Teign Housing

Directors' report and financial statements
Reporting date 31 March 2020

Registered company number 04619035

Registered charity number 1112196

Regulator of Social Housing
registration number LH4403

Contents

Teign Housing – company information

Board of Management

Non-Executive Directors	**Meeting Attendance (7 meetings)**
Andrew Jones (Chair of Board)	7
Alan Soper (Chair of Audit, on sabbatical until 19/11/2019)	2
Angie Edwards-Jones (Chair of Audit until 19/11/2019)	5
Maureen Robinson	7
James O'Dwyer	7
Mary Bennell	7
Stephen Cook	6
Executive Director	
Jo Reece (Chief Executive)	7

Auditors

External Auditor
Beever and Struthers
St George's House
215 – 219 Chester Road
Manchester
M15 4JE

Internal Auditor
PricewaterhouseCoopers LLP
2 Glass Wharf
Bristol
BS2 0FR

Solicitors

Housing Management
Capsticks Solicitors LLP
1 George Street
London
SW19 4DR

Human Resources
Tozers
Southernhay West
Exeter
EX1 1UA

Governance and Development
Trowers & Hamlins LLP
3 Bunhill Row
London
EC1Y 8YZ

Bankers and Funders

Barclays Bank
PO Box 1015
3 Windsor Place
Cardiff
CF10 3ZL

GB Social Housing
5 Great St Helen's
London
EC3A 6AP

Company Secretary

Lisa Maunder

Registered Office

Millwood House
Collett Way
Newton Abbot
Devon
TQ12 4PH

Strategic Report

The Directors present their Strategic Report incorporating the Value for Money Statement for the reporting date 31 March 2020.

The Board confirms that this Strategic Report has been prepared in accordance with the principles set out in Para 4.5 of the 2018 SORP for Registered Social Housing Providers.

Overview of the Business

Teign Housing is a registered charity, a company limited by guarantee, and is registered with the Regulator of Social Housing. Our focus is on the core activity of the company which is the provision of low cost rented accommodation. The organisation has a wholly owned subsidiary, Templer HomeBuild Limited. Its purpose is to provide property maintenance and construction services to the Social Housing sector. Consolidated accounts for the Group are also reported along with those of Teign Housing, the parent organisation.

Vision

We dedicate ourselves to providing good quality homes and tailored housing support. Working with our diverse customers and trusted partners we provide effective services that bring long term benefits to all. We are sustainable in a fast-changing environment and reinvest our surpluses to grow our communities.

Our Values are:

Respect

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

Ethical

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

Resourceful

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

Governance

The Articles stipulate that there are up to 10 Board Members consisting of 7 non-executive and up to 3 executive members. The Board currently consists of 7 non-executive members and 1 executive member. The members of the Board are legally the directors of the company and the Board is Teign Housing's governing body.

The Board is committed to and complies with the standards of the National Housing Federation's Code of Governance 2015 with one exception. The Code states that no Board member should serve more than 9 years. We have one Board member who had served 9 years as of 24 March. The process of recruiting a replacement is underway.

We aim to recruit Board members 6 months ahead of any vacancy. They join the Board as unpaid co-optees and are trained and inducted during this period before being formally appointed to the Board. Further training is carried out throughout their term of office. We conduct triannual pay benchmarking for all staff and Board posts and benchmark any vacancies for advertising. We have a schedule of standing orders and financial regulations which set out delegated authorities from the Board to its committees and the senior management team.

The Board is supported in its governance by two committees:

- Audit Committee
- Remuneration Committee

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

All Board members are paid a fee for their services. Payments during the year were:

Andrew Jones	Chair of Board	£10,350
Alan Soper	Chair of Audit from 19/11/19	£1,818
Angie Edwards-Jones	Chair of Audit until 19/11/19	£4,451
James O'Dwyer	Board Member	£3,210
Maureen Robinson	Board Member	£8,349
Mary Bennell	Board Member	£3,249
Stephen Cook	Board Member	£3,931

For the year ending 31 March 2020 the Board met on 7 occasions. There was 94.1% attendance at Board meetings.

Public Benefit Entity

As a public benefit entity, Teign Housing has applied the public benefit entity 'PBE' prefixed paragraphs of FRS 102. Teign Housing also pays due regard to the guidance published by the Charity Commission on public benefit.

We provide homes for rent at lower than market prices; homes designated for older people with additional needs and shared ownership properties. For our tenants and the wider community, we provide a personal alarm and home visit service under the brand Teigncare and through our commitment to building new homes we are helping to address the shortage of good quality affordable housing.

Financial Performance

Teign Housing Group has made a surplus after tax for the year of £4,431,000 (2018-19: £5,204,000). Full details of our financial results can be found on pages 25 - 65.

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

Operational Performance

The current 3-year corporate plan was agreed by Board in March 2018. The Board have established a range of key performance indicators to assess the company's performance in relation to the corporate plan objectives. The Board monitors these at each meeting through the Balanced Scorecard.

Further details of our operational performance including value for money can be found on pages 9 - 19.

Business Plan

The 30-year Business Plan reflects the strategic direction of the company and its future aspirations.
The focus for the coming years will be to continue to maintain the housing stock to an appropriate level, deliver further new homes and manage services. The Business Plan has been thoroughly stress tested and the key risks to the organisation identified and appropriate mitigation arrangements are in place.

Treasury Management

Teign Housing is funded by a £35m loan facility with Barclays Bank and a £25m bond with GB Social Housing. At 31 March 2020 the Group had a loan balance of £47.4m (2018-19: £47.4m) and an undrawn facility of £13.5m (2018-19: £13.5m). The funding agreements both contain three financial covenants. Teign Housing did not breach any of its loan covenants, and no breach is anticipated in the future. Finance costs on loans were £2.599m (2018-19: £2.647m) which equates to an average rate of 4.27% (2018-19: 5.69%). Finance costs of £179,000 were capitalised during the year (2018-19: £167,000). At 31 March 2020 Templer HomeBuild had loan balance with Teign Housing of £500,000 (2018-19: £300,000). There was £9.38m of capital committed to the development programme (2018-19: £5.06m) and there was a cash and cash equivalents balance of £11.357m (2018-19: £16.179m).
A 3-year cash flow forecast is maintained and is used to anticipate the group's investment and borrowing requirements. A refinancing process is underway with the aim of raising an additional £20m of new funds and refinancing the Barclays debt which is due to amortise in March 2022. This should be complete by the end of December 2020.

Property Sales

During the year 27 properties were sold (2018-19: 34 properties) of which 9 properties were under the Right to Buy scheme and 1 under the Right to Acquire scheme (2018-19: 10 properties). Teign Housing received proceeds of £2,714,800 of which £968,300 were from right to buy sales (2018-19: £1,192,000). Under the terms of the transfer agreement, £600,338 (2018-19: £653,000) of the right to buy sale proceeds were paid to Teignbridge District Council and the remainder was retained by Teign Housing in recognition of future income foregone and this will be invested in future development.

Staff

The average number of employees for the year ending 31 March 2020 was 142 (2018-19:135 employees). The Board recognises the contribution made by all staff and is committed to the continued development of its staff. During the year the company spent £52,000 on staff training and development (2018-19: £39,000).

Development

During 2019-20 we entered into six new development contracts. The schemes in progress at the reporting date will deliver a total of 38 shared ownership and 99 rented properties.

The table below summarises the development program by tenure.

	Social Rental Units	Low Cost Home Ownership	Total Units
Under construction 31/03/2019	51	21	**72**
Started in the year	99	35	**134**
Completed in the year	51	18	**69**
Transfer in the year	0	0	**0**
Under construction 31/03/2020	**99**	**38**	**137**

We currently have contractual agreements to develop 66 homes over the next 12 months. Terms have been agreed to buy 2 schemes that should deliver a further 18 homes this year. We are in the process of securing planning approval to build a further 45 homes on land that we own or have an option to purchase.

Future Direction

To achieve the Corporate Vision and Values, the Board has committed to the following strategic aims. Performance against these aims is monitored as part of a three-year corporate plan for 2018 to 2021:

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

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

In order to support our strategic aims we have several strategies in place. The neighbourhood services strategy gives the direction to provide excellent services and the ageing well strategy to focus on our older customers.

The asset management strategy focuses on the quality of our homes and ensures that they are of a good standard and maintained appropriately. The development strategy sets out the aspirations for future development, along with the business plan which currently has capacity for 237 homes over the next 4 years. The regeneration strategy sets out plans for longer term regeneration and £611,000 has been included in the business plan for 2020-21 with £250,000 included each year for the next 4 years, for this purpose.

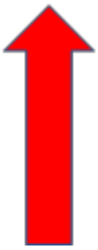
In order to maintain a sustainable business, we follow several policies which ensure our governance is continually reviewed and improved. Following Platinum Investors in People Accreditation in 2017, an action plan was drawn up focusing on areas for improvement. We have a robust training and development policy and work life balance policy. The VFM strategy sets out how we continually seek to improve quality and performance and, where possible, reduce costs.

Risk Management

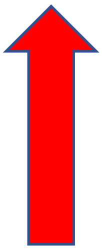
Teign Housing recognises that to be a thriving and growing housing association we need to recognise that risks happen, and that we need to take a managed degree of risk in order to achieve our objectives. Our risk framework ensures that we manage these risks, that they are appropriate to the reward they will deliver and that we minimise the impact they might have on the organisation.

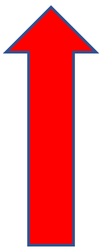
Our strategic risks are constantly monitored and are reported to our Audit Committee on a quarterly basis. We support this with an assurance programme monitoring our performance via our scorecard, a robust internal audit programme and by undertaking internal assurance reviews into aspects of our business. Our resident led scrutiny panel undertakes reviews of our service areas and any areas for improvement they identify are fed directly back to our Board.

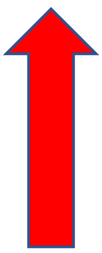
During the year our Board considered several emerging risks including the impact of Brexit, property disrepair claims and the organisations approach to climate change. During the early part of 2020 the Board started considering the impact that Covid 19 would have for our business, our staff and for our residents. This intensified as the virus was declared a pandemic and all our risks were reviewed as part of our business continuity planning. Risk owners reviewed all their strategic risks, and the Board received a fortnightly report on the status of all risks and will continue to do so for as long as it is felt necessary. This risk and how it is being managed is detailed below.

