homes

Report on the audit of the financial statements

Opinion

In our opinion, North Devon Home's group financial statements and parent financial statements (the financial statements"):

- give a true and fair view of the state of the group's and of the parent's affairs as at 31 March 2020 and of the group's and parent's income and expenditure and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law);
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been properly prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

We have audited the financial statements, included within the Financial Statements for the year ended 31 March 2020 (the "Annual Report"), which comprise: the consolidated and association statements of financial position as at 31 March 2020; the consolidated and association statements of comprehensive income; the consolidated and association statements of changes in reserves; the consolidated statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group and parent in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- the Board of Managements' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board of Management have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and parent'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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and parent's ability to continue as a going concern.

Independent Auditors’ report to the members of North Devon Homes (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors’ report thereon. The Board of Management are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors’ Report

In our opinion, based on the work undertaken in the course of the audit the information given in the Board of Management Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Strategic Report and the Board of Management Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group and parent and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Board of Management Report. We have nothing to report in this respect.

Responsibilities for the financial statements and the audit

Responsibilities of the Board of Management for the financial statements

As explained more fully in the Statement of the Board of Management’s Responsibilities set out on page 26, the Board of Management are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Board of Management are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditors' report to the members of North Devon Homes (continued)

Auditors' 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 auditors' 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 website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and Section 128 of the Housing and Regeneration Act 2008, and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Heather Ancient (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol Office

September 2020

Consolidated and Association Statements of Comprehensive Income for the year ended 31 March 2020

	Note	Group 2020 £'000	Association 2020 £'000	Group 2019 £'000	Association 2019 £'000
Turnover	2	20,902	16,998	16,158	16,133
Operating Expenditure	2	(16,466)	(11,915)	(11,598)	(11,242)
Gain on disposal of property, plant and equipment	3	1,093	1,093	810	810
Operating Surplus		**5,529**	**6,176**	**5,370**	**5,701**
Share of operating (loss)/surplus in associate	11	(9)	-	5	-
Interest receivable	4	31	135	21	103
Interest and Financing Costs	5	(4,519)	(4,519)	(4,388)	(4,388)
Surplus on revaluation of investment properties		255	255	21	21
Surplus before taxation		**1,287**	**2,047**	**1,029**	**1,437**
Taxation	9	-	-	-	-
Surplus for the year		**1,287**	**2,047**	**1,029**	**1,437**
Initial recognition of multi-employer defined benefit scheme		-	-	(954)	(954)
Actuarial gain/(loss) in respect of pension schemes		1,321	1,321	(301)	(301)
Total Comprehensive Income/(expense) for the year		**2,608**	**3,368**	**(226)**	**182**

Consolidated and Association Statements of Financial Position as at 31 March 2020

Registered number 03674687

	Note	Group 2020 £'000	Association 2020 £'000	Group 2019 £'000	Association 2019 £'000
Fixed assets					
Intangible Assets	10a	640	640	345	345
Tangible fixed assets – Housing Properties	10b	158,177	158,953	156,607	156,918
Other property, plant & equipment	10c	2,937	2,832	2,095	1,986
Total fixed assets		**161,754**	**162,425**	**159,047**	**159,249**
Investments					
Investment Properties	10c	1,967	1,967	1,962	1,962
Investment in Subsidiary	11	-	2,300	-	2,300
Investment in Associates	11	102	5	111	5
Other investments	11	399	399	337	337
		2,468	**4,671**	**2,410**	**4,604**
Debtors due after more than one year	12	**-**	**3,751**	**-**	**3,151**
Total investments and debtors due after more than one year		**2,468**	**8,422**	**2,410**	**7,755**
Current assets					
Debtors	12	2,041	1,790	1,757	1,685
Stock	13	7,275	877	10,933	1,106
Cash and cash equivalents		12,423	11,713	2,544	2,371
Total current assets		**21,739**	**14,380**	**15,234**	**5,162**
Creditors: amounts falling due within one year	14	(3,617)	(3,071)	(4,112)	(3,643)
Net current assets		**18,122**	**11,309**	**11,122**	**1,519**
Total assets less current liabilities		**182,344**	**182,156**	**172,579**	**168,523**
Creditors: amounts falling due after more than one year	15	(119,886)	(118,598)	(111,391)	(106,995)
Defined Benefit pension liability	21	(4,186)	(4,186)	(5,544)	(5,544)
Net assets		**58,272**	**59,372**	**55,644**	**55,984**
Capital and Reserves					
Income & Expenditure reserve		13,929	15,029	11,321	11,661
Revaluation reserve		44,343	44,343	44,323	44,323
Restricted reserve		-	-	-	-
		58,272	**59,372**	**55,644**	**55,984**

These financial statements together with the associated notes on pages 38 to 76 were approved and authorised for issue by the Board on 22 September 2020 and were signed on its behalf by:

Robert Stronge
Chair

Philippa Butler
Company Secretary

Consolidated Statement of Cash Flows for the year ended 31 March 2020

	Note	Group 2020 £'000	Group 2019 £'000
Net cash generated from operating activities	16	**9,971**	**1,939**
Cash flows from Investing Activities:			
Purchase of tangible fixed assets		(6,270)	(7,996)
Proceeds from sale of tangible fixed assets		2,411	1,916
RTB Sharing Agreement		(317)	(467)
Proceeds from sale of investment property		-	735
Grant received		303	477
Interest received		31	21
Net cash used in investing activities		**(3,842)**	**(5,314)**
Cash flows from Financing Activities:			
Interest paid		(5,021)	(4,364)
New secured loans		18,228	4,343
Repayment of Borrowings		(9,388)	-
Capital element of and finance lease rental payments		(6)	-
Investments		(63)	(20)
Net cash generated from/(used in) financing activities		**3,750**	**(41)**
Net increase/(decrease) in cash and cash equivalents		9,879	(3,416)
Cash and cash equivalents at beginning of year		2,544	5,960
Cash and cash equivalents at end of year		**12,423**	**2,544**

Consolidated Statement of Changes in Reserves for the year ended 31 March 2020

Group	Income and Expenditure Reserve £'000	Revaluation Reserve £'000	Restricted Reserve £'000	Total £'000
Balance as at 1 April 2018	11,547	44,238	10	55,795
Surplus from Statement of Comprehensive Income for the year	1,029	-	-	1,029
Unrealised surplus on revaluation of Fixed Assets	-	85	-	85
Actuarial gain in respect of pension schemes	(301)	-	-	(301)
Transfer of restricted expenditure from restricted reserve	-	-	(10)	(10)
Other Comprehensive expense for the year	(954)	-	-	(954)
Balance as at 31 March 2019	**11,321**	**44,323**	**-**	**55,644**
Surplus from Statement of Comprehensive Income for the year	1,287	-	-	1,287
Unrealised surplus on revaluation of Fixed Assets	-	20	-	20
Actuarial gain in respect of pension schemes	1,321	-	-	1,321
Balance as at 31 March 2020	**13,929**	**44,343**	**-**	**58,272**

Association Statement of Changes in Reserves for the year ended 31 March 2020

Association	Income and Expenditure Reserve £'000	Revaluation Reserve £'000	Restricted Reserve £'000	Total £'000
Balance as at 1 April 2018	11,479	44,238	10	55,727
Surplus from Statement of Comprehensive Income for the year	1,437	-	-	1,437
Unrealised surplus on revaluation of Fixed Assets	-	85	-	85
Actuarial loss in respect of pension schemes	(301)	-	-	(301)
Other Comprehensive expense for the year	(954)	-	-	(954)
Transfer of restricted expenditure from restricted reserve	-	-	(10)	(10)
Balance as at 31 March 2019	**11,661**	**44,323**	**-**	**55,984**
Surplus from Statement of Comprehensive Income for the year	2,047	-	-	2,047
Unrealised surplus on revaluation of Fixed Assets	-	20	-	20
Actuarial gain in respect of pension schemes	1,321	-	-	1,321
Balance as at 31 March 2020	**15,029**	**44,343**	**-**	**59,372**

Notes to the financial statements for the year ended 31 March 2020

1 Accounting Policies

General Information
North Devon Homes is a registered charity and is a registered provider of social housing. It is a public benefit entity.

