

North Devon Homes Financial Statements for the year ended 31 March 2021



Registered Company No. 03674687

Registered Charity No. 1164142

North Devon Homes

Financial Statements

for the year ended 31 March 2021

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Board Members, Executive Officers, Advisors and Bankers

The Board of Management

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

Company Secretary

Mrs Diane Dimond

Executive Directors

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

Statutory Independent Auditors

Mazars LLP
 90 Victoria Street
 Bristol
 BS1 6DP

Solicitors

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

Tozers LLP
 Broadwalk House
 Southernhay West
 Exeter
 Devon EX1 1UA

Principal Funders

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

Funding Advisors

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

Bankers

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

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

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

Board of Management report for the year ended 31 March 2021

Strategic Report

The Board of Management presents its strategic report and audited financial statements for the year ended 31 March 2021.

Legal Structure

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

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

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

Principal activities

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

The Group also consists of Anchorwood Limited a development company.

Review of the business

A review of the business is discussed in the Strategic Report on pages 8 to 27. This includes the Value for Money Statement 2021 and the Board's arrangements for managing risk.

Results

The Group's surplus after tax for the year was £1,952k (2020: £1,287k).

Going concern

The Board has a reasonable expectation that adequate resources will continue in existence for the foreseeable future and for this reason it continues to adopt the going concern basis in preparing the Financial Statements. Further details with regard to going concern are considered in Note 1 to the Financial Statements on page 41.

Constitution and Governance

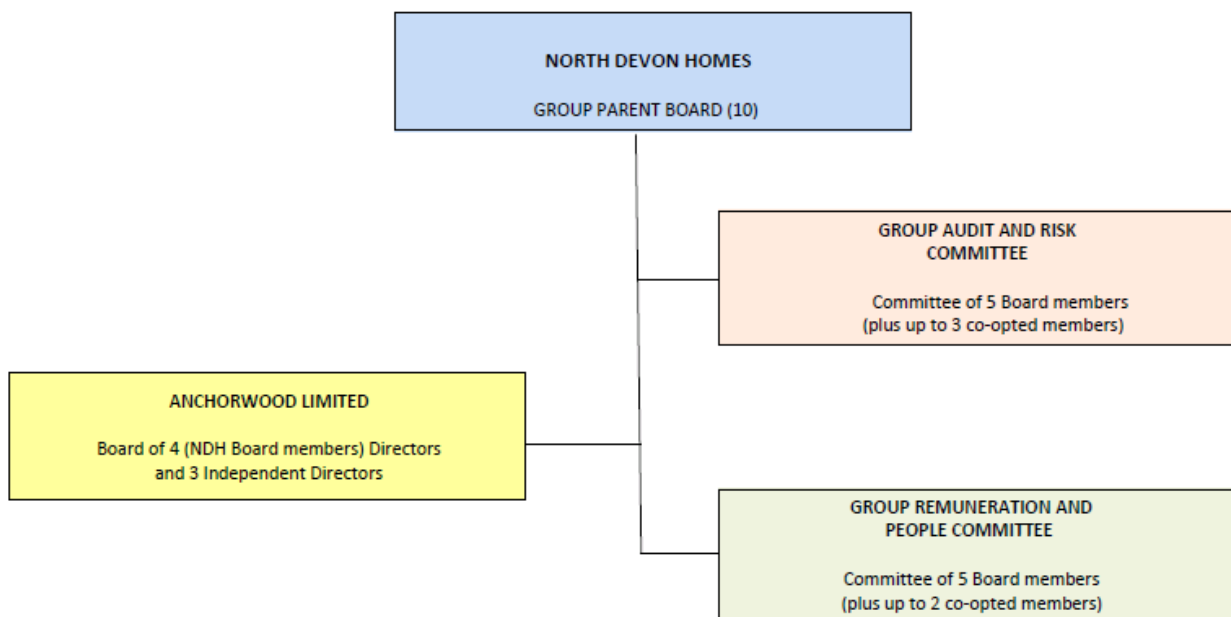
The Board is skills-based and consists of up to ten independent members.

For the year ending 31 March 2021 the following members served on the Board:

Board of Management report for the year ended 31 March 2021 (continued)

- Mr Robert Stronge
- Mr Asad Butt
- Mr Scott Murray
- Mr James Barra
- Ms Delyth Lloyd-Evans
- Ms Suzanne Ingman
- Ms Debbie Hay
- Mr Paul Oldroyd
- Ms Suzanne Lowther
- Mr Simon Sanger-Anderson

The governance structure for the Group is summarised below:



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

Board of Management report for the year ended 31 March 2021 (continued)**Compliance Statement**

North Devon Homes (NDH) Group has adopted the NHF 2015 Code of Governance and strives to uphold the principles of good governance as defined by the Code. The Board regularly assesses compliance with the Code to gain assurance that the organisation remains compliant, identifying and implementing any areas for improvement. The Board confirms that NDH was fully compliant with the Code through the financial year ending 31 March 2021.

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

The Board is pleased to confirm that during the year ended 31 March 2021 it considers that NDH has complied with all applicable outcomes and specific expectations of the Governance and Financial Viability Standard and its accompanying Code of Practice, together with the outcomes and requirements of all the other economic and consumer standards.

A new integrated housing management software system is being introduced and the first phase was successfully implemented in June 2021; future phases which are planned over the next year will enable full compliance with the General Data Protection Regulation (GDPR) legislation. Whilst NDH was not fully compliant with all aspects of the GDPR requirements during the year, any areas of non-compliance are not considered to be material.

Charity Commission compliance

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

Executive officers

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

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

Board of Management report for the year ended 31 March 2021 (continued)**Financial Risk Management Objectives and Policies**

The Association's operations expose it to a variety of financial risks that include the effects of credit risk, liquidity risk and interest rate risk. The Association has a formal risk management and assurance framework to mitigate the potential adverse effects that such risks may pose which are further detailed in the Strategic Report on pages 8 to 27.

Employees

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

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

Equal opportunities

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

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

Directors' and officers' liability insurance

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

Executive Officers' remuneration

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

Disclosure of information to the auditors

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

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

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

By order of the Board

Robert Stronge
Chair of the Board
13 September 2021

Strategic Report

Background

North Devon Homes is a registered provider of social housing which was formed in February 2000 to accept the transfer of 3,281 homes from North Devon Council. At 31 March 2021, the Association owned 3,337 (2020: 3,317) affordable homes.

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

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

	2021 No.	2020 No.
North Devon Homes' Affordable Housing Stock:		
General Needs		
Social rent	2,277	2,266
Affordable rent	426	425
Intermediate rent	14	14
Older-persons Housing		
Social rent	510	509
Affordable rent	31	28
Intermediate rent	4	4
Low-cost home ownership	75	71
Total	3,337	3,317
Other units not included above:		
Market Rented	7	7
Leasehold Properties	89	89
Units managed on behalf of others	16	16
Garages	670	670
Commercial Properties	19	19
Total	801	801

Governance and Management

During 2020/21 the NDH Board met seven times to provide effective governance to the business. The Board is supported by its Group Audit and Risk Committee and also the Group Remuneration and People Committee. The Anchorwood Limited Board met eight times during the year.

In addition to the formal board meetings, in order to ensure that the NDH Board had sufficient oversight during the global Covid-19 pandemic that affected the Group during the year, a Covid-19 task group was set up of up to five Board Members, including the Chair, Vice Chair and Chair of the Group Audit and Risk Committee. This group initially met weekly, and fortnightly from May 2020, with the Executive Team.

The Anchorwood Ltd Board also held more regular short Covid-19 briefing meetings in addition to its formal meetings, to keep apprised of risk, business continuity and other impacts to the business due to the rapidly changing external environment.

Strategic Report (continued)

The NDH Board has formally adopted the 2015 National Housing Federation (NHF) Code of Governance “promoting Board excellence for housing associations”. This code not only underpins the way the Board operates but also forms the basis of an ongoing commitment to governance excellence and continuous strengthening of North Devon Homes’ governance arrangements. In 2020 the NHF issued an updated Code of Governance. This was formally adopted by the Board in March 2021 and during 2021/22 the Board will be working through a transition plan to ensure that compliance with the new Code is achieved by 31 March 2022.

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

Regulatory Status

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

In December 2020, following the Regulator’s in-depth assessment, it was confirmed that the Association had maintained the highest Regulatory Rating for governance (which was in place as at March 2020) but had been re-graded from V1 to V2 for Financial Viability due to its current exposure to the housing market. The ratings are defined as follows:

- **Governance: G1**
The provider meets the governance requirements.
- **Viability: V2**
The provider meets the viability requirements and has the financial capacity to deal with a reasonable range of adverse scenarios, but needs to manage material risks to ensure continued compliance.

Corporate Priorities and Strategies

The year 2020/21 was the last year of the Association's Corporate Plan 2018-21. The Plan was set out under four objectives, and a final summary of performance against each heading is outlined below, along with those objectives which were not fully completed by the end of March 2021 and so have been carried forward into the new 2021-24 Corporate Plan.

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

Achievements and successes	Objectives carried forward into 2021-24 Plan
• Strong customer satisfaction • Effective customer involvement structure (C90) with programme of ongoing customer engagement • Over 300 changes annually to documents / policies as a result of direct input from customers	• Development of ‘real-time’ satisfaction measurement, starting with feedback on the repairs service. • Go-live with new Housing Management system - Civica CX - and development of customer portal to enable easier online ways for customers to deal with us. • We will continue to put the customer at the heart of everything we do.

Strategic Report (continued)

2. My Home: Maintain and build quality affordable homes

Achievements and successes • Strong compliance performance • Overall maintenance performance was above that of peers and achieved with lower front-line costs. • Identification of lowest performing properties for disposal, and disposal of 38 of those units. • Continued development of Home 2 Home. • Completion of trials of home improvement (Energiesprong - Zero carbon whole house retrofit). • 210 new homes delivered. • Net increase in NDH's social housing stock from 3241 to 3337.	Objectives carried forward into 2021-24 Plan • Complete the Taw Wharf development and continue to deliver new homes at other sites. • Development of 'real-time' satisfaction measurement of the repairs service. • We will continue to provide customers with a safe and secure home in a good state of repair
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3. My Neighbourhood: Improve, support and develop our neighbourhoods

Achievements and successes • Tenancy Handbook completed and available online, written in consultation with customers. • Partnership working on projects to benefit customers, and supporting LA to deliver homelessness duty. • At the end of the plan, over 200 customers are supported by NDH's Independent Living Service, and over 1000 use the alarm service. • Youth team and customer involvement activities benefitting individuals and their families throughout the pandemic. • Continued low rent arrears - latest benchmarked data shows 2019/20 prior year arrears of 0.66% against a peer group median of 2.94%. • Staff volunteering scheme in place, with 88 days delivered prior to the pandemic.	Objectives carried forward into 2021-24 Plan • Continue to encourage staff to volunteer in activities which support our communities. • We will continue to be a Community Landlord, offering services beyond those of a normal landlord, such as financial advice, independent living support, alarm services and young person support. • We will continue to work with local partners, businesses and stakeholders to ensure we all work together on local issues.
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Strategic Report (continued)

4. My Landlord: Deliver Value for Money

Achievements and successes	Objectives carried forward into 2021-24 Plan
• New Housing Management system Civica CX ready to go live, and Customers have been involved in implementation. • VfM targets mostly achieved (i.e. ROCE >3%; Operating Margin >25%); New homes supply target partially achieved. • First Phases of Taw Wharf successfully completed. Development pipeline in place going forward for schemes with a mix of social rent, shared ownership and market sale. • Head Office roof and electrical works completed. • Strong Headline Social Housing Cost per Unit compared to the sector.	• Customer portal and self-service options to be rolled out. • Civica CX, Microsoft 365 and other IT infrastructure to be rolled out in line with IT Strategy. • Ongoing development and sales at Taw Wharf. • Gift aid receipts from Anchorwood Ltd to be reinvested to ndh. • Talent Management Framework implementation – 'grow our own' through progression routes & apprenticeships.