	Direction of movement during year		How we manage this situation
Covid 19		A global pandemic: impact on our staff, our services and our stakeholders	We invoked our business continuity plans and mobilised the majority of our staff successfully at home. Our response team met to ensure that we could adjust and safely deliver essential services to our residents. Our recovery Plan Ahead Team continues to meet to steer the organisation through the crisis and safely reintroduce services as we carefully come out of lockdown. We have a dedicated Covid-19 communications team to keep communications to staff and residents strong and clear. We follow government guidance and put plans in place to protect our staff, our business and our residents.

Our top three risks during the year were:

Risk	Direction of movement during year	Why is this a risk?	How we manage this risk
Loss of key staff, high turnover and / or inability to recruit to key roles		The current state of the job market makes recruiting the best people difficult	We reviewed compare our terms and conditions, we benchmark our salaries and we offer a competitive package to potential employees
		We aim to retain and develop our staff	We have reviewed succession planning across the organisation. We delivered more training to our leadership team

Risk	Direction of movement during year	Why is this a risk?	How we manage this risk
Failure to take proactive steps to protect our environment / fail to respond to environmental change		Climate change has gained a much higher public profile over the last twelve months and as a responsible organisation we aim to minimise our impact on the environment	We have drafted our Carbon reduction strategy which is awaiting Board approval, and this aligns with our asset management strategy so that we can minimise our future impact on the environment
		Resulting from the increase in awareness around climate change issues we anticipate future changes to legislation in this area	

Risk	Direction of movement during year	Why is this a risk?	How we manage this risk
Welfare reform has adverse impact on customers, arrears and tenancy turnover		Full universal credit went live in Teignbridge in 2019. This resulted in a steady increase of our tenants moving from existing housing benefit arrangements to universal credit	Preparation for universal credit rollout placed us in a solid position for the full go live in Sept 2019. We have an established rents team who know our client base and proactively engage with them. Our "head start" advisors were well established ahead of the roll out and proactively engage with all new claimants to advise and signpost as necessary

Value for Money Statement

The Value for Money (VfM) strategy was approved by the Board in June 2018 and reflects both the changes to the value for money standard issued by the regulator in April 2018 and the organisations revised corporate plan.

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

			Group		**Association**		**Forecast**	**Target**	**Sector Metrics**
			2019/20	2018/19	**2019/20**	2018/19	2020/21	2019/20	2018/19
Metric 1		Reinvestment %	**9.1%**	6.8%	**9.1%**	6.8%	6.4%	12.5%	8.0%
Metric 2	A	New supply delivered SH %	**1.9%**	1.1%	**1.9%**	1.1%	1.4%	1.9%	0.7%
	B	New supply delivered NSH %	**0.0%**	0.0%	**0.0%**	0.0%	0.0%	0.0%	0.0%
Metric 3		Gearing %	**26.5%**	24.6%	**26.6%**	24.8%	28.0%	29.9%	39.3%
Metric 4		EBITDA MRI Interest cover %	**207.8%**	219.6%	**207.8%**	219.6%	131.7%	196.7%	195.9%
Metric 5		Social housing cost per unit £	**3,564**	3,070	**3,595**	3,094	3,924	3,413	3,667
Metric 6	A	Operating margin SH %	**30.0%**	40.7%	**29.4%**	40.4%	22.0%	36.2%	24.0%
	B	Operating margin overall %	**31.4%**	39.4%	**31.2%**	39.2%	18.8%	31.7%	18.9%
Metric 7		ROCE %	**4.6%**	5.7%	**4.6%**	5.7%	2.7%	4.5%	4.7%

The group's metrics presented above compare favourably with that of the sector this year. Compared to last year the group has improved, as it had planned to, on its re-investment and new supply delivered; however, we are below our targets for the year. In addition to this, our Social Housing cost per unit has increased from last year and is above the target for this year.

The group's re-investment of 9.1% compares favourably against the sector and against last year. We have seen an increase in re-investment from 6.8% to 9.1% which is due to increased opportunities to purchase section 106 schemes from developers both within Teignbridge and outside of the district. We had hoped to increase re-investment further than this however this has not been met due to further opportunities not materialising. We have the option to buy the land to build a scheme of 32 properties, but this has been problematic in terms of environmental issues and has not progressed as we would have hoped, and we are not yet at the planning stage. We bid on 13 section 106 developments and were successful in securing 4 with a total of 95 homes. There were also delays on 2 schemes early in the year due to a lack of labour.

New supply delivered is a calculation based on units completed in 2019-20. We have reached our target of 1.9% through delivering 69 units, however this is partly due to delayed completions (12 properties) from the previous year. We have seen an overall increase from last year when 39 homes were delivered, and we are ahead of the sector average. New supply was forecast to increase further to 72 in 2020-21 including 42 affordable rented properties, 12 social rent properties and 20 shared ownership properties, however there may now be some delay as a result of the Covid 19 pandemic. For the future we will be continuing with our development aspirations and have capacity to deliver 237 homes over the next 4 years.

Gearing has increased from 2018-19 and although long term loans have remained static, with the increased investment into new homes and regeneration, our levels of cash have reduced, increasing the ratio. At 26.5%, this is below the sector average, however it is forecast to increase in 2020-21 due to further investment in new homes and increased expenditure on maintenance and regeneration.

The EBITDA MRI interest cover (Earnings Before Interest, Tax, Depreciation and Amortisation, Major Repairs Included) has reduced as the operating surplus has decreased from 2018-19 by £1.345m due to increased void and repair cost and increase in the staff base. The operating surplus did however overachieve against the budget by 9.5%. It is expected to fall further next year as we continue to invest in our existing properties, by implementing a new enhanced void standard, and investing in technology and regeneration.

The social housing cost per unit has increased this year compared to last year due to an increase in the planned maintenance spend and a major regeneration project underway spanning 2019-20 and 2020-21. We had targeted a social housing cost per unit of £3,413 and this has been exceeded by £151 as a result of increased repairs and voids expenditure. The spend on our void properties was greater than expected due to a high number of properties being returned in a very poor condition. We discovered that there was asbestos present in a row of properties, which needed remedial work. Overall whilst we have seen an increase, we are below the sector average.

The operating margin has reduced from last year, again due to increased expenditure on repairs and maintenance and an increase in salary costs. The groups operating margin, however, is higher than the sector average, as is the overall margin. We had anticipated a reduction in operating surplus from the previous year with the drive to improve our service delivered to tenants although and was on budget. These are both anticipated to reduce in 2020-21, partly due to the anticipated loss of service charge income from Covid-19 disruptions as well as increased expenditure on a significantly upgraded void standard and further regeneration work.

The return on capital employed is as targeted and in line with the sector.

We continue to be committed to providing good levels of customer service in, what has now become a significantly change environment, and as a result of the changes required to manage Covid 19 we will look to use our resources in an innovative and still cost-effective manner.

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

The Board's focus on VFM allows the company to continue to deliver good services and grow through developing new homes. The recent business plan, moving into future years of rent increases, includes the delivery of 237 homes over the next 4 years.

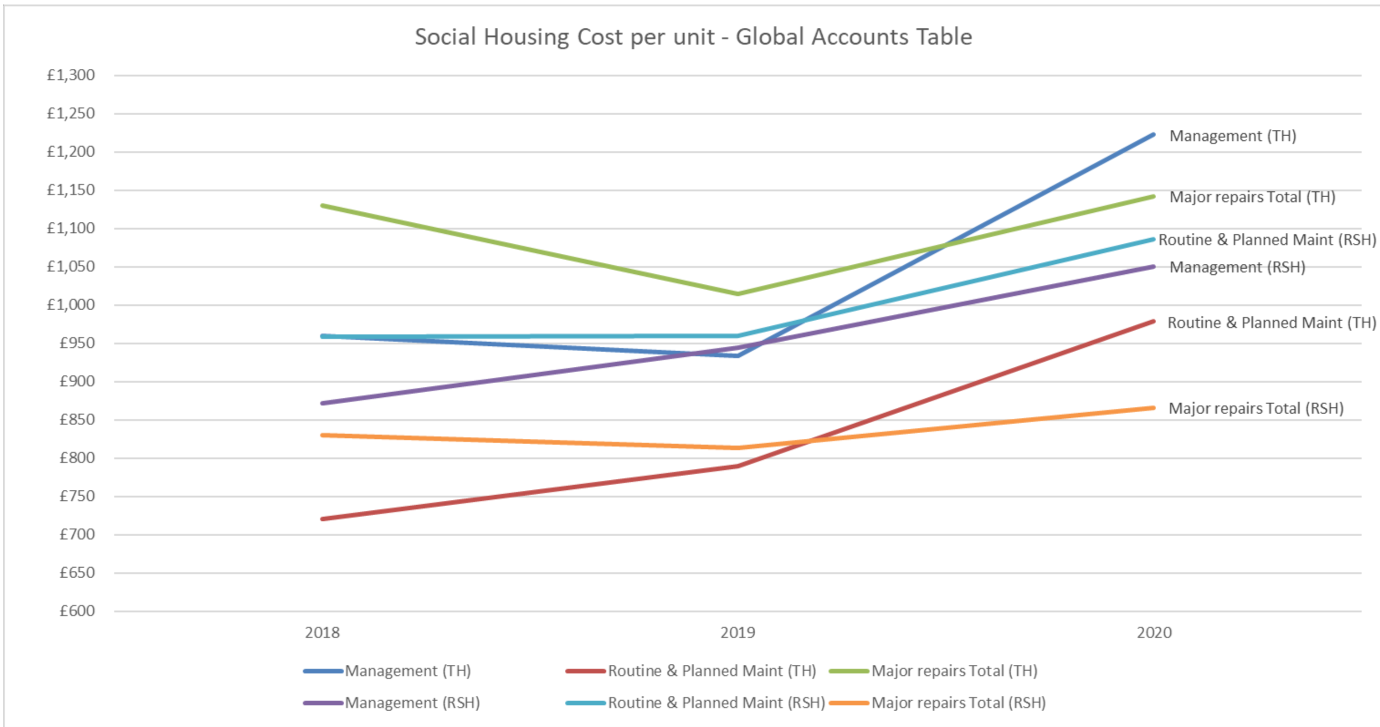
The Board scrutinise financial and service delivery performance at each meeting, through the management accounts and balanced scorecard, and any areas of poor performance are supported by a detailed narrative identifying the issues and the steps being taken to deliver improvements.

