North Devon Homes Financial Statements for the year ended 31 March 2022

north devon homes

Registered Company No. 03674687

Registered Charity No. 1164142

North Devon Homes

Financial Statements

for the year ended 31 March 2022

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Board of Management report for the year ended 31 March 2022

The Board of Management

Mr Colin Dennis (Chair)(appointed 1 April 2022)
Mr Asad Butt (Vice Chair)
Mr James Barrah
Dr Debbie Hay
Ms Suzanne Ingman
Ms Delyth Lloyd-Evans
Mr Scott Murray
Mr Paul Oldroyd
Ms Suzanne Lowther
Mr Simon Sanger-Anderson

Company Secretary

Iain Springate (appointed 31 January 2022)

Executive Directors

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

Statutory Independent Auditors

Mazars LLP
90 Victoria Street
Bristol
BS1 6DP

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 Bank PLC
25 Gresham Street
London EC2V 7HM

Funding Advisors

Aquila Treasury and Finance Solutions Ltd
Tempus Wharf
29a Bermondsey Wall West
London SE16 4SA

Bankers

NatWest plc
250 Bishopsgate
London EC2M 4AA

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 2022 (continued)

Strategic Report

The Board of Management presents its strategic report and audited financial statements for the year ended 31 March 2022.

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 pages 3 and 5.

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 9 to 30. This includes the Value for Money Statement 2022 and the Board's arrangements for managing risk.

Results

The Group's surplus after tax for the year was £1,208k (2021: £1,952k).

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 44.

Constitution and Governance

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

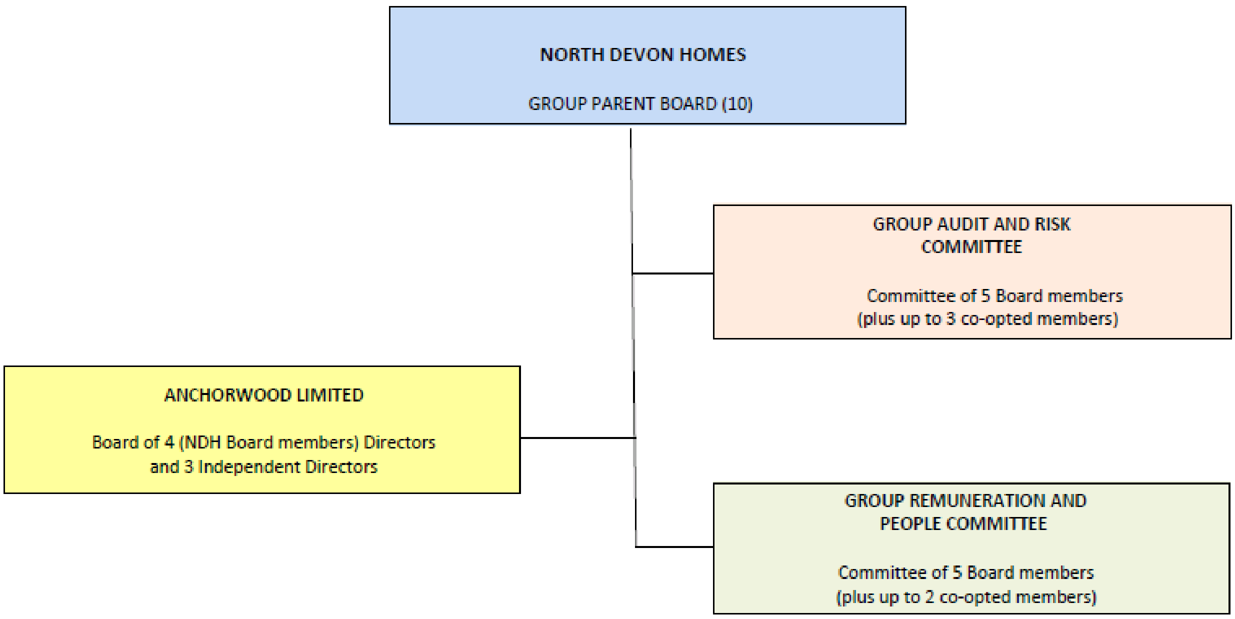
Board of Management report for the year ended 31 March 2022 (continued)

For the year ending 31 March 2022 the following members served on the Board:

- Mr Robert Stronge – Chair (resigned 31 March 2022)
- Mr Asad Butt
- Mr Scott Murray
- Mr James Barrah
- Ms Delyth Lloyd-Evans
- Ms Suzanne Ingman
- Ms Debbie Hay
- Mr Paul Oldroyd
- Ms Suzanne Lowther
- Mr Simon Sanger-Anderson

Mr Colin Dennis was appointed as the new Chair on 1 April 2022 following the resignation of Mr Stronge on 31 March 2022.

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 2022 (continued)

Compliance Statement

North Devon Homes (NDH) Group has adopted the NHF 2020 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, identifying and implementing any areas for improvement. The Board confirms that NDH was compliant with the majority of the Code throughout the financial year ending 31March 2022. Work was undertaken and an action plan put in place during the year which was largely completed, but due to changes in staff resources some actions in a small number of areas were still to be fully completed as at 31 March and so will be finalised in early 2022/23 to ensure full compliance by 31 March 2023.

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 implemented but the data protection module is still to be made available. Microsoft 365 was also implemented during the first half of 2022/23. These changes should enable full compliance with the General Data Protection Regulation (GDPR) legislation. 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 2022 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 (Protection 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 2022 (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 9 to 30.

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 ensuring equal opportunities for all. The Recruitment and Selection Policy ensures that non-discriminatory practices and processes are in place. It is our policy that those with a disability are automatically offered an interview so long as they meet the basic requirements of the role. Reasonable adjustments are also offered to remove any barriers to accessing the interview process.

Equality, Diversity & Inclusion

The Group is committed to championing equality, diversity and inclusion (EDI) in order to challenge inequality in the community served and has implemented its EDI strategy that sets out our aims as a community landlord and local employer for ensuring that we are truly representative of our community and that our staff, customers and contractors feel valued, respected, supported and are able to be themselves. We aim to deliver our business in a way that has the greatest impact we can on tackling inequalities. We take a zero-tolerance stance on discrimination of any kind.

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. 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 or herself aware of any relevant audit information and to establish that the auditors were aware of that information.

Board of Management report for the year ended 31 March 2022 (continued)

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

Colin Dennis
Chair of the Board
5 September 2022

Strategic Report

Background

North Devon Homes is a registered provider of social housing which was established to accept the transfer of 3,281 homes from North Devon Council in February 2000. At 31 March 2021, the Association owned 3,338 (2021: 3,337) affordable homes.

With the exception of two properties 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:

	2022 No.	2021 No.
North Devon Homes' Affordable Housing Stock:		
General Needs		
Social rent	2278	2,277
Affordable rent	426	426
Older-persons Housing		
Social rent	510	510
Affordable rent	31	31
Intermediate rent	18	18
Low-cost home ownership	75	75
Total	**3,338**	**3,337**
Other units not included above:		
Market Rented	8	7
Leasehold Properties	89	89
Units managed on behalf of others	16	16
Garages	670	670
Commercial Properties	23	19
Total	**806**	**801**

Governance and Management

During 2021/22 the NDH Board met eight times to provide effective governance to the business. The Board is supported by its Group Audit and Risk Committee and also the Group Remuneration and People Committee. The Anchorwood Limited Board met five times during the year.

The NDH Board has formally adopted the National Housing Federation (NHF) Code of Governance 2020. 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. During 2021/22 significant progress was made towards achieving full compliance with the Code. During 2022/23, the Board will be working through the final outstanding actions to ensure that full compliance with the new Code is achieved by 31 March 2023.

Further details are provided within the Board of Management Report on pages 4-8.

Strategic Report (continued)

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 November 2021 following the annual stability check it was confirmed that the Association had maintained the highest Regulatory Rating for governance at G1 and that it was graded as V2 for Financial Viability due to its current exposure to the housing market. The ratings are defined as follows:

- **Governance: G1**
  The provider meets the governance requirements.

- **Viability: V2**
  The provider meets the viability requirements and has the financial capacity to deal with a reasonable range of adverse scenarios, but needs to manage material risks to ensure continued compliance.

Corporate Priorities and Strategies
The Corporate Plan 2021-24 sets out the Association's aspirations and targets. Key areas of focus for the 2021-24 Plan are tackling inequality, investing in customers' homes to make them more energy efficient, delivery of new homes and using new technology to improve processes and deliver services more effectively and efficiently. The Plan also sets out the Association's culture and the way the Association intends to deliver the Plan with objectives on: safety, compliance and responding to the emerging building-safety agenda; good governance; delivery of social value; and customer engagement. The year 2021/22 was the first year of the Corporate Plan 2021-24. The Plan is set out under four objectives, and a summary of performance against each heading is outlined below.

1. **Me: putting customers at the heart of everything we do**

- 88% satisfaction with repairs and maintenance service
- 99% satisfaction with planned maintenance work and service received
- Over 1,000 changes as a result of customer feedback
- Annual Report published in September 2021 with project plan in place for September 2022
- Customers engaged with key decisions through Customer Board Partnership (CBP), Customer Health and Safety Partnership, Scrutiny and Fresh Ideas meetings.
- Customer Involvement Strategy updated with Board and Customer input – reflecting the changing nature and approach to consumer regulation.
- Complaints discussed at every CBP meeting.
- Housing those classed most in need and extending our working with the local authority to house homeless people in Barnstaple, support victims of domestic violence and care leavers. We also support partners working with those most in need across North Devon.
- The IT Strategy sets out our plan for implementing the online Customer Portal to enable self-service during 2022/23 and 2023/24.
- Together with Tenants, which is a charter for Housing Associations to adopt to encourage relationships and communications with customers, has been embedded in our own Customer Involvement Strategy. We put customers at the heart of all our decision making with our various customer feedback groups, give them a voice and influence with our front room to Board Room strategy and remain accountable by working in partnership with the groups to co-design policy and communication across the business.

Strategic Report (continued)

2. My Home: giving customers a safe and warm place to live

- Compliance performance remains strong and a focus of internal and Board attention.
- Energy efficiency / SAP C improvements currently in excess of the year end target (78% of stock achieving SAP C compared to target of 67%).
- We have developed several bids including a consortium bid for the Social Housing Decarbonisation Fund.
- Units delivered were behind at year end, but all 24 delayed units should be complete by end of quarter 2 2022/23.