The Association's vision, objectives and strategies for the next three years are set out in our new 2021-2024 Corporate Plan, and build on the previous plan; taking forward the objectives noted above. It continues to follow the key themes of *Me, My Home, My Neighbourhood, My Landlord* – with the focus of each area restated for the new plan.

1. Me: Customer focused and accountable business.
2. My Home: ensuring safe and healthy homes, investing in homes to ensure they are sustainable.
3. My Neighbourhood: leading and working with our partners to build communities where people want to live.
4. My Landlord: Delivering Value for Money.

The full Corporate Plan sets out clear targets for each of the objectives above. Key areas of focus for the 2021-24 Plan are tackling inequality, investing in customers' homes to make them more energy efficient, delivery of new homes and using new technology to improve processes and deliver services more effectively and efficiently. The Plan also sets out the Association's culture and the way the Association intends to deliver the Plan with objectives on: safety, compliance and responding to the emerging building-safety agenda; good governance; delivery of social value; and customer engagement. There are a number of critical metrics that will be used to track progress:

- Customer satisfaction.
- Customer safety as measured by compliance performance.
- Energy efficiency as measured by properties rated SAP C or better.
- Estimated home running costs based on energy efficiency across the stock.
- Rent affordability compared to average rents.
- New homes delivered.
- Social value delivered.

Performance in the Year

Underpinning the Corporate Objectives, the following specific priorities were delivered in 2020/21:

Strategic Report (continued)

Performance in the Year (continued)

• Deliver Welfare Reform Support

Universal Credit (UC) was rolled out in North Devon from July 2018, and by 31 March 2021 834 of our customers had transitioned to UC. Current tenant rent arrears figures continued to show excellent performance throughout the year with the year end result at 0.80% of the annual rent debit, only showing a small increase on the previous year (0.65%). The difficulties for customers on UC are demonstrated when looking deeper at the results: arrears for non-UC customers are significantly lower than arrears for those in receipt of UC. During the year, we continued to work with customers to help them transition to UC, and to help them build up a rent credit to cover them across the gap in benefit when switching to Universal Credit.

• Taw Wharf Development

During 2020/21, Anchorwood Limited completed the second phase of the Taw Wharf development, and had begun work on the third phase. Properties remained in demand throughout the year, and only four properties remained unsold at the year end, with significant numbers of 'early bird' reservations against the third phase. The entire scheme will deliver 37 social rented homes to NDH, and also gift aid to NDH the profits arising from the sale of 135 open market sale units.

• IT Systems

Our three core IT systems – relating to tenancy management, repairs and asset management – are deemed to be at the end of their useful lives. As a consequence, following process reviews, requirements gathering and investigation of potential suppliers, we procured a new integrated housing management system to cover all three areas. During 2020/21, we have continued to build, test and implement the new system. The system was originally due to go live in the financial year 2020/21, but time taken to resolve issues and delays as a result of the pandemic meant that the first phase of the system did not go live until June 2021. The system changes will reduce the risk related to IT, and are also a key part of our Value for Money (VfM) delivery. They will enable more on-line interaction with customers and will also deliver efficiencies as we refine processes and take advantage of new IT capabilities.

• Improving our stock for customers

During 2020/21 we continued to look at pilot projects to identify ways to improve the energy efficiency of our homes. In 2021/22 we will be installing air-source heat pumps in a number of properties, alongside solar panels and batteries, and assessing the benefits for customers. In addition, we will continue to identify and dispose of our worst performing properties when opportunities arise, using receipts to acquire or develop new affordable homes.

Performance Management Framework

The Company has a robust Performance Management Framework in place. The Corporate Objectives set by the Board as part of the Corporate Plan are cascaded into Service Excellence Plans (SEPs) for each service area. The SEPs inform the personal objectives for each member of staff. The achievement of both the SEPs and the staff objectives is regularly monitored.

Key Performance Indicators (KPIs)

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

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

Performance across the organisation as at 31 March 2021 is summarised on the following page:

Strategic Report (continued)

Key Performance Indicators (KPIs) (continued)



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

The background colour tells us if we are on, close to, or some way below target.
The arrow indicates if our performance has improved, decreased or is unchanged since the same period last year.
Our ability to collect some data has been impacted by Covid-19; 'No Data' is recorded against these measures.

- ↑ performance improved
- ↔ performance unchanged
- ↓ performance decreased
- we are on target
- we are close to target
- we are some way below target

	PREVIOUS PERFORMANCE	CURRENT PERFORMANCE	TARGET	POSITION
CUSTOMER SATISFACTION				
Satisfaction with overall service provided by ndh*	92.1%	88.4%	86.8%	↓
Compliments received	70	123	No Target	↑
Complaints received	43	30	No Target	↑
Complaints upheld	23	20	No Target	↑
RESPONSIVE REPAIRS				
Customer satisfaction with the repairs service - overall	96.8%	NO DATA	95.5%	n/a
Emergency repairs completed within 24 hours	99.2%	98.4%	99.0%	↓
Urgent repairs completed within 7 calendar days	97.6%	94.9%	97.3%	↓
Routine repairs completed within 28 calendar days	89.2%	83.9%	95.0%	↓
CUSTOMER CARE TEAM				
Call Quality Overall % Score	90.7%	NO DATA	80.0%	n/a
Neighbour disputes handled	179	208	No Target	n/a
PLANNED MAINTENANCE				
% Planned Maintenance Programme Delivery	96.0%	83.7%	100.0%	↓
Customer satisfaction with Planned Maintenance service received	98.3%	NO DATA	96.0%	n/a
GAS SAFETY				
Properties with a gas safety certificate at month end	100.00%	100.00%	100%	↔
RE-LET PROPERTIES				
Number of properties re-let	228	239	No Target	n/a
Rent loss due to empty properties (as a % of rental due)	0.41%	0.82%	1.25%	↓
Average time to complete void works and re-let properties (in c/days)	32.8	45.1	38.3	↓
Number of mutual exchanges completed	42	39	No Target	n/a
RENT COLLECTION				
Outstanding rent (current customers)	0.65%	0.80%	1.76%	↓
Outstanding rent (former customers)	0.70%	0.56%	0.70%	↑
INDEPENDENT LIVING SERVICES				
Customers likely to recommend the Devon Homelink alarm service	100.0%	100.0%	95%	↔
Customers satisfied with the Devon Homelink home support service	95.0%	88.6%	90%	↓
FINANCE				
Liquidity - Group	6.0	4.3	0.95	↓
Liquidity - Association	4.7	4.9	0.95	↑
Quick Liquidity Ratio (excluding Stock) - Group	4.0	3.2	0.65	↓
Quick Liquidity Ratio (excluding Stock) - Association	4.4	4.9	0.65	↑
Interest Cover - Group	165.3%	161.3%	110.0%	↓
Interest Cover - Association	180.1%	158.1%	110.0%	↓

*Previous Performance = STAR 2015, Current Performance = STAR 2018.

Strategic Report (continued)

Key Performance Indicators (KPIs) (continued)

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

- Repairs:** Customer satisfaction data for our repairs service has not been routinely collected by our Customer Service Team during the Pandemic due to other priorities. For 2021/22 we have a new external agency collecting satisfaction data, and the initial results show that satisfaction remains high. Repairs on-time performance was below target - although only marginally for the highest priority emergency repairs. For other repairs, this was mainly a result of the disruption during the year due to the pandemic and the backlog of repairs from the initial lockdown at the end of 2019/20 and beginning of 2020/21, when urgent and routine repairs were restricted.
- Rent Collection:** The performance of rent collection for current customers continued to be extremely strong in 2020/21. This year has seen the continued roll-out of Universal Credit in North Devon and current arrears performance is significantly better than target, despite the number of UC claimants increasing from 615 to 834 in the year. Former tenant arrears are also on target.
- Gas Safety:** At the end of the year all properties with gas had a valid gas certificate.
- Re-lets:** Re-let times and void rent loss increased in the year due to the pandemic but, despite the restrictions impacting our ability to carry out void works and re-let properties for a period, the rent loss performance was well within target.
- Customer Satisfaction:** The STAR survey (Survey of Tenants and Residents) was undertaken in August 2018 and, although overall satisfaction dropped, it remained upper quartile compared to our peer group. Customer satisfaction remains a key driver. In 2020/21 there were 30 complaints, down from 43 in the previous year, and a relatively small number (Housemark suggest a Housing Association can expect 33 complaints annually per 1000 properties). The reduction may have been related to the pandemic. Of the 30 complaints received, two thirds were upheld.
- Planned Maintenance (major repairs):** The majority of the planned maintenance programme was completed in year. The programme was subject to delays associated with the pandemic, and consequently not all planned units were delivered in year; some works have been carried over into the programme for 2021/22.
- Finance:** Financial performance outperformed the budget set for the year. Through the addition of 26 new homes, the net book value of the Group's total housing property fixed assets increased by £679k from the previous year. Liquidity remained strong at the end of the year although Group liquidity ratio performance was lower than in the previous year due to a higher value of short-term creditors (impacted by \$106 monies due to be paid by Anchorwood Limited in 2020/21). At the year end there was £5.5m of stock and work in progress, mainly attributable to the investment in the Taw Wharf development site. Whilst there was lower performance in respect of interest cover for the Group and Association than in the previous year, this outperformed the budget forecast for the year. Further detail on financial performance is provided in the Value for Money Statement 2021 on page 20 and the Operating and Financial Review on page 25.

Strategic Report (continued)

Risk Management

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

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

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

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

Strategic Report (continued)

Risk Management (continued)

Risk	Key controls
Failure to achieve and deliver Value for Money (VfM)	Budgetary control policy and procedures in place. Current and new Corporate Plan for 2021-2024 establish VfM priorities. The VfM Strategy outlines how value will be delivered and includes key metrics to track progress. Procurement strategy embedded in VfM Strategy. VfM link through strategy, departmental service excellence plans, performance and Board decision making. Use of benchmarking tools to monitor performance and inform a programme of continuous improvement activity.
Higher arrears than anticipated as a result of welfare reform	Significant work continues with customers who have moved to UC, to support them to manage finances and keep their arrears down. Close arrears monitoring. Income management service tailored to support customers. Close monitoring of changes to the welfare system and communication with customers. Identification of customers most at risk of higher arrears in order to target interventions towards them. Promotion of direct debits and basic bank accounts. Recurring card payments implemented via Allpay. Wide range of payment facilities available. Whilst overall performance continues to be very good, as UC continues to be rolled out this still remains a key risk due to the result of the significant impact that UC has on customers. This has been exacerbated by the impact of the Covid-19 pandemic, which has continued to tip many onto UC as circumstances change, or negatively impacted their finances in other ways.
Failure to effectively monitor, anticipate and respond to changes in the economic environment	Interest rate exposures carefully monitored and Treasury Strategy regularly reviewed. Prudent business plan assumptions made around inflation and interest rates, and sensitivity analysis carried out. Stress testing carried out based on externally developed scenarios e.g. Bank of England stress tests, to ensure Business Plan capacity is understood. The Board is prepared for changes in the environment, and have identified triggers and recovery actions. Regular review by senior management of external sources of information and attendance at events. Emerging risks discussed at Strategic Performance Group and Group Audit & Risk Committee. Risk is regularly reviewed and will continue to be, as there is likely to be ongoing uncertainty affecting the economic environment due to Covid-19, and the longer term outcomes of Brexit.
Failure to effectively monitor and respond to changes in the external political environment	Key information sources monitored. Key emerging / potential issues and their implications are discussed at Strategic Performance Group. Senior staff engaged with local political networks. Environmental scanning to be aware of potential emerging issues. Risk is regularly reviewed and will continue to be, as there is likely to be ongoing uncertainty affecting the economic environment due to Covid-19, and the longer term outcomes of Brexit.