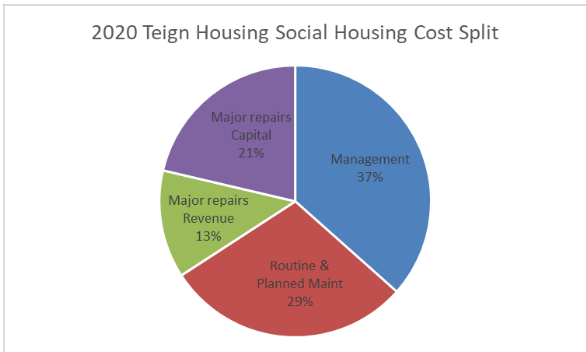
These include:

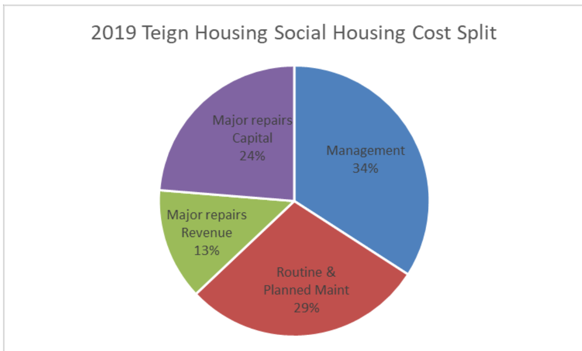
- Value for Money Metrics – full details of value for money achievements
- The balanced scorecard including Housemark Benchmarking Results – comparative figures with our peers in the sector
- Quarterly treasury report – details of cash flow performance, loans, investments and forecasts
- Quarterly financial framework report - details of financial performance
- Annual report – report sent annually to our tenants
- Quarterly development report – progress of development schemes, comparison to business plan, development cash flows

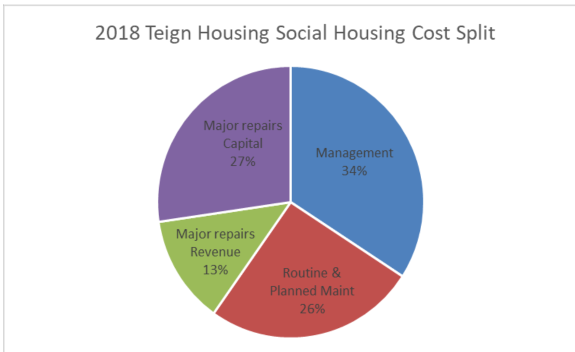
An evaluation of our costs in comparison to the global accounts is presented below and the figures for Teign Housing have been re-stated in line with the current global accounts format. The latest figures available as a comparative are the year ending March 2019.

Area	**Teign Housing**			**RSH Global accounts**		
	2019-20 £	2018-19 £	2017-18 £	2019 £	2018 £	2017 £
Expenditure – per Social Housing Property						
Management	1,222	934	960	1,050	944	872
Routine & Planned Maintenance	978	790	720	1,086	960	958
Major repairs – Total	1,142	1,014	1,130	866	813	830
Major repairs – Revenue	429	365	362	251	251	242
Major repairs – Capital	713	649	768	615	562	588









These figures show that expenditure in 2019-20 across the above areas were above the costs for 2018-19 by an average of 22%. Major repairs, both capital and revenue remain above the sector average and whilst revenue expenditure often remains static, we have seen increases this year due unexpected asbestos costs and revenue spend on the Kingsway regeneration project. There is some fluctuation in the capital expenditure year on year due to the planning of the maintenance programme in order to make the most efficient use of resources, this year one of the large increases is increased investment into regeneration.

Management costs have seen a large increase from last year and above the sector average. This is largely due to an increase in employment costs including the cost of recruitment, temporary staffing and training costs. The increase in staff numbers, was supported by the Board and was necessary to support the ambitions of the organisation for our digital development and also include additional resources to support tenants in need of financial guidance. There were 3 temporary positions and 2 permanent positions, focusing on the development of our housing management system and our wider digital agenda. There has been an increase in investment in IT software, as a result of further investment in the housing management system, along with an increase in spend on health and safety. Continued scrutiny of management costs and tight budgetary control going forward will ensure the overall efficiency of the organisation.

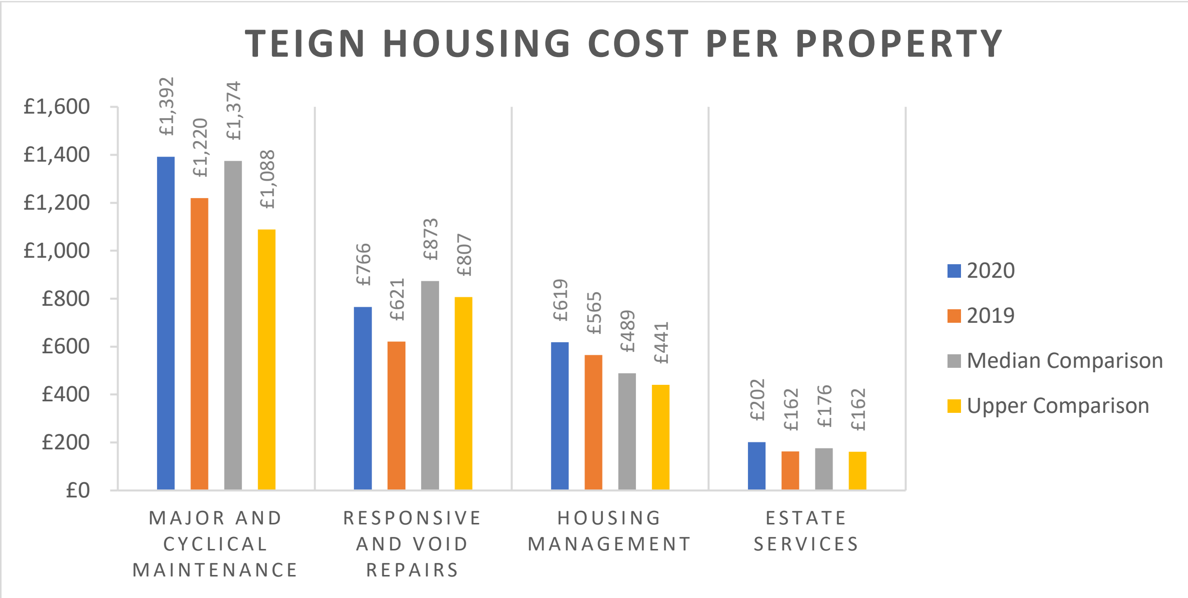
Routine and Cyclical Maintenance have increased from last year and towards the sector average. This is in part due to increased spend on voids due to a deterioration in the condition that they were being returned in. Clearance costs were more than expected due to the large number of items that were being left in properties.

There is a planned increase in expenditure next year with significant improvements being made to the void standard. We will ensure that we maintain, tight budgetary control going forward to ensure funds are spent to their best affect and provide optimum value to our tenants

We have a strong commitment to invest in our housing stock for the future and we maintain a 5 year rolling stock condition survey to ensure that the investment in our stock is focused in the right areas and maintains the longevity and desirability of our homes; this has been reflected in the recent Business Plan approved by the Board in May 2020. We continue to look for opportunities to invest in renewable energy solutions for both our new build and existing homes.

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

Teign Housing Cost Per Property			**Comparison Group**	**Comparison Group**
			Median	**Upper**
	2019-20	**2018-19**	**2018-19**	**2018-19**
Department	**£**	**£**	**£**	**£**
Major and Cyclical Maintenance	1,392	1,220	1,374	1,088
Responsive and Void Repairs	766	621	873	807
Housing Management	619	565	489	441
Estate Services	202	162	176	162
No of Properties	3,691	3,669	4,117	3,404



Major and cyclical maintenance costs are similar to the median whilst responsive repair and void costs compare favourably to the median and the upper comparison groups. There has been an increase in cost in both areas which is due to greater regeneration investment and increased void costs as previously detailed. A decline in the standard of the void properties being returned which has resulted in an increase in costs to get them to a lettable condition.

Housing management costs are above the median comparison group and have increased from last year. This partly due to the purchase of software to improve the efficiency and effectiveness of our arrears management, a planned increase in the size of the housing team, enabling them to provide more direct support through our head start and invest time in the housing management system. There were also increases in the costs of communal maintenance and health and safety. A full review of the provision of housing for older people, project transformation, is underway which is taking an in depth look into the services provided, the quality of those services and possibly widening the offering. The review will include examining all the costs associated with this and the use of resources.

Estate service costs have also increased from last year and is above that of the median comparison group. This is due to increasing the size of the grounds team in order to deliver an improved service.

The Asset Management Strategy approved by the Board in August 2018 continues to give us a clear direction about the future use of our assets such as continued use, redevelopment or disposal. It defines the Teign Standard which continues to be above the Decent Homes standard but allows us to proactively manage our planned maintenance programme to drive out maximum cost efficiency. Where we dispose of properties that were not suitable or sustainable as affordable housing, the proceeds are used to support the development of new homes.

We continue to:

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

Below is an extract from the scorecard which presents the company's performance against targets set internally and against targets taken from Housemark data in for the year ended 31st March 2020.

Area	2019-20	2018-19	Housemark 2018-19 Benchmark	Target 2019-20
Void losses	0.33%	0.44%	0.55%	0.50%
Void turnaround time	20.5 days	20.5 days	27.29 days	22 days
Gas safety checks	100.00%	100.00%	100.00%	100.00%
Customer satisfaction with key service areas				
Repairs	96.40%	97.40%	96.15%	95.00%
Satisfaction with Complaints process	71%	80.00%	80%	90%
Rent collection and arrears				
Rent collection	99.64%	100.02%	100.44%	100.00%
Rent arrears (% of annual debit)	2.86%	2.32%	2.50%	3.00%

We have exceeded our target for void losses and turnaround time. We have invested time in reviewing this process which has proved successful.

Customer satisfaction with repairs has fallen slightly by 1% from last year but has slightly exceeded target and the Housemark average, whilst the satisfaction with the process has fallen by 9% to 71% and is below the Housemark average. We aim to improve on this in the year ending March 2021 as we are now using our new housing management system to manage complaints which is more user friendly and has built in alerts. Of the 17 responses 5 were dissatisfied. All 5 cases these related to repairs. Some customers were dissatisfied with communication during their complaint whilst others felt their complaint had not been fully resolved but had not asked for further action or escalated their complaint.
Rent collection fell and arrears increased and were slightly below target. We analysed these figures further and the collection rate was 97% for those claiming universal credit had and those not claiming, 100.2%. We continue to support tenants through the process of applying for universal credit and work with them where possible to manage their rent payments.

