

SOUTH DEVON RURAL ASSOCIATION LTD

A meeting of the Board of Management will be held at The Dartmoor Lodge Hotel, Ashburton TQ13 7JW
on Wednesday 25 July 2018 at 5 p.m.

AGENDA

1	Apologies	
2	Minutes of Previous Meeting: May 2018	
3	Matters Arising:	
	Chairman's Action	
4	Declaration of Interests	
	Reports for Decision	Agenda Item
5	Chief Executives Report	1
6	Financial Reports	2
	Q1 Management Accounts & Appendix 1	2a
	Impairment report	2b
	Audit Report & insert	2c
	Annual Accounts & insert	2d
	Capital Programme Components	2e
	Capital Programme & Appendix 1 & 2	2f
	Annual Report (not included – circulated separately)	2g
	Brimhay Financial Appraisal Update & Appendix 1 & 2	2h
7	Development Report	3
	Rural Homes Development Report	3a
8	Governance	4
	Policy Development Report	4a
	Board, Chairman and Member Appraisals	4b
	Welfare Fund Report & Appendix 1	4c
	Reports to Note	
9	Finance	5
	Treasury Report	5a
10	Housing and Maintenance	6
	Performance Dashboard & Appendix 1	6a
	Lettings Report	6b
	Responsive Repairs Update	6c
11	Complaints and Anti Social Behaviour Monitoring	7
	ASB Monitoring Report	7a
12	Health and Safety Report	8
	Gas Servicing Report	8a
13	Care Managers Report	9
14	Any other business	10

AGM 12th September

Next Board Meeting: 17th October

South Devon Rural Housing Association Ltd
Minutes of the Board of Management Wednesday 23rd May 2018,
5.00 pm at the Sea Trout Inn

Present

Board Members

Jim Davis – Chairman (JD)
Prana Simon (PS)
Rod Hewett (RH)
Sally Fairman (SF)
Martin Lightfoot (ML)
Roger Hands (RH2)
Charlotte Burrows (CB)

Staff

Steve Prime - SDR Chief Executive (SP)
Claire Barnett – Finance Director (CAB)
Julie Garner – Minutes (JG)

NO: Agenda Item

1 Apologies

Sebastian Stewart (SS),
Francis Bourke–Operations Director (FB).

2 Minutes for January 2018 Board and Board Away Day

January Board:

JD opened the meeting and welcomed everyone.

CB advised she wasn't listed as present.

Page 5 1d: 'All in favour' was missing after proposed and seconded.

Page 6 first paragraph, third line from the bottom should read 'code of conduct'.

Page 8 3f: should read – Board members are recommended to approve the 2017-2022 business plan.

JD signed as a true record.

The board approved the minutes to the January board meeting and the Board away day.

3 Matters Arising

There were no matters arising.

4 Declaration of Interest

ML declared his interest with regard to his employment with Liverty.
SF declared she is a tenant of Liverty.

Chairman's Action

Forder Lane Room Rates – To ratify Chairman's Action

SP advised that following the increase in rates paid by Devon Social Services it was appropriate that SDR increased room rates towards a more realistic price.

The Board ratified the action to approve the 3.3% increase to Forder Lane House room rates.

**Proposed: PS
Seconded: RH
All in favour**

5 1 Chief Executive's Report

SP pointed out that AM has not attended the last 3 board meetings and that some action may be required. The Chair undertook to contact Alec.

RH queried the lease on SHDC leased properties and asked who will now manage them. SP advised that SDR continue for a year whilst we try to rehouse the current tenants pointing out that he advised SHDC against this course of action. SDR will advise tenants of the SHDC leased properties to contact their local councilor who we assume authorized this action. SP added that the loss of management fee will not cause any hardship to SDR.

Board members noted the report.

**6 2 Reports for Decision
Financial Reports**

2a Q4 Management Accounts & Appendix 1

CB referred back to the January board when she advised that she would look at accounting guidance with regards to sales of shared ownership properties and added that she hadn't included the cost on the sale. £16 surplus has now been shown in the accounts. CAB has also included the £55,000 grant received from SHDC towards the purchase of the Laurels.

CAB advised that the rented part of South Devon House needs to be valued and that the figure to be included in the accounts is still under discussion with the auditors. SP added that this is not 'real money' and is not taxable. PS queried if SDR hold any reserves for future liabilities on pension schemes. CAB replied that reserves for pensions were not required as we have a pay fixed contributions pension scheme. It is not a final salary scheme and that there are no concerns with this.

RH remarked that the gearing covenant at 63% is very tight to the 65% maximum and asked if the gearing increases will a penalty be likely. CAB advised SDR have had discussions with the bank and have been advised that as long as SDR keep them informed with proof of the current position there shouldn't be a problem. SP added that there may be an opportunity to revalue if necessary but CAB advised that this wouldn't change the covenant. RH suggested that it would be a good idea to email the bank and remind them of this agreement as proof of discussion in case the relationship manager changes.

PS asked if using a pie chart would make the accounts easier to understand and RH added that a percentage column would be a good idea. CAB agreed to review for possible graphs.

Board members are noted the draft 2017/18 figures (subject to audit).

2b Financial Assessment - The Dennings, Kingsbridge & Appendix 1

SP advised the Board that this was a straight forward opportunity and that SDR can step into the previous developers (SHED) shoes. The original cost of the land was £800,000 which has been renegotiated to £500,000 with an extra £50,000 for intellectual property costs. SP added that there is already a development planned at the top of the site and that there may be a clause on the contract regarding drainage. As this will potentially reduce costs for SDR SP will agree a further payment to the owner.

RH said that he didn't fully understand the spreadsheet. SP advised that the spreadsheet is based on the planning application and that SDR wouldn't use the discounted sale option. SP added that SDR would want the assets and to convert assets to affordable rentable units and that the figures are subject to change. ML and RH said that further actual figures would be needed before any decisions can be made. SP advised the spreadsheet is to show the Board where SDR are for planning and added that he and CAB have gone through the figures in detail. SP added the financial appraisal will be updated when the Section 106 agreement is finalised and brought back to the board at that time. SP advised that potential profits gift aided by RHL to SDR on this scheme could be used for future affordable elsewhere. The market units would be too expensive to consider for shared ownership.

PS said she felt 3 affordable units is a small development and that SDR would be buying into someone else's ideas. SP added that the constraints dictate how many units are built and the viability of this development presented to South Hams (at 21%) has been approved. The whole site is 6 acres and SDR are developing on the lower part of the site. ML asked if committing to this development would be tying up SDR's resources. SP advised that SDR are in a position to purchase, that the bank are prepared to lend SDR £1.1million and that SDR will only be paying interest in the first 3 years. SP added that Lloyds have also offered half a £million to start the build and that the grant application on Brimhay may contribute to cash flow. SP advised that RHL will sell the units along with sales at Brimhay which will result in capital being returned to SDR in gift aid.

RH asked how long it would take to get the land valued to which SP replied 2 to 3 weeks. RH2 queried what the anticipated sale prices has been based on. SP advised sale prices in Kingsbridge have been looked at with due diligence and that Alan Fox and CAB have looked at likely house prices and expected development costs, which we do for any proposed development. SP added that SDR will not be purchasing the land until planning has been agreed and the land valuation is within tolerance. He pointed out that without land we can not develop and we are stuck with exception sites not able to do market sales. RH2 remarked that there is a fall back in as much as there is already a property on the land.

RH felt the Board were being asked to approve the development and money costs involved without a land valuation. SP advised this is standard procedure and that this decision is time critical as other parties are looking at this development.

Board members are recommended to approve the purchase of the land subject to an independent land valuation and obtaining to outline planning at the Dennings, Kingsbridge

Proposed: ML

Seconded: RH2

All in favour

2c

Lloyds Loan & Appendix 1 & 2

JD pointed out that the letter from Lloyds refers to RDL, second paragraph from the bottom of the page 13, and should read RHL. ML referred to the variable loan rate of 2.35% and asked if all loans are on variable rates? SP advised that at the moment most loans are on fixed rates, £7million with Lloyds Bank and CAB added that Lloyds had recently sent SDR details of loans which could be on fixed rates and that SDR only require £600,000, of the £1.1 million offered at the moment. A discussion followed regarding potential issues with fixing at this time in respect of FRS 102 and how these are treated in the accounts. At this point it was felt that a variable rate should be taken. There will be opportunity to fix in the future if need be.

Board members are recommended to approve the Lloyds Loan and

To approve the security to be charged on the loan and

To delegate authority to The Chairman and Chief Executive to sign all documents relating to the loan. In the absence of the Chief Executive and or Chairman, delegated authority to be given to the Finance Director and Vice Chair.

Proposed: PS

Seconded: RH

All in favour

2d

Approval of Brimhay Contract & Appendix 1

SP advised that the original plan was for SDR to develop the site but that our accountants advised SDR to not add value to the site. SP advised that all planning conditions have been submitted and that SHDC have agreed to give their decision by the end of May. No demolition has taken place yet.

JD advised that the plans show building 2 houses partially in a drainage easement zone which is unusual and that there is a tree protection zone which is regarded as a no construction area but that Coydes are building a drain there. SP replied that Coydes are a competent contractor and agreed that there will probably be further issues raised. SP advised that there are only 3 tenants remaining at Brimhay and that they will not be affected by the build.

RH2 queried the phase 1 savings. SP advised that these were as a result of RHL taking responsibility for pre commencement and infrastructure work, SDR will now only contribute 59% of these costs.

PS queried the delegation of documents. SP advised anything over standard budget authorisation amounts will go to Board.

Board members are recommended to:

Approve the contract sum with Coyde Construction

Give delegated authority to Chief Executive to sign all documents relating to the contract. In the absence of the Chief Executive, delegated authority to be given to the Finance Director.

Proposed: SF

Seconded: RH

All in favour

2e Capital Programme Components

PS noted the property at 1 The Orchard had been added and the figures updated. CAB advised that precise figures have been provided and the carry forward approved at January Board was slightly lower than approved.