Strategic Report (continued)

Risk Management (continued)

Risk	Key controls
Non-Compliant with General Data Protection Regulation	Information Security Compliance Group (ISCG) in place to support compliance and delivery of the action plan. Finance Director appointed as Data Protection Officer (DPO) to ensure compliance progress monitored at a senior level. Group Governance Manager in place to provide high level support to DPO. Ongoing specialist contract to enable quick access to support and advice. Member of South West GDPR group, sharing resources and materials. Programme of data protection e-learning and other awareness activities in place for all staff. GDPR compliance audit undertaken during 2018 by specialist advisors. GDPR requirements included in specification for new housing-management system.
Failure of the Board to exercise good governance	Skills-based Board in place. Assurance Framework developed and implemented to ensure the Board receives information needed to govern effectively. Board attendance monitored through KPI's. Robust recruitment procedure for Board members. Coaching, training and support available to Board members. Skills mix of Board reviewed annually and / or when membership changes.
Failure of Taw Wharf (Anchorwood Bank) development	Local estate agents and valuers engaged to inform the development of homes for sale, sales strategy, and pricing. External advice sought for key decisions about development to add to the local intelligence. Mitigation in place to address potential failure of contractor / joint-venture-agreement partner. Exit stages mapped out to ensure the Board has choices throughout the development prior to committing to each build phase. Contracts in place to set out responsibilities of contractors / partners and to mitigate against cost increases. Controls in place to ensure VfM and delivery against anticipated profit. Controls in place to ensure Health and Safety on site; reviewed and amended in light of Covid-19 to continue works safely whilst social distancing. Scenario and stress testing of Anchorwood Limited business plan to understand the impact of risks crystallising. Assumptions are continually reviewed to ensure the plan is realistic in the current environment with the ongoing impacts of Covid-19 and Brexit (i.e. risk of falling house prices, sales delays, rising costs of borrowing and materials, lack of availability of materials).

Strategic Report (continued)

Risk Management (continued)

Risk	Key controls
Failure to develop and implement an informed Asset Management Strategy	Asset Management Strategy in place aligned to Corporate Plan 2021-24. Direct Labour Organisation – Home 2 Home – in place for response repairs and planned works with external contractors for specialist services (e.g. gas, electrical). Planned Maintenance programme in place based on regular stock condition surveys. Programme of improvement planned to improve energy efficiency of homes. Ongoing review of poorly performing properties (i.e. energy efficiency, repair costs), with disposal of the worst-performing properties when they become void.
Failure to comply with Health and Safety obligations	Permanent Health and Safety (H&S) Officer post in place with an allocated H&S budget. External expertise retained to provide support. To mitigate the H&S risks as an employer: policy and procedures are in place, reviewed regularly and communicated; monitoring of near misses, incidents, and actions; training provided for all staff; regular briefings / updates on H&S. Risk assessments and mitigations reviewed and updated to take account of significant events (e.g. Covid-19). To mitigate the H&S risks in our stock we have robust policies and procedures, which are monitored and regularly audited in relation to gas, fire safety, electrics, legionella, and asbestos; a cyclical maintenance process / procedure is in place; and an overall compliance register is maintained. To mitigate risks as client and developer, there are procedures to ensure Construction Design and Management regulations are followed. Our aim is to specify works (i.e. design, materials) that anticipate emerging building safety legislation to ensure developments are future-proofed and meet customer and regulatory expectations. We continue to prepare for legislative changes resulting from the Grenfell Tower inquiry by investing in health and safety compliance and robust monitoring arrangements.
IT systems and cyber security. Failure to comply with data protection legislation	Firewall and anti-virus software are in place and penetration testing is carried out. Monthly monitoring of system security by an external specialist, who also carries out regular penetration and phishing tests. Non-public areas of the building are protected by security systems, and devices are protected by passwords. Training is provided for staff, alongside regular cyber risk updates (e.g. regarding ransomware threat). An IT Strategy is in place, with appropriate budget in the business plan, to ensure IT systems that meet business need are in place and maintained. A programme is ongoing to upgrade end-of-life IT infrastructure including a move to MS365. Data protection policies and procedures are in place. All mobile devices have robust security controls enabled.

Strategic Report (continued)

Risk Management (continued)

The key risks above were addressed throughout 2020/21; however, during the year the Covid-19 pandemic and associated restrictions impacted the operations of the company and its risk profile overall. There were a number of additional mitigations put in place throughout the year, principally around staff, contractor and customer health and safety, aimed at ensuring that none of our activities contributed to the spreading of Covid-19. In addition there was stopping of activities that could not be completed safely, more regular review of current and emerging risks with key operational Managers, and more regular risk-update meetings for the NDH and Anchorwood Ltd Boards. The majority of staff also worked from home during the year with office staffing dependent on restrictions, the service offer in place, and local case rates.

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

- **Covid Pandemic:** Although the vaccine programme has been successful, there is a need to continue to be ready for any disruption and to ensure there are mitigations in place to keep customers and staff safe. Any business-continuity measures will also provide mitigation against associated risks such as a more difficult winter for general respiratory illnesses, as lockdowns over the past year are likely to have reduced immunity in the population.
- **Asset Management:** the Group is planning for additional and significant costs associated with fire safety compliance and decarbonisation over the coming years. The fire safety legislation is emerging, and the relevant authorities such as the Fire Service are changing how they operate. Work is being undertaken to understand the full impacts of the zero carbon agenda, the full details of which are still awaited.
- **Regulatory expectations:** The Social Housing White Paper published in 2020 set out a number of expectations around customer service, and signalled a raft of strengthened consumer regulation. The Association has a good starting position from which to meet these expectations. The risks from any non-compliance will increase as the expectations are firmed up in legislation and through the introduction of a consumer regulator.
- **Taw Wharf:** Although the housing market is currently strong, the uncertain economic conditions increase the risk of a housing market decline, which would impact market sales and cashflow in Anchorwood. There are mitigations in place, which would allow an exit from the scheme or to amend the scheme at key decision points; and buyer interest has remained strong throughout despite the volatile external environment.
- **Staff culture / ways of working:** With offices closed to most people, staff had to adapt to working remotely. As we aim to build back better, there will be new ways of working supported by a new IT infrastructure and new Integrated Housing Management system. Change such as this brings significant opportunities, but also risk, which will be addressed by taking on board the lessons from the Pandemic where change was implemented swiftly and successfully.

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

Strategic Report (continued)

Value for Money Statement 2021

As a community landlord, Value for Money (VfM) is a key driver of our culture and is integral in everything that we do, from setting strategies at Board level through to delivering good value services to our customers. Delivering VfM is one of the four main strategic objectives in our 2018-2021 Corporate Plan. We aim to deliver a high quality service as efficiently and effectively as we can, maximising the value of the services we provide within available resources. VfM also continues as a key objective in our 2021-2024 Corporate Plan.

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

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

Value for Money performance

The latest benchmarked data for the seven metrics, as published in the Regulator's Global Accounts data for 2019/20, is set out below. This shows the Association's performance compared to the sector median.

VfM Metrics 2019/20		
	North Devon Homes	Sector Median
<i>Reinvestment</i>	3.3%	7.2%
<i>New Supply - Social Housing Units</i>	1.8%	1.5%
<i>New Supply - non-Social Housing Units</i>	1.3%	0.0%
<i>Gearing</i>	58.4%	44.0%
<i>EBITDA MRI</i>	133.3%	170.0%
<i>Headline Social Housing Cost per unit</i>	£2,810	£3,830
<i>Operating Margin - Social Housing Lettings</i>	26.8%	25.7%
<i>Operating Margin - Overall</i>	21.2%	23.1%
<i>Return on Capital Employed (ROCE)</i>	3.0%	3.4%

Performance:

Above median

Below median

The following table sets out the Association's performance against the seven VfM metrics for 2020/21, comparing it to the target set out in the current VfM Strategy. The table also sets out the VfM targets for the next three years, which are included in the VfM Strategy 2021-24.

Strategic Report (continued)

Value for Money Statement 2021

VfM Metrics	Performance 2020/21		VfM Strategy Targets 2021-24		
	North Devon Homes	Target	2021/22	2022/23	2023/24
Reinvestment	2.4%	2.10%	3.40%	6.00%	3.80%
New Supply - Social Housing Units	0.8%	0.60%	0.70%	1.90%	1.00%
New Supply - non-Social Housing Units	0.3%	1.40%	0.60%	1.70%	0.90%
Gearing	57.0%	59.00%	63.30%	60.50%	59.00%
EBITDA MRI	154.4%	155.00%	123.80%	141.90%	137.50%
Headline Social Housing Cost per unit	£2,880	£2,980	£3,524	£3,747	£3,871
Operating Margin - Social Housing Lettings	28.6%	28.10%	19.80%	22.20%	23.20%
Operating Margin - Overall	26.4%	21.80%	19.00%	19.10%	20.90%
Return on Capital Employed (ROCE)	3.5%	3.20%	2.60%	3.40%	3.10%

Performance:
Above target
Below target

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

- **Reinvestment** was below the sector median in 2019/20 – with a relatively small major repairs programme and a smaller development programme in the year with 59 new units being delivered. 2020/21 performance of 2.4% was above the target of 2.1% due to the value of new housing property investment in the year exceeding the original forecast.
- **New supply** of both social and non-social units was above the sector median in 2019/20. In 2020/21 social housing delivery at 0.8% was above the target of 0.6%; delivery of non-social housing (market sale) units was well below the target of 1.4% due to delays in phases of Taw Wharf against the original 2018 plan. The 2021-24 targets for delivery take into account the updated Group development programme.
- **Gearing** was above the sector average for 2019/20 because, as a Large Scale Voluntary Transfer Association, we carry more debt arising from the stock transfer in February 2000, than traditional providers. In 2020/21, gearing fell and was within target, as loans for the development at Taw Wharf were repaid ahead of plan, following strong sales performance in the year.
- **EBITDA MRI** was below the median in 2019/20 due to the loss on the affordable units at Taw Wharf reducing the operating surplus in the Group accounts. The position improved in 2020/21 to 154.4%, only falling slightly below the target of 155%.
- **Headline Social Housing Cost per unit** remained significantly lower than the sector median in 2019/20, demonstrating that NDH costs are well controlled. The 2020/21 performance shows a small increase of £70 per unit mainly as a result of increased maintenance costs, but remained £100 below our target.
- **Operating margin** on social housing lettings was above target in 2019/20, but overall margin dropped just below the sector median due to the Anchorwood Limited small profit margin for the year affecting the Group operating surplus. In 2020/21 due to good financial performance across the Group, the margin on social housing lettings at 28.6% and the overall margin at 26.4% were better than the previous year and both were above target.
- **Return on Capital Employed (ROCE)** was just below the median in 2019/20 and improved in 2020/21 to 3.5% - better than our target of 3.2%. Performance in both years reflects the relatively low level of operating surplus against net assets.