Significant accounting policies
The principal accounting policies applied in the preparation of these consolidated statements as required by statute, and separate financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation
The Group's financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS102), the Housing and Regeneration Act 2008, the Statement of Recommended Practice for Registered Social Housing Providers 2018 ('SORP 2018') and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.The Group chose to early adopt the SORP 2018 in the year 2018/19.

North Devon Homes meets the definition of a qualifying entity under FRS102. The following exemptions available under FRS102 in respect of certain disclosures have been applied:

- the requirement to present a separate statement of cash flows and related notes for the Association;
- financial instrument disclosures as the information is provided in the consolidated disclosures.

Basis of consolidation
The Group financial statements consolidate the financial statements of North Devon Homes (the "Association") and its subsidiary undertaking Anchorwood Limited.

Going concern
The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the reasons below.

The Group prepares a 30 year business plan which is updated and approved on an annual basis. The most recent business plan was approved in May 2020, which included some prudent revisions to the budget for the year 2020/21 to plan for additional costs that may arise as a consequence of Covid-19, for example an increase in routine maintenance costs to clear repair backlogs in a timely manner. As part of the business plan approval the Board updated its stress testing and multi-variate scenario testing against the base plan. The stress and scenario testing impacts were measured against loan covenants and cash facilities, with potential mitigating actions identified where these would be necessary.

The Board, after reviewing the Group 30 year business plan and budget for 2020/21, including the approved changes as a result of the pandemic, is of the opinion that, taking account of severe but plausible downsides, the Group and Association have adequate resources to continue in business for the foreseeable future. In order to reach this conclusion the Board have considered:

- the property market – stress testing and scenarios have taken account of an increase in construction costs, delays in sales and reduction in values.
- maintenance costs – additional budget provisions have been made in 2020/21 and stress testing and scenarios model cost increases for routine and major works.
- Rental income – arrears and bad debts assumptions have been increased to allow for customer difficulties in making payments due to a challenging economic environment as

Notes to the financial statements for the year ended 31 March 2020

1 Accounting Policies (continued)

Going concern (continued)

well as more customers transferring to Universal Credit. Stress testing has also modelled the impact of a change in government policy around rent inflation.

The Board believe the Group and Association has sufficient funding in place and expect the Group to be able to comply with loan covenants, even with severe scenarios occurring, due to the recovery actions that it has identified and prioritised. The Board has set golden rules and a risk appetite against these in order to ensure that covenant compliance is maintained and early warnings of a downward movement in performance that impacts loan covenants is identified. The Board will be updating its 30 year business plan again in September 2020.

Therefore, despite the impacts of the global pandemic and future economic uncertainty, the Board continues to believe that the Group and Association are well placed to manage their business risks successfully and that it has adequate financial resources based on current forecasts, to continue in operational existence for the foreseeable future. The Board has therefore continued to adopt the going concern basis in preparing its financial statements.

Significant judgements and key sources of estimation uncertainty

The preparation of financial statements in conforming with generally accepted accounting practice requires management to make judgements, estimates and assumptions that affect the reported amounts for assets and liabilities 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 Management Judgements have had the most significant effect on amounts recognised in the financial statements:

Development expenditure
The Group capitalises development expenditure in accordance with the accounting policy given below. Initial capitalisation of costs is based on management's judgement that the development scheme is confirmed, usually when Board approval has taken place, including that there is 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.

Onerous contracts
Where construction contracts are loss making, if management has assessed that the contract is onerous a provision is made based on forecast cost estimates. The provisions will be unwound over the remaining term of the contract.

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

Impairment
The Group has undertaken an impairment assessment as part of its preparation of the financial statements and in light of the Covid-19 pandemic. In carrying out the assessment, management has considered the detailed criteria set out in the SORP.

Notes to the financial statements for the year ended 31 March 2020(continued)

1 Accounting Policies (continued)

Significant Judgements and key sources of estimation uncertainty (continued)

Bank Loan
Where loan agreements contain two-way break clauses in respect of early repayment, these loans have been treated as basic financial instruments, within section 11 of FRS102.

Other key sources of estimation:

Tangible fixed assets
Other than investment properties, tangible fixed assets are depreciated over their useful lives, which 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.

Revaluation of investment properties
Investment properties are carried at fair value, with changes in fair value being recognised in the Statement of Comprehensive Income. The Group engaged an independent valuer to determine fair value at 31 March 2020. The valuation was based on current market conditions at the time but due to the uncertainty created by the Covid-19 pandemic, the valuation is reported on the basis of 'material uncertainty' as per VPS 3 and VPGSA of the RICS Red Book Global. Consequently less certainty and a higher degree of caution should be attached to the valuation than would normally be the case.

Defined benefit pension scheme
The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the Statement of Financial Position. The assumptions reflect historical experience and current trends. Further details are given in Note 21.

Impairment of non-financial assets
Reviews for impairment are carried out when a trigger has occurred and any impairment loss is recognised by a charge to the Statement of Comprehensive Income.

The Group has assessed that the Covid-19 pandemic represents a trigger for impairment and has undertaken a review which has included the office property fixed asset and Anchorwood Bank site. The Group has carried out an assessment of impairment in accordance with the SORP and no impairment losses were identified in the reporting period.

Associates
An entity is treated as an associated undertaking where the Group has a participating interest and exercises significant influence over its operating and financial policies.

The consolidated income and expenditure account includes the Group's share of the associate's operating results and in the consolidated statement of financial position, the Group's share of the Associate's assets under the equity accounting method. In the results of the Association, associates are accounted for under the cost model.

Turnover
Turnover represents rental income and service charges receivable net of voids, fees and capital grants from local authorities and Homes England, recognised in income on a systematic basis;

Notes to the financial statements for the year ended 31 March 2020 (continued)

1 Accounting Policies (continued)

Turnover (continued)

income from first tranche shared ownership sales and market sales; revenue grants and income receivable from other sources (excluding VAT).

Rental income is recognised on the basis of the amount receivable for the year. Rental income received in advance is disclosed within creditors in the statement of financial position.

Other income, including service charges, is accounted for on the basis of the value of goods or services supplied during the period. Income from first tranche shared ownership sales and properties developed for outright sale is recognised when legal completion occurs.

Surpluses on sales of housing accommodation comprise proceeds from property sales, which are recognised at the date of completion, less the following amounts:

(a) the net book value of the properties; and
(b) any liabilities under Right to Buy sharing agreements with the local authority.

Operating Surplus

Operating surplus is defined as turnover less operating expenses plus gains or losses on disposals prior to adjustments for share in associate profits or losses, finance income and costs, revaluation and fair value adjustments and taxation.

Shared ownership property sales

Shared ownership properties, including those under construction, are split between fixed assets and current assets. The split is determined by the percentage of the property to be sold under the first tranche sale which is shown on initial recognition as a current asset, with the remainder as a fixed asset within property, plant and equipment. Where this would result in a surplus on the disposal of the current asset that would exceed the anticipated overall surplus, the surplus on disposal of the first tranche is limited to the overall surplus by adjusting the costs allocated to current or fixed assets.

Proceeds from first tranche sales are accounted for as turnover in the Statement of Comprehensive Income for the period in which the sale occurs and the cost of sale is transferred from current assets to operating costs. Proceeds from subsequent tranche sales are treated as disposals of fixed assets.

Housing Properties

Tangible fixed assets are stated at cost, less accumulated depreciation. Development cost includes the cost of acquiring land and buildings, the cost of contracted works completed to date, directly attributable development costs and attributable interest charges incurred during the development period. Housing properties in the course of construction and those subject to shared ownership are stated at cost. All costs relating to capital expenditure incurred in the year are included in the financial statements at gross value before retentions.