3. My Neighbourhood: improving and supporting our communities

- Full Community Landlord offer in place with Neighbourhoods Team, Independent Living Team, and Specialist Support Team.
- We continue to work in partnership with local agencies, such as Encompass, Housing First and the Care Leavers Project.
- Rents for 2022/23 were agreed following consultation with Customer Groups. In 2020/21 rents remained significantly below comparator rents (when benchmarked against data published by the Regulator of Social Housing).
- In the year, Money Matters received 594 referrals for support and achieved over £133k in additional financial gains for customers.
- Credit Union Sustainability Partnership - we have extended our commitment to the Credit Union Sustainability Partnership until September 2023. The successful partnership consists of nine Housing Associations across the south west who are working jointly with a Credit Union, West Country Savings & Loans, to help support them to promote access and develop savings products, affordable loans and self-help support primarily for low income households.

4. My Landlord: offering Value for Money with a low impact on the planet

- Significant progress made with objective to achieve compliance against the NHF Code of Governance by end 2022/23.
- Our agreed IT Strategy sets out how we will use IT to provide excellent services for our customers and maximise business efficiency. It sets out our plan to roll out Microsoft 365 by summer 2022 and customer self-service during 2022/23 and 2023/24.
- In terms of data security, we are using Security Scorecard to check for any system vulnerabilities (including weaknesses in key suppliers' systems) and have self-assessed against the ICO Accountability Framework to identify and resolve gaps in security and compliance.
- Environmental Strategy in place setting out our carbon-reduction ambitions.

Performance in the Year
Underpinning the Corporate Objectives, the following specific priorities were delivered in 2021/22:

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 31 March 2022 around 980 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 0.88% of the annual rent debit, only showing a small increase on the previous year (0.80%). The difficulties for customers on UC are demonstrated when looking deeper at the results: arrears for non-UC customers (0.54%) are significantly lower than arrears for those in receipt of UC (1.56%). 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. In light of the cost of living crisis, we have also set up a fund to support those Customers most impacted and looked at how we can enhance our support to Customers.

- **Taw Wharf Development**

During 2021/22, Anchorwood Limited completed the final sales of the second phase and commenced development of the third phase of Taw Wharf. Properties remained in demand throughout the year, and no completed properties remained unsold at the year end, with significant numbers of 'early bird' reservations against the third phase. The entire scheme will deliver 37 social rented homes to NDH, and gift aid to NDH of 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, were 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, which went live in June 2021. The system changes will reduce the risk related to IT, and are also a key part of our Value for Money (VfM) delivery. They should enable more on-line interaction with customers and deliver future efficiencies as we refine processes and take advantage of new IT capabilities.

- **Improving our stock for customers**

During 2021/22 we continued to look at projects to identify ways to improve the energy efficiency of our homes. In 2021/22 we have installed air-source heat pumps in a number of properties, alongside solar panels and batteries, and are assessing the resulting benefits for customers. We have also progressed a consortium bid for the Social Housing Decarbonisation Fund to secure funding to make our properties more energy efficient. In addition, we continue to identify and dispose of our worst performing properties when opportunities arise, 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 SEP's inform the personal objectives for each member of staff. The achievement of both the SEP's and the staff objectives is regularly monitored.

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 performance management process is in place to capture, monitor and manage performance and delivery across the business including delivery of our Corporate Plan and service excellence plans, with quarterly performance reports.

Performance across the organisation as at 31 March 2022 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

	CURRENT PERFORMANCE	PREVIOUS PERFORMANCE	TARGET	POSITION
Customer Feedback				
Compliments received	157	123	No Target	n/a
Stage 1 complaints received	37	30	No Target	n/a
Stage 1 complaints upheld	12	20	No Target	n/a
Stage 2 complaints received	9	3	No Target	n/a
Responsive Repairs				
Customers overall satisfied with service received	88%	*NoData	85%	
Home Improvements				
Home Improvements Delivered	535	352	No Target	n/a
Customers overall satisfied with service and work received	99%	*NoData	96%	
Gas Safety				
Properties with a valid Landlord Gas Safety Record (LGSR) month end	100.00%	100.00%	100.00%	⇔
Re-let Properties				
Number of properties re-let	165	162	No Target	n/a
Average time to complete void works and re-let properties (in c/days)	32.9	45.0	38.3	⇧
Income Collection				
Outstanding rent (current customers)	0.88%	0.80%	2.10%	⇩
Outstanding rent (former customers)	0.47%	0.56%	0.70%	⇧
Rent loss due to empty properties (as a % of rental due)	0.59%	0.82%	0.75%	⇧
Finance				
Liquidity - Group	3.3	4.3	0.95	⇩
Liquidity - Association	4.9	4.9	0.95	⇔
Quick Liquidity Ratio (excluding Stock) - Group	2.6	3.2	0.65	⇩
Quick Liquidity Ratio (excluding Stock) - Association	4.8	4.9	0.65	⇩
Interest Cover - Group	147.0	161.3%	110.0%	⇩
Interest Cover - Association	147.8	158.1%	110.0%	⇩

**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:

- **Customer Satisfaction:** Customer satisfaction for our repairs service is high at 88%. Nearly all customers (99%) were satisfied with the planned home improvements that were carried out in year. In 2021/22 overall we received 37 complaints, increased from 30 in the previous year, but still a relatively small number (roughly a third of the average across the sector according to Housemark Benchmarking data for March 2022). Of the 37 complaints received, around a third were upheld. The Complaints Review Group took forward any learning or improvements needed from formal complaints made.

- **Rent Collection:** As noted above, the performance of rent collection for current customers continued to be extremely strong in 2021/22. This year has seen the continued roll-out of Universal Credit in North Devon and despite a small increase in arrears, current arrears performance is significantly better than target, despite the number of UC claimants increasing from 834 to 979 in the year.

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

- **Re-lets:** Re-let times and void rent loss significantly improved in the year following the increases as a result of the pandemic in the previous year. Performance for the year for both rent loss and void turnaround times was well within target.

- **Planned Maintenance (major repairs):** The majority of the planned maintenance programme was completed in year. As noted above, satisfaction with these works was extremely high.

- **Finance:** Financial performance outperformed the budget set for the year. Liquidity remained strong at the end of the year although overall Group performance was lower than in the previous year due to a higher value of short-term creditors (impacted by phase 3 loan finance due to be repaid from sale proceeds by Anchorwood Limited in 2021/22). At the year end there was £5.6m of stock and work in progress, mainly attributable to the investment in the Taw Wharf development site. Whilst there was lower performance in respect of interest cover for the Group and Association than in the previous year, this outperformed the budget forecast for the year. Further detail on financial performance is provided in the Value for Money Statement 2022 on page 22 and the Operating and Financial Review on page 28.

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 that the Risk Management remained '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. An Assurances report is being completed 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 Group 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 Management (continued)Risk	Key controls
Failure to achieve and deliver Value for Money (VfM)	Budgetary control policy and procedures in place. Corporate Plan for 2021-2024 establishes VfM priorities. The VfM Strategy 2021-24 outlines how value will be delivered and includes key metrics to track progress. 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. Asset Management & Development strategy in place to ensure effective use of and return on assets. Annual submission of data to Housemark for benchmarking comparison. Benchmarking undertaken annually against peer group to identify cost savings and performance improvements, and monthly to identify performance issues impacting VfM.
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. Promotion of direct debits and basic bank accounts. Recurring card payments implemented via Allpay. Wide range of payment facilities available. 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 has been exacerbated by the impact of the pandemic, which has transitioned many onto UC. As circumstances change and as the impacts of the costs of living crises deepen and with the possible threat of recession, it is anticipated that even those who have previously successfully transitioned to UC will struggle to keep rent payments up to date. Local authority relationship prioritised to strengthen dialogue about routes and government funding to support customer hardship. Chief Executive leads regional Credit Union sustainability project to support provision of services to customers.
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 to ensure Business Plan capacity is understood, the Board is 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 Group Audit & Risk Committee. Where possible, contracts are put in place that stipulate agreed pricing structures across the length of the contract. Risk is regularly reviewed and will continue to be, as there is likely to be ongoing uncertainty affecting the economic environment as a result of Covid-19, the cost-of-living crisis and the longer-term outcomes of Brexit.

Strategic Report (continued)

Risk Management (continued)

Risk	Key controls
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. Annual Risk Workshop/Board Awayday (usually led by an external facilitator) includes discussion of potential changes to political/wider environment and consideration of impacts, risks and opportunities. Stress testing and business planning utilises scenarios incorporating external intelligence (e.g. Hargreaves Risk and Strategy, Bank of England) about potential political and wider economic changes. Risk is regularly reviewed and will continue to be, as the political environment remains extremely unpredictable, and some of the policies being discussed (e.g. Right to Buy) or passing through to legislation (e.g. Social Housing Regulation) could have a significant impact. This uncertainty is exacerbated by the impacts of Covid-19, war in Ukraine, the cost of living crisis and the longer-term outcomes of Brexit.
Non-Compliant with General Data Protection Regulation	Information Security Compliance Group (ISCG) in place to support compliance and delivery of the action plan. Finance Director appointed as Data Protection Officer (DPO) to ensure compliance progress monitored at a senior level. Head of Governance, Risk & Assurance and team in place to provide high level support to DPO. Ongoing specialist contract to enable quick access to support and advice. 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. Enhanced annual training programme implemented around GDPR and managing information securely. Internal review against ICO Self-Assessment tool for GDPR compliance, implementation of ROPA and audit of all DPA's and the DPIA process. IT systems upgrades implementation completed by July 2022, providing enhanced security arrangements.
Failure of the Board to exercise good governance	Skills-based Board in place. Assurance Framework developed and implemented to ensure the Board receives information needed to govern effectively. Risk map kept up to date and relevant for the needs of current and future business. Board adheres to NHF Code of Governance standards. 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.

Strategic Report (continued)

Risk Management (continued)

Risk	Key controls
Failure of Group subsidiary Anchorwood Ltd to deliver the outcomes agreed in its Corporate Plan	Governance framework in place to define relationship between AL and Parent Board with clearly stated roles and responsibilities and accountabilities of both parties. Business Plan for Group and separate plan in place for Anchorwood, stress tested to understand break points and recovery actions identified. Corporate plan targets and KPI performance framework sets out expectations and whether targets are being achieved. Ongoing review of sales activity by Project Group informed by local estate agents and JV partners. 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 the Board has choices throughout the development prior to committing 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. Assumptions are continually reviewed to ensure the plan is realistic in the current environment with the ongoing impacts of Covid-19, the cost of living crisis and Brexit (i.e. risk of falling house prices, sales delays, rising costs of borrowing and materials, lack of availability of materials).
Failure to develop and implement an informed Asset Management Strategy	Asset Management Strategy in place aligned to Corporate Plan 2021-24. Direct Labour Organisation – Home 2 Home – in place for response repairs and planned works with external contractors for specialist services (e.g. gas, electrical). Planned Maintenance programme in place based on regular stock condition surveys. Programme of improvement planned to improve energy efficiency of homes. Ongoing review of poorly performing properties (i.e. energy efficiency, repair costs), with disposal of the worst-performing properties when they become void. Annual Housemark benchmarking showing cost/quality of repairs services compared with others. 20% of stock surveyed for condition surveys annually. External environment monitored and responded to via professional networks and resources including Advantage South West workshops and training events and HRS.