The opportunity to further enhance the digital offering to customers and staff continues to be a vital part our approach to Value for Money into the future. In the corporate plan, incorporated in 'providing excellent services' there is a focus on increasing mobile working capacity by 15% by March 2020. Due to the lock down, which forced people to work at home where possible, this has been exceeded, right at the end of the year and is currently above 80%. We continue to encourage more residents to get online by offering training through our 'digibug' service. A paper was presented to the Board in January 2018, outlining the approach to our digital strategy, presenting the current position and suggesting what the future may look like, including the barriers that may be faced. It was the intention to develop this strategy by the end of March 2020, but this was delayed allowing more information to be collected about customer preferences and to gather information from employees. We also took the decision to focus on one major digital project this year, the

Civica Cx project, and whilst delayed, phase 1 has now been implemented and phase 2 is underway. The senior management team are currently undertaking a digital leadership course to develop a strategy during the year ending March 2021.

Across the organisation we have a strong focus on VfM, and many departments have now set specific VfM targets. In 2019-20 our VfM focus was on:

- The phasing in of an 'MOT' system continued for responsive repairs. Our initial intention to visit every home over a 5-year period to carry out all routine repairs has not been achieved, due to insufficient resources, therefore we have needed to modify our approach to MOT's going forward. These will be 'triggered' by observations and feedback from a range of resources, i.e. Estate Inspections, KIT (Keeping In Touch) visits, surveyors observations during routine and planned maintenance validation surveys and other trends identified from data analysis, to allow us to prioritise high risk homes and focus our MOT activities. 2020/21 will be the pilot year to determine if this is a more realistic approach.
- During 2019-20 the Board approved increased expenditure for Health and Safety over the next two years, totalling £200,000. This includes replacement of fire doors, reviewing evacuation procedures, notices and signage improvements. This will ensure that we keep customers safe and informed.
- We continue to work with our customers to support them with issues surrounding Universal Credit. The Welfare Reform Action Group continue to meet regularly to share knowledge and best practice to allow us to develop our knowledge and support customers through the changes.
- In 2019-20 we have employed a third Head Start Advisor us to provide further support to customers. With a clear focus on tenancy sustainment they consider affordability assessments and checks prior to sign up and then keep a close eye on the tenant's payment behaviours during the first 12 months of their tenancy, offering additional support as and when required. Since the service started, we have supported our tenants in achieving a total of £116k financial gains from charitable payments, discretionary housing benefit, income support, employment support allowance and Universal Credit.
- Our continued use of Active Asset Management Sustainability software allows us to identify and to dispose of inappropriate and high value assets. We have identified a large old property comprising of 9 homes which was not proving efficient in terms of the rent received against the cost of maintaining it. This was placed on the market in early 2020 and an offer has been accepted on the property, solicitors engaged, and legal work is continuing. Completion is expected in August 2020.
- We continue to be a member of the Advantage South West Procurement Consortium. This organisation exists to improve lives and homes through innovation and collaboration and improves value for money for its members. In the 9 months to December 2019, the savings delivered through the membership of this consortium total £113,697 and a further £75,723 of RPI avoidance.
- The payroll processing for Teign was brought in house in the winter of 2019. As a result of now having a qualified payroll technician and processing both of our payrolls on one system we have a faster, more accurate and more efficient service along with a small cost saving of £1,500

- As well as no longer outsourcing the payroll there are also other areas that we have been able to bring in house. The business continuity plan was rewritten in 2019-20 and this was done by members of the corporate team, saving over £5,000.
- The whole company attended equality and diversity training in 2019-20 and again this was delivered in house over several sessions and where previously we would have commissioned an external trainer to do this, resulting in a saving of £3,000. The training was very well received and the feedback from staff was excellent.
- We have partnered with the local NHS foundation to ensure that our customers who have a community alarm have access to the Assisted Lifting Response Team (ALRT) service. In a bid to provide a better service for the community and take some pressure off paramedics this service was introduced when someone suffers a fall. Any customer who pulls their pull cord to trigger their alarm will immediately be 'triaged' by the call monitoring team to establish if the individual would be best attended by the ALRT service rather than an ambulance. From the time the ALRT service went live, we have had 30 customers benefit from this and whilst it is difficult to evaluate the wider cost saving to the NHS it is a significant service improvement for residents.
- In 2019-20 we commissioned a broker to conduct an audit of our energy supplies to ensure that we are being charged appropriately, had the best tariffs and were being charged the correct rate of VAT. This resulted in a positive outcome and we have since received refund of over £15,000 and there will be continued savings.
- In July 2019 we terminated the leases on our town centre office and the nearby carpark. We were continuing to see reduced footfall to that location and felt it no longer viable or efficient to have two offices and have our staff spilt over 2 locations. There was an initial investment of around £12,000 needed in our main office to accommodate the additional staff; whilst the ongoing annual revenue savings amount to £42,000.
- The Wholly Owned Subsidiary, Templer HomeBuild continues to provide us with greater control over service delivery and cost efficiencies. There is a strong emphasis on 'right first time' generating progressive efficiencies and cost savings. The VAT savings to be realised from Templer HomeBuild in 2019-20 were £371,000. The 2020-21 budget includes a further VAT saving of £402,000 and a further 2.5% saving through efficiencies.
- We continue to further enhance the capability of Civica Cx, the new housing management system which went live in February 2019. We are heavily involved in the user group which drives forward product enhancements and are a flagship site for the software. which has allowed us to negotiate additional support and training days, free of charge in exchange for sharing our experiences with potential customers. As we are still developing the software, we cannot, yet confidently measure the cost savings from using the new software but we have seen benefits such as the improved accuracy of our data, communications and record keeping. Ultimately, we still plan to save around 40% of processing time as a result of the full implementation of Civica Cx but this has not been realised as soon as we would have liked.
- We have made some digital enhancements which are being implemented along with the new housing management system:
  - We are reviewing our mobile and homeworking practices
  - We have introduced a webchat service, which was particularly successful in the period of lockdown with 99 webchats in one week

  - The CX tenant portal now has 333 tenants enrolled onto it

- In 2019-20 we have seen a significant increase in the costs of repairing our void properties. The number of voids was as expected but we have seen a decline in the standard in which they have been returned, resulting in an overspend in the voids budget by £266,000 (32%). We continue to analyse these properties and their tenants to try and identify any trends or patterns in order to move towards mitigating these issues.
- In 2019-20 the Board approved a new void standard which was to be implemented at the start of 2020-21. This has resulted in an increase to the voids budget of almost £600,000. It will include the property being fully decorated, the installation of more power sockets, enhanced tiling in the kitchen and bathrooms and in some cases floor coverings, curtains or blinds being provided. It will also include some white goods for those most in need. The success of this additional investment in our properties will be difficult to gauge in the short term, but it is hoped that in the longer term we will see less tenancy turnover and the properties that are being handed back being in better condition.

We continue to actively engage with our tenants and the wider community. We have a Resident Involvement Manager who co-ordinates this. We have a tenant forum which meets every 6 weeks which we consult on issues in which they have an interest in and have valuable input to key decisions. We have a scrutiny panel made up of tenants which undertake regular reviews of our services, from a tenant point of view and provide critical feedback and recommendations for service improvement. We have involved residents who inspect our void propertied before they are re-let to ensure they are of a good standard. As we move forward with our digital agenda we consult with our tenants to ensure that we are making the decisions to best service their needs.

All of this continues to allow us to have a strong business plan that can manage the impact of costs increases which have resulted from the strategic decisions made to improve the quality of our homes and services and to keep our customers safe. We also continue to deliver new homes and improve the overall capacity of the plan whilst still delivering the aims and aspirations of the company.

Assurance and Internal Control

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

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

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

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

Prevention and detection of fraud

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

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

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

Board's assessment of assurance and internal control

The Board has conducted a review and made enquiries of the Executive and Senior Management Team to inform its view on the effectiveness of Teign Housing's internal controls. A full report on Internal Controls Assurance was provided to the Audit Committee on 25 June 2020. The results of the Board's review are the basis of this statement.

Teign Housing has assessed its compliance with the Regulator of Social Housing's Governance and Financial Viability Standard and considers itself to be compliant.

The Board confirms that an effective system of internal control has been in place throughout the reporting date 31 March 2020 and up to the date of signing this report.

The Strategic Report, incorporating the Value for Money Statement, was approved by the Board of Directors on 25 June 2020 and signed on its behalf by:

A Jones

Andrew Jones
Chair of the Board

Directors Report

The Directors present their Directors report for the reporting date 31 March 2020.

Directors

The directors who served the company during the year are shown on page 3.

Information for auditors

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

Statement of Compliance

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

Statement of Directors Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the surplus or deficit of the company for that period.

In preparing these financial statements the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company’s transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. They are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. They are also responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report was approved by the Board of Directors on 25 June 2020 and signed on its behalf by:

Andrew Jones
Chair of the Board

Independent Auditor's Report to the Members of Teign Housing

Opinion

We have audited the financial statements of Teign Housing "the parent company" and its subsidiary ("the group") for the year ended 31 March 2020 which comprise the consolidated and parent company Statement of Comprehensive Income, the consolidated and parent company Statement of Financial Position, the consolidated and parent company Statement of Changes in Reserves, the consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2020 and of the group's and of the parent company's income and expenditure 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

- the parent company financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 20, 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 company'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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's web-site at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our 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.

Beever and Struthers

Sue Hutchinson FCCA (Senior Statutory Auditor)
For and on behalf of
BEEVER AND STRUTHERS

Statutory Auditor
St George's House
215/219 Chester Road
Manchester
M15 4JE

Date: 23 July 2020

Statement of Comprehensive Income

	Note	**Group 2020 £'000**	Group 2019 £'000	**Association 2020 £'000**	Association 2019 £'000
Turnover	2	**19,905**	19,517	**20,007**	19,598
Cost of sales	2	**(954)**	(1,212)	**(954)**	(1,212)
Operating expenditure	2	**(12,694)**	(10,611)	**(12,806)**	(10,701)
Gain on disposal of property, plant and equipment	2	**577**	485	**577**	485
Operating surplus	2	**6,834**	8,179	**6,824**	8,170
Interest receivable	4	**63**	77	**73**	86
Interest and financing costs	5	**(2,466)**	(3,052)	**(2,466)**	(3,052)
Surplus before tax		**4,431**	5,204	**4,431**	5,204
Taxation	7	**-**	-	**-**	-
Surplus for the year after tax		**4,431**	5,204	**4,431**	5,204
		4,431	5,204	**4,431**	5,204
Other Comprehensive Income					
Initial recognition of multi-employer defined benefit scheme		**-**	(468)	**-**	(468)
SHPS - Actuarial gain/(loss) in respect of pension schemes		**622**	(249)	**622**	(249)
LGPS - Actuarial gain in respect of pension schemes		**65**	**275**	**65**	**275**
Total		**687**	**(442)**	**687**	**(442)**
Total comprehensive income for the year		**5,118**	**4,762**	**5,118**	**4,762**

The financial statements on pages 25 to 65 were approved and authorised for issue by the Board on 25 June 2020 and were signed on its behalf by:

Lisa Maunder
Company Secretary

Andrew Jones
Chair of the Board

Alan John Soper
Director

The results relate wholly to continuing activities and the notes on pages 29 to 65 form an integral part of these accounts.