Expenditure on items not separately identified as components is capitalised if the expenditure results in an increase in the net rental stream over the life of the property, over the standard originally assessed when the property was first acquired or constructed.

Capitalisation of development costs

Development costs which arise directly from the construction or acquisition of a property are capitalised to housing properties in the course of construction. Capital expenditure on schemes which are aborted is charged to the Statement of Comprehensive Income in the year in which it is recognised that the schemes will not be developed to completion.

Notes to the financial statements for the year ended 31 March 2020 (continued)

1 Accounting Policies (continued)

Capitalised interest

Interest on borrowings, to the extent that the borrowings are financing developments, is capitalised up to the date of practical completion of the scheme.

Depreciation

Freehold land and housing properties under construction are not depreciated.

Housing properties

The Association separately identifies the major components which comprise its housing properties and depreciates components over their individual useful economic lives. The components identified, with their respective economic lives are as follows:

Component	Years	Component	Years
Structure	100	Pre-cast reinforced concrete existing wall refurbishments	20
Bathrooms	30	Electric heating	20
Kitchens	20	Gas heating	30
Doors	30	Solid fuel heating	25
Windows	30	Air and ground source heating	20
Electrics/rewires	30	Lifts	25
Gas boilers	15	Roofs	75
Biomass boilers	25		

Where a separately identified and depreciated component of an existing property is replaced, the carrying value of the component is expensed within accelerated depreciation and the cost of the replacement component capitalised.

Properties held on long leases are depreciated over the shorter of their estimated useful economic lives and the unexpired term of the lease.

Other tangible fixed assets

Depreciation on other fixed assets is provided for on the following straight line basis:

Asset	Years
Freehold office buildings	50
Photovoltaic panels	30
Freehold office improvements	15
Leasehold office improvements	15 years or over the unexpired term of the lease
Plant and machinery	10
Furniture, equipment fixtures and fittings	5
Computer equipment	3
Motor vehicles	3

Social Housing and other Government Grants

Social Housing Grant ('SHG') or other government grant received to subsidise the cost of housing properties is included in creditors. Grants due or received in advance are included as a current asset or liability. SHG received in excess of the cost of housing properties in the course of construction is shown as SHG received in advance and included as a current liability. SHG may be repayable on the sale, change of use or demolition of housing properties. If there is no requirement

Notes to the financial statements for the year ended 31 March 2020 (continued)

1. Accounting Policies (continued)

Social Housing and other Government Grants (continued)

to repay the grant on disposal, any unamortised grant remaining in creditors is released and recognised as income.

Government Grants received for housing properties are recognised in income over the useful life of the housing property structure. The unamortised element of the grant is recognised as deferred income in creditors.

Grants relating to revenue are recognised in the Statement of Comprehensive Income over the same period as the expenditure to which they relate. Until the revenue grants are recognised as income they are recorded as liabilities.

Non-Government Grants

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

Impairment

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential.

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined using depreciated replacement cost.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and included in the Statement of Comprehensive Income.

Following the assessment of the indicators of impairment, it was viewed that the Coronavirus pandemic was a trigger for impairment in relation to housing stock, WIP and investment property. An impairment review was undertaken for the following areas:

- social housing assets
- market sale properties at Taw Wharf, Barnstaple (including WIP)
- the investment part of the Head Office site at Westacott Road, Barnstaple

Following a detailed review, no impairment was identified and so no adjustment to carrying values was required.

Demolition

Where properties are demolished for development, the cost (net of depreciation) of the property, excluding land, is written off to operating costs. The cost of demolition is capitalised as part of the cost of redevelopment. An impairment review is carried out at the point a decision is made to demolish.

Notes to the financial statements for the year ended 31 March 2020 (continued)

1. Accounting Policies (continued)

Valuation of Investments other than investment properties
Investments are shown at cost less any amounts written off. Provisions are made for reductions in value.

Investment properties
Investment property includes commercial and other properties not held for the social benefit of the Group. Investment property is measured at cost on initial recognition, which includes purchase costs and any directly attributable expenditure and subsequently at fair value at the reporting date. Fair value is determined annually by external valuers. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

Intangible assets
Intangible assets are stated at historic cost, less accumulated amortisation and any provision for impairment. Amortisation is provided on all intangible assets at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life as follows:

- computer software 5 years

Intangible assets in the process of development are not amortised.

Stock and work in progress
Stock and work in progress is stated at the lower of cost and net realisable value. Properties developed for outright sale and shared ownership first tranche sale are included in current assets as they are intended to be sold. At each reporting date stock and properties held for sale are assessed for impairment. Any impairment losses are recognised in the Statement of Comprehensive Income.

Long-term contracts
Where the substance of a contract is that the contractual obligations are performed gradually over time, revenue and costs are recognised as the contract activity progresses to reflect the partial performance of contractual obligations.

Operating Leases
Leases that do not transfer all the risks and rewards of ownership are classified as operating leases.

Payments under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

Finance leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Group.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower the present value of minimum lease payments) at the inception of the lease. The corresponding liability is included in the statement of financial position within long-term creditors. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability.

Rental payments are charged as expenses in the periods in which they are incurred.

Notes to the financial statements for the year ended 31 March 2020 (continued)

1 Accounting Policies (continued)

Corporation Tax

The Association is a registered charity and is not subject to Corporation Tax on its charitable activities but is subject to tax on any non-charitable activities. Anchorwood Limited is subject to Corporation Tax. The tax expense for the period comprises current and deferred tax.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date where transactions or events that result in an obligation to pay more tax in the future or a right to pay tax in the future have occurred at the Statement of Financial Position date. Timing differences are differences between the Group's taxable surpluses and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the Statement of Financial Position date. Deferred tax is measured on a non-discounted basis.

A deferred tax asset is only recognised when it is more likely than not that the asset will be recoverable in the foreseeable future out of suitable taxable surpluses from which the underlying timing differences can be deducted.

Value Added Tax ('VAT')

The Association is registered for VAT but a large proportion of its income, including its rents, is exempt for VAT purposes. The majority of its expenditure is subject to VAT which cannot be reclaimed, and expenditure is therefore shown inclusive of irrecoverable VAT.

Anchorwood Limited is separately registered for VAT and is able to reclaim VAT. Its expenditure is shown exclusive of VAT.

Interest Received

Interest earned on short-term investments is accounted for when receivable.

Pensions

Retirement benefits to employees are provided by the Social Housing Pension Scheme ("SHPS") defined contribution scheme and the Local Government Pension Scheme ("LGPS") (administered by Devon County Council Pensions) defined benefit pension scheme, details of which are given in Note 21. Past service retirement benefits to employees are also provided by the SHPS defined benefit schemes, details of which are given in Note 21. Pension costs accounted for as defined benefit schemes are in accordance with FRS102 (section 28).

<u>Defined contribution scheme</u>

The Association participates in the SHPS defined contribution scheme where the amount charged to surplus or deficit in the Statement of Comprehensive Income in respect of pension costs and other post-retirement benefits is the contributions payable in the year.

<u>Defined benefit schemes</u>

SHPS

The Association also contributes to the SHPS defined benefit scheme for past service retirement benefits (as the scheme is closed to future accrual). The amounts charged to operating surplus are the costs arising from employee services previously rendered and the cost of benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined liability is charged to revenue and included within finance costs. Re-measurement, comprising actuarial gains and losses and the return on scheme assets (excluding amounts

Notes to the financial statements for the year ended 31 March 2020 (continued)

1 Accounting Policies (continued)

Pensions (continued)

included in net interest on the net defined benefit liability) is recognised immediately in other comprehensive income.

LGPS
The Association participates in the LGPS which is a multi-employer defined benefit scheme. The amounts charged to operating surplus are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined liability is charged to revenue and included within finance costs. Re-measurement, comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) is recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Association in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained triennially and are updated at each Statement of Financial Position date.

Revaluation Reserve
The revaluation reserve represents the difference on transition where deemed cost transitional relief was taken, between the fair value of social housing properties and other assets, or those assets that are re-measured annually and the historical cost carrying value.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Restricted Reserves
There are currently no restricted reserves.