Strategic Report (continued)

Risk Management (continued)

Risk	Key controls
Failure to comply with Health and Safety (H&S) obligations	Permanent Building Safety Manager 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. Risk assessments and mitigations are reviewed and updated to take account of significant events. 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. Our aim is to specify works (i.e. design, materials) that anticipate emerging building safety legislation to ensure developments are future-proofed and meet customer and regulatory expectations. We continue to prepare for legislative changes resulting from the Grenfell Tower inquiry by investing in health and safety compliance and robust monitoring arrangements.
IT systems and cyber security. Failure to comply with data protection legislation	Firewall and anti-virus software are in place and penetration testing is carried out. Monthly monitoring of system security by an external specialist, who also carries out regular penetration and phishing tests. Non-public areas of the building are protected by security systems, and devices are protected by passwords. Training is provided for staff, alongside regular cyber-risk updates (e.g. regarding ransomware threat). An 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. A programme is ongoing to upgrade end-of-life IT infrastructure including a move to MS365. Data protection policies and procedures are in place. Enhanced annual refresher training is in place for GDPR and Managing Information Securely. All mobile devices have robust security controls enabled.

Strategic Report (continued)

Risk Management (continued)

Risk	Key controls
Risk that Social Housing reform leads to higher rate of RTB/RTA sales diminishing letting stock and balance sheet.	RTB/RTA policies and vetting are in place to ensure legislative compliance. Management information and KPIs show sales in progress and completed sales during the year. The asset cover position is regularly reviewed and understood. The Development pipeline is in place to ensure a supply of new units/growth. A working partnership with the Local Authority is established to help identify new development opportunities. Statutory requirements for promoting RTB are understood and implemented. A close watch is kept on proposed government policies such as extending Right to Buy, which could significantly impact all registered providers.
Inability to attract and retain key staffing skills and resources	The Team NDH strategy is agreed and focused on how we develop our culture further, setting actions relating to; leadership, pay, reward and talent management, wellbeing and Equality Diversity and Inclusion. A pay and reward policy is in place, posts evaluated against market testing every 3 years and new posts evaluated on creation. Exit interviews are carried out to identify issues and trends and reported to Executive team for action where appropriate. An agile recruitment process in place to react to changing recruitment market. Staff have opportunities to give their views across a variety of formats e.g. staff forum, surveys and management reviews. An HR team is able to support the business in all recruitment and retention matters.

Strategic Report (continued)

Risk Management (continued)
The key risks above were addressed throughout 2021/22. During the year the Covid-19 pandemic and associated restrictions continued to impact the operations of the company and its risk profile overall, but less so than in the previous year. There was continuation of the additional mitigations which had been put in the prior year, principally around staff, contractor and customer health and safety, aimed at ensuring that none of our activities contributed to the spreading of Covid-19. Throughout much of 2021 many staff continued to work from home, with a gradual return to the office in early 2022. A more flexible approach has been taken for many office-based staff with the introduction of hybrid working.

In an uncertain environment following the pandemic, the growing cost of living crisis and ongoing Brexit implications, a number of risks are being considered particularly carefully to ensure the continued financial viability and effectiveness of the Group:

- **Asset Management:** the Group is planning for additional and significant costs associated with building safety compliance and decarbonisation over the coming years. The building safety legislation is being clarified as it passes through parliament, and the relevant authorities such as the Fire Service are changing how they operate. Work is being undertaken to understand the full impacts of the zero carbon agenda, the full details of which are still awaited.
- **Regulatory expectations:** The Social Housing Regulation Bill published in 2022 sets out a number of expectations around customer service and signalled a raft of strengthened consumer regulation. The Association has a good starting position from which to meet these expectations. The risks from any non-compliance will increase as the expectations are firmed up in legislation and through the introduction of a consumer regulator. The risk from a new government focus on RTB/RTA will need to be monitored closely as we gain an understanding of the full impact on the organisation.
- **Anchorwood Ltd:** Although the housing market is currently strong, the uncertain economic conditions increase the risk of a housing market decline, which would impact market sales and cashflow in Anchorwood. There are mitigations in place, which would allow an exit from the Taw Wharf scheme or to amend the scheme at key decision points. Buyer interest has remained strong throughout, despite the volatile external environment, with the first six phase 3 completed homes being sold in April 2022.
- **Covid Pandemic:** Although the pandemic has subsided, we continue to be mindful of the fact that it could offer a resurgence in the winter and as such all associated risks continue to be reviewed regularly and the business maintains a readiness position to deal with any such resurgence.

A key mitigation for all these risks is the new Corporate Plan 2021-24, which has refocused our objectives and ambition, in light of the challenges faced by the Group and our Customers over the next few years, in order to ensure they are achievable.

Value for Money Statement 2022

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 2021-2024 Corporate Plan. We aim to deliver a high quality service as efficiently and effectively as we can, maximising the value of the services we provide within available resources.

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 VfM Standard, 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 2020/21

The latest benchmarked data for the seven metrics, as published in the Regulator's Global Accounts data for 2020/21, is set out below. This shows the Association's performance compared to the sector median for housing associations of a similar size (2,500 to 5000 units).

VfM Metrics 2020/21	North Devon Homes	*Sector Median*
Reinvestment	2.4%	*5.0%*
New Supply - Social Housing Units	0.8%	*1.2%*
New Supply - non-Social Housing Units	0.3%	*0.0%*
Gearing	57.0%	*41.8%*
EBITDA MRI	154.4%	*200.0%*
Headline Social Housing Cost per unit	£2,880	*£3,940*
Operating Margin - Social Housing Lettings	28.6%	*24.4%*
Operating Margin - Overall	26.4%	*24.2%*
Return on Capital Employed (ROCE)	3.5%	*3.5%*

Performance:
Above median
Below median

The table on the next page sets out the Association's performance against the seven VfM metrics for 2021/22, comparing it to the target set out in the current VfM Strategy. The table also sets out the VfM targets for the next two years, which are included in the VfM Strategy 2021-24.

Strategic Report (continued)

Value for Money Statement 2022

VfM Metrics	Performance 2021/22		VfM Strategy Targets 2021-24	
	North Devon Homes	Target	2022/23	2023/24
Reinvestment	1.8%	3.4%	6.0%	3.8%
New Supply - Social Housing Units	0.3%	0.7%	1.9%	1.0%
New Supply - non-Social Housing Units	0.3%	0.6%	1.7%	0.9%
Gearing	57.6%	63.3%	60.5%	59.0%
EBITDA MRI	122.9%	123.8%	141.9%	137.5%
Headline Social Housing Cost per unit	£3,507	£3,524	£3,747	£3,871
Operating Margin - Social Housing Lettings	22.0%	19.8%	22.2%	23.2%
Operating Margin - Overall	22.7%	19.0%	19.1%	20.9%
Return on Capital Employed (ROCE)	2.9%	2.6%	3.4%	3.1%

Performance:
Above target
Below target

A summary commentary on performance over the last two years is provided below:

- **Reinvestment** was below the sector median in 2020/21 – but higher than anticipated due to the value of new housing property investment in the year exceeding the original forecast. In 2021/22 performance of 1.76% was below target and below the previous year's performance as there were delays to completion and handover of new units.
- **New supply** of both social and non-social units was below the target in 2021/22. This reflected delays to the Taw Wharf development caused by supply-chain difficulties resulting from the pandemic, Brexit and increased demand for building materials across the country. The number of non-social housing units delivered fell from the previous year, but the amount of social housing delivered was similar.
- **Gearing** was above the sector average for 2020/21 because, as a Large Scale Voluntary Transfer Association, we carry more debt arising from the stock transfer in February 2000, than traditional providers. In 2021/22, gearing increased marginally but was within target.
- **EBITDA MRI** was below the median in 2020/21 and is a reflection of our proportionately high financing costs aligned to our high gearing and therefore interest costs on debt. EBITDA fell in 2021/22 to 123% and below target due to a higher level of capitalised major repairs investment (£370k higher than originally forecast).
- **Headline Social Housing Cost per unit** remained significantly lower than the sector median in 2020/21, demonstrating that NDH's costs are well controlled. The 2021/22 performance shows an increase due to the higher level of major repairs expenditure (capital and expense), but remained below our maximum target.
- **Operating margins** were above sector medians in 2020/21. In 2021/22, due to good financial performance across the Group, the margin on social housing lettings and the overall margin exceeded target despite being lower results than in the previous year.
- **Return on Capital Employed (ROCE)** was at the median in 2020/21 and despite falling in 2021/22, was above our target. Performance in both years reflects the relatively low level of operating surplus against net assets.

Strategic Report (continued)

Value for Money Statement 2022 (continued)

In addition to the metrics used by the RSH, the table below shows VfM performance for 2020/21 compared to 2019/20 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	2019/20		2020/21		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 & lettings	CPP Void Works Service Provision	Void rent loss %	CPP Void Works Service Provision	Void rent loss %	⟷
Rent Arrears & Collection	CPP Rent Arrears & Collection	Current & former tenant arrears %	CPP Rent Arrears & Collection	Current & former tenant arrears %	⟷
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	Average seconds to answer inbound calls - No benchmarked data	CPP Housing Management	Average seconds to answer inbound calls - No benchmarked data	⟷
Neighbourhood Management	CPP ASB	Satisfaction with Neighbourhood (STAR)	CPP ASB	Satisfaction with Neighbourhood (STAR)	⟷
Community Involvement	CPP Community Investment	Residents undertaking training or education - No benchmarked data	CPP Community Investment	Residents undertaking training or education - No benchmarked data	⟷

The data above suggests that for most areas where data is available, performance is unchanged, and remained good in 2020/21. The only change from 2019/20 related to the Cost Per Property (CPP) of Resident Involvement. In 2019/20, it was £91, and just above the Peer Group median of £88. In 2020/21, it fell by a small amount and is now below the Peer Group median, because that increased significantly to £110.

The only area where Cost Per Property (CPP) has remained above the peer group median is Community Investment. Our CPP has risen from £79 to £83, whilst others in the Peer Group have seen costs plummet (median fell from £50 to £15). The greater costs we have compared to the Peer Group median reflect the investment we continue to choose to make in our youth and support services. During the Pandemic, the falling Peer Group costs suggest that others curtailed their offer to customers; whilst we continued our support work through different means as best we were able, for example through online events.