Strategic Report (continued)

Value for Money Statement 2021 (continued)

In addition to the metrics used by the RSH, the table below shows VfM performance for 2019/20 compared to 2018/19 for different operational areas of NDH. This table utilises Housemark data. Where an area is flagged red, performance is below the median, or costs are higher; where an area is flagged green, the opposite is true.

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

Area	2018/19		2019/20		Change
	Cost per Property (CPP)	Performance	Cost per Property (CPP)	Performance	
Responsive Repairs	CPP Responsive Repairs Service Provision	Satisfaction with repairs & maintenance (STAR)	CPP Responsive Repairs Service Provision	Satisfaction with repairs & maintenance (STAR)	↔
Voids & lettings	CPP Void Works Service Provision	Void rent loss %	CPP Void Works Service Provision	Void rent loss %	↑
Rent Arrears & Collection	CPP Rent Arrears & Collection	Current & former tenant arrears %	CPP Rent Arrears & Collection	Current & former tenant arrears %	↔
Tenancy Management	CPP Tenancy Management	Overall Satisfaction (STAR)	CPP Tenancy Management	Overall Satisfaction (STAR)	↔
Resident Engagement	CPP Resident Involvement	Satisfaction views listened to / acted upon (STAR)	CPP Resident Involvement	Satisfaction views listened to / acted upon (STAR)	↔
Customer Services	CPP Housing Management	Average seconds to answer inbound calls - No benchmarked data	CPP Housing Management	Average seconds to answer inbound calls - No benchmarked data	↔
Neighbourhood Management	CPP ASB	Satisfaction with Neighbourhood (STAR)	CPP ASB	Satisfaction with Neighbourhood (STAR)	↔
Community Involvement	CPP Community Investment	Residents undertaking training or education - No benchmarked data	CPP Community Investment	Residents undertaking training or education - No benchmarked data	↔

The data above suggests that for most areas where data is available, performance is unchanged, and remained good in 2019/20. The only change from 2018/19 related to void rent loss. In 2018/19, it was 0.83%, and just above the Peer Group median of 0.79%. In 2019/20, void rent loss fell to 0.41% as a result of restructuring our void works management and other efficiency improvements. This was well below the Peer Group median, which changed only marginally to 0.8%.

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

- Community Investment: Our CPP has fallen from £105 to £79, whilst others in the Peer Group have seen costs rise (median rose from £30 to £52). The greater costs we have compared to the Peer Group median reflect the investment we continue to make in our youth service.
- Resident Involvement: Costs have fallen slightly from £99 to £91, and remain just above the median of £88. Both pay and overhead costs are only marginally above the median – with the relative gap greater for non-pay costs (£12 per property against a Peer Group median of £4). However, these represent only a small element of the total cost.

Strategic Report (continued)

Value for Money Targets

As noted above, the key VfM targets are against the seven VfM metrics set by the RSH. However, the Board has also outlined three other targets in its 2018-21 VfM strategy. These are set out in the table below:

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

In terms of performance against these targets for 2020/21:

- No. of changes as a result of customer consultation / feedback:** Customers are consulted and can feed back through our customer involvement processes, led by the Customer Board Partnership. In 2020/21, 509 changes were made as a result of customer input, far outperforming the target. Examples included changes to the information provided to customers about our services in leaflets and online, changes to our customer communications, and changes to key policies impacting customers. Customers were involved throughout the pandemic reviewing and amending communications as services were altered in line with restrictions – ensuring that communications were clear and effective for all customers.
- Financial welfare referrals having a positive impact for customers:** In 2020/21, there were 484 referrals compared to 442 in the previous year. Customers who engaged with the team were supported to get the benefits they were entitled to, were given advice about how best to prioritise their repayments with limited funds, and / or were referred to other specialist organisations that could assist them (e.g. LEAP regarding reducing energy bills). During the year £140k of additional income was received by customers where staff helped identify additional benefits / assistance that they were entitled to (compared to £141k in the previous year).
- Staff volunteer days linked to customers and community:** The scheme was set up and launched in 2018/19, and got off to a successful start with 88 days of staff time volunteered to support community projects and activities in 2019/20. However, no activities have taken place in 2020/21 due to the pandemic and associated risks and restrictions.

Social value

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

Strategic Report (continued)

Customer Board Partnership (C90), Customer Health and Safety Partnership, and Scrutiny Panel

As a community landlord, engaging with our customers is a core part of delivering VfM. As a result of customers volunteering their time through our customer groups such as our Customer Board Partnership (previously C90), Customer Health and Safety Partnership and our Scrutiny Panel capacity has been further developed this year to support meaningful and effective customer involvement. Of particular note is the development of the Customer Health and Safety Partnership the members of which have received a structured programme of training supported with further awareness sessions to support meaningful engagement and contributions to our landlord compliance and customer safety agendas. Throughout the year customers were consulted on a number of initiatives including:

- The development of the 2021-24 Corporate Plan
- The approach to rent setting
- The asset management strategy
- The environmental strategy
- How performance information is presented to customers

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

Our customers were also engaged in our digital transformation project to inform the value that proposed changes would make to the customer service provided by NDH.

Plans for the year ahead

In addition to focussing on the VfM targets outlined above, other key priorities for the year 2021/22 are:

- Continue to progress with our Digital Transformation project, replacing old IT software with new systems that will allow us to be more efficient and provide a better experience for our customers. The new customer portal is planned to go live in 2021/22.
- Work with our partners in Advantage South West (in which NDH has a 25% shareholding) to develop the modern methods of construction initiative, enabling quicker and cost efficient delivery of new homes in our communities. ASW is also working on an apprenticeship and training initiative to encourage new opportunities for developing careers in social housing.
- Work with the local authority and other key partners such as One North Devon to develop a strategic approach to alleviating poverty and providing new affordable homes in North Devon.
- Engage effectively with our customers to challenge and refine service delivery. Continue to utilise feedback from complaints to make service improvements.
- Through Anchorwood Limited, ensure that profitability levels are maintained to enable gift aid receipts from profits to be passed back to NDH to allow it to invest in more affordable homes in the wider area as well as delivering the remainder of the 37 affordable homes at the Taw Wharf scheme.
- Through our strong Team NDH culture, continue to invest and develop our staff through our organisational development strategy (Team NDH plan) and, as a result of the Covid-19 pandemic, review our ways of working to build back better.
- Continue to invest in our robust health and safety compliance arrangements and be prepared for any future legislative changes.

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

Strategic Report (continued)

Operating and Financial Review

Financial Review

2020/21 was the first year for rents to be increased following the previous four years of the -1% government policy rent reduction. Increases of 2.7% were applied to the majority of properties (based on the CPI +1% formula). As a result, income from social housing lettings increased in the year to 31 March 2021 by 3.9% (2020: 1% increase) from £14,960k in 2020 to £15,540k in 2020/21. 6 general needs properties were lost through Right to Buy/Acquire and strategic disposals in the year. 26 new social housing properties were added, resulting in an overall increase in social housing lettings income.

There was a decrease in turnover within other social housing activities of £242k to £1,072k in 2020/21 (2020: £1,314k) as there were two less shared ownership property sales in the year, with nine sales (2020: eleven). Within non-social housing activity, turnover from open market sale activity was £4,614k, a similar level to the previous year (2020: £4,628k) as a result of the 23 sales at Taw Wharf through Anchorwood Limited (26 properties were sold in the previous year).

The Group operating surplus for the year was £6,335k (2020: £5,529k), an increase of £806k from the previous year. This includes gains from disposals of property, plant and equipment of £741k (2020: £1,093k) as we continued to disinvest in our poorest performing assets and reinvest in new affordable homes. There was an increase in Group turnover of £324k mainly arising from the increase in rental income, which was offset by lower gains on property disposals. Operating costs decreased by £834k from the previous year, which was largely as a result of the exceptional item in relation to Anchorwood Limited in 2020 (see Note 2a); operating costs for social housing lettings increased by £139k mainly as a result of increased routine maintenance costs. Cost increases that were forecast to arise as a result of the pandemic largely did not materialise. During the year £1,316k (2020: £1,424k) of major repairs expenditure was written off to the income and expenditure account and in addition £1,093k of works were capitalised (2020: £1,101k).

Surplus on property disposals was £741k, a decrease of £352k from 2019/20 as a result of fewer strategic disposals; there were three in the year compared to thirteen the previous year. Receipts from these disposals have been reinvested in the development programme for the provision of new social housing in the area.

The Group's surplus before tax was £1,952k (2020: £1,287k). There was an actuarial loss in the year of £1,912k (2020: £1,321k gain) in relation to the Devon County Council Pension Fund and SHPS pension scheme, these schemes being impacted as a result of the economic uncertainty arising from the Covid pandemic.

The Group's surplus after tax and pension losses for the year was £40k (2020: £2,608k). The surplus was credited to revenue reserves.

Debt Profile

During the year, in order to secure the funding for phase 3 of the Taw Wharf development, Anchorwood Limited secured a new facility with NatWest for £4.731m (in addition to the existing phase 2b facility of £1.530m); none of this phase 3 facility had been drawn as at the year end. The phase 2a facility of £2.030m was fully repaid in the year. There was no change to the other facilities.

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

Strategic Report (continued)

Operating and Financial Review

Financial Review (continued)

Lender	2021 £'000	2020 £'000	Description
Lloyds	51,300	51,300	Fixed
Lloyds revolving credit facility	5,000	5,000	Variable
Affordable Housing Finance	8,000	8,000	Fixed
GB Social Housing	27,638	27,638	Fixed
MORhomes	12,500	12,500	Fixed
NatWest	6,261	8,733	Variable
TOTAL	110,699	113,171	

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

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

Loan Facility	2021	2020
Fixed Rate Loans £'000	£99,438k	£99,438k
Variable Rate Loans £'000	£593k	£47k
Total Loans Drawn £'000	£100,031	£99,485
% unhedged	0.60%	0.05%
Average cost of funds	4.79%	4.86%
Undrawn facility £'000	£10,668k	£13,686k
Total Facility £'000	£110,699k	£113,171

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

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

Cash Flows

Cash inflows and outflows for the year under review are contained in the Consolidated Statement of Cash Flows on page 38. The main net cash inflows from operating activities are from housing management activities. The net cash outflow from investing activities is the net expenditure (after grant) on regeneration projects, development properties and planned maintenance improvements, including the replacement of components of housing properties.

Market value of land and buildings

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

Strategic Report (continued)

Operating and Financial Review (continued)

The value of stock charged to Affordable Housing Finance at 31 March 2021 was £10.110m at EUV-SH, based on the valuation that was concluded in March 2020. The value of the stock charged to GB Social Housing was £36.32m valued at Market Value - Subject to Tenancies (MV-ST) at the year end.

During the year the securitisation of the MORhomes loan completed and based on the updated desktop valuation as at March 2021, the MV-ST value of the charged stock was £16.75m.