The Board are recommended to note the expenditure to date for 17/18 and approve the component spend of £246,391 for 2018/19.

Proposed: RH

Seconded: SF

All in favour

2f Capital Programme Report (Non-Components) & Appendix 1 & 2

CAB advised this was a standard report with a simple cash flow. SF queried the Brimhay redevelopment figures. SP advised these had been prepared with due diligence from the QS report. ML remarked that the Christina Park sale expected should read by June 18 and not June 19. SP advised Christina Park has already been sold subject to contract.

The Board to note the capital expenditure, the cash flow and approve the budgets for 18/19 including the carry forward on the Brimhay scheme.

Proposed: ML

Seconded: RH2

All in favour

2g Repairs Budget Overspend Report

SF remarked that Broomborough Court seems to be the main spend. SP advised that extra budget was made available for Broomborough Court and that some high cost repairs as a result of poor maintenance by Sovereign including all the drains on the whole site being blocked and a serious drain issue and high void costs. SP advised SDR anticipated this and we allocated extra funds to cover.

ML queried the large numbers of repairs raised with WMS and would SDR benefit from having a contract in place. SP advised that tenants phone WMS direct and that there was no contract in place and SDR can give WMS a months notice. SP said that historically there had been no need for a contract as this can sometimes add to the cost of repairs. But in view of the unprecedented overspend we are seeing, it could be considered. SP added he felt SDR need to bring the initial contact with tenants with repair requests back in house to keep more in control and to ensure we are prioritising the repairs we should be doing and not offering a carte blanche service.

RH queried invoices over 45 days old not being paid and said that the invoices will need to be paid. SP advised that this should read invoices over 45 days old are in dispute as we are seeking to receive invoices in a timely manner to monitor budgets. SP added that job sheets had been requested a year ago but have not been provided to SDR.

RH2 said there are companies that use mobile devices that record work as it is being done and asked if this is something that SDR could look into. SP advised that if SDR bring back initial enquiries from tenants in house we can use different contractors and compare costs.

ML queried SDR replacing sheds and asked if this is something that SDR would normally do. SP replied if there was a shed itemised in the tenancy agreement then yes SDR would have a responsibility to repair and replace if required, but not as a priority. SP added that SDR inspect all jobs over £500. CB said SDR need to know what repair jobs were committed to in order to keep within budgets and proper contract monitoring in place.

RH2 asked if repairs are brought back in house would more staff be recruited and PS asked if SDR would consider a repairs apprentice. SP advised SDR have previously employed a housing apprentice but that a supervisor would need to be appointed for a repairs apprentice so at the moment this is not practical.

SP advised SDR are required to report to the board overspend of budgets of 8% or more.

Board members noted the repairs report and proposed actions by the CEO.

7 3 **Development Programme Report**

3a **Rural Homes Development Report**

PS queried the CLT project and if this referred to the cost for work carried out by Alan Fox, which was confirmed.

The Board noted the Development and the future development report from Rural Homes Limited

3b **New business (confidential report) & Appendix 1, 2 & 3**

SP said he felt it was fair that Langham Park Homes challenged the consultants report. SP advised some risk has been taken out of the core rents because if the core rent was not agreed with the Local Authority, the rent agreed would be the guaranteed rent. There was a revised lease and service agreement. RH and SP have met with ETOS the Care and Support provider and were impressed with their professionalism. RH advised that the size of this proposition alarms him and queried the total number of units. SP said Langham Park Homes have offered to reduce the size of the portfolio.

RH asked if the new roles would be affected if the size of the portfolio was reduced. SP advised SDR would need to look at the figures. JD remarked that the rents are very high and SP advised that the core rents can be adjusted in line with the amount the council is prepared to pay. SF said she felt this proposal undermines the ethos of affordable housing and that the size of the project is alarming. SP advised that in this sector the rents quoted had already been accepted by many local authorities as this type of housing is expensive due to the level of investment. CB said she had concerns regarding the next stage and that SDR would need to go further in order to make a decision. SP advised that S.S was positive and said that this proposal sounded interesting and SP confirmed that SDR would not be responsible for health care.

PS queried duty of care and said she wouldn't want to be in a position where SDR would have to evict people and that SDR should focus on rural areas. ML said that the period was too long and the rents too high and he was worried why others were leaving the sector.

JD said he felt the project needed to be smaller as did other board members. Each board member gave their view in turn regarding this proposal.

On balance Board decided to not to proceed with the opportunity preferring to continue to invest in core business.

All in favour

RH left the meeting.

8 4 **Governance**

4a **Board Appraisal Progress Report – verbal JD**

JD advised that he and PS have been through the appraisals. RH2 has to add to his and the next stage is to speak to board members individually before the next board meeting. JD added that all returns look excellent. PS advised board members to confer their dairies so they can meet before the July board.

4b **Policy Development Report**

PS asked about upcoming policy development. CB advised she has circulated the depreciation policy in January 2018.

The Board noted the report.

4c **Approved Contractors List (revised) Appendix 1**

It was noted that the trade was missing for David Archer who is a window cleaner and it was assumed Moorland GM did grounds maintenance.

Board members approved the contractors and consultants listed.

Proposed: CB

Seconded: ML

All in favour

4d **GDPR Progress Report & Appendix 1 – Policy circulated previously**

PS queried progress made. SP advised the policy covers the steps in the appendix. CAB advised that the necessary paperwork has been sent to tenants and that SDR has completed shredding paper work in line with the policy.

The Board approved the action plan and policy

Proposed: RH2

Seconded: PS

All in favour

4e **Corporate Risk Map & insert**

SP advised this is an annual review and that refresher training was provided on the Board away day. SP added that it was suggested good practice to manage not more than 5 risks at any one time and that ownership of the risk map is with the Board.

ML queried risk HR7 and asked if this was now high risk. PS queried gross risk versus current/residual risk and asked about the formula and who would assess that risk. SP advised that there is a policy and that there is a methodology that is used. SP added that the mitigation has to be realistic and achievable. SP suggested board members get together for half a day and discuss the risk map. RH2 added that the bulk is of medium risk.

ML queried why the cyber attack risk was missing and SP advised this was discussed at the last review and should be on the document. He added SDR has cyber insurance. JD to collate board responses.

Board members to review the Corporate Risk register and to feed back to the Chairman.

4f 60th Celebrations – verbal update

SP advised that he and CAB have been working together on this. That there are competitions for the tenants to win hampers each month. There will be 60 cherry blossom trees planted amongst our properties where SDR carry out grounds maintenance. There will be parker pens given to stake holders, staff and board members. Pens have also been posted out to tenants. Two tenants who have been SDR tenants for 35 years in Grove close will get a special presentation. There will be a BBQ and garden party at FLH on 21st July.

4g VFM Report

SP advised this was changing this year and reporting will be done differently. The summary will be in the annual accounts. CAB advised it will be down to the Board to decide which PI's to include as well as comment on the 7 metrics. CAB will send out papers for the Board to agree.

The Board noted the report.

4h Succession (confidential item Chairman)

This item was delayed to the last item on the agenda and staff left the meeting.

Reports to Note

9 5 Finance

5a Treasury Report

The Board noted the loans and balances held.

10 6 Housing and Maintenance

6a Performance Dashboard & Appendix 1

The Board noted the Performance Dashboard and Appendix 1.

6b Lettings Report

The Board noted the lettings report

6c Anti Social Behaviour Monitoring

The Board noted the ASB Monitoring Report

11 7 Complaints

The Board noted the report.

12 8 Health and Safety Report

The Board noted the report

8a Gas Servicing Report

The Board noted the gas servicing report.

13 9 Care Manager's Report

The Board noted the report.

14 10 Any other Business

PS asked board members about their thoughts on her report. CB said it was a really good summary and the board can explore this further.

Date of Next Meeting: 25th July 2018 at the Dartmoor Lodge, Ashburton.
AGM (60 years) 12th September

The meeting closed at 7:30 pm

Signed.....

Date.....

Board of Management

Author Steve Prime

Chief Executive's Report

FOR INFORMATION

Purpose: To provide the Board of Management an overview of the business.

1 Staffing Report

There are no issues to report. Team are soon to undergo intensive training on our main housing software to enhance business analysis capability.

2 Sub-Market Rental Scheme (SHIRE)

South Hams District Council (SHDC) has given SDR formal notice (one year) on the remaining 10 leased SHIRE units we manage. There is a requirement for SDR to return the properties to SHDC with Vacant Possession. Staff from SHDC and SDR are assisting tenants to find alternative accommodation, to this end we will be offering tenants vacancies which arise in our own stock. To date we have facilitated one move.

3 South Devon House

All offices let. Babcock has indicated they wish a further 3 year term in their current office. Claire will be liaising with them and agreeing revised lease terms.

5 New Business Opportunities

- Early negotiations for leaseback opportunities continue but future contracts will not be linked to guaranteeing the rent.
- Potential site at Malborough for 16 units (development report)
- Management of 12 affordable homes in East Devon for English Rural Housing Association
- Management of Transition Homes units in Dartington
- Working as consultants with a number of Community Land Trusts in Devon (through RHL)

6 Forder Lane House

Report from Manager in papers. Devon Social Services have introduced a new needs assessment process and we are monitoring the outcome of this. The first review of a FLH resident resulted in a reduction of assessed needs by a significant amount. Legal advice on the effect on our contracts being sought.

7 George Place, Plymouth (SHIP)

The scheme was launched on 14th June 2018 with good press resulting. 4 Units remaining.

8 60th Anniversary Celebrations

A special newsletter was distributed in April to Mark the occasion. Ongoing initiatives are proceeding.