Financial Instruments
Financial assets and financial liabilities are measured at transaction price initially plus directly attributable transaction costs and are recognised in the statement of financial position when the Association becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

Notes to the financial statements for the year ended 31 March 2020 (continued)

1 Accounting Policies (continued)

Financial instruments (continued)

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Non-basic financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in surplus or deficit.

Related parties

The Group discloses transactions with related parties which are not wholly owned subsidiaries.

Notes to the financial statements for the year ended 31 March 2020 (continued)

2a) Particulars of turnover, operating costs and operating surplus– Group

Income and expenditure from general needs lettings	2020			2019		
	Turnover	Operating Costs	Operating Surplus /(Deficit)	Turnover	Operating Costs	Operating Surplus /(Deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Social Housing Lettings (note 2b)	**14,960**	**(10,954)**	**4,006**	14,809	(10,373)	4,436
Other social housing activities:						
Shared ownership first tranche sales	**987**	**(440)**	**547**	180	(74)	106
Charges for support services	**61**	**(325)**	**(264)**	64	(301)	(237)
Non-social housing activities						
Other activities	**4,894**	**(4,518)**	**376**	1,076	(764)	312
Exceptional item*	**-**	**(229)**	**(229)**	-	-	-
Restricted fund (Big Lottery)	**-**	**-**	**-**	10	(86)	(76)
Other grants	**-**	**-**	**-**	19	-	19
Total	**20,902**	**(16,466)**	**4,436**	16,158	(11,598)	4,560

***the exceptional item refers to a prior period adjustment in Anchorwood Limited in relation to the losses on the golden brick agreement which is not considered to be sufficiently material to necessitate a prior period adjustment in the Group consolidated financial statements.

Notes to the financial statements for the year ended 31 March 2020 (continued)

2a) Particulars of turnover, operating costs and operating surplus – Association

Income and expenditure from general needs lettings	2020			2019		
	Turnover	Operating Costs	Operating Surplus /(Deficit)	Turnover	Operating Costs	Operating Surplus /(Deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Social Housing Lettings (note 2b)	**14,960**	**(10,954)**	**4,006**	14,809	(10,373)	4,436
Other social housing activities:						
Shared ownership first tranche sales	**987**	**(440)**	**547**	180	(74)	106
Charges for support services	**61**	**(325)**	**(264)**	64	(301)	(237)
Non-social housing activities						
Other activities	**990**	**(196)**	**794**	1,051	(408)	643
Restricted fund (Big Lottery)	**-**	**-**	**-**	10	(86)	(76)
Other grants	**-**	**-**	**-**	19	-	19
Total	**16,998**	**(11,915)**	**5,083**	16,133	(11,242)	4,891

Notes to the financial statements for the year ended 31 March 2020 (continued)

2b) Particulars of Income and Expenditure from social housing lettings– Group and Association

	General needs	Supported Housing	2020 Total	2019 Total
	£'000	£'000	£'000	£'000
Rent receivable net of identifiable service charges	12,207	1,997	**14,204**	14,146
Service charge income	135	465	**600**	522
Amortised Government Grants	156	-	**156**	141
Turnover from social housing lettings	**12,498**	**2,462**	**14,960**	14,809
Expenditure on lettings:				
Management	(1,221)	(273)	**(1,494)**	(1,501)
Service charge costs	(414)	(436)	**(850)**	(776)
Routine maintenance	(2,505)	(611)	**(3,116)**	(2,934)
Planned maintenance	(812)	(185)	**(997)**	(942)
Major repairs expenditure	(813)	(611)	**(1,424)**	(1,288)
Bad debts	(40)	(26)	**(66)**	(61)
Depreciation of housing properties	(2,581)	(426)	**(3,007)**	(2,810)
Other costs	-	-	**-**	(61)
Operating expenditure on Social Housing Lettings	**(8,386)**	**(2,568)**	**(10,954)**	(10,373)
Operating surplus/(deficit) on social housing lettings	**4,112**	**(106)**	**4,006**	4,436
Void losses	(21)	(45)	**(66)**	(115)

Notes to the financial statements for the year ended 31 March 2020 (continued)

3 Gain on disposal of property, plant and equipment

Group and Association	Right to Buy Sales £'000	Right to Acquire Sales £'000	Strategic Sales £'000	2020 Total £'000	2019 Total £'000
Proceeds of sales (gross)	**471**	**623**	**1,317**	**2,411**	2,651
Less costs of sales	**(233)**	**(282)**	**(467)**	**(982)**	(1,527)
	238	**341**	**850**	**1,429**	1,124
NDC sharing of proceeds agreement	**(336)**	**-**	**-**	**(336)**	(314)
Surplus/(deficit) on disposal	**(98)**	**341**	**850**	**1,093**	810

4 Interest receivable

	Group 2020 £'000	Association 2020 £'000	Group 2019 £'000	Association 2019 £'000
Interest receivable	**31**	**135**	21	103

5 Interest and financing costs

Group and Association	Group 2020 £'000	Association 2020 £'000	Group & Ass'n 2019 £'000
Net Interest on defined benefit liability pension (see Note 21)	**128**	**128**	132
Interest payable	**4,539**	**4,425**	4,196
Funding Management Charge	**120**	**120**	126
	4,787	**4,673**	4,454
Borrowing costs capitalised	**(268)**	**(154)**	(66)
	4,519	**4,519**	4,388

Notes to the financial statements for the year ended 31 March 2020 (continued)

6 Surplus before taxation

	Group 2020 £'000	Association 2020 £'000	Group 2019 £'000	Association 2019 £'000
Surplus on ordinary activities before taxation is stated after charging:				
Depreciation of tangible fixed assets	**3,138**	**3,134**	2,903	2,898
Amortisation of intangible fixed assets	**31**	**31**	13	13
Auditors' remuneration:				
- Statutory Audit	**59**	**52**	31	24
- Taxation compliance services	**10**	**7**	11	6
- Other services	**2**	**2**	12	12
Other operating lease rentals	**87**	**87**	72	72

7 Directors' remuneration and transactions

Group and Association

Key management personnel are the Executive Team who oversee the day-to-day operational running and, working with the Board (Non-Executive Directors) and wider colleagues, identify and execute the Group's strategic direction. They are detailed on page 3 of these financial statements.

The remuneration paid to the Executive Team and the Non-Executive Directors during the year was as follows:

Group and Association

Executive Team	Salary £	Other emoluments £	Pension £	2020 Total £	2019 Total £
Chief Executive M Gimber	128,074	4,862	9,301	**142,237**	139,545
Director of Neighbourhoods M Rostock	93,144	4,512	6,832	**104,488**	102,525
Finance Director P Butler	91,801	4,452	6,426	**102,679**	101,741
Total	**313,019**	**13,826**	**22,559**	**349,404**	343,811

The values above include any accrued amounts as at 31 March 2020.

Notes to the financial statements for the year ended 31 March 2020 (continued)

7 Directors' remuneration and transactions (continued)

Non-Executive Directors

	Group 2020 £	**Association 2020** £	Group 2019 £	Association 2019 £
R Stronge (Chair)	**9,370**	**9,370**	13,142	13,142
A Butt *	**7,100**	**5,100**	9,988	7,155
D Ash	**-**	**-**	4,208	4,208
J Barrah*	**5,000**	**3,000**	7,041	4,208
S Goodman	**1,250**	**1,250**	4,208	4,208
D Hay	**3,000**	**3,000**	4,208	4,208
S Ingman	**3,000**	**3,000**	4,208	4,208
D Lloyd-Evans*	**5,000**	**3,000**	7,041	4,208
S Lowther	**1,238**	**1,238**	-	-
S Murray*	**5,000**	**3,000**	7,041	4,208
P Oldroyd	**5,000**	**5,000**	7,013	7,013
S Sanger-Anderson	**1,238**	**1,238**	-	-
Total	**46,196**	**38,196**	68,098	56,766

**non-executive directors who were also non-executive directors of Anchorwood Limited.*

Expenses paid during the year to Board Members amounted to £15,050 (2019: £10,403).