Devon County Council Pension Scheme

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

Statement of compliance

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

By order of the Board

A handwritten signature in black ink, appearing to read 'Robert Stronge'.

Robert Stronge
Chair of the Board
13 September 2021

Statement of the Board of Management's Responsibilities

The Board is responsible for preparing the Board's Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the Financial Statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The financial statements are required by law to give a true and fair view of the state of affairs of the Group and the Association and of the income and expenditure of the Group and the association for that period.

In preparing these Financial Statements, the Board is required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the Financial Statements,
- assess the Group's and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and,
- use the going concern basis of accounting unless it either intends to liquidate the Group, to cease operations or has no realistic alternative but to do so.

The Board is responsible for keeping proper books of accounts that disclose, with reasonable accuracy at any time, the financial position of the Association and enable them to ensure that its Financial Statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2020. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

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

The Report of the Board, the Strategic Report and the Financial Statements were approved by the Board on 13 September 2021 and signed on its behalf by:

By order of the Board



Robert Stronge
Chair of the Board

13 September 2021

Report of the Board on Internal Control

The Board acknowledges that it has overall responsibility for establishing and maintaining the internal control systems and for reviewing their effectiveness. This responsibility applies to all organisations within the Group and to ensure that this has operated effectively during the Coronavirus pandemic the Board formed a Covid-19 group which met fortnightly (initially weekly) during the year.

The internal control systems in place focus on:

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

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against material misstatement or loss. The global Coronavirus pandemic has meant a change in working arrangements during the year with most office-based staff working remotely; whilst some controls have been updated and strengthened to reflect the new arrangements the overall internal controls system has remained largely unchanged.

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

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

As a result of the pandemic the Incident Management Team consisting of the Executive Team and senior managers across the business has met twice a week (three times during the initial months of the pandemic) to raise and address any current or emerging risks in relation to customers and staff and to ensure that day-to-day operations were effectively managed and appropriate health and safety arrangements were put in place.

Specific risks resulting from the pandemic were added to the risk register in the year. The Strategic Performance Group comprising senior members of management across all areas of the business, met regularly in the year to review the Group's risk register, ensure that risk management continued to be embedded and operate effectively within the business, and to identify emerging risks and review risk triggers. As a result of these controls and reviews of when controls have been effective, for example in the prevention of fraud, the risk register has been updated regularly throughout the year and risks realigned or developed in response to the many changes that the sector and indeed the world has faced.

As part of the risk management of the Taw Wharf scheme (which is the main Anchorwood Limited development), during the pandemic the Anchorwood Board has met fortnightly (initially weekly) during the year to review and manage the specific development risks resulting from the pandemic. The Taw Wharf development project group has also continued to meet weekly to review the project risk register as well as any new or emerging risks, and the project risk register is reviewed by the Anchorwood Board at each meeting. The highest residual score on the project risk register forms the score for Corporate Risk number 67 'Failure of Anchorwood Bank Project'.

Report of the Board on Internal Control (continued)

Our customer involvement framework is now well embedded and, as part of this, the customer Scrutiny Panel undertakes a programme of regular reviews into a broad range of service areas. The outcomes are reported to the Customer Board Partnership and ultimately the Board. This approach provides further assurance over performance and key policies, which form a key part of the internal control environment.

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

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

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

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

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

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

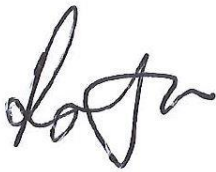
The Group has an anti-fraud, bribery and corruption policy in place covering prevention, detection and reporting of fraud. The Board reviews the fraud register at each Board meeting and can confirm that there have been no frauds against the Group during the year that have resulted in any losses. Three attempted cheque frauds were identified during the year but no loss was incurred due to their early detection.

Report of the Board on Internal Control (continued)

The Board cannot delegate ultimate responsibility for the system of internal control, but it can and has appointed a Group Audit and Risk Committee to oversee risk and internal control. A full report on Internal Controls Assurance was provided to the Group Audit and Risk Committee on 1 March 2021 and the results of the Board's subsequent review of that report are the basis of this statement.

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

By order of the Board

A handwritten signature in black ink, appearing to read 'Robert Stronge'.

Robert Stronge
Chair of the Board

13 September 2021

Independent Auditors' report to the members of North Devon Homes

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of North Devon Homes (the 'parent association') and its subsidiary ('the group') for the year ended 31st March 2021 which comprise the Consolidated and Association's Statements of Comprehensive Income, the Consolidated and Association's Statements of Financial Position, the Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Reserves, Association Statement of Changes in Reserves and notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the Financial Statements:

- give a true and fair view of the state of the Group's and of the Parent Association's affairs as at 31 March 2021 and of the Group's and the Parent Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of the Board

As explained more fully in the Statement of the Board's responsibilities set out on page 28, 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 directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

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

In preparing the Financial Statements, the Board is responsible for assessing the 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 directors either intend to liquidate the 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 the Financial Statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Group and the Parent Association and its industry, we identified that the principal risks of non-compliance with laws and regulations related to pensions legislation, employment regulation and health and safety regulation, and we considered the extent to which non-compliance might have a material effect on the Financial Statements. We also considered those laws and regulations that have a direct impact on the preparation of the Financial Statements, such as the Companies Act 2006.

We evaluated the Board and management's incentives and opportunities for fraudulent manipulation of the Financial Statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgments and assumptions in significant accounting estimates, in particular in relation to loss reserves and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the Financial Statements.

Our audit procedures included but were not limited to:

- Discussing with the Board and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

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

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

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

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

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

Use of the audit report

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



DRA Bott
(Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
90 Victoria Street
Redcliffe
Bristol
BS1 6DP

27 September 2021

Consolidated and Association Statements of Comprehensive Income for the year ended 31 March 2021

	Note	Group 2021 £'000	Association 2021 £'000	Group 2020 £'000	Association 2020 £'000
Turnover	2	21,226	17,436	20,902	16,998
Operating Expenditure	2	(15,632)	(12,235)	(16,466)	(11,915)
Gain on disposal of property, plant and equipment	3	741	741	1,093	1,093
Operating Surplus	2	6,335	5,942	5,529	6,176
Share of operating loss in associate	11	(2)	-	(9)	-
Interest receivable	4	25	117	31	135
Interest and Financing Costs	5	(4,691)	(4,691)	(4,519)	(4,519)
Surplus on revaluation of investment properties	10c	285	285	255	255
Surplus before taxation		1,952	1,653	1,287	2,047
Taxation	9	-	-	-	-
Surplus for the year		1,952	1,653	1,287	2,047
Actuarial gain/(loss) in respect of pension schemes	21	(1,912)	(1,912)	1,321	1,321
Total Comprehensive Income/(expense) for the year		40	(259)	2,608	3,368

Consolidated and Association Statements of Financial Position as at 31 March 2021

Registered number 03674687

	Note	Group 2021 £'000	Association 2021 £'000	Group 2020 £'000	Association 2020 £'000
Fixed assets					
Intangible Assets	10a	949	949	640	640
Tangible fixed assets – Housing Properties	10b	158,855	159,631	158,177	158,953
Other property, plant & equipment	10c	3,248	3,148	2,937	2,832
Total fixed assets		163,052	163,728	161,754	162,425
Investments					
Investment Properties	10c	2,252	2,252	1,967	1,967
Investment in Subsidiary	11	-	2,300	-	2,300
Investment in Associates	11	100	5	102	5
Other investments	11	399	399	399	399
		2,751	4,956	2,468	4,671
Debtors due after more than one year	12b	54	1,605	-	3,751
Total investments and debtors due after more than one year		2,805	6,561	2,468	8,422
Current assets					
Debtors	12a	2,595	2,309	2,041	1,790
Stock	13	5,518	257	7,275	877
Cash and cash equivalents		14,656	13,918	12,423	11,713
Total current assets		22,769	16,484	21,739	14,380
Creditors: amounts falling due within one year	14	(5,313)	(3,344)	(3,617)	(3,071)
Net current assets		17,456	13,140	18,122	11,309
Total assets less current liabilities		183,313	183,429	182,344	182,156
Creditors: amounts falling due after more than one year	15	(118,933)	(118,248)	(119,886)	(118,598)
Defined Benefit pension liability	21	(5,953)	(5,953)	(4,186)	(4,186)
Net assets		58,427	59,228	58,272	59,372
Capital and Reserves					
Income & Expenditure reserve		13,969	14,770	13,929	15,029
Revaluation reserve		44,458	44,458	44,343	44,343
		58,427	59,228	58,272	59,372

These Financial Statements together with the associated notes on pages 41 to 77 were approved and authorised for issue by the Board on 13 September 2021 and were signed on its behalf by:



Robert Stronge
Chair



Diane Dimond
Company Secretary

Consolidated Statement of Cash Flows for the year ended 31 March 2021

	Note	Group 2021 £'000	Group 2020 £'000
Net cash generated from operating activities	16	12,160	9,971
Cash flows from Investing Activities:			
Purchase of tangible fixed assets		(6,443)	(6,270)
Proceeds from sale of tangible fixed assets		1,031	2,411
RTB Sharing Agreement		(310)	(317)
Grant received		81	303
Interest received		25	31
Net cash used in investing activities		(5,616)	(3,842)
Cash flows from Financing Activities:			
Interest paid		(4,826)	(5,021)
New secured loans		1,986	18,228
Repayment of Borrowings		(1,464)	(9,388)
Capital element of and finance lease rental payments		(7)	(6)
Investments		-	(63)
Net cash generated (used in)/from financing activities		(4,311)	3,750
Net increase in cash and cash equivalents	16	2,233	9,879
Cash and cash equivalents at beginning of year	16	12,423	2,544
Cash and cash equivalents at end of year	16	14,656	12,423

Consolidated Statement of Changes in Reserves for the year ended 31 March 2021

Group	Income and Expenditur e Reserve £'000	Revaluation Reserve £'000	Total £'000
Balance as at 1 April 2019	11,321	44,323	55,644
Surplus from Statement of Comprehensive Income for the year	1,287	-	1,287
Unrealised surplus on revaluation of Fixed Assets	-	20	20
Actuarial gain in respect of pension schemes	1,321	-	1,321
Balance as at 31 March 2020	13,929	44,343	58,272
Surplus from Statement of Comprehensive Income for the year	1,952	-	1,952
Unrealised surplus on revaluation of Fixed Assets	-	115	115
Actuarial loss in respect of pension schemes	(1,912)	-	(1,912)
Balance as at 31 March 2021	13,969	44,458	58,427

Association Statement of Changes in Reserves for the year ended 31 March 2021

Association	Income and Expenditure Reserve £'000	Revaluation Reserve £'000	Total £'000
Balance as at 1 April 2019	11,661	44,323	55,984
Surplus from Statement of Comprehensive Income for the year	2,047	-	2,047
Unrealised surplus on revaluation of Fixed Assets	-	20	20
Actuarial gain in respect of pension schemes	1,321	-	1,321
Balance as at 31 March 2020	15,029	44,343	59,372
Surplus from Statement of Comprehensive Income for the year	1,653	-	1,653
Unrealised surplus on revaluation of Fixed Assets	-	115	115
Actuarial loss in respect of pension schemes	(1,912)	-	(1,912)
Balance as at 31 March 2021	14,770	44,458	59,228

Notes to the Financial Statements for the year ended 31 March 2021

1 Accounting Policies

General Information

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

Significant accounting policies

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

Basis of preparation

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

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

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

Basis of consolidation

The Group Financial Statements consolidate the Financial Statements of North Devon Homes (the "Association") and its subsidiary undertaking Anchorwood Limited.