8 Board Member Attendance

Board Members Meeting Attendance October 2017 July - 2018

Individual attendance target 75%

Present

Name	Oct	Jan	May	Jul	Individual %	Away day March
Prana Simon	*	*	*		100	*
Seb Stewart	*	X	X		25	*
Roger Hands	*	X	*		50	*
Alec Munroe	X	X	X		0	X
Charlotte Burrows	*	*	*		100	*
Martin Lightfoot	*	*	*		100	*
Jim Davis	*	*	*		100	*
Rod Hewett	*	*	*		100	*
Sally Fairman	*	*	*		100	*
%attendance	100	66	78			89

KEY:

- * = Present
- X = Apologies
- # = As co-opted member
- x = did not attend - no apologies received



Not a member in the period

Observer

Board Member Recruitment

Steve was advised that Anne Seaborne, Development Manager at Cornerstone was interested in a position on a Housing Association Board. Initial contact has been made and the board recruitment process is being followed. By September there will be 6 vacancies on the Board. The Skill gaps we have are: Legal; (General) Legal; (Property) Care and Support; Business and Enterprise; Risk Management; Housing Management. These will be reviewed after board appraisals which should also identify any skills gaps.

Recommendations

Board Members are recommended to note the report.

Financial Report

FOR INFORMATION

Purpose

To provide the Board with the draft Q1 figures for 2018/19.

Report

The Association's budgeted surplus for the year 2018/19 was £16,953 agreed at the January 2018 board meeting. The Q1 figures show a surplus of £8,712 compared to a budgeted surplus of £5,068.

The main variances are listed below:-

Housing

- Rental income is higher due to the part week carried forward of £1,926 and Brimhay income of £2,770.
- Repairs budgets are being very carefully monitored and are subject to a separate report. £5,425 of the variance on expenditure relates to Brimhay spend on void costs.

Forder Lane House

- The income has been increased to reflect the room rates approved at the March board meeting. There has been a significant level of void rooms in the first quarter. The void budget has been increased to reflect the new room rates. The Care Manager is very aware of the voids and is currently using the rooms for respite care, with short term room rates increased to £750 where 2 staff are required to support the care needs of the temporary placement.

Management

- The franking machine has been replaced early so there are extra lease costs. There are valuation fees for the new Lloyds loan of £2,228.

Surplus on Sales

- The Association is due to sell 4 properties in 18/19. 3 Christina Park has been sold. The surplus on the sale could be argued that it fundamentally links to our charitable purpose and that the Association would not have purchased the property if we were not trying to support a family in need. However, as the Association has substantially changed the property and not relet as social housing, it is unlikely that HMRC would allow no corporation tax to be applied.
- 1 Spedding Cottages has recently been sold subject to contract. There will be a substantial surplus on sale. This property is not subject to Corporation tax as it has been previously used as a social housing asset.
- There are 2 properties at Old Totnes Road. The surplus on these sales will be subject to Corporation tax at 19%. There is a profit share agreement with the builder.
- The calculations have not been completed for the surplus on sale. A verbal update will be given at Board.

Recommendations

Board members are recommended to note the Q1 figures for 2018/19.

SOUTH DEVON RURAL HOUSING ASSOCIATION LTD
Author Claire Barnett

Board of Management

Agenda Item 2b

Impairment Review

FOR DECISION

Purpose

To update the Board regarding impairment of the associations assets.

Definition of Impairment

Impairment is the difference between the value shown in SDR accounts and the current estimated value of an asset held.

Section 27 of FRS102 states “An entity shall assess at each reporting date whether there is any indication that an asset may be impaired. If any indication exists, the entity shall estimate the recoverable amount of the asset. If there is no indication of impairment, it is not necessary to estimate the recoverable amount.

Where there is evidence of impairment, fixed assets are written down to the current value. Any such write down is charged to operating surplus.

Analysis of SDR Properties

All SDR properties are shown in the accounts at cost (plus any related purchase costs such as legal fees). The majority of SDR assets have been held for a number of years and also have grant applied to them, resulting in low net book values. SDR have recently had most of the stock valued for loan purposes. Those values have been used as a comparator to the book value held to see if an impairment is triggered. The SHIRE properties would have the higher risk of impairment as they were purchased at open market rates, therefore more susceptible to market conditions. However these properties also received an equity stake from SHDC, which reduces the risk to SDR. There are 3 properties identified where on initial review there could be an impairment, however market prices and sold prices have been used to compare to book values held and these are in line with current market prices, so no impairment adjustment is required.

New Build/S106 Acquisitions

After each scheme is completed a valuation is carried out to compare scheme costs with resultant property valuations. The new properties at Broomborough and Kellock are not impaired as bought with advice on valuation. The Moreleigh properties cost has been compared to those now being sold and no impairment has been identified on these schemes.

Recommendations

The Board are Recommended to approve the Impairment Report.

SOUTH DEVON RURAL HOUSING ASSOCIATION LTD
Author Claire Barnett

Board of Management

Agenda Item 2c

Audit Findings Report

FOR DECISION

Purpose

To present the audit findings report for board approval

Report

Audit Findings Report

A separate document from Bush & Co Limited has been produced. Roger Carne - Bush & Co Audit Director will attend the board to present and discuss the findings with the Board. It also contains the Draft Letter of Representation which is for signing once the report has been considered by the Board.

Recommendations

To approve the Audit Report for the year ended 31 March 2018.



SOUTH DEVON RURAL

HOUSING ASSOCIATION LIMITED

25th July 2018

Dear Sirs

During the course of your audit of the financial statements of the Association for the year ended 31 March 2018, the following representations were made to you by management and members.

1. We have fulfilled our responsibilities as the Board of Management under the Co-Operative and Community Benefit Societies Act 2014 and Registered Social Landlord legislation for preparing financial statements, in accordance with the applicable financial reporting framework (FRS 102 and the Accounting Direction for Private Registered Providers of Social Housing 2015), that give a true and fair view and for making accurate representations to you as our auditors.
2. We confirm that all accounting records have been made available to you for the purpose of your audit, in accordance with your terms of engagement, and that all the transactions undertaken by the Association have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all management, Board and Members' meetings, have been made available to you. We have given you unrestricted access to persons within the Association in order to obtain audit evidence and have provided any additional information that you have requested for the purposes of your audit.
3. We confirm that significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
4. We confirm that all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.
5. We confirm that there had been no events since the balance sheet date which require disclosure or which would materially affect the amounts in the financial statements, other than those already disclosed or included in the financial statements.
6. We confirm that we are aware that a related party of the Association is a person or organisation which either (directly or indirectly) controls, has joint control of, or significantly influences the Association or vice versa and as a result will include: the Board of Management, other key management, close family and other business interests of the previous. We confirm that the related party relationships and transactions set out on the Register of Board

Members' Interests are a complete list of such relationships and transactions and that we are not aware of any further related parties or transactions.

7. We confirm that all related party relationships and transactions have been accounted for and disclosed in accordance with the applicable financial reporting framework.
8. We confirm that the Association has had, at no time during the year, any arrangement, transaction or agreement to provide credit facilities (including advances and credits granted by the Association) for the Board, nor to provide guarantees of any kind on behalf of the Board.
9. We confirm that the Association has not contracted for any capital expenditure other than as disclosed in the financial statements.
10. We confirm that we are not aware of any possible or actual instance of non-compliance with those laws and regulations which provide a legal framework within which the Association conducts its activities and which are central to the Association's ability to conduct its activities.
11. We acknowledge our responsibility for the design and implementation of internal controls to prevent and detect fraud. We confirm that we have disclosed to you the results of our own risk assessment that the financial statements may be misstated as a result of fraud.
12. We confirm that there have been no actual or suspected instances of fraud involving members, management or employees who have a significant role in internal control or that could have a material effect on the financial statements. We also confirm that we are not aware of any allegations of fraud by former members, employees, regulators or others.
13. We confirm that, having considered our expectations and intentions for the next 12 months and the availability of unrestricted reserves, the Association is a going concern.
14. We confirm that in our opinion the effects of unadjusted misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole.
15. We confirm that all grants, donations and other income, including those subject to special terms or conditions or received for restricted purposes, have been notified to you. There have been no breaches of terms or conditions during the period regarding the application of such income.
16. We confirm that we are not aware of any matters of material significance that should be reported to the Charity Commission.
17. We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that:
 - so far as each member is aware, there is no relevant audit information of which you as auditors are unaware; and



SOUTH DEVON RURAL

HOUSING ASSOCIATION LIMITED

- each member has taken all the steps that they ought to have taken as a member to make themselves aware of any relevant audit information and to establish that you are aware of that information.

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate of supporting documentation) sufficient to satisfy us that we can properly make each of the above representations to you and that to the best of our knowledge and belief they accurately reflect the representations made to you by the members during the course of your audit.

Yours faithfully,

.....

Signed on behalf of the board of management

Board Member

Date.....

SOUTH DEVON RURAL HOUSING ASSOCIATION LTD
Author Claire Barnett

Board of Management

Agenda Item 2d

Annual Accounts

FOR DECISION

Purpose

To present the annual accounts for board approval

Report

Annual Accounts

The board received a management accounts report in May stating a surplus for the year of £113,606. The surplus has decreased by £77,606 to £36,000.

Description	£'000
Change in value for the investment part of South Devon House	60
Additional Depreciation Charges	12
Loan amortization costs not entered	5
Total Change	77

There have also been some prior year adjustments. On reconciling the assets it was discovered that Forder Lane House value was understated in the accounts by £474,000, this was shown under housing assets. Forder Lane House depreciation was overstated by £86,000, this has now been adjusted for. There was historical depreciation which was also adjusted for, mainly relating to the PV panels, which had not been depreciated.

This has resulted in the reserves increasing from the 2017 original figure of £1,055,000 to £1,136,000 an increase of £81,000. The restated surplus for 16/17 is £239,000 a decrease of £7,000 which relates to depreciation charges.

Recommendations

To approve the annual accounts for 2017/18.