No Non-Executive Directors participate in the pension scheme. The three members of the Executive Team are ordinary members of the pension scheme. No enhanced or special terms apply.

Notes to the financial statements for the year ended 31 March 2020 (continued)

8 Employee Information

Group and Association

The average number of persons employed during the year expressed in full-time equivalents was:

	2020 No.	2019 No.
Office staff	**86**	81
Maintenance staff	**25**	22
Wardens, caretakers and cleaners	**12**	12
	123	115

Staff costs for the above employees	**2020 £'000**	2019 £'000
Wages and salaries	**3,420**	3,299
Social security costs	**321**	309
Pension costs	**308**	280
	4,049	3,888

The number of employees during the year, expressed in full-time equivalents whose remuneration exceeded £60k:

	2020 No.	2019 No.
Remuneration between £60k and £70k	**3**	1
Remuneration between £70k and £80k	**-**	1
Remuneration between £80k and £90k	**-**	-
Remuneration between £90k and £100k	**-**	-
Remuneration between £100k and £110k	**2**	2
Remuneration between £120k and £130k	**-**	-
Remuneration between £130k and £140k	**-**	1
Remuneration between £140k and £150k	**1**	-

Notes to the financial statements for the year ended 31 March 2020 (continued)

9 Taxation

The tax charge comprises:

	Group 2020 £'000	**Association 2020 £'000**	Group 2019 £'000	Association 2019 £'000
Current tax	**-**	**-**	-	-
Adjustment in respect of previous periods	**-**	**-**	-	-
Total tax per income statement	**-**	**-**	-	-

The charge for the year can be reconciled to the profit per the income statement as follows:

	Group 2020 £'000	**Association 2020 £'000**	Group 2019 £'000	Association 2019 £'000
Profit for the period	**2,093**	**2,047**	1,261	1,437
Tax on profit at standard UK tax rate of 19% (2019: 19%)	**398**	**389**	240	273
Effects of:				
Expenses not deductible	**3,098**	**3,097**	2,951	2,950
Income not taxable	**(3,484)**	**(3,484)**	(3,223)	(3,223)
Losses	**(12)**	**-**	32	-
Effects of group relief/other reliefs	**-**	**(2)**	-	-
Tax for the period	**-**	**-**	-	-

Notes to the financial statements for the year ended 31 March 2020(continued)

10a Intangible assets

Group and Association

	Computer Software £'000	Total £'000
Cost		
As at 1 April 2019	358	**358**
Additions	326	**326**
As at 31 March 2020	684	**684**
Accumulated amortisation		
As at 1 April 2019	13	**13**
Charge for the year	31	**31**
As at 31 March 2020	44	**44**
Net book value as at 31 March 2020	640	**640**
Net book value as at 31 March 2019	345	**345**

Intangible assets are software projects which are amortised on completion in accordance with the accounting policy in Note 1 (page 38).

Notes to the financial statements for the year ended 31 March 2020(continued)

10b Tangible fixed assets - Housing Properties

Group

	Housing property under construction £'000	Social housing property for letting completed £'000	Shared Ownership £'000	Total £'000
Cost or deemed cost				
As at 1 April 2019	3,803	164,912	3,433	172,148
Additions	2,317	1,098	628	4,043
Component additions/replacements	-	1,101	-	1,101
Disposals	-	(1,136)	-	(1,136)
Transfers	(4,939)	4,551	388	-
As at 31 March 2020	**1,181**	**170,526**	**4,449**	**176,156**
Accumulated depreciation				
As at 1 April 2019	-	15,449	92	15,541
Charge for the year (including accelerated depreciation)	-	2,973	34	3,007
Disposals	-	(569)	-	(569)
As at 31 March 2020	**-**	**17,853**	**126**	**17,979**
Net book value as at 31 March 2020	**1,181**	**152,673**	**4,323**	**158,177**
Net book value as at 31 March 2019	3,803	149,463	3,341	156,607

Notes to the financial statements for the year ended 31 March 2020 (continued)

10b Tangible fixed assets - Housing Properties (continued)

Association

	Housing property under construction £'000	Social housing property for letting completed £'000	Shared Ownership £'000	Total £'000
Cost or deemed cost				
As at 1 April 2019	4,114	164,912	3,433	172,459
Additions	2,782	1,098	628	4,508
Component additions/replacements	-	1,101	-	1,101
Disposals	-	(1,136)	-	(1,136)
Transfers	(4,939)	4,551	388	-
As at 31 March 2020	**1,957**	**170,526**	**4,449**	**176,932**
Accumulated depreciation				
As at 1 April 2019	-	15,449	92	15,541
Charge for the year (including accelerated depreciation)	-	2,973	34	3,007
Disposals	-	(569)	-	(569)
As at 31 March 2020	**-**	**17,853**	**126**	**17,979**
Net book value as at 31 March 2020	**1,957**	**152,673**	**4,323**	**158,953**
Net book value as at 31 March 2019	4,114	149,463	3,341	156,918

Notes to the financial statements for the year ended 31 March 2020 (continued)

10c Other Property, Plant & Equipment

Group

	Investment Properties £'000	Office £'000	Other land & buildings £'000	Fixtures and Fittings £'000	Motor Vehicles £'000	Total £'000
Cost or valuation						
As at 1 April 2019	1,962	1,979	292	1,006	233	5,472
Additions	-	671	-	32	-	703
Revaluation	255	20	-	-	-	275
Disposals	-	-	-	-	-	-
Transfers	(250)	250	-	-	-	-
As at 31 March 2020	**1,967**	**2,920**	**292**	**1,038**	**233**	**6,450**
Accumulated depreciation						
As at 1 April 2019	-	453	82	650	230	1,415
Charge for the year	-	37	-	94	-	131
Disposals	-	-	-	-	-	-
As at 31 March 2020	**-**	**490**	**82**	**744**	**230**	**1,546**
Net book value as at 31 March 2020	**1,967**	**2,430**	**210**	**294**	**3**	**4,904**
Net book value as at 31 March 2019	1,962	1,526	210	356	3	4,057

The Westacott Road investment property (long leasehold of 999 years with an option to purchase the freehold after five years),was valued to fair value at 31 March 2020 based on a valuation undertaken by Vickery Holman Limited, Property Consultants. The other investment properties, which are all freehold, were valued to fair value at 31 March 2020 by both Webbers and Vickery Holman Limited, Property Consultants.

Both valuers are independent valuers with recent experience in the location and class of the investment property being valued. The valuations were based on current market conditions at the time but due to the uncertainty created by the Covid-19 pandemic were reported on the basis of material uncertainty.

Notes to the financial statements for the year ended 31 March 2020 (continued)

10c Other Property, Plant & Equipment (continued)

Association

	Investment Properties £'000	Office £'000	Other land & buildings £'000	Fixtures and Fittings £'000	Motor Vehicles £'000	Total £'000
Cost or valuation						
As at 1 April 2019	1,962	1,979	292	887	233	5,353
Additions	-	671	-	32	-	703
Revaluation	255	20	-	-	-	275
Disposals	-	-	-	-	-	-
Transfers	(250)	250	-	-	-	-
As at 31 March 2020	**1,967**	**2,920**	**292**	**919**	**233**	**6,331**
Accumulated depreciation						
As at 1 April 2019	-	453	82	640	230	1,405
Charge for the year	-	37	-	90	-	127
Disposals	-	-	-	-	-	-
As at 31 March 2020	**-**	**490**	**82**	**730**	**230**	**1,532**
Net book value as at 31 March 2020	**1,967**	**2,430**	**210**	**189**	**3**	**4,799**
Net book value as at 31 March 2019	1,962	1,526	210	247	3	3,948

Notes to the financial statements for the year ended 31 March 2020 (continued)

11 Investments

Group companies

The Group includes the following subsidiary, which is registered in England:

Name	Incorporation and ownership	Regulated/non-regulated	Nature of business
Anchorwood Limited Westacott Road Barnstaple Devon EX32 8TA	Company 100%	Non-regulated	Property development

Investments	Group 2020 £'000	Association 2020 £'000	Group 2019 £'000	Association 2019 £'000
Investment in Advantage South West LLP	**102**	**5**	111	5
Investment in Plough and Share Credit Union	**-**	**-**	10	10
Investment in Anchorwood Limited	**-**	**2,300**	-	2,300
Investment in MORHomes PLC	**82**	**82**	20	20
Investment in South West Mutual Ltd	**5**	**5**	-	-
Investment in Affordable Housing Finance PLC	**312**	**312**	307	307
	501	**2,704**	448	2,642

Advantage South West LLP: The Group's investment represents a 25% shareholding and capital contribution. The Group's share of net assets at 31 March 2020 was £102k (2019: £111k) and share of losses for the year was £9k (2019: £5k surplus).