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 four other targets in its 2021-24 VfM strategy. These are set out in the table below:

Metric	2021/22 target	2022/23 target	2023/24 target
% Satisfaction with repairs and maintenance service	85%	85%	85%
% of complaints resolved within agreed timetable	Stage 1 – 100% Stage 2 – 100%	Stage 1 – 100% Stage 2 – 100%	Stage 1 – 100% Stage 2 – 100%
No. of changes as a result of customer consultation/feedback	50	50	50
Social Value delivered	*Evidence of social value delivered*	*Evidence of social value delivered*	*Evidence of social value delivered*

In terms of performance against these targets for 2021/22:

Repairs and maintenance satisfaction
As noted above, satisfaction is above target at 88%. Any responses indicating dissatisfaction are followed up by repairs staff to understand what has happened, identify any learning, and where appropriate to resolve any outstanding issues.

Complaints resolution
The Housing Ombudsman Complaints Code requires that Landlords try to resolve stage 1 complaints within 10 working days of logging them and stage 2 complaints within 20 days. Additional time is allowed, provided there is a good reason and the end date is agreed with the customer. All complaints at both stages in the year were compliant with these expectations and for the year we achieved this for 70% of Stage 1 complaints and 67% of Stage 2 complaints.

Customer consultation / feedback
In the year, over a thousand changes were recorded as a direct result of consultation with, and feedback from, customers.

Social value
The social value that NDH provides to its customers includes a social return for the benefit of communities. In recognition of the changes to the external operating environment and the high levels of un-met community need we have restructured some of our front-line services to provide targeted specialist support in a more focussed way. This includes a programme of work that is focussed on supporting young people in our communities, which aims to break the cycle of deprivation, and support in helping our customers to continue to live independently throughout their tenancy and life. In addition we have organised and undertaken a range of community events to improve and enhance neighbourhoods and engage those who live in the communities in which we have a presence.

Strategic Report (continued)

Customer Board Partnership, Customer Health and Safety Partnership, and Scrutiny Panel

As a community landlord, engaging with our customers is a core part of how we both improve and deliver VfM. As a result of customers volunteering their time through our customer groups such as our Customer Board Partnership (previously C90), Customer Health and Safety Partnership and our Scrutiny Panel capacity has been further developed this year to support meaningful and effective customer involvement. Of particular note is the further development of the Customer Health and Safety Partnership the members of which have received a structured programme of training supported with further awareness sessions to support meaningful engagement and contributions to our landlord compliance and customer safety agendas. This group has monitored and challenged how we deliver landlord compliance and customer safety, monitoring performance and developing and facilitating customer events to engage customers in our customer partnership safety agenda.

Our customer scrutiny group has also developed and undertaken an active programme of reviews which has researched, evaluated and scrutinised a number of areas and made recommendations for improvements in how we design, monitor, implement or review services.

Our customer Board Partnership has overseen our customer involvement work bringing customers, Board Members and Leaders and managers from the organisation together on a regular basis to understand, inform, challenge and improve what we do. Customers also attended and were engaged in the Board's Strategic planning sessions including a Board Awayday which reviewed Value for Money, Equality, Diversity and Inclusion and reviewed our Customer Involvement Strategy.

Throughout the year customers were consulted on a number of initiatives including:

- The development and adoption of the 2021-24 Corporate Plan
- Service levels and changes resulting from Covid disruption
- The approach to rent setting
- The asset management strategy
- Energy Efficiency
- How performance information is collected and presented to customers
- The complaints processes and system
- The IT Strategy
- Anti social behaviour arrangements
- Grounds maintenance
- Communal cleaning arrangements
- The permissions process
- The Annual Report to Tenants

A number of policies and procedures have also been reviewed in the year leading to process efficiencies and better outcomes for both customers and the Association.

The chair of our Customer Board Partnership is also meeting with the Chair of our Board and the Chair of the Group Audit and Risk committee as part of our customer involvement and assurance work.

In addition customers have attended and contributed to a programme of external events organised by the Regulator for Social Housing, the Housing Ombudsman, TPAS and HQN.

Strategic Report (continued)

Plans for the year ahead
In addition to focussing on the VfM targets outlined above, other key priorities for the year 2022/23 are:

- Continue to progress with our Digital Transformation project, upgrading to Microsoft 365 to improve security and increase efficiency for users. Continued roll out of upgrades and additional functionality of the new housing management system, ultimately aiming to provide a new customer portal.

- 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 for developing careers in social housing as well as looking at zero carbon plans and joint procurement opportunities.
- 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 and introduce the measurement of the new tenant satisfaction measures and requirements of the social housing white paper.
- Through Anchorwood Limited, ensure that profitability levels are maintained to enable gift aid receipts from commercial profits to be passed back to NDH to allow it to invest in more affordable homes in the wider area, as well as delivering the remainder of the 37 affordable homes at the Taw Wharf scheme. Monitor the performance and progress of Anchorwood and achievement of its own corporate plan objectives to ensure Anchorwood's activities continue to support those of NDH.
- Through our strong Team NDH culture, continue to invest and develop our staff through our organisational development strategy (Team NDH plan) and support staff through learning and development and, in particular, leadership training for managers.
- Continue to invest in our robust health and safety compliance arrangements and be prepared for the changes arising from the Building Safety Act, with the bulk of the provisions due to come into effect in the next year to 18 months, as secondary legislation is developed.
- Continue to prepare for Consumer Regulation, and the changes that will come as a result of the Social Housing Regulation Bill currently passing through Parliament.

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 Customer Board Partnership, Customer Safety Partnership 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

Income from social housing lettings increased in the year to 31 March 2022 by 2.5% (2021: 3.9% increase) from £15,540k in 2021 to £15,883k in 2021/22 (which included the 1.5% rent increase being applied to the majority of properties based on the CPI +1% formula). 9 general needs properties were lost through Right to Buy/Acquire and strategic disposals in the year. 10 new social housing properties were added, resulting in an overall increase in social housing lettings income.

There was a decrease in turnover within other social housing activities of £280k to £792k in 2021/22 (2021: £1,072k) as there were four less shared ownership property sales in the year, with five sales (2021: nine). Within non-social housing activity, turnover from open market sale activity was £2,339k a lower level to the previous year (2021: £4,614k) as a result of less completed properties available for sale during the year at the Taw Wharf schemes, through Anchorwood Limited (14 sales completed in the year with 23 properties being sold in the previous year).

The Group operating surplus for the year was £5,274k (2021: £6,335k), a decrease of £1,061k from the previous year. This included gains from disposals of property, plant and equipment of £785k (2021: £741k) as we continued to disinvest in our poorest performing assets. There was a decrease in Group turnover of £1,174k mainly arising from the lower level of sales activity in Anchorwood. Overall operating costs decreased by £69k from the previous year; operating costs for social housing lettings increased by £1,297k, mainly as a result of increased investment in major repairs and planned maintenance costs; this was offset by lower non social housing operating costs relating to lower Anchorwood sales activity. During the year £1,902k (2021: £1,316k) of major repairs expenditure was written off to the income and expenditure account and in addition £1,901k of works were capitalised (2021: £1,093k).

Surplus on property disposals was £785k, an increase of £44k from 2020/21 reflecting a similar level of activity for strategic disposals; there were two in the year compared to three the previous year, plus some disposals of land. Receipts from these disposals are reinvested in the development programme for the provision of new affordable homes in the area.

The Group's surplus before tax was £1,208k (2021: £1,952k). There was an actuarial gain in the year of £1,652k (2021: £1,912k loss) in relation to the Devon County Council Pension Fund and SHPS pension scheme.

The Group's surplus after tax and pension gains / losses for the year was £2,860k (2021: £40k). The surplus was credited to revenue reserves.

Debt Profile

There was no change to any fixed rate facilities during the year. In terms of variable rate facilities, the Lloyds £5m Revolving Credit Facility expired in December 2021 and was not renewed. The NatWest facility of £5.375m at the year end is a commercial facility with Anchorwood Limited to fund the ongoing Taw Wharf scheme. As at the year end £2.315m of this facility was drawn. The phase 2b facility of £1.53m was fully repaid in the year.

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

Strategic Report (continued)

Operating and Financial Review

Financial Review (continued)

Lender	**2022 £'000**	2021 £'000	Description
Lloyds	**51,300**	51,300	Fixed
Lloyds revolving credit facility	**-**	5,000	Variable
Affordable Housing Finance	**8,000**	8,000	Fixed
GB Social Housing	**27,638**	27,638	Fixed
MORhomes	**12,500**	12,500	Fixed
NatWest	**5,375**	6,261	Variable
TOTAL	**104,813**	110,699	

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 requires asset cover only. NatWest covenants are based on loan to gross development value and loan to development costs. There were no covenant breaches during the year.

At 31 March the debt profile (excluding any interest applied) was as follows:

Loan Facility	**2022**	**2021**
Fixed Rate Loans £'000	99,438k	£99,438k
Variable Rate Loans £'000	2,315k	£593k
Total Loans Drawn £'000	**£101,753k**	£100,031k
% unhedged	2.3%	0.60%
Average cost of funds	4.65%	4.79%
Undrawn facility £'000	£3,060k	£10,668k
Total Facility £'000	**£104,813k**	£110,699k

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 41. 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 in respect of property charged to Lloyds was completed in June 2020 and the value of the charged stock at 31 March 2021 was £75.05m, valued at Existing Use Value – Social Housing (EUV-SH). The next valuation is due in 2023.

Strategic Report (continued)

Operating and Financial Review (continued)
The value of stock charged to Affordable Housing Finance at 31 March 2022 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 £36.2m valued at Market Value - Subject to Tenancies (MV-ST) at the year end. Based on the updated desktop valuation completed in May 2022, the MV-ST value of the MORhomes charged stock was £17.5m.

Devon County Council Pension Scheme
The Association has a potential unprovided liability for additional pension costs for the Devon County Council Pension Scheme of £1.521m. During 2017/18 a jointly controlled bank account was set up with Devon County Council as the administering authority, to provide an indemnity by way of a cash deposit. As at the year end the balance in this account was £1.52m.

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

Colin Dennis
Chair of the Board
5 September 2022

Statement of the Board of Management's Responsibilities

The Board is responsible for preparing the Board's Report 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 those regulations the Board has elected to prepare the Financial Statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The financial statements are required by law to give a true and fair view of the state of affairs of the Group and the Association and of the income and expenditure 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 estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the Financial Statements,
- assess the Group's and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and,
- use the going concern basis of accounting unless it either intends to liquidate the Group, to cease operations or has no realistic alternative but to do so.

The Board is responsible for keeping proper books of accounts that disclose, with reasonable accuracy at any time, the financial position of the Association and enable it to ensure that the Association's 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 2020. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

The Report of the Board, the Strategic Report and the Financial Statements were approved by the Board on 5 September 2022 and signed on its behalf by:

By order of the Board

Colin Dennis
Chair of the Board

5 September 2022

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 and to ensure that this has operated effectively during the Coronavirus pandemic the Board formed a Covid-19 group which met fortnightly (initially weekly) during the year.

The internal control 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 the 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 ongoing Coronavirus pandemic has meant a change in working arrangements during the year with many office-based staff continuing to work remotely; whilst some controls have been further updated and strengthened to reflect remote-working arrangements the overall internal controls system has remained largely unchanged.