SOUTH DEVON RURAL HOUSING ASSOCIATION LTD

Agenda Item 2e

Authors Claire Barnett and Francis Bourke

Board of Management

Capital Programme (Components)

FOR INFORMATION

Purpose: To inform the Board of Management of the capital programme spend for replacement components in 2018/19.

The table below shows the proposed component replacements for 2018/19.

Components replaced in 18/19	Number	Cost £	Comments
Kitchen	1	£2,196	
Total Spend 18/19		£2,196	
Budget 18/19		£246,391	
Proposed spend 2018/19			
Heating Systems	37	£150,000	
Kitchens c/fwd from qtr 4 17/18	10	£50,000	
To be allocated 2018/19		£46,391	
Total to spend 2018/19		£246,391	

Recommendation

The Board are recommended to note the expenditure to date for 2018/19.

SOUTH DEVON RURAL HOUSING ASSOCIATION LTD
Author Claire Barnett

Board of Management

Agenda Item 2f

Capital Programme Report

FOR INFORMATION

Purpose

To update the board on the capital programme progress and expenditure to date and available cash for future schemes.

Report

Capital Programme 17/18 to 20/21

Appendix 1 shows the budgets for 18/19, 19/20, 20/21 and 21/22.

Appendix 2 shows a simple cashflow statement stating available cash once all the cash transactions for the financial year have been processed, which shows the position at the end of the next 2 financial years.

This shows that all the proposed schemes could be funded.

Recommendations

To note the capital expenditure and the cashflow.

SOUTH DEVON RURAL HOUSING ASSOCIATION LTD
Author Claire Barnett

Board of Management

Agenda Item 2g

Annual Report

FOR DECISION

Purpose

To present the annual report for board approval

Report

Annual Report

A separate document has been circulated to Board for approval.

Recommendations

To approve the Annual Report for the year ended 31 March 2018.

SOUTH DEVON RURAL HOUSING ASSOCIATION LTD

Author Steve Prime, Claire Barnett

Board of Management

Agenda Item 2h

Brimhay Financial Appraisal Update

FOR INFORMATION

Purpose

To ensure the Association complies with the Regulatory Code, Best Practice and promotes continuous improvement and Value for Money.

Report

As board are aware, SDR completed an application for grant assistance from Homes England (HE) to enable the completion of the development. The Grant Claim was for £456,000 on Brimhay Affordable Flats and £400,000 on 'ROC' Supported Housing Flats.

When the original financial appraisal was produced it was envisaged that £300,000 would be realised from the sale of the 'ROC' site and £200,000 from South Hams District Council in the form of Local Authority Grant. Due to the unprecedented delays on this scheme, development costs have also risen considerably, putting the scheme in jeopardy.

However, I am pleased to report that grant totalling £856,000 has been awarded to SDR by HE for the redevelopment of Brimhay.

Attached are the updated financial appraisals, **Appendix 1, Brimhay and Appendix 2, 'ROC' Supported** which includes the grant funding.

In accordance with the approval given at the May meeting contracts have been signed on the First Phase, 12 Affordable Flats. Rural Homes Limited have also entered a contract for the first three market houses to be built.

SDR will now be required to build out the 'ROC' building in accordance with the grant awarded which will require SDR to finance the remainder as per the Financial Appraisal. It is likely this can be achieved within the capital programme estimates for the next 5 years. This will be subject to an acceptable tender result. It is anticipated this phase will start in late 2019.

Recommendations

Board members are recommended to:-

Note the updated financial Appraisal for Brimhay and 'ROC' Supported building.

Board of Management

Development Report

TO NOTE

Purpose

To ensure the Association meets its regulatory and legal obligations, promotes continuous improvement and value for money. Updating members on progress and agreeing key areas for review.

Development Progress Report

Brimhay – separate report

Old Totnes Road 2 Units Market Sales

Completed, one sold subject to contract, one currently being marketed. Estimated profit £50k+

Market Place, Wadebridge Acquisition, 10 units shared equity.

Completed 4th May 2018

Management Agreement – SHIP Project 11 units Rent to buy.

SHIP project Plymouth, handover has taken place, 6 flats let in first tranche and two prospective tenants are being referenced. One is being used as a show flat and further marketing ongoing. To date 7 are let and the remaining units actively marketed.

Disposal – 1 Speddings Cottages, Dartington – under offer £176,000 (part of an approved assets disposal programme, 3rd sale of 6 units.

Current and Future Development Opportunities Report

(Development Services provided by Rural Homes Limited)

Project	Stage	Type	Units	Comments
Kingsbridge	Purchase land	SDR Now sole purchaser	14 – units (3 affordable) – Joint venture SDR/RHL	Await Sec106 and Outline planning - overdue
Wrangaton	Negotiations	Mixed funding £1.5million	Up to 32 units potential partners RHL	Option to purchase being sought @ £450,000 – planning issues – on hold
Other sites	Kingsbridge	The Mounts	10	– planning issues
Lifton	With planning	SDR/RHL	20 (8 affordable)	Land now sold
Malborough	Negotiations	SDR/RHL	16 (8 affordable)	Agreement in principle
Development Services (RHL)	Talks	SWHS require further development services	Various	Ongoing
Cornwall CLT	Interim development support RHL	Contracted services with Service Level Agreement	Minimum 52 days over 52 weeks.	Ongoing
Various Devon CLT's	Paid consultancy from Community Build Fund	RHL act as Consultants		Ongoing
East Devon DC	Various rural sites	Small rural sites	Variable	No progress
Teignbridge	SDR to join as preferred partner	Potential Sec106 site Dawlish	21 units	Now approved partner status
Project Chistina Park	Complete	SDR funded	1	Complete – sale agreed @£298,000 – c £27,000 surplus

Recommendation:-

Note the Development Report and the future development report from Rural Homes Limited

SOUTH DEVON RURAL HOUSING ASSOCIATION LTD

Authors (s) Francis Bourke

Board of Management

Agenda Item 4a

Policy Development Programme

FOR INFORMATION

Purpose

To ensure the Association meets its regulatory and legal obligations, promotes continuous improvement and value for money services. Updating members on progress and agreeing key areas for review.

Key Policies and Development Areas:

Subject Development/Policy Title	Date Last Reviewed	Review Due Date	Reviewed By
Corporate & Governance			
Board Members' Handbook	Dec 2017	12/20	SP (Updated 11/16)
Board Membership and Renewal	Dec 2017	12/20	SP
Tenant Board Membership	Dec 2017	12/20	SP
Admission of Shareholders	Dec 2017	12/20	SP
Complaints Policy	Nov 2017	11/20	FB
Whistleblowing	July 18	07/2021	BB/FB
Equality and Diversity Policy	May 2014	08/18	FB SMT
No Smoking Policy	Dec 17	12/21	SP
Motor Vehicle Policy	June 2018	03/21	CB
Resident Involvement and Co regulation Policy	Jan 2013	12/18	FB
Value for Money	May 2018	05/19	FB
CCTV	Dec 2018	12/20	SP
Finance			
Depreciation Policy	Jan 2018	01/21	CB
Financial Regulations and Standing Orders	July 2017	07/19	CB
Risk Management Policy	Jan 2018	01/20	FB/CB/SP/BVB

Subject Development/Policy Title	Date Last Reviewed	Review Due Date	Reviewed By
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Human Resources			
HR Handbook	Nov 2017	03/21	FB/CB
Code of Conduct - Staff	Nov 2017	03/21	FB/CB
Lone Workers Policy	July 2018	07/21	FB

Maintenance and Development			
Maintenance Policy	Dec 17	06/21	FB
Tenants Improvements, etc.	Dec 17	06/21	FB

Housing Management			
Customer Charter and Communication Plans	July 2014	10/18	FB
Anti-social Behaviour Policy	Dec 2017	04/21	FB
Lettings Policy	Nov 2013	10/18	FB
Lodgers & Sub-letting Policy	July 2015	07/18	FB
Overcrowding Policy	July 2015	07/18	FB
Compensation Policy	Jan 2018	01/21	FB/CB
Pets Policy	Nov 2017	11/21	FB
Succession Policy	July 2015	07/18	FB
Car Parking & Abandoned Vehicles Policy	Dec 2017	05/21	FB
Service Charge Policy	Jan 2018	01/21	FB/SP
Domestic Violence	Nov 2017	11/21	FB
Rent Increase Policy	Oct 15	10/18	FB/SP/CB
Rent Arrears Prevention and recovery Policy	Nov 2011	09/18	FB
Tenancy Management	Dec 2017	12/21	FB
Decanting Tenants	Dec 2017	05/21	FB

Support & Care Specific			
Safeguarding Adults	October 2017	10/20	BVB
Volunteer Policy	Oct 2015	10/18	BVB

The Board are recommended to note this report.

SOUTH DEVON RURAL HOUSING ASSOCIATION LTD
Author Claire Barnett

Board of Management

Agenda Item 4b

Board Appraisals

FOR DECISION

Purpose

To update on the progress of Board Appraisals

Report

Board Appraisals

The Chair will update the Board on progress made

Recommendations

To approve the Board appraisals.

SOUTH DEVON RURAL HOUSING ASSOCIATION LTD

Board of Management
Author – Steve Prime

Agenda Item 4c

Care and Support

FOR DECISION

Purpose

To ensure the Association meets its regulatory and legal obligations, promotes continuous improvement and value for money.

Review of Welfare Fund created for Forder Lane House Residents 2015

Background

In 2015 the association implemented a Welfare Fund for Forder Lane House Residents to offer some protection for longer term residents whose own funds were coming to an end. This fund was established on the basis of an eligibility criteria set out in **Appendix 1**.

To date there have not been any successful applications to this fund. In the last three years the average stay at Forder Lane House has substantially diminished and turnover has increased accordingly. There are a number of reasons for this:

- I. New residents presenting later in life and with more complex health issues;
- II. Respite and short stay placements
- III. Moving to homes with higher support needs (nursing)

In view of this it is proposed to lower the eligibility criteria to one year, but leaving in place the remaining eligibility criteria, subject to there being adequate budget available. (£10k plus 1% on annual turnover)

Proposal

It is proposed that SDR reduce the eligibility occupancy time to one year.