Plough and Share Credit Union: The Group's investment representing £10k of deferred shares has been written off as the credit union is in administration.

Anchorwood Limited: The subsidiary company was established in June 2015. The net assets at 31 March 2020 were £1.907m (2019: £1.861m) and profit for the year ended 31 March 2020 was £46k (2019: £404k loss).

MORHomes PLC: The Group's investment represents 82,500 ordinary shares of £0.10 each.

South West Mutual Ltd: The Group's investment represents 333 of founders' shares.

Registered office addresses for the investment companies are:

Advantage South West LLP, Yarlington Housing Group, Lupin Way, Yeovil, Somerset BA22 8WN

MORHomes PLC, 30 Stamford Street, London, SE1 9LQ

South West Mutual Ltd, Broadwalk House, Southernhay West, Exeter, Devon, EX1 1TS

Affordable Housing Finance PLC, 3rd Floor, 17 St. Swithin's Lane, London, EC4N 8AL

Notes to the financial statements for the year ended 31 March 2020 (continued)

12 Debtors

	Group	Association	Group	Association
	2020	**2020**	2019	2019
	£'000	**£'000**	£'000	£'000
Amounts falling due within one year:				
Rental arrears	**203**	**203**	180	180
Less provisions for bad debts	**(165)**	**(165)**	(136)	(136)
	38	**38**	44	44
Prepayments and accrued income	**272**	**272**	217	217
Other debtors	**1,731**	**1,480**	1,496	1,424
	2,041	**1,790**	1,757	1,685

Included in other debtors is £1.325m (2019: £1.314m) being the value of the Local Government Pension Scheme indemnity that is held in a jointly controlled bank account with Devon County Council as the administering authority.

	Group	Association	Group	Association
Amounts falling due after one year:	**2020**	**2020**	2019	2019
	£'000	**£'000**	£'000	£'000
Amounts owed by subsidiary company	**-**	**3,751**	-	3,151

Included in amounts falling due after one year is £143k owed to the Association by Anchorwood Limited, relating to the purchase of photovoltaic panels on 31 March 2017, which is held as a long-term intercompany debt with no repayment date.

The intercompany loan balance at the end of the year was £3.608m (2019: £3.008m). The loan facility at the end of the year was £4.071m (2019: £3.942m) and is repayable in July 2025, the North Devon Homes Board having agreed to renew the facility at its meeting on 23 March 2020. Interest payable during the year was at 3 month LIBOR plus 2.25% (2019: 2.25%).

13 Stock

	Group	Association	Group	Association
	2020	**2020**	2019	2019
	£'000	**£'000**	£'000	£'000
Properties held for sale	**1,872**	**318**	691	691
Work in progress	**9,354**	**559**	10,527	415
Amount recognised to cost of sales	**(3,951)**	**-**	(285)	-
	7,275	**877**	10,933	1,106

Notes to the financial statements for the year ended 31 March 2020 (continued)

14 Creditors: amounts falling due within one year

	Group 2020 £'000	Association 2020 £'000	Group 2019 £'000	Association 2019 £'000
Rent and other receipts in advance	**556**	**556**	542	542
Trade creditors	**135**	**122**	66	21
Amounts due under Right to Buy sharing agreement	**310**	**310**	317	317
Social Housing Grant received in advance	**156**	**156**	158	158
Other taxation and social security	**80**	**80**	332	332
Interest accruals	**42**	**42**	41	41
Other creditors	**7**	**-**	-	-
Loans	**47**	**-**	-	-
Accruals and deferred income	**2,284**	**1,805**	2,656	2,232
	3,617	**3,071**	4,112	3,643

15 Creditors: amounts falling due after more than one year

Group and association

	Group 2020 £'000	Association 2020 £'000	Group 2019 £'000	Association 2019 £'000
Loans	**104,748**	**104,748**	96,404	93,310
Social Housing Grant Received in advance	**13,836**	**13,836**	13,665	13,665
Finance Lease Liability	**14**	**14**	20	20
Other creditors	**1,288**	**-**	1,302	-
	119,886	**118,598**	111,391	106,995
Defined Benefit Pension Schemes	**4,186**	**4,186**	5,544	5,544
	124,072	**122,784**	116,935	112,539

Other creditors represent S106 public open space and education monies that are due to be paid in later years as sale units are completed.

Notes to the financial statements for the year ended 31 March 2020 (continued)

15 Creditors: amounts falling due after more than one year (continued)

Debt Analysis

Group and association	**Group**	**Association**	Group	Association
Loans	**2020 £'000**	**2020 £'000**	2019 £'000	2019 £'000
Expiring in two years or more but less than 5 years	**15,000**	**15,000**	4,343	1,250
Expiring in more than 5 years	**89,748**	**89,748**	92,061	92,060
	104,748	**104,748**	96,404	93,310

The weighted average period for which interest rates are fixed is 22 years. All loans are repayable at the end of their fixed rate term. The weighted average total interest rate for all loans was 4.86% (2019: 5.12%). Loan values include £617k capitalised fees which are amortised on a straight line basis and £6,791k of loan premium amortised on a discounted cashflow basis.

The Group has one Finance Lease with ITEC printers.

	Group	**Association**	Group	Association
Finance Lease Liability	**2020 £'000**	**2020 £'000**	2019 £'000	2019 £'000
At 1 April	**20**	**20**	26	26
Amortisation	**(6)**	**(6)**	(6)	(6)
At 31 March	**14**	**14**	20	20

	Group	**Association**	Group	Association
Deferred Income – Government Grants	**2020 £'000**	**2020 £'000**	2019 £'000	2019 £'000
At 1 April	**13,823**	**13,823**	13,487	13,487
Grants receivable	**325**	**325**	477	477
Amortisation to Statement of Comprehensive Income	**(156)**	**(156)**	(141)	(141)
At 31 March	**13,992**	**13,992**	13,823	13,823

	Group	**Association**	Group	Association
	2020 £'000	**2020 £'000**	2019 £'000	2019 £'000
Amounts to be released within one year	**156**	**156**	158	158
Amounts to be released in more than one year	**13,836**	**13,836**	13,665	13,665
	13,992	**13,992**	13,823	13,823

Notes to the financial statements for the year ended 31 March 2020 (continued)

15a Recycled Capital Grant

	Group and Association	
	2020	**2019**
	£'000	**£'000**
At 1 April	**-**	-
Grants recycled in the year	**27**	-
Interest accrued	**-**	-
Withdrawals	**-**	-
	27	-
Repayment of grant	**-**	-
At 31 March	**27**	-

Withdrawals from the recycled capital grant fund will be used for the purchase and development of new housing schemes for letting and for approved works to existing properties.