The Group's assurance framework aligns the assurance monitoring process from Board and Customer Board Partnership, 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 Group 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. The Committee also receives 'deep-dive' assurance reports for review at each meeting. 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 virtual risk workshop in the year to review risk, the risk management framework and risk appetite.

As part of the ongoing management of the impact of the Covid pandemic the Incident Management Team consisting of the Executive Team and senior managers across the business has continued to meet at least weekly to raise and address any current or emerging risks in relation to customers and staff; to ensure that day-to-day operations were effectively managed; and that appropriate health and safety arrangements were maintained.

The Strategic Performance Group comprising senior members of management across all areas of the business, met regularly in the year to review the Group's risk register, ensure that risk management continued to be embedded and operate effectively within the business, to identify emerging risks and review risk triggers. 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 and indeed the world has faced.

As part of the risk management of the Taw Wharf scheme (which is the main Anchorwood Limited development), the Anchorwood project group has continued to 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. Discussions about the risks being managed by Anchorwood Ltd inform the scoring of Group Risk 67 "Failure of Anchorwood Ltd to deliver the outcomes agreed in its Corporate Plan (e.g. units, income) within budget and planned timescales", which considers the flow of risk from Anchorwood Ltd to the Group.

Report of the Board on Internal Control (continued)

Our customer involvement framework is now well embedded 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 Board Partnership 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 a 30-year financial business plan, which is updated on at least an annual basis and which is supported by detailed financial budgets and forecasts. The 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 economic impacts on this scheme and the wider Group activities.

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 the Group 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, Bribery and Corruption
- Group Code of Conduct
- Group Probity, Hospitality, Gifts and Interests
- Integrity at Work
- Information Security
- Data Protection
- Disciplinary
- Anti-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, bribery and corruption policy in place covering prevention, detection and reporting of fraud. 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.

The Board cannot delegate ultimate responsibility for the system of internal control, but it can and has appointed a Group Audit and Risk Committee to oversee risk and internal control. A full report on Internal Controls Assurance was provided to the Group Audit and Risk Committee on 7 March 2022 and the results of the Board's subsequent review of that report are the basis of this statement.

Report of the Board on Internal Control (continued)

The Group 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 Group 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 Group Audit and Risk Committee should they identify any material internal control concerns.

By order of the Board

Colin Dennis
Chair of the Board

5 September 2022

Independent Auditors' report to the members of North Devon Homes

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of North Devon Homes (the 'parent association') and its subsidiary ('the group') for the year ended 31st March 2022 which comprise the Consolidated and Association's Statements of Comprehensive Income, the Consolidated and Association's Statements of Financial Position, the Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Reserves, Association Statement of Changes in Reserves and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent association's affairs as at 31 March 2022 and of the group's and the parent association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and North Devon Homes' ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board members with respect to going concern are described in the relevant sections of this report.

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

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

Responsibilities of the Board

As explained more fully in the Statement of the Board's responsibilities set out on page 31, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines 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 is responsible for assessing the group's and the 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 either intends to liquidate the group or the parent association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the association and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

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

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

In addition, we evaluated the board's and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to: posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to carrying value of fixed assets and the capitalisation of costs, defined benefit pension scheme liability, the classification of loans as basic or other and revenue recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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 auditor's report.

Use of the audit report

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

Richard Bott

Richard Bott
For and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
90 Victoria Street
Bristol BS1 6DP 12 September 2022

Consolidated and Association Statements of Comprehensive Income for the year ended 31 March 2022

	Note	Group 2022 £'000	Association 2022 £'000	Group 2021 £'000	Association 2021 £'000
Turnover	2	20,052	17,790	21,226	17,436
Operating Expenditure	2	(15,563)	(13,320)	(15,632)	(12,235)
Gain on disposal of property, plant and equipment	3	785	785	741	741
Operating Surplus	**2**	**5,274**	**5,255**	**6,335**	**5,942**
Share of operating loss in associate	11	-	-	(2)	-
Interest receivable	4	13	42	25	117
Interest and Financing Costs	5	(4,546)	(4,546)	(4,691)	(4,691)
Surplus on revaluation of investment properties	10c	467	467	285	285
Surplus before taxation		**1,208**	**1,218**	1,952	1,653
Taxation	9	-	-	-	-
Surplus for the year		**1,208**	**1,218**	1,952	1,653
Actuarial gain/(loss) in respect of pension schemes	21	1,652	1,652	(1,912)	(1,912)
Total Comprehensive Income/(expense) for the year		**2,860**	**2,870**	40	(259)

Consolidated and Association Statements of Financial Position as at 31 March 2022

Registered number 03674687

	Note	Group 2022 £'000	Association 2022 £'000	Group 2021 £'000	Association 2021 £'000
Fixed assets					
Intangible Assets	10a	1,134	1,134	949	949
Tangible fixed assets – Housing Properties	10b	158,207	158,982	158,855	159,631
Other property, plant & equipment	10c	2,857	2,763	3,248	3,148
Total fixed assets		**162,198**	**162,879**	163,052	163,728
Investments					
Investment Properties	10c	2,827	2,827	2,252	2,252
Investment in Subsidiary	11	-	2,300	-	2,300
Investment in Associates	11	101	5	100	5
Other investments	11	399	399	399	399
		3,327	**5,531**	2,751	4,956
Debtors due after more than one year	12b	**145**	**1,096**	54	1,605
Total investments and debtors due after more than one year		**3,472**	**6,627**	2,805	6,561
Current assets					
Debtors	12a	3,763	2,497	2,595	2,309
Stock	13	5,588	71	5,518	257
Cash and cash equivalents		15,419	15,297	14,656	13,918
Total current assets		**24,770**	**17,865**	22,769	16,484
Creditors: amounts falling due within one year	14	(7,501)	(3,674)	(5,313)	(3,344)
Net current assets		**17,269**	**14,191**	17,456	13,140
Total assets less current liabilities		**182,939**	**183,697**	183,313	183,429
Creditors: amounts falling due after more than one year	15	(117,864)	(117,811)	(118,933)	(118,248)
Defined Benefit pension liability	21	(4,193)	(4,193)	(5,953)	(5,953)
Net assets		**60,882**	**61,693**	58,427	59,228
Capital and Reserves					
Income & Expenditure reserve		16,829	17,640	13,969	14,770
Revaluation reserve		44,053	44,053	44,458	44,458
		60,882	**61,693**	58,427	59,228

These Financial Statements together with the associated notes on pages 44 to 80 were approved and authorised for issue by the Board on 5 September 2022 and were signed on its behalf by:

Colin Dennis
Chair

Iain Springate
Company Secretary

Consolidated Statement of Cash Flows for the year ended 31 March 2022

	Note	Group 2022 £'000	Group 2021 £'000
Net cash generated from operating activities	16	**8,897**	12,160
Cash flows from Investing Activities:			
Purchase of tangible fixed assets		(6,499)	(6,443)
Proceeds from sale of tangible fixed assets		1,461	1,031
RTB Sharing Agreement		(77)	(310)
Grant received		4	81
Interest received		13	25
Net cash used in investing activities		**(5,098)**	(5,616)
Cash flows from Financing Activities:			
Interest paid		(4,623)	(4,826)
New secured loans		2,730	1,986
Repayment of Borrowings		(1,045)	(1,464)
Capital element of and finance lease rental payments		(7)	(7)
Investments		(91)	-
Net cash generated (used in)/from financing activities		**(3,036)**	(4,311)
Net increase in cash and cash equivalents	16	763	2,233
Cash and cash equivalents at beginning of year	16	14,656	12,423
Cash and cash equivalents at end of year	**16**	**15,419**	14,656

Consolidated Statement of Changes in Reserves for the year ended 31 March 2022

Group	Income and Expenditure Reserve £'000	Revaluation Reserve £'000	Total £'000
Balance as at 1 April 2020	13,929	44,343	58,272
Surplus from Statement of Comprehensive Income for the year	1,952	-	1,952
Unrealised surplus on revaluation of Fixed Assets	-	115	115
Actuarial gain in respect of pension schemes	(1,912)	-	(1,912)
Balance as at 31 March 2021	**13,969**	**44,458**	**58,427**
Surplus from Statement of Comprehensive Income for the year	1,208	-	1,208
Reversal of unrealised surplus on revaluation of Fixed Assets	-	(405)	(405)
Actuarial gain in respect of pension schemes	1,652	-	1,652
Balance as at 31 March 2022	**16,829**	**44,053**	**60,882**

Association Statement of Changes in Reserves for the year ended 31 March 2022

Association	Income and Expenditure Reserve £'000	Revaluation Reserve £'000	Total £'000
Balance as at 1 April 2020	**15,029**	**44,343**	**59,372**
Surplus from Statement of Comprehensive Income for the year	1,653	-	1,653
Unrealised surplus on revaluation of Fixed Assets	-	115	115
Actuarial gain in respect of pension schemes	(1,912)	-	(1,912)
Balance as at 31 March 2021	**14,770**	**44,458**	**59,228**
Surplus from Statement of Comprehensive Income for the year	1,218	-	1,218
Reversal of unrealised surplus on revaluation of Fixed Assets	-	(405)	(405)
Actuarial gain in respect of pension schemes	1,652	-	1,652
Balance as at 31 March 2022	**17,640**	**44,053**	**61,693**

Notes to the Financial Statements for the year ended 31 March 2022

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 accounts are prepared under the historical cost convention.

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 2022. As part of the business plan approval the Board updated its stress testing and multi-variate scenario testing against the base plan, and particularly considered impacts of a volatile economic environment with high inflation, the cost of living crisis and the impact of this on customers and staff and forecasts of a recession, as a result of the pandemic, Brexit and the war in Ukraine. 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 2022/23, 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.

The Board believes the Group and Association had sufficient funding in place and expects 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 are identified.

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

1 Accounting Policies (continued)

Going concern (continued)

Therefore, despite the current challenges of the operating environment, the Board continues to believe that the Group and Association are well placed to manage their business risks successfully and that the Group and Association have 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 volatile and uncertain economic climate and cost of living crisis. In carrying out the assessment, management has considered the detailed criteria set out in the SORP.

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.

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

1 Accounting Policies (continued)

Significant Judgements and key sources of estimation uncertainty (continued)

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, inflation, asset valuations and the discount rate applied. 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 volatile and uncertain economic climate and cost of living crisis represents a trigger for impairment and has undertaken a review which has included the office property fixed asset and Anchorwood's Taw Wharf scheme. 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; 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.

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

1 Accounting Policies (continued)

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.

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.

<u>Housing properties</u>
The Association separately identifies the major components which comprise its housing properties and depreciates components on a straight line basis over their individual useful economic lives. The components identified, with their respective economic lives are as follows:

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

1 Accounting Policies (continued)

Depreciation (continued)

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.