Going concern

The Financial Statements have been prepared on a going concern basis, which the Directors consider to be appropriate for the reasons below.

The Group prepares a 30 year business plan, which is updated and approved on an annual basis. The most recent business plan was approved in May 2021. As part of the business plan approval the Board updated its stress testing and multi-variate scenario testing against the base plan, and particularly considered impacts of a volatile housing market and economic uncertainty as a result of the pandemic and Brexit. The stress and scenario testing impacts were measured against loan covenants and cash facilities, with potential mitigating actions identified where these would be necessary.

The Board, after reviewing the Group 30 year business plan and budget for 2021/22, is of the opinion that, taking account of severe but plausible downsides, the Group and Association have adequate resources to continue in business for the foreseeable future.

The Board believes the Group and Association has sufficient funding in place and expects the Group to be able to comply with loan covenants, even with severe scenarios occurring, due to the recovery actions that it has identified and prioritised. The Board has set golden rules and a risk appetite against these in order to ensure that covenant compliance is maintained and early warnings of a downward movement in performance that impacts loan covenants are identified.

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

1 Accounting Policies (continued)

Going concern (continued)

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

Significant judgements and key sources of estimation uncertainty

The preparation of Financial Statements in conforming with generally accepted accounting practice requires management to make judgements, estimates and assumptions that affect the reported amounts for assets and liabilities at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following Management Judgements have had the most significant effect on amounts recognised in the Financial Statements:

Development expenditure

The Group capitalises development expenditure in accordance with the accounting policy given below. Initial capitalisation of costs is based on management's judgement that the development scheme is confirmed, usually when Board approval has taken place, including that there is access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

Onerous contracts

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

Categorisation of housing properties

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

Impairment

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

Bank Loan

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

Other key sources of estimation:

Tangible fixed assets

Other than investment properties, tangible fixed assets are depreciated over their useful lives, which are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account.

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

1 Accounting Policies (continued)

Significant Judgements and key sources of estimation uncertainty (continued)

Defined benefit pension scheme

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

Impairment of non-financial assets

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

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

Associates

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

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

Turnover

Turnover represents rental income and service charges receivable net of voids, fees and capital grants from local authorities and Homes England, recognised in income on a systematic basis; income from first tranche shared ownership sales and market sales; revenue grants and income receivable from other sources (excluding VAT).

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

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

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

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

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

1 Accounting Policies (continued)

Operating Surplus

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

Shared ownership property sales

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

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

Housing Properties

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

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

Capitalisation of development costs

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

Capitalised interest

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

Depreciation

Freehold land and housing properties under construction are not depreciated.

Housing properties

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

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

1 Accounting Policies (continued)

Depreciation (continued)

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

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

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

Other tangible fixed assets

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

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

Social Housing and other Government Grants

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

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

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

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

1. Accounting Policies (continued)

Non-Government Grants

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

Impairment

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

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

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

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

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

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

Demolition

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

Valuation of Investments other than investment properties

Investments are shown at cost less any amounts written off. Provisions are made for reductions in value.

Investment properties

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

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

1. Accounting Policies (continued)

Intangible assets

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

- computer software 5 years

Intangible assets in the process of development are not amortised.

Stock and work in progress

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

Long-term contracts

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

Operating Leases

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

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

Finance leases

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

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

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

Corporation Tax

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

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

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

1 Accounting Policies (continued)

Corporation Tax (continued)

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

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

Value Added Tax ('VAT')

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

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

Interest Received

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

Pensions

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

Defined contribution scheme

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

Defined benefit schemes

SHPS

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

LGPS

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

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

1 Accounting Policies (continued)

Pensions (continued)

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

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

Revaluation Reserve

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

Provisions

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

Restricted Reserves

There are currently no restricted reserves.

Financial Instruments

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

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

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

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

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

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

Related parties

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

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

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

Income and expenditure from general needs lettings	2021			2020		
	Turnover	Operating Costs	Operating Surplus /(Deficit)	Turnover	Operating Costs	Operating Surplus /(Deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Social Housing Lettings (note 2b)	15,540	(11,093)	4,447	14,960	(10,954)	4,006
Other social housing activities:						
Shared ownership first tranche sales	782	(345)	437	987	(440)	547
Charges for support services	58	(365)	(307)	61	(325)	(264)
Other activities	232	-	232	266	-	266
Non-social housing activities						
Other activities	4,614	(3,829)	785	4,628	(4,518)	110
Exceptional item*				-	(229)	(229)
Total	21,226	(15,632)	5,594	20,902	(16,466)	4,436

*the exceptional item refers to a prior period adjustment in Anchorwood Limited in relation to the losses on the golden brick agreement which was not considered to be sufficiently material to necessitate a prior period adjustment in the Group consolidated Financial Statements in 2019/20.

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

Income and expenditure from general needs lettings	2021			2020		
	Turnover	Operating Costs	Operating Surplus /(Deficit)	Turnover	Operating Costs	Operating Surplus /(Deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Social Housing Lettings (note 2b)	15,540	(11,093)	4,447	14,960	(10,954)	4,006
Other social housing activities:						
Shared ownership first tranche sales	782	(345)	437	987	(440)	547
Charges for support services	58	(365)	(307)	61	(325)	(264)
Other activities	232	-	232	266	-	266
Non-social housing activities						
Other activities	824	(432)	392	724	(196)	528
Total	17,436	(12,235)	5,201	16,998	(11,915)	5,083

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

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

	General needs	Supported Housing	2021 Total	2020 Total
	£'000	£'000	£'000	£'000
Rent receivable net of identifiable service charges	12,681	2,074	14,755	14,204
Service charge income	141	487	628	600
Amortised Government Grants	157	-	157	156
Turnover from social housing lettings	12,979	2,561	15,540	14,960
Expenditure on lettings:				
Management	(1,327)	(294)	(1,621)	(1,494)
Service charge costs	(409)	(430)	(839)	(850)
Routine maintenance	(2,743)	(668)	(3,411)	(3,116)
Planned maintenance	(811)	(185)	(996)	(997)
Major repairs expenditure	(751)	(565)	(1,316)	(1,424)
Bad debts	(19)	(12)	(31)	(66)
Depreciation of housing properties	(2,471)	(408)	(2,879)	(3,007)
Operating expenditure on Social Housing Lettings	(8,531)	(2,562)	(11,093)	(10,954)
Operating surplus/(deficit) on social housing lettings	4,448	(1)	4,447	4,006
Void losses	(35)	(73)	(108)	(66)

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

3 Gain on disposal of property, plant and equipment

Group and Association	Right to Buy Sales	Right to Acquire Sales	Strategic Sales	2021 Total	2020 Total
	£'000	£'000	£'000	£'000	£'000
Proceeds of sales (gross)	127	170	734	1,031 1031	2,411
Less costs of sales	(79)	(54)	(82)	(215)	(982)
	48	116	652	816	1,429
NDC sharing of proceeds agreement	(75)	-	-	(75)	(336)
Surplus/(deficit) on disposal	(27)	116	652	741	1,093

4 Interest receivable

	Group 2021 £'000	Association 2021 £'000	Group 2020 £'000	Association 2020 £'000
Interest receivable	25	117	31	135

5 Interest and financing costs

Group and Association	Group 2021 £'000	Association 2021 £'000	Group 2020 £'000	Association 2020 £'000
Net Interest on defined benefit liability pension (see Note 21)	95	95	128	128
Interest payable	4,611	4,513	4,539	4,425
Funding Management Charge	112	112	120	120
	4,818	4,720	4,787	4,673
Borrowing costs capitalised	(127)	(29)	(268)	(154)
	4,691	4,691	4,519	4,519

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

6 Surplus before taxation

	Group 2021 £'000	Association 2021 £'000	Group 2020 £'000	Association 2020 £'000
Surplus on ordinary activities before taxation is stated after charging:				
Depreciation of tangible fixed assets	3038	3033	3,138	3,134
Amortisation of intangible fixed assets	32	32	31	31
Auditors' remuneration:				
- Statutory Audit	32	23	59	52
- Taxation compliance services	5	3	10	7
- Other services	4	4	2	2
Other operating lease rentals	181	181	87	87

7 Directors' remuneration and transactions

Group and Association

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

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

Group and Association

Executive Team	Salary £	Other emoluments £	Pension £	2021 Total £	2020 Total £
Chief Executive M Gimber	129,570	4,806	9,408	143,784	142,237
Director of Neighbourhoods M Rostock	94,244	4,460	6,908	105,612	104,488
Finance Director P Butler	93,845	4,406	6,571	104,822	102,679
Total	317,659	13,672	22,887	354,218	349,404

The values above include any accrued amounts as at 31 March 2021.

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

7 Directors' remuneration and transactions (continued)

Non-Executive Directors

	Group 2021	Association 2021	Group 2020	Association 2020
	£	£	£	£
R Stronge (Chair)	9,616	9,616	9,370	9,370
A Butt *	7,889	5,583	7,100	5,100
J Barraha	3,414	3,414	5,000	3,000
S Goodman	-	-	1,250	1,250
D Hay	3,414	3,414	3,000	3,000
S Ingman	3,414	3,414	3,000	3,000
D Lloyd-Evans*	5,720	3,414	5,000	3,000
S Lowther	3,414	3,414	1,238	1,238
S Murray*	5,720	3,414	5,000	3,000
P Oldroyd	5,533	5,533	5,000	5,000
S Sanger-Anderson*	5,720	3,414	1,238	1,238
Total	53,854	44,630	46,196	38,196

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

Expenses paid during the year to Board Members amounted to £1,442 (2020: £15,050).

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

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

8 Employee Information

Group and Association

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

	2021 No.	2020 No.
Office staff	88	86
Maintenance staff	28	25
Wardens, caretakers and cleaners	11	12
	127	123

Staff costs for the above employees	2021 £'000	2020 £'000
Wages and salaries	3,866	3,420
Social security costs	363	321
Pension costs	297	308
	4,526	4,049

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

	2021 No.	2020 No.
Remuneration between £60k and £70k	4	3
Remuneration between £70k and £80k	-	-
Remuneration between £80k and £90k	-	-
Remuneration between £90k and £100k	-	-
Remuneration between £100k and £110k	2	2
Remuneration between £120k and £130k	-	-
Remuneration between £130k and £140k	-	-
Remuneration between £140k and £150k	1	1

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

9 Taxation

The tax charge comprises:

	Group 2021 £'000	Association 2021 £'000	Group 2020 £'000	Association 2020 £'000
Current tax	-	-	-	-
Adjustment in respect of previous periods	-	-	-	-
Total tax per income statement	-	-	-	-

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

	Group 2021 £'000	Association 2021 £'000	Group 2020 £'000	Association 2020 £'000
Profit for the period	2,047	1,653	2,093	2,047
Tax on profit at standard UK tax rate of 19% (2020: 19%)	389	314	398	389
Effects of:				
Income not taxable for tax purposes	(314)	(314)	(386)	(387)
Losses	(69)	-	(12)	-
Effects of group relief/other reliefs	-	-	-	(2)
Other permanent differences	(6)	-	-	-
Tax for the period	-	-	-	-

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

10a Intangible assets

Group and Association

	Computer Software Under Development £'000	Computer Software £'000	Total £'000
Cost			
As at 1 April 2020	525	159	684
Additions	476	-	476
Disposals	(135)	-	(135)
As at 31 March 2021	866	159	1,025
Accumulated amortisation			
As at 1 April 2020	-	44	44
Charge for the year	-	32	32
As at 31 March 2021	-	76	76
Net book value as at 31 March 2021	866	83	949
Net book value as at 31 March 2020	525	115	640

Intangible assets are software projects which are amortised on completion in accordance with the accounting policy in Note 1 (page 47).