16 Statement of Cashflows
Cashflow from operating activities

	Group	Group
	2020	**2019**
	£'000	**£'000**
Surplus for the year	1,287	1,029
<u>Adjustment for non-cash items:</u>		
Depreciation of tangible fixed assets	3,136	2,903
Amortisation of intangible assets	31	13
Decrease / (increase) in stock	3,001	(5,777)
(Increase) / decrease in trade and other debtors	(284)	159
Increase in trade and other creditors	70	201
Pensions costs less contributions payable	(49)	(40)
Abortive costs written off	2	61
Share of operating deficit/(surplus) in associate	9	(5)
<u>Adjustments for investing or financing activities</u>		
Proceeds from sale of property, plant and equipment	(1,121)	(810)
Increase in fair value of investment property	(255)	(21)
Government Grants utilised in the year	(156)	(141)
Interest Paid	4,519	4,388
Increase in recycled capital grant	27	-
Interest Received	(31)	(21)
Loan Amortisation Fee	(215)	-
Net cash generated from operating activities	**9,971**	**1,939**

Notes to the financial statements for the year ended 31 March 2020 (continued)

Analysis of changes in net debt

	At 31 March 2020 £'000	Cashflows £'000	At 31 March 2019 £'000
Cash and cash equivalents	**12,423**	9,879	2,544
Debt due after one year	**(104,748)**	(8,344)	(96,404)
Finance lease	**(14)**	6	(20)
Net debt	**(92,339)**	1,541	(93,880)

17 Financial Commitments

Capital commitments are as follows:

	Group 2020 £'000	Association 2020 £'000	Group 2019 £'000	Association 2019 £'000
Contracted for but not provided for in the financial statements	**4,088**	**2,971**	21,066	4,812
Future expenditure approved by Directors but not contracted for at the year end	**1,481**	**1,481**	1,699	1,699

Capital commitments will be funded by a mixture of loan facilities, grants and cash reserves.

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Group 2020 £'000	Association 2020 £'000	Group 2019 £'000	Association 2019 £'000
Payments due:-				
- Within one year	**96**	**96**	77	77
- Between one and five years	**60**	**60**	82	82
	156	**156**	159	159

Notes to the financial statements for the year ended 31 March 2020 (continued)

18 Financial Instruments

The Group's financial instruments comprise debtors, creditors, cash and cash equivalents and loans. All the Financial Instruments are considered to be Basic under the criteria specified under FRS102.

The Association's financial instruments comprise debtors, creditors, cash and cash equivalents and loans.

Financial Assets	Group	Association	Group	Association
Debt instruments measured at amortised cost	**2020 £'000**	**2020 £'000**	2019 £'000	2019 £'000
Cash & Cash equivalents	**12,423**	**11,713**	2,544	2,371
Debtors	**2,025**	**1,518**	1,540	1,468
	14,448	**13,231**	4,084	3,839

Financial liabilities measured at amortised cost:	Group	Association	Group	Association
	2020 £'000	**2020 £'000**	2019 £'000	2019 £'000
Borrowings:				
Housing Loans	104,748	104,748	96,404	93,310
Total Borrowings	104,748	104,748	96,404	93,310
Other financial liabilities:				
Trade creditors	135	122	66	21
Accruals and other creditors	2,009	2,135	3,014	2,590
Finance leases	14	14	20	20
Total	2,158	2,271	3,100	2,631

Interest income and expense

	Group	Association	Group	Association
	2020 £'000	**2020 £'000**	2019 £'000	2019 £'000
Total interest income for financial assets at amortised cost	**31**	**135**	21	103
Total interest expense for financial liabilities at amortised cost	**4,519**	**4,519**	4,388	4,388

Notes to the financial statements for the year ended 31 March 2020 (continued)

19 Housing Stock

Group and Association

	2020 Units	2019 Units
Social housing		
General needs housing:		
• social rent (2020 includes 9 units managed by others)	**2,266**	2,275
• affordable rent	**425**	426
• intermediate rent	**14**	14
Housing for older people:		
• social rent	**509**	511
• affordable rent	**28**	-
• intermediate rent	**4**	-
Low cost home ownership	**71**	56
Total owned	**3,317**	3,282
Accommodation managed for others	**16**	20
Total managed	**3,333**	3,302
Non-social housing		
Accommodation let at market rent	**7**	7
Leasehold accommodation	**89**	89
Total owned and managed	**3,429**	3,398

There were 2,512 (2019: 2,517) properties with a fixed charge as at 31 March 2020.

20 Related Party transactions

During the year one Executive Officer was a Board member of Advantage South West ("ASW") in which the Association has a 25% shareholding. The Group's share of the operating deficit in the year was £9k (2019: £5k surplus). The Association paid membership fees to ASW of £13k (2019: £13k) and there were no amounts owed to ASW at 31 March 2020 (2019: £nil).

North Devon Homes worked with Plough and Share Credit Union. In June 2017 the Plough and Share Credit Union went into liquidation. As at 31 March 2020 North Devon Homes had written off its investment of £10k in Plough and Share Credit Union.

The Association has an investment of £2,300k (2019: £2,300k) in the share capital of its non-regulated subsidiary Anchorwood Limited and £3,608k (2019: £3,009k) in loans. As Anchorwood Limited is a wholly owned subsidiary, the exemption available under Financial Reporting Standard 8 has been applied and details of inter-company transactions in the year have not been disclosed.

Notes to the financial statements for the year ended 31 March 2020 (continued)

21 Pensions

Retirement benefits to employees are provided by the Social Housing Pension Scheme (SHPS) and the Local Government Pension Scheme (LGPS) which is administered by Devon County Council Pensions. The pension costs for the year were:

	2020 £'000	2019 £'000
Devon County Council		
Current service cost	**57**	73
Past service costs, including curtailments	**34**	-
Administration Expenses	**3**	3
	94	76
Social Housing Pension Scheme		
Employer contributions	**182**	189
Administration Expenses	**8**	15
	190	204
Total payments	**284**	280

The actuarial gains and losses in respect of the pension schemes for the year were:

	2020 £'000	2019 £'000
Actuarial gain / (loss)		
Devon County Council Pension Scheme	**197**	190
Social Housing Pension Scheme	**1,124**	(491)
	1,321	(301)

Defined benefit pension liability in respect of the pension schemes for the year:

	2020 £'000	2019 £'000
Devon County Council Pension Scheme	**3,179**	3,302
Social Housing Pension Scheme	**995**	2,242
SHPS deficit payment paid April 2020	**12**	-
	4,186	5,544

Notes to the financial statements for the year ended 31 March 2020 (continued)

21 Pensions (continued)

Devon County Council Pension Scheme (DCCPF)

The DCCPF is a multi-employer scheme, administered in accordance with the Local Government Pension regulations, a defined benefit scheme. The most recent formal actuarial valuation was completed as at 31 March 2016 and rolled forward, allowing for the different financial assumptions required under FRS 102, to 31 March 2020 by a qualified independent actuary.

The net defined benefit liability at the year ended 31 March 2020 is £3,179k (2019: £3,302k).

The employer's contributions to the DCCPF by the association for the year ended 31 March 2020 were £97k (2019: £104k) at a contribution rate of 19.7% of pensionable salaries. The employer's contribution rate for the year ending 31 March 2021 has been set at 22.2%. Estimated employer's contributions to the DCCPF during the accounting period commencing 1 April 2020 are £89k.