<u>Other tangible fixed assets</u>
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 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.

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

1. Accounting Policies (continued)

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, Work in Progress (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.

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.

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

1. Accounting Policies (continued)

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.

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.

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

1 Accounting Policies (continued)

Corporation Tax (continued)

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 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

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

1 Accounting Policies (continued)

Pensions (continued)

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.

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 2022 (continued)

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

Income and expenditure from general needs lettings	2022			2021		
	Turnover	Operating Costs	Operating Surplus /(Deficit)	Turnover	Operating Costs	Operating Surplus /(Deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Social Housing Lettings (note 2b)	15,883	(12,390)	3,493	15,540	(11,093)	4,447
Other social housing activities:						
Shared ownership first tranche sales	460	(278)	182	782	(345)	437
Charges for support services	55	(275)	(220)	58	(365)	(307)
Other activities	277	-	277	232	-	232
Non-social housing activities						
Other activities	3,328	(2,620)	708	4,614	(3,829)	785
Other Grants	49	-	49	-	-	-
Total	**20,052**	**(15,563)**	**4,489**	**21,226**	**(15,632)**	**5,594**

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

Income and expenditure from general needs lettings	2022			2021		
	Turnover	Operating Costs	Operating Surplus /(Deficit)	Turnover	Operating Costs	Operating Surplus /(Deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Social Housing Lettings (note 2b)	15,883	(12,390)	3,493	15,540	(11,093)	4,447
Other social housing activities:						
Shared ownership first tranche sales	460	(278)	182	782	(345)	437
Charges for support services	55	(275)	(220)	58	(365)	(307)
Other activities	277	-	277	232	-	232
Non-social housing activities						
Other activities	835	(377)	458	824	(432)	392
Gift Aid	231	-	231	-	-	-
Other Grants	49	-	49	-	-	-
Total	**17,790**	**(13,320)**	**4,470**	**17,436**	**(12,235)**	**5,201**

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

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

	General needs	Supported Housing	2022 Total	2021 Total
	£'000	**£'000**	**£'000**	£'000
Rent receivable net of identifiable service charges	12,904	2,216	**15,120**	14,755
Service charge income	209	396	**605**	628
Amortised Government Grants	158	-	**158**	157
Turnover from social housing lettings	**13,271**	**2,612**	**15,883**	15,540
Expenditure on lettings:				
Management	(1,667)	(338)	**(2,005)**	(1,621)
Service charge costs	(447)	(471)	**(918)**	(839)
Routine maintenance	(2,727)	(696)	**(3,423)**	(3,411)
Planned maintenance	(1,072)	(217)	**(1,289)**	(996)
Major repairs expenditure	(1,595)	(307)	**(1,902)**	(1,316)
Bad debts	(31)	(5)	**(36)**	(31)
Depreciation of housing properties	(2,443)	(374)	**(2,817)**	(2,879)
Operating expenditure on Social Housing Lettings	**(9,982)**	**(2,408)**	**(12,390)**	(11,093)
Operating surplus/(deficit) on social housing lettings	**3,289**	**204**	**3,493**	4,447
Void losses	(53)	(28)	**(81)**	(108)

Notes to the Financial Statements for the year ended 31 March 2022 (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	Stair-casing Sales £'000	2022 Total £'000	2021 Total £'000
Proceeds of sales (gross)	**369**	**395**	**575**	**122**	**1,461**	1,031
Less costs of sales	**(173)**	**(129)**	**(63)**	**(63)**	**(428)**	(215)
	196	**266**	**512**	**59**	**1,033**	816
NDC sharing of proceeds agreement	**(248)**	**-**	**-**	**-**	**(248)**	(75)
Surplus/(deficit) on disposal	**(52)**	**266**	**512**	**59**	**785**	741

4 Interest receivable

	Group 2022 £'000	Association 2022 £'000	Group 2021 £'000	Association 2021 £'000
Interest receivable	**13**	**42**	**25**	**117**

5 Interest and financing costs

Group and Association	Group 2022 £'000	Association 2022 £'000	Group 2021 £'000	Association 2021 £'000
Net Interest on defined benefit liability pension (see Note 21)	**118**	**118**	95	95
Interest payable	**4,349**	**4,325**	4,611	4,513
Funding Management Charge	**146**	**146**	112	112
	4,613	**4,589**	4,818	4,720
Borrowing costs capitalised	**(67)**	**(43)**	(127)	(29)
	4,546	**4,546**	**4,691**	**4,691**

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

6 Surplus before taxation

	Group 2022 £'000	**Association 2022 £'000**	Group 2021 £'000	Association 2021 £'000
Surplus on ordinary activities before taxation is stated after charging:				
Depreciation of tangible fixed assets	**2,965**	**2,959**	**3,038**	**3,033**
Amortisation of intangible fixed assets	**198**	**198**	**32**	**32**
Auditors' remuneration:				
- Statutory Audit	**37**	**29**	**32**	**23**
- Taxation compliance services	**6**	**4**	**5**	**3**
- Other services	**6**	**6**	**4**	**4**
Other operating lease rentals	**178**	**178**	**181**	**181**

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 £**	**2022 Total £**	**2021 Total £**
Chief Executive M Gimber	130,956	4,864	9,503	**145,323**	143,784
Director of Neighbourhoods M Rostock	95,239	4,514	6,978	**106,731**	105,612
Finance Director P Butler	94,815	4,465	6,637	**105,917**	104,822
Total	**321,010**	**13,843**	**23,118**	**357,971**	354,218

The values above include any accrued amounts as at 31 March 2022.

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

7 Directors' remuneration and transactions (continued)

Non-Executive Directors

	Group 2022 £	**Association 2022 £**	Group 2021 £	Association 2021 £
R Stronge (Chair)	**9,861**	**9,861**	9,616	9,616
A Butt *	**7,699**	**6,610**	7,889	5,583
J Barrah	**3,827**	**3,827**	3,414	3,414
D Hay	**3,827**	**3,827**	3,414	3,414
S Ingman	**3,827**	**3,827**	3,414	3,414
D Lloyd-Evans*	**4,915**	**3,827**	5,720	3,414
S Lowther	**3,827**	**3,827**	3,414	3,414
S Murray*	**3,827**	**3,827**	5,720	3,414
P Oldroyd	**6,065**	**6,065**	5,533	5,533
S Sanger-Anderson*	**6,221**	**5,133**	5,720	3,414
C Dennis	**1,595**	**1,595**	-	-
Total	**55,491**	**52,226**	53,854	44,630

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

Expenses paid during the year to Board Members amounted to £1,453 (2021: £1,442).

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 2022 (continued)

8 Employee Information

Group and Association

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

	2022 No.	2021 No.
Office staff	**89**	88
Maintenance staff	**34**	28
Wardens, caretakers and cleaners	**9**	11
	132	127

Staff costs for the above employees	**2022 £'000**	2021 £'000
Wages and salaries	**3,894**	3,866
Social security costs	**380**	363
Pension costs	**325**	297
	4,599	4,526

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

	2022 No.	2021 No.
Remuneration between £60k and £70k	**4**	4
Remuneration between £70k and £80k	**-**	-
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	**-**	-
Remuneration between £140k and £150k	**1**	1

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

9 Taxation

The tax charge comprises:

	Group 2022 £'000	**Association 2022 £'000**	Group 2021 £'000	Association 2021 £'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 2022 £'000	**Association 2022 £'000**	Group 2021 £'000	Association 2021 £'000
Profit for the period	**1,476**	**1,219**	2,047	1,653
Tax on profit at standard UK tax rate of 19% (2021: 19%)	**280**	**232**	389	314
Effects of:				
Expenses not deductible for tax purposes	**3,403**	**3,403**	-	-
Income not taxable for tax purposes	**(3,635)**	**(3,635)**	(314)	(314)
Losses	**-**	**-**	(69)	-
Effects of group relief/other reliefs	**(47)**	**-**	-	-
Other permanent differences	**(1)**	**-**	(6)	-
Tax for the period	**-**	**-**	-	-

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

10a Intangible assets

Group and Association

	Computer Software Under Development £'000	Computer Software £'000	Total £'000
Cost			
As at 1 April 2021	866	159	1,025
Additions	383	-	383
Transfers	(1,249)	1,249	-
As at 31 March 2022	**-**	**1,408**	**1,408**
Accumulated amortisation			
As at 1 April 2021	-	76	76
Charge for the year	-	198	198
As at 31 March 2022	**-**	**274**	**274**
Net book value as at 31 March 2022	**-**	**1,134**	**1,134**
Net book value as at 31 March 2021	866	83	949

Intangible assets are software projects which are amortised on completion in accordance with the accounting policy in Note 1 (page 50).

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

10b Tangible fixed assets - Housing Properties

Group

	Social Housing property under construction £'000	Social housing property for letting completed £'000	Shared Ownership property under construction £'000	Shared Ownership completed £'000	Total £'000
Cost or deemed cost					
As at 1 April 2021	975	173,715	32	4,680	179,402
Additions	856	-	23	-	879
Component additions/replacements	-	1,905	-	-	1,905
Disposals	(109)	(988)	-	(62)	(1,159)
Transfers	(840)	840	-	-	-
As at 31 March 2022	**882**	**175,472**	**55**	**4,618**	**181,027**
Accumulated depreciation					
As at 1 April 2021	-	20,390	-	156	20,546
Charge for the year (including accelerated depreciation)	-	2,784	-	33	2,817
Disposals	-	(542)	-	(1)	(543)
As at 31 March 2022	**-**	**22,632**	-	**188**	**22,820**
Net book value as at 31 March 2022	**882**	**152,840**	**55**	**4,430**	**158,207**
Net book value as at 31 March 2021	974	153,326	32	4,524	158,856

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

10b Tangible fixed assets - Housing Properties (continued)

Association

	Social Housing property under construction £'000	Social housing property for letting completed £'000	Shared Ownership Property under construction £'000	Shared Ownership Completed £'000	Total £'000
Cost or deemed cost					
As at 1 April 2021	1,750	173,715	32	4,680	180,177
Additions	856	-	23	-	879
Component additions/replacements	-	1,905	-	-	1,905
Disposals	(109)	(988)	-	(62)	(1,159)
Transfers	(840)	840	-	-	-
As at 31 March 2022	**1,657**	**175,472**	**55**	**4,618**	**181,802**
Accumulated depreciation					
As at 1 April 2021	-	20,390	-	156	20,546
Charge for the year (including accelerated depreciation)	-	2,784	-	33	2,817
Disposals	-	(542)	-	(1)	(543)
As at 31 March 2022	**-**	**22,632**	**-**	**188**	**22,820**
Net book value as at 31 March 2022	**1,657**	**152,840**	**55**	**4,430**	**158,982**
Net book value as at 31 March 2021	1,750	153,326	32	4,524	159,632

Notes to the Financial Statements for the year ended 31 March 2022 (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 2021	2,252	3,348	292	1,080	233	7,205
Additions	109	81	-	81	-	271
Revaluation	466	(405)	-	-	-	61
As at 31 March 2022	**2,827**	**3,024**	**292**	**1,161**	**233**	**7,537**
Accumulated depreciation						
As at 1 April 2021	-	541	82	852	230	1,705
Charge for the year	-	54	-	94	-	148
As at 31 March 2022	**-**	**595**	**82**	**946**	**230**	**1,853**
Net book value as at 31 March 2022	**2,827**	**2,429**	**210**	**215**	**3**	**5,684**
Net book value as at 31 March 2021	2,252	2,807	210	228	3	5,500

The Investment Properties, which are all freehold, were valued to fair value at 31 March 2022 based on a valuation undertaken by Vickery Holman Limited, Property Consultants who are independent valuers with recent experience in the location and class of the investment property being valued. The valuations are not reported as being subject to material valuation uncertainty.