Statement of Financial Position

	Note	**Group At 31-Mar-20 £'000**	Group At 31-Mar-19 £'000	**Association At 31-Mar-20 £'000**	Association At 31-Mar-19 £'000
Fixed Assets					
Intangible Assets	8	**509**	606	**509**	606
Tangible Assets	9	**137,800**	128,474	**137,800**	128,474
Investment Properties	10	**400**	400	**400**	400
		138,709	129,480	**138,709**	129,480
Current Assets					
Stock	11	**923**	1,109	**923**	1,109
Trade and other debtors	12	**1,753**	752	**2,312**	1,022
Cash and cash equivalents	13	**11,357**	16,179	**11,146**	16,010
		14,033	18,040	**14,381**	18,141
Less creditors: amounts falling due within one year	14	**(3,769)**	(3,181)	**(4,117)**	(3,282)
Net Current Assets		**10,264**	**14,859**	**10,264**	**14,859**
Total assets less current liabilities		**148,973**	144,339	**148,973**	144,339
Creditors: amounts falling due after more than one year	15	**(54,046)**	(53,875)	**(54,046)**	(53,875)
Provisions for Liabilities					
Pension Liability	19	**(1,080)**	(1,766)	**(1,080)**	(1,766)
Total Net Assets		**93,847**	**88,698**	**93,847**	**88,698**
Reserves					
Income and Expenditure reserve		**62,061**	56,849	**62,061**	56,849
Revaluation reserve		**31,786**	31,849	**31,786**	31,849
Total Reserves		**93,847**	88,698	**93,847**	88,698

These statements were approved and authorised for issue by the Board 25 June 2020 and were signed on its behalf by:

Lisa Maunder	**Andrew Jones**	**Alan John Soper**
Company Secretary	**Chair of the Board**	**Director**

The notes on pages 29 to 65 form an integral part of these accounts.

Statement of Changes in Reserves

Group

	Income and expenditure reserve £'000	Revaluation reserve £'000	Total £'000
Balance at 1st April 2018	**51,982**	**31,954**	**83,936**
Surplus from Statement of Comprehensive Income	5,204	-	5,204
Actuarial loss relating to the year	(442)	-	(442)
Transfer from revaluation reserve to income and expenditure reserve	105	(105)	-
Balance at 31st March 2019	**56,849**	**31,849**	**88,698**
Surplus from Statement of Comprehensive Income	4,431	-	**4,431**
Actuarial gain relating to the year	687	-	**687**
Transfer from revaluation reserve to income and expenditure reserve	94	(94)	**-**
Revaluation Reserve Adjustment	-	31	**31**
Balance at 31st March 2020	**62,061**	**31,786**	**93,847**

Association:

	Income and expenditure reserve £'000	Revaluation reserve £'000	Total £'000
Balance at 1st April 2018	**51,982**	**31,954**	**83,936**
Surplus from Statement of Comprehensive Income	5,204	-	5,204
Actuarial loss relating to the year	(442)	-	(442)
Transfer from revaluation reserve to income and expenditure reserve	105	(105)	-
Balance at 31st March 2019	**56,849**	**31,849**	**88,698**
Surplus from Statement of Comprehensive Income	4,431	-	**4,431**
Actuarial gain relating to the year	687	-	**687**
Transfer from revaluation reserve to income and expenditure reserve	94	(94)	**-**
Revaluation Reserve Adjustment	-	31	**31**
Balance at 31st March 2020	**62,061**	**31,786**	**93,847**

The notes on pages 29 to 65 form an integral part of these accounts.

Consolidated Statement of Cash Flows

	2020	2019
	£'000	£'000
Cash flows from operating activities		
Surplus for the year after tax	**4,431**	5,204
Adjustments for investing or financing activities		
(Gain) on sale of fixed assets	**(577)**	(485)
Interest receivable	**(63)**	(77)
Interest and financing costs	**2,466**	3,052
	1,826	2,490
Adjustments for non-cash items:		
Depreciation	**1,886**	1,684
Impairment of Fixed assets	**139**	-
Government grant utilised in the year	**(71)**	(68)
Decrease/(Increase) in stock	**186**	87
(Increase)/Decrease in trade and other debtors	**(1,001)**	(160)
Increase/(Decrease) in trade and other creditors	**552**	983
Initial recognition of multi-employer defined benefit scheme	**-**	(442)
	1,690	2,084
Net cash generated from operating activities	**7,948**	9,778
Cash flow from investing activities		
Capital expenditure on housing properties	**(11,376)**	(7,675)
Net proceeds on sale of housing properties	**1,029**	1,185
Purchase of other fixed assets and intangible assets	**(119)**	(399)
Government grant received	**299**	364
Interest received	**63**	77
Net cash used in investing activities	**(10,104)**	(6,449)
Cashflow from financing activities		
Interest paid	**(2,666)**	(2,689)
Interest element of finance lease rental payment	**-**	-
Loans repaid	**-**	-
Net cash used in financing activities	**(2,666)**	(2,689)
Net change in cash and cash equivalents	**(4,822)**	641
Cash and cash equivalents at beginning of year	**16,179**	15,538
Cash and cash equivalents at year end	**11,357**	16,179

The notes on pages 29 to 65 form an integral part of these accounts.

Notes to the financial statements

Legal Status

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

1 Principal Accounting Policies

Basis of Accounting

The Group's financial statements have been prepared in accordance with applicable United Kingdom Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered social housing providers (2018). The Group is required under the Companies Act (Group Accounts) Regulations 2006 to prepare consolidated Group accounts.

The financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. The financial statements have been prepared in compliance with FRS102. The financial statements are prepared on the historical cost basis of accounting as modified by the valuation of the transferred rented housing stock to deemed cost on transition to FRS 102 and are presented in £000's. Investment properties are included in the financial statements at valuation.

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

The Group financial statements consolidate the financial statements of Teign Housing (the parent) and its subsidiary undertaking Templer HomeBuild for the year ended 31 March 2020.

Parent company disclosure exemptions

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

- No cash flow statement has been presented for the parent company.
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

1 Principal Accounting Policies cont'd

Basis of Consolidation

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

Going Concern

The company's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. The Covid- 19 pandemic was unexpected and it is recognised that it will have an impact on the future income and expenditure of the company and led to a reassessment of the company's budget and business plan as well as an assessment of imminent or likely future breach in borrowing covenants. No significant concerns were noted.

The business plan was stress tested and assessed for any imminent or likely future breach in borrowing covenants. No significant concerns have been noted we consider it appropriate to continue to prepare the financial statements on a going concern basis.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

a. **Development expenditure.** The company capitalises development expenditure when the Board approve the agreement for contract. Initial capitalisation of costs is based on management's judgement that the development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

b. **Categorisation of housing properties.** The company has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the company has considered if the asset is held for social benefit or to earn commercial rentals.

1 Principal Accounting Policies cont'd

c. **Tangible fixed assets.** Other than investment properties, tangible fixed assets are depreciated over their useful lives considering residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on several factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are considered. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

d. **Pension and other post-employment benefits.** The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations, and these valuations involve making assumptions. The critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation are standard rates of inflation, property valuations, mortality, discount rate and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in note 19.

e. **Impairment of non-financial assets.** Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash generating unit is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified.

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

A review of the schemes in development has been carried out and we have the option to buy land to build a scheme of 32 properties, but this has been problematic in terms of environmental issues and has not progressed as we would have hoped. We invested £139,000 in this project but are not yet at the planning stage and the scheme is not certain to proceed. We have taken the decision to write off the costs incurred to date.

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

1 Principal Accounting Policies cont'd

g. **Valuation of investment properties.** Investment properties are included at the fair value each year. A review is carried out annually and any change in valuation is recognised by a charge to the Statement of Comprehensive Income. The investment properties were previously valued in March 2016. A valuation was planned for the end of March 2020 but due to the uncertainty arising from the Covid-19 pandemic we were informed that an accurate valuation could not be given at that time. Without a professional valuation, to substantiate the fair value of these properties we compared their value to other similar properties in the area and also importantly, analysed their rental income, which had remained broadly the same since the valuation in 2016 and since the value of these properties are based on a yield basis, we were satisfied that the value that they are held at in the accounts is correct. Should the market value of commercial properties fall as a result of the pandemic and subsequent recession of the economy then the reduction in value of these properties will affect the surplus generated in the year. As an illustration, a 10% fall in the valuation of the properties would reduce overall surplus by c.£40k.

Turnover and revenue recognition

Turnover comprises rental income receivable from tenants and leaseholders, income for other services supplied excluding VAT, income from sale of Shared Ownership and Retained Equity properties, income from development activities and amortised capital grant. Income is recognised in relation to the period when the goods or services have been supplied. Rental income is recognised when the property is available for let, net of voids. Income from property sales is recognised on legal completion. Sales of properties developed for outright sale are included in Turnover and Cost of Sales.

Service charges

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

Operating Leases

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

Loan interest costs

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and amount of maturity of the related loan.

Capitalised Interest

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

1 Principal Accounting Policies cont'd

Categorisation of Debt

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

Corporation Tax

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

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

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

Value Added Tax

The company charges VAT on some of its income and can recover part of the VAT it incurs on expenditure. All amounts disclosed in the accounts are inclusive of VAT to the extent that it is suffered by the company and not recoverable.

Intangible Assets

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

Tangible Assets

Properties for social rent transferred from the Local Authority are stated at deemed cost less accumulated depreciation, all other properties and tangible fixed assets are stated at historic cost less accumulated depreciation. Donated land/assets or assets acquired at below market value from a government source, i.e. local authority, are included as a liability in the Statement of Financial Position at the fair value less consideration paid. Housing properties under construction are stated at cost and are not depreciated. These are reclassified as housing properties, on practical completion of construction. Cost includes the cost of acquiring land and buildings, development costs, and interest charges incurred during the development period. Staff costs and overheads directly attributable to bringing housing properties into working condition for their intended use are capitalised.

1 Principal Accounting Policies cont'd

Freehold land is not depreciated.

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

The company depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

UELs for identified components are as follows:

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

Low Cost Home Ownership

The costs of low-cost home ownership properties are split between current and fixed assets based on the first tranche portion. The first tranche portion is accounted for as a current asset and the sale proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset and subsequent sales treated as sales of fixed assets. Interest on loans used to finance the development of new housing properties is capitalised during the construction period.