Recommendation:-

Members approve the revised occupancy eligibility criteria

South Devon Rural Housing Association Limited

Application for financial support for Care Home Fees from the SDR Welfare Fund.

Eligibility Criteria:

- ❖ Must have been resident at Forder Lane House for 1 year.
- ❖ Must have been considered previously for a move to a less expensive room
- ❖ Must be approaching capital limit of (currently) £23,000
- ❖ Able to provide evidence of no other assets or income to self fund
- ❖ Confirmation Local Authority unable/unwilling to fund fully
- ❖ Able to demonstrate no top up available through family or other charitable sources
- ❖ Other compelling reason: Health, Welfare etc

SOUTH DEVON RURAL HOUSING ASSOCIATION LTD

Board of Management

Author Claire Barnett

Agenda Item (5a)

Treasury Report

FOR INFORMATION

Purpose

To ensure the Association complies with the Regulatory Code, Best Practice and promotes continuous improvement.

Report

The tables below show South Devon Rural Loans and cash balances held in various bank accounts.

Summary of Loans Received and Made as at 5th July 2018

Bank	Amount £	Rate %	
Lloyds TSB	4,000,000	5.495	30 years to Sept 2037
Lloyds TSB	3,000,000	3.565	25 ½ years to Sept 2037
Triodos	2,690,171	3.5	Repayments started April 2015
Totnes TT	30,000	5	To finance PV panel installations
Totnes TT	8,334	4	To finance PV panels at Sutcliffe CI
CAF Loan A 10111545	812,054	2.75	2.25% above base rate Maximum loan £2,165,000 non utilisation fee 1.125% pa
CAF Bramble	678,804	2.75	2.25% above base rate
CAF Loan B 10112560	1,998,402	2.75	£2.1m Loan for the purchase of Broomborough and Kellock Drive 2.25% above base rate, min 2.25%
Total Borrowings	13,252,138		Rules allow up to £25,000,000
Rural Homes Ltd	15,000	3.5	New loan agreement agreed 26 th July with new interest rate at 1% above SDR charge

Total principal to be repaid in 18/19 is £216,433.

Summary of Accounts as at 5th July 2018

Bank	Investment £	Terms	Rate%	Comments
CAF Gold	337,531	Deposit	0.05	
CAF current	65,995	Current	0.00	Main account
Santander	87,061	Call account	0.74	No notice required.
Lloyds TSB	10,073	Current	0.00	Cash & Cheques banked at Lloyds
Lloyds 32 day notice	92,728	32 day notice	0.57	New deposit placed July 18

Recommendations

To note the loans and balances held.

South Devon Rural Housing Association Limited

Author (s) Francis Bourke

Board of Management

Agenda Item (6a)

Performance Dashboard – Quarter 1

FOR INFORMATION

Purpose

To ensure the association monitors performance in key service areas, and advises the board of progress, improvements and areas that may need improving.

SDR monitor performance in a number of ways, to ensure quality of customer service and value for money. One of the ways SDR monitors performance is by using Key Performance Indicators (KPI's). This performance, is monitored, analysed and acted on by the management team.

The performance dashboard (**Appendix 1**) show how SDR are doing on some of the main KPI's. Green indicators show we are meeting or exceeding targets, amber indicators shows we are within 5% of targets, and a red indicator shows we are out of target and need to improve.

Agenda Item 6a Appendix 1							
Performance Dashboard	Performance 2017/18	QTR 1	QTR 2	QTR 3	QTR 4	Target 2018-19	Commentary
ASSET MANAGEMENT							
Annual Gas Safety Checks Completed	100%	100%				100%	
Emergency	100%	100%				100%	
Urgent	100%	100%				95%	
Contractor Satisfaction	98%					90%	
RENT ARREARS							
GN Tenant rent arrears as % of annual debit	0.79%	0.52%				1.25%	
Forder Lane resident rent arrears as % of annual debit	1.11%	0.43%				3.00%	
Total Rent amount written off as a % of rent debit	0.00%					1.00%	
ALLOCATION AND VOID MANAGEMENT							
Void loss on homes as a % of gross rent	0.34%	0.18%				1.00%	
Average re-let time (including major works)(days)	26	36					
Average relet time (excluding major works)	25	22				14	Delays on target due to facilitating a tenant transfer, and 1 property had a number of viewings before allocating.
Number Of Lettings	27	5					
% Of Lettings to BME Households		0					
ANTI SOCIAL BEHAVIOUR							
Total no of ASB Cases	8	2					
% Of ASB Actions Completed On Time	100.00%	100.00%				90.00%	
No of ASB cases open	1	2					

South Devon Rural Housing Association Limited

Author (s) Francis Bourke

Board of Management

Agenda Item 6b

Lettings Report – Quarter 1

FOR INFORMATION

Purpose

To show the board all lettings activity in quarter 1, including Forder Lane House.
See attached table.

South Devon Rural Housing Association

Lettings Report Qtr 1

Agenda Item 6b

Period:	01/04/2018	To:	30/06/2019			
Address	Property Type	Family Make Up	Void	Ethnicity	Date Let	Comments
2 Hartley Court	2 bed ground floor flat	Female Male Baby	04/03/18	White	09/04/18	
19 Forder Lane House	Room in Care Home	Female	04/04/18	White	09/04/18	
4 Forder Lane House	Room in Care Home	Female	24/03/18	White	10/04/18	
2 Garden Close	2 bed semi-detached bungalow	Male	09/04/18	White	16/04/18	
19 Forder Lane House	Room in Care Home	Female	11/04/18	White	20/04/18	
Flat 1, Old School House	1 bed ground floor flat	Female Male	30/04/18	White	01/05/18	
Flat 3, Old School House	2 bed ground floor flat	Male	30/04/18	White	01/05/18	
Flat 6, Old School House	2 bed 1st floor flat	Female	30/04/18	White	01/05/18	
Flat 9, Old School House	2 bed 1st floor flat	Female Male	30/04/18	White	01/05/18	
Flat 11, Old School House	1 bed 1st floor flat	Male	30/04/18	White	01/05/18	
15 Forder Lane House	Room in Care Home	Male	13/04/18	White	11/05/18	
26 Broomborough Court	1 bed ground floor flat	Male	16/04/18	White	14/05/18	
19 Forder Lane House	Room in Care Home	Male	30/04/18	White	25/05/18	
21 Forder Lane House	Room in Care Home	Female	29/04/18	White	02/06/18	
Flat 4, Old School House	2 bed ground floor flat	Female Male	30/04/18	White	01/06/18	

Address	Property Type	Family Make Up	Void	Ethnicity	Date Let	Comments
22 Forder Lane House	Room in Care Home	Female	04/03/18	White	04/06/18	
7 Market Place	3 bed house	Female	07/06/18	White	08/06/18	Sale
9 Forder Lane House	Room in Care Home	Female	06/06/18	White	12/06/18	
5 Forder Lane House	Room in Care Home	Male	27/05/18	White	15/06/18	
6 Honeywill Court	1 bed ground floor flat		18/06/18			Not re-let
Flat 5, Old School House	1 bed ground floor flat	Female	30/04/18	White	01/07/18	
27 Broomborough Court	2 bed ground floor flat		02/04/18			Not re-let in Q1, major repairs. New tenant as of 09/07
1 Spedding Cottages	1 bed house		28/05/18			Not to be re-let, for sale
21 Forder Lane House	Room in Care Home		17/06/18			Not re-let in Q1, new resident on 02/07
12 Church Park	2 bed semi-detached bungalow		18/06/2018			Not re-let in Q1, new tenant on 09/07
19 Forder Lane House	Room in Care Home		20/06/18			Not re-let
5 Forder Lane House	Room in Care Home		21/06/18			Not re-let
22 Forder Lane House	Room in Care Home		27/06/18			Not re-let

Members are recommended to note the report.

South Devon Rural Housing Association Limited

Author (s) Francis Bourke

Board of Management

Agenda Item 6c

Responsive Repairs Update

FOR INFORMATION

Purpose

To update the board on progress made in addressing the issues on previous years repairs budget overspend.

As stated in the previous board report presented at May's board, there were a number of factors contributing to the overspend. The outcome of this analysis, led to SDR making a decision on how repairs are managed at point of contact. SDR will receive calls from tenants reporting repairs and manage this process in house from 6th August 2018.

Actions taken since the last board meeting have included:

- Operations Director meeting with the senior managers at WMS, advising that SDR will be taking responsive repair calls directly from customers, and agree transition plan. WMS were again advised that, their current administration of invoicing still needs improving going forward. This will continue to be closely monitored by SDR staff.
- Operations Director developing and implementing an action plan, for smooth transition of changes in service.
- External staff training on the housing management system has been arranged. This will support staff in managing and monitoring repairs and support management in more detailed business reporting.
- Advertise to customers via newsletter/website regarding changes to service.
- An improved commitment system, to support understanding and projections of budget. This will continue to be developed for accuracy.
- Meetings with other main contractors, to support sharing out the work, rather than all works going to WMS, and reminding contractors of SDR performance standards and expectations.
- Within SDR taking calls this will include detailed interrogation of jobs, diagnostics and commissioning more inspections pre works.

Below is a table comparing amount of jobs from qtr 1, 17/18 and qtr 1, 18/19. There is a reduction in overall repairs. From 17/18 to 18/19. This may be due works already being carried out by SDR staff, to move towards the change in service, through utilising more contractors, as we begin to bring them back on board, and being more involved in these repair queries, including more pre work inspections. More analysis in this area will be carried out, which will highlight any improvements once SDR take the management of repairs service back in house.