As a result of the valuation an adjustment was made to the unrealised surplus on revaluation of fixed assets held in the Revaluation Reserve.

The carrying value of the investment properties that would have been recognised had the assets been carried under the cost model is £1,956k (2021: £1,847k).

Notes to the Financial Statements for the year ended 31 March 2022 (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 2021	2,252	3,348	292	961	233	7,086
Additions	108	81	-	81	-	270
Revaluation	467	(405)	-	-	-	62
As at 31 March 2022	**2,827**	**3,024**	**292**	**1,042**	**233**	**7,418**
Accumulated depreciation						
As at 1 April 2021	-	541	82	833	230	1,686
Charge for the year	-	54	-	88	-	142
As at 31 March 2022	**-**	**595**	**82**	**921**	**230**	**1,828**
Net book value as at 31 March 2022	**2,827**	**2,429**	**210**	**121**	**3**	**5,590**
Net book value as at 31 March 2021	2,252	2,807	210	128	3	5,400

Notes to the Financial Statements for the year ended 31 March 2022 (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 2022 £'000**	**Association 2022 £'000**	Group 2021 £'000	Association 2021 £'000
Investment in Advantage South West LLP	**101**	**5**	100	5
Investment in Anchorwood Limited	**-**	**2,300**	-	2,300
Investment in MORHomes PLC	**82**	**82**	82	82
Investment in South West Mutual Ltd	**5**	**5**	5	5
Investment in Affordable Housing Finance PLC	**312**	**312**	312	312
	500	**2,704**	499	2,704

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 2022 was £101k (2021: £100k) and share of profits for the year was £nil (2021: £2k loss).

Anchorwood Limited: The subsidiary company was established in June 2015. NDH has a 100% shareholding. The net assets at 31 March 2022 were £2,320k (2021: £2,294k) and profit before tax for the year ended 31 March 2022 was £251k (2021: £393k profit).

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, Collins House, Bishopstoke Road, Eastleigh, Hampshire, SO50 6AD

MORHomes PLC, Future Business Centre, Kings Hedges Road, Cambridge, CB4 2HY

South West Mutual Ltd, Devonport Guildhall, Ker Street, Plymouth, PL1 4EL

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 2022 (continued)

12a Debtors – amounts falling due within one year:

	Group	**Association**	Group	Association
	2022	**2022**	2021	2021
	£'000	**£'000**	£'000	£'000
Rental arrears	**220**	**220**	204	204
Less provisions for bad debts	**(165)**	**(165)**	(165)	(165)
	55	**55**	39	39
Prepayments and accrued income	**585**	**585**	490	490
Amounts owed by subsidiary company	**-**	**107**	-	26
Other debtors	**3,123**	**1,750**	2,066	1,754
	3,763	**2,497**	2,595	2,309

Included in other debtors is £1.523m (2021: £1.521m) 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.

12b Debtors – amounts falling due after one year:

	Group	**Association**	Group	Association
	2022	**2022**	2021	2021
	£'000	**£'000**	£'000	£'000
Amounts owed by subsidiary company	**-**	**951**	-	1,551
Other debtors	**145**	**145**	54	54
	145	**1,096**	54	1,605

Included in amounts owed by subsidiary company 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 £0.808m (2021: £1.408m). The loan facility (excluding equity) at the end of the year was £4.877m (2021: £4.955m) and is repayable in July 2025. Interest payable during the year was initially at 3 month LIBOR which subsequently reverted to base rate plus 3.35% from 1 January 2022 (2021: LIBOR plus 3.35%).

Other debtors of £145k (2021: £54k) represents amounts placed as additional security with Lloyds Bank PLC in respect of properties released from charge.

13 Stock

	Group	**Association**	Group	Association
	2022	**2022**	2021	2021
	£'000	**£'000**	£'000	£'000
Properties held for sale	**71**	**71**	714	251
Work in progress	**5,517**	**-**	4,804	6
	5,588	**71**	5,518	257

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

14 Creditors: amounts falling due within one year

	Group	**Association**	Group	Association
	2022 **£'000**	**2022** **£'000**	2021 £'000	2021 £'000
Rent and other receipts in advance	**591**	**591**	801	801
Trade creditors	**909**	**771**	216	178
Amounts due under Right to Buy sharing agreement	**246**	**246**	76	76
Social Housing Grant received in advance	**157**	**157**	180	180
Other taxation and social security	**89**	**89**	78	78
Interest accruals	**25**	**25**	33	33
Other creditors	**781**	**-**	613	10
Loans	**2,315**	**-**	597	-
Accruals and deferred income	**2,388**	**1,795**	2,719	1,988
	7,501	**3,674**	5,313	3,344

15 Creditors: amounts falling due after more than one year

Group and association

	Group	**Association**	Group	Association
	2022 **£'000**	**2022** **£'000**	2021 £'000	2021 £'000
Loans	**104,235**	**104,235**	104,483	104,483
Social Housing Grant Received in advance	**13,546**	**13,546**	13,739	13,739
Recycled Capital Grant Fund	**30**	**30**	19	19
Finance Lease Liability	**-**	**-**	7	7
Other creditors	**53**	**-**	685	-
	117,864	**117,811**	118,933	118,248
Defined Benefit Pension Schemes	**4,193**	**4,193**	5,953	5,953
	122,057	**122,004**	124,886	124,201

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 2022 (continued)

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

Debt Analysis

Group and association	Group	Association	Group	Association
Loans	**2022 £'000**	**2022 £'000**	2021 £'000	2021 £'000
Expiring in 1 year or more but less than 2 years	**15,000**	**15,000**	15,000	15,000
Expiring in more than 5 years	**89,235**	**89,235**	89,483	89,483
	104,235	**104,235**	104,483	104,483

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 4.65% (2021: 4.79%). Loan values include £611k (2021£617k) of capitalised fees which are amortised on a straight line basis and £5,552k (2021: £6,791k) of loan premium amortised on a discounted cashflow basis.

The Group had one finance lease with ITEC printers, which was repaid in the year.

	Group	Association	Group	Association
Finance Lease Liability	**2022 £'000**	**2022 £'000**	2021 £'000	2021 £'000
At 1 April	**7**	**7**	14	14
Depreciation	**(7)**	**(7)**	(7)	(7)
At 31 March	**-**	**-**	7	7

	Group	Association	Group	Association
Deferred Income – Government Grants	**2022 £'000**	**2022 £'000**	2021 £'000	2021 £'000
At 1 April	**13,916**	**13,916**	13,992	13,992
Grants receivable	**3**	**3**	81	81
Transfer to recycled grant	**(38)**	**(38)**	-	-
Amortisation to comprehensive Income	**(156)**	**(156)**	(157)	(157)
At 31 March	**13,725**	**13,725**	13,916	13,916

	Group	Association	Group	Association
	2022 £'000	**2022 £'000**	2021 £'000	2021 £'000
Amounts to be released within one year	**157**	**157**	158	158
Amounts to be released in more than one year	**13,568**	**13,568**	13,758	13,758
	13,725	**13,725**	13,916	13,916

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

15a Recycled Capital Grant

	Group and Association	
	2022	2021
	£'000	£'000
At 1 April	**19**	27
Grants recycled in the year	**11**	-
Interest accrued	**-**	-
Withdrawals	**-**	-
	30	27
Repayment of grant	**-**	(8)
At 31 March	**30**	19

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**
	2022	**2021**
	£'000	**£'000**
Surplus for the year	1,208	1,952
<u>Adjustment for non-cash items:</u>		
Depreciation of tangible fixed assets	2,965	3,038
Amortisation of intangible assets	198	32
Decrease / (increase) in stock	(70)	3,723
(Increase) / decrease in trade and other debtors	(1,168)	(554)
Increase in trade and other creditors	2,996	1,329
Pensions costs less contributions payable	(109)	(145)
Abortive costs written off	-	11
Share of operating deficit/(surplus) in associate	-	2
<u>Adjustments for investing or financing activities</u>		
Proceeds from sale of property, plant and equipment	(785)	(741)
Increase in fair value of investment property	(466)	(285)
Government Grants utilised in the year	(158)	(628)
Interest Paid	4,546	4,691
Interest Received	(13)	(25)
Loan Fee amortisation	(247)	(240)
Net cash generated from operating activities	**8,897**	**12,160**

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

Analysis of changes in net debt

	At 31 March 2022 £'000	Cashflows £'000	At 31 March 2021 £'000
Cash and cash equivalents	**15,419**	763	14,656
Debt due after one year	**(104,235)**	248	(104,483)
Finance lease	**-**	7	(7)
Net debt	**(88,816)**	1,018	(89,834)

17 Financial Commitments

Capital commitments are as follows:

	Group 2022 £'000	Association 2022 £'000	Group 2021 £'000	Association 2021 £'000
Contracted for but not provided for in the Financial Statements	**4,828**	**3,384**	3,296	1,942
Future expenditure approved by Directors but not contracted for at the year end	**321**	**321**	-	-
	5,149	**3,705**	3,296	1,942

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 2022 £'000	Association 2022 £'000	Group 2021 £'000	Association 2021 £'000
Payments due:-				
- Within one year	**145**	**145**	125	125
- Between one and five years	**79**	**79**	140	140
	224	**224**	265	265

Notes to the Financial Statements for the year ended 31 March 2022 (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	**2022**	**2022**	2021	2021
	£'000	**£'000**	£'000	£'000
Cash & Cash equivalents	**15,419**	**15,297**	14,656	13,918
Debtors	**3,178**	**1,912**	2,105	1,819
	18,592	**17,209**	16,761	15,737

Financial liabilities measured at amortised cost:	**Group**	**Association**	Group	Association
	2022	**2022**	2021	2021
	£'000	**£'000**	£'000	£'000
Borrowings:				
Housing Loans	**104,235**	**104,235**	104,483	104,483
Total Borrowings	**104,235**	**104,235**	104,483	104,483
Other financial liabilities:				
Trade creditors	**909**	**771**	532	178
Accruals and other creditors	**3,440**	**2,066**	3,625	2,010
Finance leases	**-**	**-**	7	7
Total	**4,349**	**2,837**	4,164	2,195

Interest income and expense

	Group	**Association**	Group	Association
	2022	**2022**	2021	2021
	£'000	**£'000**	£'000	£'000
Total interest income for financial assets at amortised cost	**13**	**42**	25	117
Total interest expense for financial liabilities at amortised cost	**4,546**	**4,546**	4,691	4,691

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

19 Housing Stock

Group and Association

	2022 Units	2021 Units
Social housing		
General needs housing:		
• social rent*	**2,278**	**2,277**
• affordable rent	**426**	**426**
Housing for older people:		
• social rent	**510**	**510**
• affordable rent	**31**	**31**
Intermediate rent	**18**	**18**
Low cost home ownership	**75**	**75**
Total owned	**3,338**	**3,337**
Accommodation managed for others	**16**	**16**
Total managed	**3,354**	**3,353**
Non-social housing		
Accommodation let at market rent	**8**	**7**
Leasehold accommodation	**89**	**89**
Total owned and managed	**3,451**	**3,449**

*General needs housing - social rent includes 12 (2021: 10) properties owned but managed by others.