Finance Leases

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

1 Principal Accounting Policies cont'd

Other Tangible Fixed Assets

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

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

Investment Property

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

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

1 Principle Accounting Policies cont'd.

Social Housing Grant

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in Turnover over the estimated useful life of the associated asset structure (not land), under the accruals model.

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

SHG must be recycled by the company under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by Homes England. However, SHG may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as Turnover. In certain circumstances, SHG may be repayable, and, in that event, is a subordinated unsecured repayable debt.

Revaluation Reserve

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

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

Group	**Turnover**	**Cost of sales**	**Operating expenditure**	**2020 Operating surplus**	Turnover	Cost of sales	Operating expenditure	2019 Operating surplus
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
Social housing lettings (note 2a)	**17,549**	**-**	**(12,279)**	**5,270**	17,376	-	(10,296)	7,080
Other social housing activities								
Teigncare alarm services	**206**	**-**	**(180)**	**26**	212	-	(174)	38
Other services	**168**	**-**	**(111)**	**57**	62	-	(25)	37
First tranche low cost home ownership sales	**1,618**	**(954)**	**-**	**664**	1,470	(1,047)	-	423
Retained equity home ownership sales	**-**	**-**	**-**	**-**	164	(165)	-	(1)
Activities other than social housing								
Lettings (note 2b)	**364**	**-**	**(124)**	**240**	233	-	(116)	117
Total	**19,905**	**(954)**	**(12,694)**	**6,257**	19,517	(1,212)	(10,611)	7,694
Gain on disposal of property, plant and equipment (note 2c)				**577**				485
Operating surplus				**6,834**				8,179

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

Association	**Turnover**	**Cost of sales**	**Operating expenditure**	**2020 Operating surplus**	Turnover	Cost of sales	Operating expenditure	2019 Operating surplus
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
Social housing lettings (note 2a)	**17,549**	**-**	**(12,382)**	**5,167**	17,426	-	(10,393)	7,033
Other social housing activities								
Teigncare alarm services	**206**	**-**	**(180)**	**26**	212	-	(174)	38
Other services	**270**	**-**	**(120)**	**150**	94	-	(18)	76
First tranche low cost home ownership sales	**1,618**	**(954)**	**-**	**664**	1,470	(1,047)	-	423
Retained equity home ownership sales	**-**	**-**	**-**	**-**	164	(165)	-	(1)
Activities other than social housing								
Lettings (note 2b)	**364**	**-**	**(124)**	**240**	232	-	(116)	116
Total	**20,007**	**(954)**	**(12,806)**	**6,247**	19,598	(1,212)	(10,701)	7,685
Gain on disposal of property, plant and equipment (note 2c)				**577**				485
Operating surplus				**6,824**				8,170

2a Income and expenditure from social housing lettings

Group	General needs	Housing for older people	Low cost home ownership	Other	Total 2020	Total 2019
	£'000	£'000	£'000	£'000	£'000	£'000
Income						
Rent receivable, net of identifiable service charge and voids	11,154	4,121	522	421	16,218	16,027
Service charge income	378	601	11	48	1,038	1,136
Amortised government grants	70	-	-	-	70	68
Other income from social housing lettings	83	139	-	1	223	145
Turnover from social housing lettings	11,685	4,861	533	470	17,549	17,376
Operating expenditure						
Management	(3,201)	(1,280)	(12)	(19)	(4,512)	(3,426)
Service charge costs	(379)	(213)	(6)	(16)	(614)	(896)
Routine maintenance	(2,308)	(378)	(5)	(39)	(2,730)	(2,236)
Planned maintenance	(777)	(33)	(1)	(3)	(814)	(600)
Major repairs expenditure	(1,271)	(241)	-	(38)	(1,550)	(1,428)
Bad debts	(98)	(39)	-	-	(137)	(77)
Depreciation of housing properties	(1,202)	(442)	(8)	-	(1,652)	(1,622)
Amortisation	(95)	(36)	-	-	(131)	(11)
Impairment of housing properties	(139)	-	-	-	(139)	-
Operating expenditure on social housing lettings	(9,470)	(2,662)	(32)	(115)	(12,279)	(10,296)
Operating surplus on social housing lettings	2,215	2,199	501	355	5,270	7,080
Void losses	(46)	(20)	-	-	(66)	(74)

2a Income and expenditure from social housing lettings cont'd.

Association	General needs	Housing for older people	Low cost home ownership	Other	Total 2020	Total 2019
	£'000	£'000	£'000	£'000	£'000	£'000
Income						
Rent receivable, net of identifiable service charge and voids	**11,154**	**4,121**	**522**	**421**	**16,218**	16,027
Service charge income	**378**	**601**	**11**	**48**	**1,038**	1,136
Amortised government grants	**70**	**-**	**-**	**-**	**70**	68
Other income from social housing lettings	**83**	**139**	**-**	**1**	**223**	195
Turnover from social housing lettings	**11,685**	**4,861**	**533**	**470**	**17,549**	17,426
Operating expenditure						
Management	**(3,201)**	**(1,280)**	**(12)**	**(19)**	**(4,512)**	(3,426)
Service charge costs	**(381)**	**(214)**	**(6)**	**(16)**	**(617)**	(897)
Routine maintenance	**(2,358)**	**(384)**	**(5)**	**(40)**	**(2,787)**	(2,287)
Planned maintenance	**(787)**	**(33)**	**(1)**	**(3)**	**(824)**	(611)
Major repairs expenditure	**(1,299)**	**(244)**	**-**	**(39)**	**(1,582)**	(1,462)
Bad debts	**(98)**	**(39)**	**-**	**(1)**	**(138)**	(77)
Depreciation of housing properties	**(1,202)**	**(442)**	**(8)**	**-**	**(1,652)**	(1,622)
Amortisation	**(95)**	**(36)**	**-**	**-**	**(131)**	(11)
Impairment of housing properties	**(139)**	**-**	**-**	**-**	**(139)**	-
Operating expenditure on social housing lettings	**(9,560)**	**(2,672)**	**(32)**	**(118)**	**(12,382)**	(10,393)
Operating surplus on social housing lettings	**2,125**	**2,189**	**501**	**352**	**5,167**	7,033
Void losses	**(46)**	**(20)**	**-**	**-**	**(66)**	(74)

2b Turnover from activities other than social housing

	Group 2020 £'000	Group 2019 £'000	**Association 2020 £'000**	Association 2019 £'000
Garage lettings	**319**	188	**319**	188
Commercial property lettings	**45**	45	**45**	45
	364	233	**364**	233

2c Gain on disposal of assets

Group and Association	**Right to Buy Sales**	**Low Cost Home Ownership**	**Open Market Sales**	**Other Disposals**	**Total 2020**	Total 2019
Proceeds of sales	971	129	-	497	**1,597**	1,817
Less: Costs of sales	(311)	(35)	(1)	(72)	**(419)**	(679)
Amount payable to Teignbridge District Council	(601)	-	-	-	**(601)**	(653)
Gain	**59**	**94**	**(1)**	**425**	**577**	485

3 Directors' emoluments, key management personnel & employee information

	2020	2019
	£'000	£'000
The aggregate emoluments paid to or receivable by non executive Directors and former Directors	**35**	**30**
The aggregate emoluments paid to or receivable by executive Directors and former Directors	**132**	**122**
	167	**152**
The emoluments paid to the highest paid Director excluding pension contributions	**126**	**122**
The aggregate amount of Directors or past Directors' pensions, excluding amounts payable under a property funded pension scheme	**-**	-

The number of full time equivalent staff whose remuneration payable fell within bands of:	**Group**	Group	**Association**	Association
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
£60,000 to £69,999	**2**	5	**2**	4
£70,000 to £79,999	**2**	-	**2**	-
£80,000 to £89,999	**1**	-	**-**	-
£90,000 to £99,999	**-**	-	**-**	-
£100,000 to £109,999	**-**	-	**-**	-
£110,000 to £119,999	-	-	-	-
£120,000 to £129,999	**-**	-	**-**	-
£120,000 to £129,999	**-**	1	**-**	1
£130,000 to £139,999	**1**	-	**1**	-

The Chief Executive is an ordinary member of the pension scheme. The pension scheme is a final salary scheme funded by annual contributions by the employee, and the employer. No enhanced or special terms apply. There are no additional pension arrangements. A contribution by the company of £5,945 (2018/19: £Nil) was paid in addition to the personal contributions of the Chief Executive.

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

Employee Information

The average number of persons employed during the year expressed in full time equivalents (37 hours per week) was:	**Group** **2020**	Group 2019	**Association** **2020**	Association 2019
Office staff	**87**	83	**75**	61
Wardens, caretakers and cleaners	**13**	13	**13**	14
Maintenance staff	**42**	39	**-**	-
	142	135	**88**	75

	Group	Group	**Association**	Association
	2020	2019	**2020**	2019
Staff costs (for the above employees)	**£'000**	£'000	**£'000**	£'000
Wages and salaries	**4,230**	3,860	**2,608**	2,363
Social Security costs	**404**	370	**238**	216
Other Pension costs	**232**	142	**189**	115
Non Executive Director Wages and salaries	**35**	30	**35**	30
	4,901	4,402	**3,070**	2,724

4 Finance income and other income

	Group	Group	**Association**	Association
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Bank finance income	**63**	77	**63**	77
Interest received from Group entities	**-**	-	**10**	9
	63	77	**73**	86

5 Finance costs and similar charges

	Group	Group	**Association**	Association
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Lease finance costs	**6**	6	**6**	6
On loans wholly or partly repayable in more than five years	**2,591**	2,634	**2,591**	2,634
FRS 102 fair value adjustment	**-**	521	**-**	521
Costs associated with financing	**8**	13	**8**	13
Net interest on the defined liability	**40**	45	**40**	45
Less finance costs capitalised on housing properties under construction	**(179)**	(167)	**(179)**	(167)
Charged to income and expenditure account	**2,466**	3,052	**2,466**	3,052

6 Surplus on ordinary activities before taxation

	Group	Group	**Association**	Association
Is stated after charging/(crediting)	**2020**	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Depreciation of housing properties	**1,648**	1,645	**1,648**	1,645
Depreciation of other fixed assets	**131**	104	**131**	104
Amortisation of intangible fixed assets	**132**	25	**132**	25
Operating lease rentals (land and buildings)	**-**	13	**-**	13
Operating lease rentals (other)	**2**	35	**2**	35
Auditors remuneration (excluding VAT)				
- In their capacity as auditors	**17**	17	**16**	16
- Other service	**2**	2	**2**	2
Amortisation of government grant	**(70)**	(68)	**(70)**	(68)