	Qtr 1 - 17/18	Qtr 1- 18/19
No of WMS Repairs	329	223
No of Non WMS repairs	130	131
Total No of repairs	459	354
Average number responsive jobs weekly	38	29
Budget at Qtr 1	£47,586	£27,343

There is an estimated commitment of 119 invoices yet to be paid for qtr 1. Using average cost per job of £153.00 (calculated from qtr 1's paid invoices) this totals £18,207. This estimate will improve over the coming months, as SDR improve its business analysis around entering more accurate estimates on the housing management system at point of raising a repair order.

In addition to the day to day budget there are a number of jobs identified as a priority to complete this year, which are not capital budget works, so will affect this budget, and could cause another overspend at year end, or SDR may need to take the decision, to not carry out certain works.

These include:

Huxhams Cross – Fascias, and rainwater good replacements – quoted at around £9,000

Shinners Cottages, Dittisham – retaining walls – quoted at around £10,000

2 Speddings Cottages & 1 Shinners Bridge cottages– works to roof, windows, and guttering, estimated at around £11,000. (There could be an option of doing all windows and doors at these properties, which could then be capitilised). However major upgrades are not in SDR's asset strategy regarding these properties.

An updated report on the budget position, and the progress of the service with SDR managing repair calls will be provided to Board in October.

The Board are recommended to note this report.

South Devon Rural Housing Association Limited

Authors (s) Francis Bourke

Agenda Item (7)

Board of Management

Complaints Monitoring

FOR INFORMATION

Purpose

That the Board note complaints and actions taken. The Association maintains a complaints monitoring register and as part of its desire to promote continuous improvement, the Board receives regular reports on complaints the Association has received. The outcomes help to develop and improve service delivery.

Complaints Monitoring

All complaints received by the Association are recorded. All complaints at stage 2 and above are reported upon in this report in more detail. All complaints which progress to stage 3 will be the subject of a separate written report in accordance with the Association's policy.

Record of complaints in the period 1st April 2018 - 30th June 2018

Stage 1	Stage 2	Stage 3	Comments

Board are recommended to note the report.

South Devon Rural Housing Association Limited

Authors (s) Francis Bourke

Agenda Item (7a)

Board of Management

Anti Social Behaviour Monitoring

FOR INFORMATION

Recommendation

That the board note details and actions taken regarding anti social behaviour cases.

The Association maintains a register monitoring reports and incidents of harassment and anti social behaviour and as part of its desire to promote continuous improvement. The outcomes help to develop and improve service delivery.

Anti Social Behaviour and Harassment Monitoring Period 01/04/2018 to 30/06/2018

Date Complaint Received	Target Response Date	Actual Response Date	Tenancy Type	Complaint Details	Actions Taken	Responsible Officer	Status: Open/Closed
05/12/2017	05/12/17	05/12/17	Assured	Altercation involving a knife took place at the property. GBH Crime recorded as Section 18 (Wounding). Victim did not press charges. Details confirmed by PCSO. Neighbours witnessed events. Tenant continues to keep property unclean and in poor decorative state. Tenant has confirmed visitor's Class A drug use has continued in the property.	<ul style="list-style-type: none"> • Notice of Intention to Seek Possession issued on 30/01/18 • Will continue to work jointly with CPN. • In process of applying for Possession Via Court. • Court hearing adjourned, next hearing listed 08/08/18. 	Elena Davis	Open WALN04

Date Complaint Received	Target Response Date	Actual Response Date	Tenancy Type	Complaint Details	Actions Taken	Responsible Officer	Status: Open/Closed
04/06/18	04/06/18	04/06/18	Assured	Visitors of tenant causing noise nuisance, with abusive language and actions. Police attended.	Housing Officer spoke to police and neighbours, spoke and wrote to tenant, advising of breach of tenancy. No further incidents. Case closed.	ED	Closed Toll09
14/06/18	14/06/18	14/06/18	Assured	Neighbour speaking aggressively to tenant, using abusive language.	Housing Officer, spoke to both parties, interviewed alleged perpetrator. Interviewed witness Spoke to tenant's family. Currently monitoring	ED	Open Cros03

South Devon Rural Housing Association Limited

Authors (s) Francis Bourke

Board of Management

Gas Servicing Report

FOR INFORMATION

Purpose

To provide board members information on the management of gas servicing.

The Association maintains a Gas Servicing register and as part of its desire to promote continuous improvement, the Board receives regular reports on progress on the delivery of the Gas Safety and Servicing Contract. The current contract is placed with Evans & Co. Where individual properties have not had their annual service and are 3 months or more overdue, an action plan to ensure servicing is carried out will be reported upon below.

Monitoring Report

Records of all SDRHA's properties with gas appliances are kept along with current service records in accordance with the Gas Safety and Servicing Policy and Procedure.

Records of Servicing/Safety Checks

01/04/18 – 30/06/18

Number of Properties	Number Serviced to date	Number outstanding over 3 months	Comments
116	116	0	Servicing visits ongoing on schedule

The Board are recommended to note the report.

SOUTH DEVON RURAL HOUSING ASSOCIATION LTD

Board of Management

Agenda Item 9

Care and Support

FOR INFORMATION

Purpose: To inform the Board of Management of the performance and monitoring of Forder Lane House Care Home, Day Care and Support Projects.

Staffing Report

Staffing remains stable.

The staff sickness continues to be monitored with the Bradford point system.

Staff Training and Development

Training Requirement	Statutory/Ordinary	Number of staff trained	Dates Of Training
Moving and Handling	Statutory	All Staff	12 th December 17
Adult Safeguarding	Statutory	All staff	12 th December 17
Medication Safe Handling Awareness	Statutory	All Staff	18 th January 2018
Food Hygiene	Statutory	All staff	21 st February 2018
Health and Safety	Statutory	All staff	21 st February 2018
Report and record Keeping	Statutory	All staff	3 rd May 2018
People moving and Handling Trainer /assessor Course	Statutory	Deputy Manager – Claire Harrison	2 nd 9 th 16 th and 23 th May 18
Fire Safety	Statutory	All Staff	9 th May 2018
Tissue viability / Waterlows/MUST and application of creams	Statutory	All Staff	29 th May 2018
Activity Co Coordinator	Statutory	2 x Staff	6 th July 2018

Occupancy levels July 2018

Number of Rooms	Number Occupied	Comments
25	22	

Activities

The Royal Wedding celebration at Forder lane was very successful with many family members turning up for the event. We had professional photographs taken and these have been used in our annual report as well as our updated brochure.

Our garden party will be held on the 21st July, where there will be a variety of entertainment throughout the day as well as a buffet and barbecue.

Residents continue to enjoy trips out on the mini bus as well as a variety of activities throughout the week

Managers Report

We continue to experience a high turnover of residents, many residents coming to Forderlane for respite. We are balancing the need to fill rooms whilst ensuring that we are able to provide adequate care without compromising the staffing resources. We continue to receive referrals from the Intermediate Care Team but due to the additional care needs required by some of the referrals, some short term placements are being charged at a higher rate, dependent on the level of care required .i.e. two staff for all transfers We also need to be mindful that residents who are self funders but whose finances are falling below the threshold of £23, 250 will be assessed using the Resource Allocation System.

RAS is a process developed by FACE (Functional Analysis of Care Environments) that estimates the cost of care for a typical person with the needs and available support identified within their social care assessment.

Any residents based on a long term contract that are funded by County will be assessed, which means that dependent on the scoring of the RAS assessment they may come out lower or higher than our room rates. The same applies to any self funding residents whose finances start to fall below the threshold.

One of our self funding residents was assessed back in June 2018 using the Resource Allocation System (RAS) as her finances were depleting and therefore the family were requesting assistance from Devon County Council. After the completion of the RAS, it was calculated that her budget would be £388.00 per week. The family have been made aware that if our fees are not met we will have no alternative but to serve notice.

Hospital Admissions.

1 hospital admission

Health and Safety

Report

The Association monitors incidents, accidents and near misses

Monitoring Report

Records of accidents and near misses

May 2018- July 2018

Accident book entries	Accidents	Comments
14	14	Most falls minor/skin flaps or no injury
CQC reported	1	Person hospitalised broken leg/ head injury
Ambulance called	1	Admitted to hospital with a fractured hip

0 Accidents were reported under RIDDOR requirements.

1 Resident referred to the falls clinic – due to number of falls, in a short period of time

Recommendations

Board Members are recommended to note the report

**REPORT OF THE BOARD OF MANAGEMENT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018
FOR SOUTH DEVON RURAL HOUSING ASSOCIATION LIMITED**

Cooperative and Community Benefit Societies Act 2014 Registration number: 14949R
Homes and Communities Agency (HCA) number: LH0920

SOUTH DEVON RURAL HOUSING ASSOCIATION LIMITED

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

	Page
Association Information	2
Report of the Board of Management	3
Report of the Independent Auditor	10
Consolidated Statement of Comprehensive Income	12
Association Statement of Comprehensive Income	13
Consolidated Statement of Financial Position	14
Association Statement of Financial Position	15
Consolidated and Association Statement of Change in Reserves	16
Consolidated Cash Flow Statement	17
Association Cash Flow Statement	18
Notes to the Cash Flow Statement	19
Notes to the Financial Statements	20-38

SOUTH DEVON RURAL HOUSING ASSOCIATION LIMITED

**ASSOCIATION INFORMATION
FOR THE YEAR ENDED 31 MARCH 2018**

BOARD OF MANAGEMENT

Mr J Davis	Chairman
Ms P Simon	Vice Chairman
Mr R Hewett	
Mrs C Burrows	
Mr S Stewart	
Mr S Petty	Resigned June 2017
Mr R Hands	
Mr A Munroe	Resigned June 2018
Mrs S Fairman	Elected May 2017
Mr M Lightfoot	Elected May 2017

CHIEF EXECUTIVE AND SECRETARY

Steven William Prime

SENIOR MANAGEMENT TEAM

Steve Prime – Chief Executive, Claire Barnett – Finance Director and Francis Bourke – Operations Director.