Statement of financial position

Net pension asset as at	**2020 £'000**	2019 £'000
Present value of the defined benefit obligation	**6,968**	7,794
Fair value of Fund assets (bid value)	**3,822**	4,526
Deficit	**3,146**	3,268
Present value of unfunded obligation	**33**	34
Net defined benefit liability	**3,179**	3,302

Reconciliation of opening and closing balances of the present value of scheme liabilities	**2020 £'000**	2019 £'000
Opening scheme liabilities	**7,828**	7,904
Current service cost	**57**	73
Interest cost	**179**	198
Change in financial assumptions	**(630)**	355
Change in demographic assumptions	**(12)**	(414)
Experience loss on defined benefit obligation	**9**	-
Estimated benefits paid net of transfers in	**(472)**	(301)
Past service costs including curtailments	**34**	-
Contributions by Scheme participants and other employers	**10**	15
Unfunded pension payments	**(2)**	(2)
Closing scheme liabilities	**7,001**	7,828

Notes to the financial statements for the year ended 31 March 2020 (continued)

21 Pensions (continued)

Devon County Council Pension Scheme (DCCPF) (continued)

Reconciliation of opening and closing balances of the fair value of plan assets	31 Mar 2020 £'000	31 Mar 2019 £'000
Opening fair value of plan assets	**4,526**	4,470
Interest on assets	**102**	112
Return on assets less interest	**(444)**	131
Other actuarial gains	**8**	-
Administration expenses	**(3)**	(3)
Contributions by employer including unfunded	**97**	104
Contributions by Scheme participants and other employers	**10**	15
Estimated benefits paid plus unfunded net of transfers in	**(474)**	(303)
Closing fair value of plan assets	**3,822**	**4,526**

Amounts recognised in statement of comprehensive income	31 Mar 2020 £'000	31 Mar 2019 £'000
Current service cost	**57**	73
Past service costs, including curtailments	**34**	-
Administration expenses	**3**	3
Amounts charged to operating costs	**94**	76
Net interest (charged to other finance costs)	**77**	86
Total loss	**171**	**162**

Re-measurement of net assets	31 Mar 2020 £'000	31 Mar 2019 £'000
Return on Fund assets in excess of interest	**(444)**	131
Other actuarial gains	**8**	-
Change in financial assumptions	**630**	(355)
Change in demographic assumptions	**12**	414
Experience loss on defined benefit obligation	**(9)**	-
Re-measurement of the net assets	**197**	**190**

Notes to the financial statements for the year ended 31 March 2020 (continued)

21 Pensions

Devon County Council Pension Scheme (DCCPF) (continued)

Principal actuarial assumptions:

Financial assumptions	31 Mar 2020 % pa	31 Mar 2019 % pa
Discount rate	**2.35**	2.35
Future salary increases	**2.95**	3.95
Future pension increases	**1.95**	2.45
Inflation assumption (RPI)	**2.85**	3.45
Inflation assumption (CPI)	**1.95**	2.45

Mortality assumptions

The post-retirement mortality assumptions adopted to value the benefit obligation at March 2020 and March 2019 are based on the S2PA tables. The assumed life expectations on retirement at age 65 are:

	31 Mar 2020 no. of years	31 Mar 2019 no. of years
Males retiring today	**22.9**	22.4
Females retiring today	**24.1**	24.4
Males retiring in 20 years	**24.3**	24.1
Females retiring in 20 years	**25.5**	26.2

The estimated asset allocation for North Devon Homes as at 31 March 2020 is:

Asset breakdown	31 March 2020 £000s	31 March 2020 %	31 March 2019 £000s	31 March 2019 %
Gilts	**162**	**4**	156	3
UK equities	**509**	**13**	752	17
Overseas equities	**1,644**	**43**	1,946	43
Property	**360**	**9**	400	9
Infrastructure	**165**	**4**	166	3
Target return portfolio	**502**	**13**	641	14
Cash	**45**	**1**	72	2
Other bonds	**200**	**5**	80	2
Alternative assets	**235**	**6**	239	5
Private equity	**-**	**-**	74	2
Total	**3,822**	**100**	4,526	100

The individual percentages shown are to the nearest percentage point for each asset class and may not sum to 100%.

Notes to the financial statements for the year ended 31 March 2020 (continued)

21 Pensions (continued)

Social Housing Pension Scheme (SHPS)

SHPS is a multi-employer, defined contribution scheme. The most recent formal actuarial valuation was completed as at 30 September 2017 and rolled forward, allowing for the different financial assumptions required under FRS102, to 31 March 2020 by a qualified independent actuary.

Under the defined benefit pension accounting approach, the SHPS net deficit as at 31 March 2020 is £995k (2019: £2,242k).

Statement of financial position

Net pension asset	**31 Mar 2020 £'000**	31 Mar 2019 £'000
Present value of scheme liabilities	**7,407**	8,477
Fair value of plan assets	**6,412**	6,235
Net defined benefit liability	**(995)**	(2,242)

Reconciliation of opening and closing balances of the present value of scheme liabilities	**£'000**
Opening scheme liabilities as at 1 April 2019	**8,477**
Current service cost	**-**
Expenses	**8**
Interest expense	**198**
Actuarial losses due to scheme experience	**92**
Actuarial gains due to changes in demographic assumptions	**(71)**
Actuarial gains due to changes in financial assumptions	**(1,116)**
Benefits paid and expenses	**(181)**
Closing scheme liabilities as at 31 March 2020	**7,407**

Notes to the financial statements for the year ended 31 March 2020 (continued)

21 Pensions (continued)

Social Housing Pension Scheme (SHPS) (continued)

Reconciliation of opening and closing balances of the fair value of plan assets	**£'000**
Opening fair value of plan assets as at 1 April 2019	**6,235**
Interest income	**147**
Experience on plan assets (excluding interest)	**29**
Contributions by employer	**182**
Benefits paid and expenses	**(181)**
Closing fair value of plan assets as at 31 March 2020	**6,412**

Amounts recognised in statement of comprehensive income	**2020 £'000**
Expenses	**8**
Amounts charged to operating costs	**8**
Net interest	**51**
Amounts charged to other finance costs	**51**
Total loss	**59**

Re-measurements in other comprehensive income

Re-measurement of the net assets	**31 Mar 2020 £'000**
Actuarial losses due to scheme experience	**(92)**
Actuarial gains due to changes in demographic assumptions	**71**
Actuarial gains due to changes in financial assumptions	**1,116**
Experience on plan assets (excluding interest)	**29**
Re-measurement of the net assets	**1,124**

Notes to the financial statements for the year ended 31 March 2020 (continued)

21 Pensions (continued)

Social Housing Pension Scheme (continued)

Principal actuarial assumptions:

Financial assumptions	31 Mar 2020	31 Mar 2019
	% pa	% pa
Discount rate	2.35	2.36
Future Salary increases	2.55	3.24
Future Pension increases	1.73	2.33
Inflation assumption (RPI)	2.55	3.24
Inflation assumption (CPI)	1.55	2.24

Mortality assumptions
The post-retirement mortality assumptions adopted to value the benefit obligation at 31 March 2020 imply the following life expectancies:

	31 Mar 2020 no. of years
Males retiring today	21.5
Females retiring today	23.3
Males retiring in 20 years	22.9
Females retiring in 20 years	24.5

Notes to the financial statements for the year ended 31 March 2020 (continued)

21 Pensions (continued)

Social Housing Pension Scheme (continued)

Major categories of plan assets as a percentage of total plan assets

Asset breakdown	**31 March 2020 £000s**	**31 March 2020 %**	31 March 2019 £000s	31 March 2019 %
Global equity	**938**	**15**	1,049	17
Absolute return	**334**	**5**	540	9
Distressed opportunities	**124**	**2**	113	2
Credit relative value	**176**	**3**	114	2
Alternative risk premia	**448**	**7**	360	6
Fund of hedge funds	**4**	**-**	28	-
Emerging markets debt	**194**	**3**	215	3
Risk sharing	**217**	**3**	188	3
Insurance-linked securities	**197**	**3**	179	3
Property	**141**	**2**	140	2
Infrastructure	**477**	**7**	327	5
Private debt	**129**	**2**	84	1
Opportunistic illiquid credit	**155**	**2**	-	-
Corporate bond fund	**366**	**6**	291	5
Liquid credit	**3**	**-**	-	-
Long lease property	**111**	**2**	92	1
Secured income	**243**	**4**	223	4
Liability driven investment	**2,128**	**33**	2,280	37
Net current assets	**27**	**-**	12	-
Total	**6,412**	**100**	6,235	100

The individual percentages shown are to the nearest percentage point for each asset class and may not sum to 100%.

22 Group Members

North Devon Homes is the parent undertaking and has one subsidiary being Anchorwood Limited.

23 Legislative provision

The Association is a company limited by guarantee and is registered with the Regulator of Social Housing under the Housing and Regeneration Act 2008.