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

10b Tangible fixed assets - Housing Properties

Group

	Social Housing property under construction £'000	Social housing property for letting completed £'000	Shared Ownership property under construction £'000	Shared Ownership completed £'000	Total £'000
Cost or deemed cost					
As at 1 April 2020	950	170,526	231	4,449	176,156
Additions	2,660	-	32	-	2,692
Component additions/replacements	-	1,094	-	-	1,094
Disposals	-	(541)	-	-	(541)
Transfers	(2,636)	2,636	(231)	231	-
As at 31 March 2021	974	173,715	32	4,680	179,401
Accumulated depreciation					
As at 1 April 2020	-	17,853	-	126	17,979
Charge for the year (including accelerated depreciation)	-	2,849	-	30	2,879
Disposals	-	(312)	-	-	(312)
As at 31 March 2021	-	20,390	-	156	20,546
Net book value as at 31 March 2021	974	153,325	32	4,524	158,855
Net book value as at 31 March 2020	952	152,673	229	4,323	158,177

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

10b Tangible fixed assets - Housing Properties (continued)

Association

	Social Housing property under construction £'000	Social housing property for letting completed £'000	Shared Ownership Property under construction £'000	Shared Ownership Completed £'000	Total £'000
Cost or deemed cost					
As at 1 April 2020	1,726	170,526	231	4,449	176,932
Additions	2,660	-	32	-	2,692
Component additions/replacements	-	1,094	-	-	1,094
Disposals	-	(541)	-	-	(541)
Transfers	(2,636)	2,636	(231)	231	-
As at 31 March 2021	1,750	173,715	32	4,680	180,177
Accumulated depreciation					
As at 1 April 2020	-	17,853	-	126	17,979
Charge for the year (including accelerated depreciation)	-	2,849	-	30	2,879
Disposals	-	(312)	-	-	(312)
As at 31 March 2021	-	20,390	-	156	20,546
Net book value as at 31 March 2021	1,750	153,325	32	4,524	159,631
Net book value as at 31 March 2020	1,726	152,673	231	4,323	158,953

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

10c Other Property, Plant & Equipment

Group

	Investment Properties £'000	Office £'000	Other land & buildings £'000	Fixtures and Fittings £'000	Motor Vehicles £'000	Total £'000
Cost or valuation						
As at 1 April 2020	1,967	2,920	292	1,038	233	6,450
Additions	-	313	-	42	-	355
Revaluation	285	115	-	-	-	400
As at 31 March 2021	2,252	3,348	292	1,080	233	7,205
Accumulated depreciation						
As at 1 April 2020	-	490	82	744	230	1,546
Charge for the year	-	51	-	108	-	159
As at 31 March 2021	-	541	82	852	230	1,705
Net book value as at 31 March 2021	2,252	2,807	210	228	3	5,500
Net book value as at 31 March 2020	1,967	2,430	210	294	3	4,904

The Westacott Road investment property (long leasehold of 999 years with an option to purchase the freehold after five years), was valued to fair value at 31 March 2021 based on a valuation undertaken by Vickery Holman Limited, Property Consultants. The other investment properties, which are all freehold, were valued to fair value at 31 March 2021 by Webbers and Vickery Holman Limited, Property Consultants.

Both valuers are independent valuers with recent experience in the location and class of the investment property being valued. Despite the Covid-19 pandemic the valuations are not reported as being subject to material valuation uncertainty.

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

10c Other Property, Plant & Equipment (continued)

Association

	Investment Properties £'000	Office £'000	Other land & buildings £'000	Fixtures and Fittings £'000	Motor Vehicles £'000	Total £'000
Cost or valuation						
As at 1 April 2020	1,967	2,920	292	919	233	6,331
Additions	-	313	-	42	-	355
Revaluation	285	115	-	-	-	400
As at 31 March 2021	2,252	3,348	292	961	233	7,086
Accumulated depreciation						
As at 1 April 2020	-	490	82	730	230	1,532
Charge for the year	-	51	-	103	-	154
As at 31 March 2021	-	541	82	833	230	1,686
Net book value as at 31 March 2021	2,252	2,807	210	128	3	5,400
Net book value as at 31 March 2020	1,967	2,430	210	189	3	4,799

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

11 Investments

Group companies

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

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

	Group 2021 £'000	Association 2021 £'000	Group 2020 £'000	Association 2020 £'000
Investments				
Investment in Advantage South West LLP	100	5	102	5
Investment in Anchorwood Limited	-	2,300	-	2,300
Investment in MORHomes PLC	82	82	82	82
Investment in South West Mutual Ltd	5	5	5	5
Investment in Affordable Housing Finance PLC	312	312	312	312
	499	2,704	501	2,704

Advantage South West LLP: The Group's investment represents a 25% shareholding and capital contribution. The Group's share of net assets at 31 March 2021 was £100k (2020: £102k) and share of losses for the year was £2k (2020: £9k loss).

Anchorwood Limited: The subsidiary company was established in June 2015. NDH has a 100% shareholding. The net assets at 31 March 2021 were £2.294m (2020: £1.907m) and profit before tax for the year ended 31 March 2021 was £393k (2020: £46k profit).

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

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

Registered office addresses for the investment companies are:

Advantage South West LLP, Collins House, Bishopstoke Road, Eastleigh, SO50 6AD

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

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

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

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

12a Debtors – amounts falling due within one year:

	Group	Association	Group	Association
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
Rental arrears	204	204	203	203
Less provisions for bad debts	(165)	(165)	(165)	(165)
	39	39	38	38
Prepayments and accrued income	490	490	272	272
Other debtors	2,066	1,780	1,731	1,480
	2,595	2,309	2,041	1,790

Included in other debtors is £1.521m (2020: £1.325m) being the value of the Local Government Pension Scheme indemnity that is held in a jointly controlled bank account with Devon County Council as the administering authority.

12b Debtors – amounts falling due after one year:

	Group	Association	Group	Association
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
Amounts owed by subsidiary company	-	1,551	-	3,751
Other debtors	54	54	-	-
	54	1,605	-	3,751

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

The intercompany loan balance at the end of the year was £1.408m (2020: £3.608m). The loan facility (excluding equity) at the end of the year was £4.955m (2020: £4.071m) and is repayable in July 2025, the North Devon Homes Board having agreed to renew the facility at its meeting on 23 March 2021. Interest payable during the year was at 3 month LIBOR plus 3.35% (2020: 2.25%).

Other debtors of £54k (2020: nil) represents amounts placed as additional security with Lloyds Bank PLC in respect of properties released from charge.

13 Stock

	Group	Association	Group	Association
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
Properties held for sale	714	251	1,872	318
Work in progress	4,804	6	5,403	559
	5,518	257	7,275	877

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

14 Creditors: amounts falling due within one year

	Group	Association	Group	Association
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
Rent and other receipts in advance	801	801	556	556
Trade creditors	216	178	135	122
Amounts due under Right to Buy sharing agreement	76	76	310	310
Social Housing Grant received in advance	180	180	156	156
Other taxation and social security	78	78	80	80
Interest accruals	33	33	42	42
Other creditors	613	10	7	-
Loans	597	-	47	-
Accruals and deferred income	2,719	1,988	2,284	1,805
	5,313	3,344	3,617	3,071

15 Creditors: amounts falling due after more than one year

Group and association

	Group	Association	Group	Association
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
Loans	104,483	104,483	104,748	104,748
Social Housing Grant Received in advance	13,758	13,758	13,836	13,836
Finance Lease Liability	7	7	14	14
Other creditors	685	-	1,288	-
	118,933	118,248	119,886	118,598
Defined Benefit Pension Schemes	5,953	5,953	4,186	4,186
	124,886	124,201	124,072	122,784

Other creditors represent \$106 public open space and education monies that are due to be paid in later years as sale units are completed.

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

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

Debt Analysis

Group and association	Group	Association	Group	Association
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
Loans				
Expiring in two years or more but less than 5 years	15,000	15,000	15,000	15,000
Expiring in more than 5 years	89,483	89,483	89,748	89,748
	104,483	104,483	104,748	104,748

The weighted average period for which interest rates are fixed is 22 years. All loans are repayable at the end of their fixed rate term. The weighted average total interest rate for all loans was 4.79% (2020: 4.86%). Loan values include £617k capitalised fees which are amortised on a straight line basis and £6,791k of loan premium amortised on a discounted cashflow basis.

The Group has one finance lease with ITEC printers.

	Group	Association	Group	Association
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
Finance Lease Liability				
At 1 April	14	14	20	20
Depreciation	(7)	(7)	(6)	(6)
At 31 March	7	7	14	14

	Group	Association	Group	Association
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
Deferred Income – Government Grants				
At 1 April	13,992	13,992	13,823	13,823
Grants receivable	81	81	325	325
Amortisation to Statement of Comprehensive Income	(157)	(157)	(156)	(156)
At 31 March	13,916	13,916	13,992	13,992

	Group	Association	Group	Association
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
Amounts to be released within one year	158	158	156	156
Amounts to be released in more than one year	13,758	13,758	13,836	13,836
	13,916	13,916	13,992	13,992

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

15a Recycled Capital Grant

	Group and Association	
	2021	2020
	£'000	£'000
At 1 April	27	-
Grants recycled in the year	-	27
Interest accrued	-	-
Withdrawals	-	-
	27	27
Repayment of grant	(8)	-
At 31 March	19	27

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

16 Statement of Cashflows

Cashflow from operating activities

	Group	Group
	2021	2020
	£'000	£'000
Surplus for the year	1,952	1,287
<u>Adjustment for non-cash items:</u>		
Depreciation of tangible fixed assets	3,038	3,136
Amortisation of intangible assets	32	31
Decrease / (increase) in stock	3,723	3,001
(Increase) / decrease in trade and other debtors	(554)	(284)
Increase in trade and other creditors	1,329	70
Pensions costs less contributions payable	(145)	(49)
Abortive costs written off	11	2
Share of operating deficit/(surplus) in associate	2	9
<u>Adjustments for investing or financing activities</u>		
Proceeds from sale of property, plant and equipment	(741)	(1,121)
Increase in fair value of investment property	(285)	(255)
Government Grants utilised in the year	(628)	(156)
Interest Paid	4,691	4,519
Increase in recycled capital grant	-	27
Interest Received	(25)	(31)
Loan Amortisation Fee	(240)	(215)
Net cash generated from operating activities	12,160	9,971

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

Analysis of changes in net debt

	At 31 March 2021 £'000	Cashflows £'000	At 31 March 2020 £'000
Cash and cash equivalents	14,656	2,233	12,423
Debt due after one year	(104,483)	265	(104,748)
Finance lease	(7)	7	(14)
Net debt	(89,834)	2,505	(92,339)

17 Financial Commitments

Capital commitments are as follows:

	Group 2021 £'000	Association 2021 £'000	Group 2020 £'000	Association 2020 £'000
Contracted for but not provided for in the Financial Statements	3,296	1,942	4,088	2,971
Future expenditure approved by Directors but not contracted for at the year end	-	-	1,481	1,481
	3,296	1,942	5,569	4,452

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

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

	Group 2021 £'000	Association 2021 £'000	Group 2020 £'000	Association 2020 £'000
Payments due:-				
- Within one year	125	125	96	96
- Between one and five years	140	140	60	60
	265	265	156	156

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

18 Financial Instruments

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

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

Financial Assets	Group	Association	Group	Association
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
Debt instruments measured at amortised cost				
Cash & Cash equivalents	14,656	13,918	12,423	11,713
Debtors	2,105	1,819	2,025	1,518
	16,761	15,737	14,448	13,231
Financial liabilities measured at amortised cost:	Group	Association	Group	Association
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
Borrowings:				
Housing Loans	104,483	104,483	104,748	104,748
Total Borrowings	104,483	104,483	104,748	104,748
Other financial liabilities:				
Trade creditors	532	178	135	122
Accruals and other creditors	3,625	2,010	2,009	2,135
Finance leases	7	7	14	14
Total	4,164	2,195	2,158	2,271
Interest income and expense	Group	Association	Group	Association
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
Total interest income for financial assets at amortised cost	25	117	31	135
Total interest expense for financial liabilities at amortised cost	4,691	4,691	4,519	4,519

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

19 Housing Stock

Group and Association

	2021 Units	2020 Units
Social housing		
General needs housing:		
• social rent	2,277	2,266
• affordable rent	426	425
• intermediate rent	14	14
Housing for older people:		
• social rent	510	509
• affordable rent	31	28
• intermediate rent	4	4
Low cost home ownership	75	71
Total owned	3,337	3,317
Accommodation managed for others	16	16
Total managed	3,353	3,333
Non-social housing		
Accommodation let at market rent	7	7
Leasehold accommodation	89	89
Total owned and managed	3,449	3,429

General needs housing - social rent includes 10 (2020: 9) properties owned but managed by others.

There were 2,830 (2020: 2,512) properties with a fixed charge as at 31 March 2021.

20 Related Party transactions

During the year one Executive Officer was a Board member of Advantage South West ("ASW") in which the Association has a 25% shareholding. The Group's share of the operating deficit in the year was £2k (2020: £9k deficit). The Association paid membership fees to ASW of £13k (2020: £13k) and there were no amounts owed to ASW at 31 March 2021 (2020: £nil).

The Association has an investment of £2,300k (2020: £2,300k) in the share capital of its non-regulated subsidiary Anchorwood Limited and £1,408k (2020: £3,608k) in loans. As Anchorwood Limited is a wholly owned subsidiary, the exemption available under Financial Reporting Standard 8 has been applied and details of inter-company transactions in the year have not been disclosed.

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

21 Pensions

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

	2021 £'000	2020 £'000
Devon County Council		
Service cost	50	91
Administration Expenses	3	3
	53	94
Social Housing Pension Scheme		
Employer contributions	236	182
Administration Expenses	8	8
	244	190
Total payments	297	284

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

	2021 £'000	2020 £'000
Actuarial gain / (loss)		
Devon County Council Pension Scheme	(463)	197
Social Housing Pension Scheme	(1,449)	1,124
	(1,912)	1,321

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

	2021 £'000	2020 £'000
Devon County Council Pension Scheme	3,679	3,179
Social Housing Pension Scheme	2,263	995
SHPS deficit payment in advance	11	12
	5,953	4,186

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

21 Pensions (continued)

Devon County Council Pension Scheme (DCCPF)

The DCCPF is a multi-employer scheme, administered in accordance with the Local Government Pension regulations, a defined benefit scheme. The most recent formal actuarial valuation was completed as at 31 March 2019 and rolled forward, allowing for the different financial assumptions required under FRS102, to 31 March 2021 by a qualified independent actuary.

The net defined benefit liability at the year ended 31 March 2021 is £3,679k (2020: £3,179k).

The employer's contributions to the DCCPF by the association for the year ended 31 March 2021 were £90k (2020: £97k) at a contribution rate of 22.2% of pensionable salaries. The employer's contribution rate for the year ending 31 March 2022 has been set at 22.2%. Estimated employer's contributions to the DCCPF during the accounting period commencing 1 April 2021 are £90k.

Statement of financial position

Net pension asset as at	2021 £'000	2020 £'000
Present value of the defined benefit obligation	8,226	6,968
Fair value of Fund assets (bid value)	4,583	3,822
Deficit	3,643	3,146
Present value of unfunded obligation	36	33
Net defined benefit liability	3,679	3,179
Reconciliation of opening and closing balances of the present value of scheme liabilities	2021 £'000	2020 £'000
Opening scheme liabilities	7,001	7,828
Current service cost	50	57
Interest cost	162	179
Change in financial assumptions	1,501	(630)
Change in demographic assumptions	(78)	(12)
Experience loss on defined benefit obligation	(96)	9
Estimated benefits paid net of transfers in	(285)	(472)
Past service costs including curtailments	-	34
Contributions by Scheme participants and other employers	9	10
Unfunded pension payments	(2)	(2)
Closing scheme liabilities	8,262	7,001

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

21 Pensions (continued)

Devon County Council Pension Scheme (DCCPF) (continued)

Reconciliation of opening and closing balances of the fair value of plan assets	31 Mar 2021 £'000	31 Mar 2020 £'000
Opening fair value of plan assets	3,822	4,526
Interest on assets	88	102
Return on assets less interest	864	(444)
Other actuarial gains	-	8
Administration expenses	(3)	(3)
Contributions by employer including unfunded	90	97
Contributions by Scheme participants and other employers	9	10
Estimated benefits paid plus unfunded net of transfers in	(287)	(474)
Closing fair value of plan assets	4,583	3,822

Amounts recognised in statement of comprehensive income	31 Mar 2021 £'000	31 Mar 2020 £'000
Service cost	50	91
Administration expenses	3	3
Amounts charged to operating costs	53	94
Net interest (charged to other finance costs)	74	77
Total loss	127	171

Re-measurement of net assets	31 Mar 2021 £'000	31 Mar 2020 £'000
Return on Fund assets in excess of interest	864	(444)
Other actuarial gains	-	8
Change in financial assumptions	(1,501)	630
Change in demographic assumptions	78	12
Experience gain/(loss) on defined benefit obligation	96	(9)
Re-measurement of the net assets	(463)	197

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

21 Pensions

Devon County Council Pension Scheme (DCCPF) (continued)

Principal actuarial assumptions:

Financial assumptions	31 Mar 2021 % pa	31 Mar 2020 % pa
Discount rate	1.95	2.35
Future salary increases	3.90	2.95
Future pension increases	2.90	1.95
Inflation assumption (RPI)	3.35	2.85
Inflation assumption (CPI)	2.90	1.95

Mortality assumptions

The post-retirement mortality assumptions adopted to value the benefit obligation at March 2021 and March 2020 are based on the S2PA tables. The assumed life expectations on retirement at age 65 are:

	31 Mar 2021 no. of years	31 Mar 2020 no. of years
Males retiring today	22.6	22.9
Females retiring today	23.9	24.1
Males retiring in 20 years	24.0	24.3
Females retiring in 20 years	25.4	25.5

The estimated asset allocation for North Devon Homes as at 31 March 2021 is:

Asset breakdown	31 March 2021 £000s	31 March 2021 %	31 March 2020 £000s	31 March 2020 %
Gilts	156	3	162	4
UK equities	508	11	509	13
Overseas equities	2,367	52	1,644	43
Property	368	8	360	9
Infrastructure	186	4	165	4
Target return portfolio	431	9	502	13
Cash	47	1	45	1
Other bonds	205	4	200	5
Alternative assets	315	7	235	6
Total	4,583	100	3,822	100

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

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

21 Pensions (continued)

Social Housing Pension Scheme (SHPS)

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

Under the defined benefit pension accounting approach, the SHPS net deficit as at 31 March 2021 is £2,263k (2020: £995k).

Statement of financial position

Net pension asset	31 Mar 2021 £'000	31 Mar 2020 £'000
Present value of defined benefit obligation	9,293	7,407
Fair value of plan assets	7,030	6,412
Net defined benefit liability	(2,263)	(995)

Reconciliation of opening and closing balances of the present value of scheme liabilities

Opening scheme liabilities as at 1 April 2020	7,407
Current service cost	-
Expenses	8
Interest expense	173
Actuarial gains due to scheme experience	(490)
Actuarial losses due to changes in demographic assumptions	31
Actuarial losses due to changes in financial assumptions	2,247
Benefits paid and expenses	(83)
Closing scheme liabilities as at 31 March 2021	9,293

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

21 Pensions (continued)

Social Housing Pension Scheme (SHPS) (continued)

Reconciliation of opening and closing balances of the fair value of plan assets	£'000
Opening fair value of plan assets as at 1 April 2020	6,412
Interest income	152
Experience on plan assets (excluding interest)	339
Contributions by employer	210
Benefits paid and expenses	(83)
Closing fair value of plan assets as at 31 March 2021	7,030
Amounts recognised in statement of comprehensive income	2021 £'000
Expenses	8
Amounts charged to operating costs	8
Net interest	21
Amounts charged to other finance costs	21
Defined benefit costs recognised in statement of comprehensive income	29
Defined benefit costs recognised in other comprehensive income	31 Mar 2021 £'000
Experience on plan assets	339
Experience gains on the plan liabilities	490
Effects of changes in the demographic assumptions	(31)
Effects of changes in the financial assumptions	(2,247)
Total amount recognised in other comprehensive income	(1,449)

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

21 Pensions (continued)

Social Housing Pension Scheme (continued)

Principal actuarial assumptions:

Financial assumptions	31 Mar 2021	31 Mar 2020
	% pa	% pa
Discount rate	2.21	2.35
Future Salary increases	3.87	2.55
Future Pension increases	2.91	1.73
Inflation assumption (RPI)	3.22	2.55
Inflation assumption (CPI)	2.87	1.55

Mortality assumptions

The post-retirement mortality assumptions adopted to value the benefit obligation at 31 March 2021 imply the following life expectancies:

	31 Mar 2021 no. of years
Males retiring today	21.6
Females retiring today	23.5
Males retiring in 20 years	22.9
Females retiring in 20 years	25.1

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

21 Pensions (continued)

Social Housing Pension Scheme (continued)

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

Asset breakdown	31 March 2021 £000s	31 March 2021 %	31 March 2020 £000s	31 March 2020 %
Global equity	1,120	16	938	15
Absolute return	388	6	334	5
Distressed opportunities	203	3	124	2
Credit relative value	221	3	176	3
Alternative risk premia	265	4	448	7
Fund of hedge funds	1	-	4	-
Emerging markets debt	284	4	194	3
Risk sharing	256	4	217	3
Insurance-linked securities	169	2	197	3
Property	146	2	141	2
Infrastructure	469	7	477	7
Private debt	168	2	129	2
Opportunistic illiquid credit	179	3	155	2
High yield	210	3	-	-
Opportunistic credit	193	3	-	-
Corporate bond fund	415	6	366	6
Liquid credit	84	1	3	-
Long lease property	138	2	111	2
Secured income	292	4	243	4
Liability driven investment	1,786	25	2,128	33
Net current assets	43	1	27	-
Total	7,030	100	6,412	100

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

22 Group Members

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

23 Legislative provision

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