REGISTERED OFFICE

South Devon House
Babbage Road
Totnes
Devon
TQ9 5JA

South Devon Rural Housing Association Limited is an Exempt Charity and is a registered society under the Cooperative and Community Benefit Societies Act 2014 registration number 14949R.

The Association's Homes and Communities Agency (HCA) registration is LH0920.

AUDITOR

Bush & Co Limited
2 Barnfield Crescent
Exeter
Devon
EX1 1QT

BANKERS

CAF Bank Ltd 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ	Lloyds Bank plc 31-33 Fore Street Totnes Devon TQ9 5HH
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SOLICITORS

Tozers Southernhay West Exeter Devon EX1 1UA	Stephens Scown Curzon House, Southernhay West Exeter Devon EX1 1RS
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SOUTH DEVON RURAL HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2018

The Board of Management presents its report with the financial statements of the Association for the year ended 31 March 2018.

PRINCIPAL ACTIVITIES

The principal activities of the Association in the year under review were those of providing quality accommodation for people on low incomes and residential care. The Association is a registered society under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Homes England. Rural Homes Ltd is a wholly owned subsidiary of the Association, so the consolidated accounts include both the Association and the Subsidiary. Rural Homes Ltd has gradually increased its activity, working both with the Association and with another housing association and Community Land Trusts. The project management has increased in 2017/18.

REVIEW OF BUSINESS

The results for the year and financial position of the Group and Association are as shown in the financial statements. This has been a very positive year for South Devon Rural.

Founded in 1958 to provide social housing for local people, the Association has evolved into a modern organisation that has social objectives at the heart of its work. We have steadily increased our housing stock and have continued to deliver quality affordable housing.

Whilst our core business is providing affordable rented or shared-ownership homes, we also provide many forms of housing-related support services. A consistent theme is sharing a system of values about service to tenants and other customers, and to the wider community.

As we celebrate our Diamond Anniversary this year, we are moving forward with an ambitious and progressive programme of projects big and small, which will continue to benefit individuals and families with specific housing needs.

We continue to follow our primary objective of creating more affordable housing in South Devon. We also have an excellent reputation for delivering projects on time and managing properties very well.

The Association was approached to support a local family in need. South Devon Rural Housing Association collaborated with local agencies to provide the family with a shared-ownership local home that could be adapted to their needs. In order that the move from their own property to their new home went smoothly, SDR agreed to purchase it. The housing association has since refurbished their previous home in Totnes and the property was put up for sale. SDR entered into a joint venture with South Hams District Council, Virgin Care and Devon County Council to identify and adapt a suitable home for the family in the autumn of 2017. The urgent need for facilities to cope with the child's specific disabilities meant that a project much like television's DIY SOS needed to swing into action. The only problem was that their existing home could not be adapted to suit the needs of the family.

The partners worked together with urgency and efficiency and the family were soon living in their newly-adapted home. Work could then begin on their previous house so it could be fully refurbished and sold. The sale was completed in June 2018. This is the Association first property under shared ownership and is an area the Association is looking to develop in the future.

The family with the disabled child are living in much more suitable accommodation. People are what we are about.

Value for Money (VFM)

Our definition of VFM is simple – we want to produce as much value as possible for the money and resources we have available. The value we produce is directly related to our social purpose as set out in our mission statement which is as follows:

SDR is a socially responsible business delivering quality homes and support services which change people's lives. We are engaged and innovative; and work in collaboration with others to enhance the wellbeing and independence of individuals and communities.

For us, therefore, achieving VFM is about making a bigger difference by delivering quality homes and the best support services we possibly can with the resources available. We will do this mindful of the legitimate and sometimes competing interests of our key stakeholders: tenants, local communities, local partner organisations, taxpayers and funders.

SOUTH DEVON RURAL HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2018

Our strategic approach to VFM and use of resources:

Our VFM strategy may be summarised as:

- being clear about what we do – our purpose, objectives and the value we produce
- recognising how our operating context influences what we do:
 - the needs and aspirations of our stakeholders, particularly the profile of our customers,
 - local and national context.
- ensuring the system of value production is optimised:
 - do the right things – a business plan that focuses resources on the right activities by making informed choices to achieve our corporate priorities
 - with the right assets - ensure we have the right physical and human assets for the right cost
 - in the right way – efficient and effective delivery
 - using the right tools – we need the right tools to allow us to evaluate success and apply learning – to check we have delivered the right outcomes, including making a surplus and efficiency gains for reinvestment in our social objectives.

Our embedded approach to the delivery of VFM on a day to day basis:

Our Board head up the association's approach to VFM holding the executive team to account for VFM performance.

The need to maximise VFM is embedded as a culture of the association. An Investment In People (IIP) assessment was carried out at SDR, which incorporated Value For Money as its assessment theme. SDR were awarded the IIP accreditation, with a number of positive comments on its approach to Value For Money, and have continued this momentum.

We are part of a benchmarking group of housing associations in the Southwest of England. We use this to compare our performance to others and identify how we can improve the way we deliver our services.

Strategic Objectives – how have we done so far?

DEVELOPMENT

To develop and manage sustainable, community based, affordable housing and related services for South Devon and surrounding areas (Existing operations are in South Hams, Teignbridge, West Devon and Exeter.) where there is a proven need and good strategic fit.

There are a number of development projects including the Brimhay development which Rural Homes Ltd and South Devon Rural hope to be working on in the next year to deliver more affordable rented properties to local people. Further funding is currently being negotiated to fund these schemes. The intention is to have a development program that is secured on existing assets to develop homes on sites with market sales, which following the sales, will enable a continued program of affordable homes being built.

New supply delivered %

This metric sets out the number of new social housing and non-social housing units that have been acquired or developed in the year as a proportion of total social housing units and non-social housing units owned at period end. The table below shows the large stock transfer of the properties at Broomborough Court and Kellock Drive in 16/17 plus the completion of the 4 new build at Moreleigh. No further units were developed or acquired in 17/18. Because of the time required to deliver housing schemes can be long, the association is working to secure a pipeline of development opportunities a number of years into the future. Rural Homes Limited is assisting SDR to achieve this and has identified a number of projects moving forward which could provide around 30 affordable homes over the next three years. SDR is a partner in the Partnership South West which is a development consortium able to apply for grants from Homes England, to provide affordable housing.

A. New supply delivered (Social housing units)

16/17	17/18	SWBM Median
14.9%	0%	2.42%

SOUTH DEVON RURAL HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2018

The table below refers to the 2 properties acquired during the year to enable a local family to be supported. One of these units will be sold in 2018.

B. New supply delivered (Non-social housing units)

16/17	17/18	SWBM Median
0%	0.63%	0%

Housing Properties at cost before depreciation have increased from the 2017 figure of £20,371,000 to £20,880,000. This includes 35 properties purchased under the SHIRE scheme with a cost of £4,973,000. The net book value of the Association's fixed assets has increased from £17,575,000 to £17,770,000. Details of fixed assets are shown in Note 11.

HOUSING SERVICES

To provide a housing management service that is cost effective, customer focussed, responsive to resident influence, and achieves a high rate of tenant satisfaction. Ensure staff are knowledgeable of stock and schemes and local needs, and are well trained in relevant service areas. This is supported through training and regular site visits, and customer feedback.

Headline social housing cost per unit

The unit cost metric assesses the headline social housing cost per unit as defined by the regulator. The cost increase from 16/17 to 17/18 mainly relates to an additional £76,000 spend on repairs.

Including the Care Home

16/17	17/18	SWBM Median
£3,574	£3,929	£2,999

Excluding The Care Home, which is a fairer comparator to the benchmarking club as care home running costs are high, and other local housing associations do not run them.

16/17	17/18	SWBM Median
£1,980	£2,348	£2,999

Arrears as a percentage of rent receivable

This shows how well the level of rent money owed to the Association compared to the amount of rent it is due to collect. As you can see the Association performs very well and our tenants pay promptly.

16/17	17/18	SWBM Median
0.59%	0.79%	2.09%

Rent losses from voids

This shows that there is a demand for the Association housing stock.

16/17	17/18	SWBM Median
0.07%	0.34%	0.30%

FINANCE

To be a financially sustainable organisation. Ensure the organisation is able to grow organically as well as funded and through future borrowings identified in strategic plans approved by the Board.

The Association had a budgeted surplus of £18,549. The surplus on operating activities before taxation is £36,000 representing a decrease of £210,067 on the previous year surplus of £246,067 (this included property sales).

Turnover for the year has increased from £2,140,000 in 2017 to £2,367,000 in 2018 an increase of £227,000 (10.6%). The operating surplus has increased by £53,000 (10%) from £530,000 in 2017 to £583,000 in 2018.

SOUTH DEVON RURAL HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2018

The Association's net assets of £1,172,000 have increased by £36,000 from £1,136,000 in 2017. It should be noted that fixed assets are shown at book value of the properties owned by the Association, which is currently significantly below their market value. The Association shows its assets held as social housing properties at cost, with the table showing housing properties carried net of depreciation at £17,839,000. Note 11 of the accounts contains more detailed information.

Gearing %

This metric compares the level of loans held to the housing properties held, it is like a loan to value comparator for a mortgage. The Association is restricted to a maximum of 65% loan to value ratio. The Association has embraced the need to ensure that assets are used to generate new social housing and continues to do so.

16/17	17/18	SWBM Median
62.47%	61.99%	28.88%

Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover %

This metric shows how much cash is generated over and above what is required to pay the loan interest costs. The Association has to generate 110% as part of their loan covenants agreed with the banks.

16/17	17/18	SWBM Median
161%	159%	221%

Operating Margin %

The Operating Margin demonstrates the profitability of operating assets before exceptional expenses are taken into account. The higher the margins are one way to assess the financial efficiency of a business. However the Associations aim is not to achieve a high surplus but to ensure it runs an efficient business with well maintained assets.