7 Taxation on surplus on ordinary activities

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

Analysis of charge/(credit) for the year	Group 2020 £'000	Group 2019 £'000	Association 2020 £'000	Association 2019 £'000
Current tax				
UK corporation tax at 19% (2018/19: 19%)	-	-	-	-
Adjustment in respect of prior years	-	-	-	-
Total current tax charge/(credit)	-	-	-	-
Deferred tax				
Total deferred tax charge/(credit)	-	-	-	-
Tax on surplus on ordinary activities	-	-	-	-

Reconciliation of tax charge	Group 2020 £'000	Group 2019 £'000	Association 2020 £'000	Association 2019 £'000
Surplus on ordinary activities before taxation	**4,431**	5,204	**4,431**	5,204
Tax on surplus at standard corporation tax rate of 19% (2018/19: 19%)	**842**	989	**842**	989
Effects of:				
Non-taxable surplus on charitable activities	**(842)**	(989)	**(842)**	(989)
Expenses not deductible for tax purposes	-	1	-	-
Non trade charges utilised in period	-	(1)	-	-
Tax charge/(credit) for the year	-	-	-	-

8 Intangible assets – IT software

	2020
	£'000
Cost	
At 1st April 2019	1,367
Additions	34
Disposals	(494)
At 31st March 2020	**907**
Amortisation	
At 1st April 2019	(761)
Charge for year	(131)
Disposals	494
At 31st March 2020	**(398)**
Net book value	
At 31st March 2020	**509**
At 31st March 2019	606

9 Tangible fixed assets

	Social Housing Properties for Letting Completed	Social Housing Properties for letting under construction	Low cost home ownership properties completed	Low cost home ownership properties under construction	**Total housing properties**	Land	IT equipment	Office	Supported Housing equipment	Fixtures, fittings & other equipment	Motor Vehicles	**Total fixed assets**
	£'000	£'000	£'000	£'000	**£'000**	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**
Cost												
At 1st April 2019	124,177	4,466	5,817	421	**134,881**	65	324	1,296	349	271	66	**137,251**
Additions	2,645	6,818	-	2,889	**12,352**	-	32	-	26	12	15	**12,437**
AUC Transfers	6,130	(6,130)	1,211	(1,211)	**-**	-	-	-	-	-	-	**-**
Transfer to Current Assets	-	-	-	(767)	**(767)**	-	-	-	-	-	-	**(767)**
Disposals	(434)	-	(38)	-	**(472)**	-	(162)	(120)	(153)	(49)	-	**(957)**
At 31st March 2020	**132,518**	**5,154**	**6,990**	**1,332**	**145,994**	**65**	**193**	**1,176**	**222**	**234**	**81**	**147,966**
Depreciation & Impairment												
At 1st April 2019	(7,630)	-	(155)	-	**(7,785)**	-	(278)	(196)	(267)	(216)	(35)	**(8,777)**
Charge for the year	(1,597)	-	(51)	-	**(1,648)**	-	(34)	(15)	(31)	(12)	(15)	**(1,754)**
Impairments	-	(139)	-	-	**(139)**	-	-	-	-	-	-	**(139)**
Disposals	18	-	3	-	**21**	-	162	119	153	49	-	**504**
At 31st March 2020	**(9,209)**	**(139)**	**(203)**	**-**	**(9,551)**	**-**	**(150)**	**(92)**	**(144)**	**(179)**	**(50)**	**(10,166)**
Net book Value												
At 31st March 2020	**123,309**	**5,015**	**6,787**	**1,332**	**136,443**	**65**	**43**	**1,084**	**78**	**55**	**32**	**137,800**
At 31st March 2019	116,547	4,466	5,661	421	127,095	65	46	1,100	82	55	31	128,474

9 Tangible fixed assets cont'd

Number of units owned and managed

Group and Association	2020 Social Rent	2020 Affordable Rent	2020 Total	2019 Total
Social Housing Accommodation				
Under development at end of year				
General needs housing	**5**	**94**	**99**	51
Low cost home ownership	**38**	**-**	**38**	21
Under managemement at end of year				
General needs housing	**2,396**	**206**	**2,602**	2,559
Supported housing and housing for older people	**996**	**-**	**996**	998
Low cost home ownership	**93**	**-**	**93**	81
	3,528	**300**	**3,828**	3,710
Social Housing Accommodation				
Managed for others at end of year			**32**	31
			32	31

The value of property additions includes £179,000 of capitalised finance costs (2018-19: £167,000). Finance costs are charged on all schemes during the development stage. The total cumulative value of capitalised finance costs is £899,000 (2018-19: £720,000). The average rate of finance costs are 4.27% (2018-19: 4.27%).

Housing properties were valued by Jones Lang LaSalle in accordance with Royal Institute of Chartered Surveyors procedures. Properties valued annually for funding commitments at 31 March 2020 equated to £37.5m (1,122 properties) and properties valued triennially for funding commitments at 31 March 2020 equated to £61.7m (1,885 properties), £99.2m in total. There are 821 properties that have not been valued for funding commitments.

The total expenditure on repairs and maintenance to existing properties in the year was £7,964,000 (2018-19: £6,756,000). Of this £2,571,000 was capitalised under the SORP 2018 (2018-19 £2,382,000).

The residual value of the housing property assets represents land which is not depreciated. The cost of land at 31 March 2020 was £34,281,400 (2019: £34,355,000).

10 Investment properties held for letting

Group and Association	**2020 £'000**
Cost	
At 1st April 2019	400
At 31st March 2020	**400**

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

11 Stock

Group and Association	**2020 £'000**	2019 £'000
Properties held for sale		
Low cost home ownership properties		
Completed	**31**	**247**
Under construction	**892**	**862**
Outright sale properties		
Completed	**-**	**-**
	923	**1,109**

There are 20 low cost home ownership properties under construction and 1 property completed and available for sale at 31 March 2020.

12 Trade and other debtors

	Group 2020 £'000	Group 2019 £'000	**Association 2020 £'000**	Association 2019 £'000
Arrears of rent and service charges	**774**	412	**774**	412
Provision for bad and doubtful debts	**(331)**	(219)	**(331)**	(219)
	443	193	**443**	193
Prepayments and accrued income	**678**	436	**731**	406
Other trade receivables	**632**	123	**638**	123
Amounts owed by subsidiary undertakings	**-**	-	**500**	300
Amounts due in less than one year	**1,753**	752	**2,312**	1,022

13 Cash and cash equivalents

	Group 2020 £'000	Group 2019 £'000	**Association 2020 £'000**	Association 2019 £'000
Short term deposits	**1,012**	8,500	**1,012**	8,500
Cash at bank	**10,345**	7,679	**10,134**	7,510
	11,357	16,179	**11,146**	16,010

14 Creditors: amounts falling due within one year

	Group 2020 £'000	Group 2019 £'000	**Association 2020 £'000**	Association 2019 £'000
Trade payables	**173**	91	**158**	91
Accruals and deferred income	**903**	1,011	**903**	935
Rent and service charges paid in advance	**699**	704	**699**	704
Right to Buy sharing agreement (see below)	**600**	653	**600**	653
Amounts owed to subsidiary	**-**	-	**431**	248
Other creditors	**1,122**	507	**1,095**	480
Deferred capital grant (note 15b)	**73**	68	**73**	68
VAT creditor	**10**	5	**10**	5
Income Tax (PAYE) and National Insurance	**109**	102	**68**	58
Lease obligations	**80**	40	**80**	40
	3,769	3,181	**4,117**	3,282

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

15 Creditors: amounts falling due after more than one year

	Group 2020 £'000	Group 2019 £'000	**Association 2020 £'000**	Association 2019 £'000
Bank loans (note 15a)	**47,358**	47,379	**47,358**	47,379
Lease obligations	**34**	73	**34**	73
Deferred capital grant (note 15b)	**6,637**	6,368	**6,637**	6,368
Recycled Capital Grant Fund (note 15c)	**1**	47	**1**	47
Sinking Fund (Haldon)	**16**	8	**16**	8
	54,046	53,875	**54,046**	53,875

15a Bank loans

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

	Group	Group	**Association**	Association
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Fixed rate loans				
Within one year	**-**	-	**-**	-
2 to 5 years	**-**	-	**-**	-
In 5 years or more	**40,358**	40,379	**40,358**	40,379
Variable rate loans				
Within one year	**-**	-	**-**	-
2 to 5 years	**3,500**	3,500	**3,500**	3,500
In 5 years or more	**3,500**	3,500	**3,500**	3,500
	47,358	47,379	**47,358**	47,379

All loans are secured by specific charges on the Company's housing properties and are repayable at varying rates of finance costs, from 2.55% to 6.77%.

The average rates of finance costs on the loans outstanding at 31 March 2020 were:

Fixed rate loans	6.21%	(2018-19: 6.21%)
Variable rate loans	2.57%	(2018-19: 2.65%)

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

	2020	2019
	£'000	£'000
Undrawn committed facilities	**5,855**	5,855
Other facilities	**7,645**	7,645
Total undrawn facilities	**13,500**	13,500

15b Deferred capital grant

	Group 2020 £'000	Group 2019 £'000	**Association 2020 £'000**	Association 2019 £'000
At start of the year	**6,436**	6,140	**6,436**	6,140
Received during the year	**344**	364	**344**	364
Released to income during the year	**(70)**	(68)	**(70)**	(68)
	6,710	6,436	**6,710**	6,436
Amount due to be released < 1 year	**(73)**	(68)	**(73)**	(68)
Amount due to be released > 1 year	**6,637**	6,368	**6,637**	6,368

The total accumulated government grant and financial assistance received or receivable at 31 March 2020 is £7,285k (2019: £6,941k), of which, £6,710k (2019: £6,436k) is included as deferred capital grant and £575k (2019: £505k) has been recognised as income through the Statement of Comprehensive Income to date.

15c Recycled capital grant fund

	Group 2020 £'000	Group 2019 £'000	**Association 2020 £'000**	Association 2019 £'000
At 1 April 2019	**47**	47	**47**	47
Inputs to RCGF:				
Grants recycled	**(46)**	-	**(46)**	-
At 31 March 2020	**1**	47	**1**	47
Due in more than one year	1	47	1	47
	1	47	**1**	47
Amounts 3 years or older where repayment may be required	**-**	36	**-**	36

All balances relate to Homes England.