There were 2,840 (2021: 2,830) properties with a fixed charge as at 31 March 2022. The net book value of these properties was £100,722k (2021: £101,308k).

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 surplus in the year was £nil (2021: £2k deficit). The Association paid membership fees to ASW of £14k (2021: £13k) and there were no amounts owed to ASW at 31 March 2022 (2021: £nil).

The Association has an investment of £2,300k (2021: £2,300k) in the share capital of its non-regulated subsidiary Anchorwood Limited and £808k (2021: £1,408k) 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 2022 (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:

	2022 £'000	2021 £'000
Devon County Council		
Service cost	**71**	50
Administration Expenses	**3**	3
	74	53
Social Housing Pension Scheme		
Employer contributions	**231**	236
Administration Expenses	**20**	8
	251	244
Total payments	**325**	297

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

	2022 £'000	2021 £'000
Actuarial gain / (loss)		
Devon County Council Pension Scheme	**548**	(463)
Social Housing Pension Scheme	**1,104**	(1,449)
	1,652	(1,912)

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

	2022 £'000	2021 £'000
Devon County Council Pension Scheme	**3,183**	3,679
Social Housing Pension Scheme	**998**	2,263
SHPS deficit payment in advance	**12**	11
	4,193	5,953

21 Pensions (continued)

Devon County Council Pension Scheme (DCCPS)

The DCCPS 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 2019 and rolled forward, allowing for the different financial assumptions required under FRS102, to 31 March 2022 by a qualified independent actuary.

The net defined benefit liability at the year ended 31 March 2022 is £3,183k (2021: £3,679k).

The employer's contributions to the DCCPS Fund by the association for the year ended 31 March 2022 were £93k (2021: £90k) at a contribution rate of 22.2% of pensionable salaries. The employer's contribution rate for the year ending 31 March 2023 has been set at 22.2%. Estimated employer's contributions to the DCCPS Fund during the accounting period commencing 1 April 2022 are £94k.

Statement of financial position

Net pension asset as at	**2022 £'000**	2021 £'000
Present value of the defined benefit obligation	**7,896**	8,226
Fair value of Fund assets (bid value)	**4,747**	4,583
Deficit	**3,149**	3,643
Present value of unfunded obligation	**34**	36
Net defined benefit liability	**3,183**	3,679

Reconciliation of opening and closing balances of the present value of the defined benefit obligation	**2022 £'000**	2021 £'000
Opening defined benefit obligation	**8,262**	7,001
Current service cost	**71**	50
Interest cost	**159**	162
Change in financial assumptions	**(298)**	1,501
Change in demographic assumptions	**-**	(78)
Experience loss/(gain) on defined benefit obligation	**13**	(96)
Estimated benefits paid net of transfers in	**(284)**	(285)
Contributions by Scheme participants and other employers	**9**	9
Unfunded pension payments	**(2)**	(2)
Closing defined benefit obligation	**7,930**	8,262

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

21 Pensions (continued)

Devon County Council Pension Scheme (DCCPS) (continued)

Reconciliation of opening and closing balances of the fair value of Fund assets	**31 Mar 2022 £'000**	31 Mar 2021 £'000
Opening fair value of Fund assets	**4,583**	3,822
Interest on assets	**88**	88
Return on assets less interest	**263**	864
Administration expenses	**(3)**	(3)
Contributions by employer including unfunded	**93**	90
Contributions by Scheme participants and other employers	**9**	9
Estimated benefits paid plus unfunded net of transfers in	**(286)**	(287)
Closing fair value of Fund assets	**4,747**	4,583

Amounts recognised in statement of comprehensive income	**31 Mar 2022 £'000**	31 Mar 2021 £'000
Service cost	**71**	50
Administration expenses	**3**	3
Amounts charged to operating costs	**74**	53
Net interest (charged to other finance costs)	**71**	74
Total loss	**145**	127

Re-measurement of net assets / (defined liability) in other comprehensive income	**31 Mar 2022 £'000**	31 Mar 2021 £'000
Return on Fund assets in excess of interest	263	864
Change in financial assumptions	298	(1,501)
Change in demographic assumptions	-	78
Experience gain/(loss) on defined benefit obligation	(13)	96
Re-measurement of the net assets / (defined liability)	548	(463)

21 Pensions

Devon County Council Pension Scheme (DCCPS) (continued)

Principal actuarial assumptions:

Financial assumptions	**31 Mar 2022 % pa**	31 Mar 2021 % pa
Discount rate	2.60%	1.95
Future salary increases	4.35%	3.90
Future pension increases	3.35%	2.90
Inflation assumption (CPI)	3.35%	2.90

Mortality assumptions

The post-retirement mortality assumptions adopted to value the benefit obligation at March 2022 and March 2021 are based on the S2PA tables. The assumed life expectations on retirement at age 65 are:

	31 Mar 2022 no. of years	31 Mar 2021 no. of years
Males retiring today	22.7	22.6
Females retiring today	24.0	23.9
Males retiring in 20 years	24.0	24.0
Females retiring in 20 years	25.4	25.4

The estimated asset allocation for North Devon Homes as at 31 March 2022 is:

Asset breakdown	**31 March 2022 £000**	**31 March 2022 %**	31 March 2021 £000	31 March 2021 %
Gilts	**632**	**13**	156	3
UK equities	**423**	**9**	508	11
Overseas equities	**2,387**	**50**	2,367	52
Property	**447**	**9**	368	8
Infrastructure	**268**	**6**	186	4
Target return portfolio	**439**	**9**	431	9
Cash	**56**	**1**	47	1
Other bonds	**97**	**2**	205	4
Alternative assets	**(2)**	**-**	315	7
Total	**4,747**	**100**	4,583	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 2022 (continued)

21 Pensions (continued)

Social Housing Pension Scheme (SHPS)

SHPS is a multi-employer, defined benefit scheme. The most recent formal actuarial valuation was completed as at 30 September 2020.

Under the defined benefit pension accounting approach, the SHPS net deficit as at 31 March 2022 is £998k (2021: £2,263k).

Statement of financial position

Net pension asset	**31 Mar 2022 £'000**	31 Mar 2021 £'000
Present value of defined benefit obligation	8,933	9,293
Fair value of plan assets	7,935	7,030
Net defined benefit liability	(998)	(2,263)

Reconciliation of opening and closing balances of the present value of scheme liabilities	**£'000**
Opening scheme liabilities as at 1 April 2021	**9,293**
Current service cost	**-**
Expenses	**8**
Interest expense	**204**
Actuarial losses due to scheme experience	**466**
Actuarial (gains) due to changes in demographic assumptions	**(132)**
Actuarial (gains) due to changes in financial assumptions	**(820)**
Benefits paid and expenses	**(86)**
Closing scheme liabilities as at 31 March 2022	**8,933**

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 2021	7,030
Interest income	157
Experience on plan assets (excluding interest)	618
Contributions by employer	216
Benefits paid and expenses	(86)
Closing fair value of plan assets as at 31 March 2022	7,935

Amounts recognised in statement of comprehensive income	2022 £'000
Expenses	8
Amounts charged to operating costs	8
Net interest	47
Amounts charged to other finance costs	47
Defined benefit costs recognised in statement of comprehensive income	55

Defined benefit costs recognised in other comprehensive income	31 Mar 2022 £'000
Experience on plan assets	618
Experience (losses) on the plan liabilities	(466)
Effects of changes in the demographic assumptions	132
Effects of changes in the financial assumptions	820
Total amount recognised in other comprehensive income	1,104

Notes to the Financial Statements for the year ended 31 March 2022 (continued)

21 Pensions (continued)

Social Housing Pension Scheme (continued)

Principal actuarial assumptions:

Financial assumptions	31 Mar 2022	31 Mar 2021
	% pa	% pa
Discount rate	2.78	2.21
Future Salary increases	4.14	3.87
Future Pension increases	3.17	2.91
Inflation assumption (RPI)	3.47	3.22
Inflation assumption (CPI)	3.14	2.87

Mortality assumptions
The mortality assumptions adopted at 31 March 2022 imply the following life expectancies:

	31 Mar 2022 no. of years
Males retiring today	21.1
Females retiring today	23.7
Males retiring in 20 years	22.4
Females retiring in 20 years	25.2

Notes to the Financial Statements for the year ended 31 March 2022 (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 2022 £000s**	**31 March 2022 %**	31 March 2021 £000s	31 March 2021 %
Global equity	**1,523**	**19**	1,120	16
Absolute return	**318**	**4**	388	6
Distressed opportunities	**284**	**4**	203	3
Credit relative value	**264**	**3**	221	3
Alternative risk premia	**262**	**3**	265	4
Fund of hedge funds	**-**	**-**	1	-
Emerging markets debt	**231**	**3**	284	4
Risk sharing	**261**	**3**	256	4
Insurance-linked securities	**185**	**2**	169	2
Property	**214**	**3**	146	2
Infrastructure	**565**	**7**	469	7
Private debt	**203**	**3**	168	2
Opportunistic illiquid credit	**267**	**3**	179	3
High yield	**68**	**1**	210	3
Opportunistic credit	**28**	**-**	193	3
Cash	**27**	**-**	-	-
Corporate bond fund	**529**	**7**	415	6
Liquid credit	**-**	**-**	84	1
Long lease property	**204**	**3**	138	2
Secured income	**296**	**4**	292	4
Liability driven investment	**2,215**	**28**	1,786	25
Currency hedging	**(31)**	**-**	-	-
Net current assets	**22**	**-**	43	1
Total	**7,935**	**100**	7,030	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.