16 Operating leases

The Group and Association have operating leases for the provision of its water coolers and photocopiers. These leases commit the company to future payments as follows:

	2020	2019
	£'000	£'000
Land and buildings:		
Not later than one year	-	13
Later than one year and not later than five years	-	-
Others:		
Not later than one year	2	35
Later than one year and not later than five years	1	-
	3	48

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

17 Share capital

Teign Housing is a company limited by guarantee and as such does not have share capital. At 31 March 2020 the company's guarantors were its Company / Board members and the extent of the guarantee was £1 each.

18 Capital commitments

	2020	2019
	£'000	£'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	9,376	5,058
Capital expenditure that has been authorised by the Board but has not yet been contracted for	5,872	6,263
	15,248	11,321

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

	2020	2019
	£'000	£'000
Proceeds from sale of shared ownership properties	1,749	2,127
Committed loan facilities	13,499	9,194
	15,248	11,321

19 Pensions Liability

Total Pensions Liability

		2020		2019
SHPS	£	522,000	£	1,199,000
LGPS	£	558,000	£	567,000
Total	**£**	**1,080,000**	**£**	**1,766,000**

(a) Social Housing Pension Scheme

The company participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK and is accounted for as such.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

FAIR VALUE OF PLAN ASSETS, PRESENT VALUE OF DEFINED BENEFIT OBLIGATION, AND DEFINED BENEFIT ASSET (LIABILITY)

	31 March 2020 (£000s)	31 March 2019 (£000s)
Fair value of plan assets	3,504	3,325
Present value of defined benefit obligation	4,026	4,524
Deficit in plan	(522)	(1,199)
Unrecognised surplus	-	-
Defined benefit (liability) to be recognised	(522)	(1,199)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period from 31 March 2019 to 31 March 2020 (£000s)	Period from 31 March 2018 to 31 March 2019 (£000s)
Defined benefit obligation at start of period	4,524	4,157
Current service cost	31	17
Expenses	4	5
Interest expense	107	108
Member contributions	32	39
Actuarial losses (gains) due to scheme experience	60	(68)
Actuarial losses (gains) due to changes in demographic assumptions	(39)	12
Actuarial losses (gains) due to changes in financial assumptions	(619)	345
Benefits paid and expenses	(74)	(91)
Defined benefit obligation at end of period	4,026	4,524

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS

	Period from 31 March 2019 to 31 March 2020 (£000s)	Period from 31 March 2018 to 31 March 2019 (£000s)
Fair value of plan assets at start of period	3,325	3,134
Interest income	80	82
Experience on plan assets (excluding amounts included in interest income) - gain	24	40
Employer contributions	117	121
Member contributions	32	39
Benefits paid and expenses	(74)	(91)
Fair value of plan assets at end of period	3,504	3,325

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2019 to 31 March 2020 was £104,000 (2019: £122,000).

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCI)

	Period from 31 March 2019 to 31 March 2020 (£000s)	Period from 31 March 2018 to 31 March 2019 (£000s)
Current service cost	31	17
Expenses	4	5
Net interest expense	27	26
Defined benefit costs recognised in Statement of Comprehensive Income (SoCI)	62	48

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME (OCI)

	Period from 31 March 2019 to 31 March 2020 (£000s)	Period from 31 March 2018 to 31 March 2019 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain	24	40
Experience gains and losses arising on the plan liabilities – gain (loss)	(60)	68
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain (loss)	39	(12)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain (loss)	619	(345)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain (loss)	622	(249)
Total amount recognised in Other Comprehensive Income – gain (loss)	622	(249)

ASSETS

	31 March 2020 (£000s)	31 March 2019 (£000s)
Global Equity	512	560
Absolute Return	183	288
Distressed Opportunities	67	60
Credit Relative Value	96	61
Alternative Risk Premia	245	192
Fund of Hedge Funds	2	15
Emerging Markets Debt	106	115
Risk Sharing	118	100
Insurance-Linked Securities	108	95
Property	77	75
Infrastructure	261	174
Private Debt	71	45
Opportunistic Illiquid Credit	85	-
Corporate Bond Fund	200	155
Liquid Credit	1	-
Long Lease Property	61	49
Secured Income	133	119
Liability Driven Investment	1,163	1,216
Net Current Assets	15	6
Total assets	3,504	3,325

None of the fair values of the assets shown above include any direct investments in the employer’s own financial instruments or any property occupied by, or other assets used by, the employer.

KEY ASSUMPTIONS

	31 March 2020 % per annum	31 March 2019 % per annum
Discount Rate	2.35%	2.36%
Inflation (RPI)	2.55%	3.24%
Inflation (CPI)	1.55%	2.24%
Salary Growth	2.55%	3.24%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2020 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2020	21.5
Female retiring in 2020	23.3
Male retiring in 2040	22.9
Female retiring in 2040	24.5

19 Pensions cont'd

(b) Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by Devon County Council. The total contributions made for the year ended 31 March 2020 were £56,089, of which employer's contributions totalled £41,780 and employees' contributions totalled £14,321. The agreed contribution rates for future years are 23% for employers and range from 5.8% to 8.5% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 March 2020 by a qualified independent actuary.

	At 31 March 2020	At 31 March 2019
Rate of increase in salaries	**2.95%**	3.95%
Rate of increase for pensions in payment / inflation	**1.95%**	2.45%
Discount rate for scheme liabilities	**2.35%**	2.35%
Inflation assumption (CPI)	**1.95%**	2.45%

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

	At 31 March 2020	At 31 March 2019
	Years	Years
Retiring today		
Males	**22.9**	22.4
Females	**24.1**	24.4
Retiring in 20 years		
Males	**24.3**	24.1
Females	**25.5**	26.2

19 Pensions cont'd

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

	At 31 March 2020 £'000	At 31 March 2019 £'000
Employer service cost (net of employee contributions)	**(79)**	(77)
Administration expenses	**(6)**	(5)
Total operating charge	**(85)**	(82)
Analysis of pension finance costs		
Net Interest on the defined liability	**(13)**	(19)
Amounts charged to financing costs	**(13)**	(19)
Amount of gains and losses recognised in the Statement of Comprehensive Income		
Actuarial gain recognised	**65**	275

Movement in (deficit) during year	**At 31 March 2020**	At 31 March 2019
	£'000	£'000
Deficit in scheme at 1 April	**(567)**	(782)
Movement in year:		
Employer service cost (net of employee contributions)	**(79)**	(77)
Employer contributions	**42**	41
Net interest/return on assets	**(784)**	199
Re-measurements	**672**	(382)
Change in demographic assumptions	**21**	439
Other actuarial gains/ (losses)	**143**	-
Administration expenses	**(6)**	(5)
Deficit in scheme at 31 March	**(558)**	(567)

Asset and Liability Reconciliation	**At 31 March 2020**	At 31 March 2019
	£'000	£'000
Reconciliation of liabilities		
Liabilities at start of period	**8,196**	8,188
Service cost	**79**	77
Interest cost	**190**	206
Employee contributions	**14**	14
Re-measurements	**(672)**	382
Change in demographic assumptions	**(21)**	(439)
Experience gain on defined benefit obligation	**(127)**	-
Benefits paid	**(220)**	(232)
Liabilities at end of period	**7,439**	8,196

19 Pensions cont'd

Reconciliation of assets	At 31 March 2020	At 31 March 2019
	£'000	£'000
Assets at start of period	7,629	7,406
Return on plan assets less interest	(771)	218
Interest on Assets	177	187
Other actuarial gains	16	-
Administration expenses	(6)	(5)
Employer contributions	42	41
Employee contributions	14	14
Benefits paid	(220)	(232)
Assets at end of period	6,881	7,629

20 Related parties

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

During the year, the association's transactions with Teignbridge District Council fell within the definition of Related Parties under Financial Reporting Standard 102 Section 33. All transactions with Teignbridge District Council are on an arm's length basis and under normal commercial terms. The Council provided a number of services to the association during the period, details of which are shown below:

Service	At 31 March 2020	At 31 March 2019
	£'000	£'000
Section 106 Charges	15	10
Town Centre Shop rent (ended July 19)	13	37
Refuse collection	8	7
Repairs and maintenance	-	1
Other	1	6
	37	61

***Related parties cont'd*.**

Transactions with regulated and non-regulated elements of the business

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

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

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

Payable to the association from non-regulated subsidiaries

Member	**Transaction**	**2020 £'000**	2019 £'000
Templer HomeBuild Limited	Gift aid	**66**	50
Templer HomeBuild Limited	Management & administration	**37**	34
Templer HomeBuild Limited	Loan interest	**10**	9
		113	93

Payable to non-regulated subsidiaries from the association

Member	**Transaction**	**2020 £'000**	2019 £'000
Templer HomeBuild Limited	Property services provided	**1,960**	1,776
Templer HomeBuild Limited	Loans	**500**	300
		2,460	2,076

21 Consolidated structure and investment

On 17 October 2005 Teign Development Limited was formed as a wholly owned subsidiary of Teign Housing. Teign Development Limited changed its name to Templer HomeBuild Limited on 11 April 2017 and commenced trading on the 1 July 2017. The principal activity of Templer HomeBuild is the provision of property maintenance and construction services to the Social Housing sector, including properties for rent and sale. Templer HomeBuild profit for the year was nil (2019: nil) and had net assets of nil (2019: Nil).

22 Low cost home ownership – buyback liability

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

<u>10 Lonsee Gardens</u>
Sale date – 23rd November 2010
Share percentage bought – 35%
Price of percentage bought - £53,235
Original 100% market value as stated in the Lease - £152,100
The property/shares were transferred to a new shared owner on 21st November 2013.
The 100% market value on 21st November 2013 was £145,000

<u>12 Lonsee Gardens</u>
Sale date – 1st October 2010
Share percentage bought – 25%
Price of percentage bought - £37,537.50
Original 100% market value as stated in the Lease – £150,150

23 Change in Net Debt

Group

	At Beginning of the year £'000	Cash Flows £'000	Non-Cash Movements £'000	At End of the year £'000
Cash and Cash Equivalents	16,179	(4,822)	-	11,357
Housing Loans Due in One Year	-	-	-	-
Housing Loans Due After One Year	(47,379)	-	21	(47,358)
	(31,200)	**(4,822)**	**21**	**(36,001)**

Association

	At Beginning of the year £'000	Cash Flows £'000	Non-Cash Movements £'000	At End of the year £'000
Cash and Cash Equivalents	16,010	(4,864)	-	11,146
Housing Loans Due in One Year	-	-	-	-
Housing Loans Due After One Year	(47,379)	-	21	(47,358)
	(31,369)	**(4,864)**	**21**	**(36,212)**