A. Operating Margin (social housing lettings only)

16/17	17/18	SWBM Median
30.30%	28.28%	33.05%

B. Operating Margin (overall)

16/17	17/18	SWBM Median
22.22%	23.46%	33.05%

SERVICES FOR OLDER AND VULNERABLE PEOPLE

To provide, in partnership with other providers, care and support services that meet the requirements of customers and comply with regulatory requirements.

Forder Lane House, the Association's residential care home was awarded a rating of Good by the Care Quality Commission in December 2016. It is the Association's aim to achieve the highest rating available. The home was rated good on all aspects, covering is the home safe, effective, caring, responsive and well-led.

Comments included, "Staff are really caring, really good." Staff spoke about people with respect and compassion and had received training to meet people's needs. Staff were supported in their role by an ongoing programme of supervision, appraisal and competency checks; they also told us they received sufficient support from senior staff whenever they needed it. People told us they felt safe using the service. There were risk assessments in place to help reduce any risks related to people's care and support needs. Staff had received training in how to recognise and report abuse and were confident any allegations would be taken seriously and investigated to help ensure people were protected.

SOUTH DEVON RURAL HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2018

The Home continues to perform well, with relatively low voids as a percentage of total rent for the year.

16/17	17/18	SWBM Median
4.73%	5.31%	N/A

HUMAN RESOURCES

To recruit and retain well-trained and motivated staff. Unfortunately due to the nature of care work, the Association has a high level of staff turnover. The increase in 17/18 relates to turnover in office staff. With a small staff team this will result in high percentages shown. The Association is committed to providing a good place to work with good rates of pays. The Association welcomed the introduction of automatic enrolment to pension schemes. No other member of the South West Benchmarking group has a care home.

Staff Turnover

16/17	17/18	SWBM Median
41%	65%	10.7% 2017

INFORMATION AND COMMUNICATION TECHNOLOGY

To have an ICT strategy to meet the current and future ICT needs of the Association.

The aim is to reduce the reliance on paper records, this was due to be implemented during this financial year, but has been delayed. With the use of document image management systems all records should be computerised where possible. Records have also been reviewed due to the new legislation on GDPR introduced in May 2018. Staff are supported with mobile working technology, to enable them to provide current information to tenants visiting our housing schemes.

The Association has purchased a computer which is available in the head office foyer to tenants, to help them to access online services such as housing benefit/universal credit systems and Choice Based lettings.

To support improved customer service and give tenants more control over their housing account, SDR have continue to promote housing software called My Tenancy, which enables tenants to access their rent accounts, update their personal details and report a repair.

CUSTOMER INVOLVEMENT

A new customer involvement strategy is planned to be developed and implemented this year. There are currently a number of ways customers can be involved in the organisation, such as input on policy review, feedback and ideas on how the association can improve services, and customer panels,. Within the new strategy the association will continue to develop and promote further opportunities for customer involvement.

GOVERNANCE

To ensure high standards of governance and clear accountability for the Association, and maintain probity in its direction. The Code of Governance 2015 has been adopted, subject to some areas which require further action, which the board is working towards.

NHF CODE OF GOVERNANCE

Mr J Davis was appointed Chairman at the Board Meeting on 18 October 2017. Ms P Simon was appointed Vice Chairman at the Board Meeting on 18 October 2017.

The Board of Management complies with the principal recommendations of the NHF Code of Governance (2015). There are some areas that the Board still has to implement.

Details of the members of the Board of Management are shown on page 2. In accordance with its rules one third of the Board of Management retires each year.

SOUTH DEVON RURAL HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2018

ASSET MANAGEMENT

To ensure a good understanding of the Associations assets and how they perform. Using business analysis to support strategic decisions.

The Association reviewed its asset management policy in March 2015. This is driven by decent homes standards and value for money. It was agreed at the March 2015 board meeting, subject to HCA approval to sell a void Grade II property in Dartington, as the Association found it challenging to maintain the property to Decent Homes Standard and the repair costs were substantially higher than other stock held. The Association has HCA approval to sell 6 properties in Dartington. 2 properties have been sold. A further property will be sold in 2018 and the remaining 3 properties will only be sold once they become vacant. The sale of these properties will give the opportunity to build new homes, which will be easier to maintain, cost less to run, and be more energy efficiently for tenants. A pilot programme to evaluate alternative heating systems is being considered following the improvements in electrical heating systems.

There is a planned component replacement programme of £1million over the next 5 years to ensure all properties are well maintained. The association spent £184,000 on components in 2017/18.

Reinvestment %

This metric looks how much money the Association is spending on improvements to existing stock and how much it is spending on providing new housing compared to the value of housing stock held. The Association is awaiting clearance for the Brimhay works which will be an investment of a further £1,400,000 on new properties. The Association has a commitment to spending £246,000 on works to existing stock in 2018/19.

16/17	17/18	SWBM Median
1.65%	2.45%	4.11%

Return on capital employed (ROCE) %

This metric compares the operating surplus to total assets less current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital resources. The higher rate achieved in 2016/17 was due to property sales increasing the operating surplus.

16/17	17/18	SWBM Median
3.97%	3.19%	3.43%

SOUTH DEVON HOUSE

To provide facilities and office space to local businesses, supporting new businesses to grow.

South Devon House is a thriving business hub, with a mix of longer term rentals, as well as providing the registered offices for the Association. Further office space was created during 2016/17 and the offices are all fully let with waiting lists.

The Work Hub provides start up businesses with a range of services, from a postal address only, to a fully serviced office at affordable prices.

RENT SETTING POLICY

The 1% rent reduction has continued to be applied in 2017/18 to existing tenancies, which has resulted in less cash available to reinvest in further social housing properties. The rents for Forder Lane House are not subject to the same government policy and were increased by 2% in 2017/18.

SOUTH DEVON RURAL HOUSING ASSOCIATION LIMITED

**REPORT OF THE BOARD OF MANAGEMENT
FOR THE YEAR ENDED 31 MARCH 2018**

RESPONSIBILITIES OF THE BOARD OF MANAGEMENT

The Co-operative and Community Benefit Societies Act 2014 and Registered Social Landlord legislation require that the Board of Management prepare financial statements for each year which give a true and fair view of the state of the affairs of the Group and Association and of its surplus for that period. In preparing those financial statements the Board of Management are required to:

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

The Board of Management are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the accounts comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015 and they are also responsible for maintaining an adequate system of internal control and safeguarding the assets of the Association and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Management are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

COMPLIANCE WITH THE HOMES AND COMMUNITIES AGENCY GOVERNANCE AND FINANCIAL VIABILITY STANDARD

The Board confirms that the Group complies with the requirements of the revised governance and financial viability standard applicable for the year from 1 April 2017.

OFFICERS INSURANCE

The Association provides insurance against the liabilities of all Board of Management members and officers in relation to the Association.

INTERNAL AUDIT

The Board is ultimately responsible for the Association's system of internal financial control which is designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information.

The Association is exempt from Internal Audit. However the Association does commission internal audits periodically. The board considers that the internal control procedures are effective.

PROVISION OF INFORMATION TO THE AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all of the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit

AUDITOR

A resolution to appoint Bush and Co Limited, Chartered Accountants, as auditor was agreed at the Annual General Meeting on the 13th September 2017 and a resolution to reappoint will be put to the members at the next Annual General Meeting

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 12th September 2018.

ON BEHALF OF THE BOARD

.....
Mr J Davis – Chairman

.....
Board Member

.....
Mr S Prime – Secretary

.....
Dated

SOUTH DEVON RURAL HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF SOUTH DEVON RURAL HOUSING ASSOCIATION LIMITED

Opinion

We have audited the financial statements of South Devon Rural Housing Association Ltd (the "Association") and its subsidiary (the "group") for the year ended 31 March 2018 which comprise the Consolidated Statement of Comprehensive Income, the Association Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Association Statement of Financial Position, the Consolidated and Association Statement of Changes in Reserves the Consolidated Cash Flow Statement, the Association Cash Flow Statement 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 Financial Reporting Standard 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 Association's affairs as at 31 March 2018 and of the Group's and Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Board's Annual Report.

SOUTH DEVON RURAL HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF
SOUTH DEVON RURAL HOUSING ASSOCIATION LIMITED

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- sufficient accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on page 9, the Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Association's members as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Bush & Co Limited
Chartered Accountants
Statutory Auditors
Date:

2 Barnfield Crescent
Exeter
EX1 1QT

Eligible to act as an auditor in terms of Section 91 of the Co-operative and Community Benefit Societies Act 2014.

SOUTH DEVON RURAL HOUSING ASSOCIATION LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018	2017
		£'000	£'000
TURNOVER	3	2,358	2,140
Operating costs	3	(1,784)	(1,616)
		<hr/>	<hr/>
OPERATING SURPLUS	5	574	524
Gain on disposal of property, plant and equipment (fixed assets)	6	-	203
Interest receivable	7	1	1
Interest and financing costs	8	(503)	(475)
Fair value deficit on investment property	13	(45)	(21)
		<hr/>	<hr/>
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		27	232
Tax on surplus on ordinary activities	9	-	-
		<hr/>	<hr/>
SURPLUS FOR THE YEAR and TOTAL COMPREHENSIVE INCOME FOR THE YEAR		27	232
		<hr/> <hr/>	<hr/> <hr/>

These financial statements were approved by the Board on 25th July 2018.

The consolidated results relate wholly to continuing activities.

The accompanying notes form part of these financial statements.

SOUTH DEVON RURAL HOUSING ASSOCIATION LIMITED
ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018	2017 restated
		£'000	£'000
TURNOVER	3	2,367	2,140
Operating costs	3	(1,784)	(1,610)
OPERATING SURPLUS	5	583	530
Gain on disposal of property, plant and equipment (fixed assets)	6	-	203
Interest receivable	7	1	2
Interest and financing costs	8	(503)	(475)
Fair value deficit on investment property	13	(45)	(21)
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		36	239
Tax on surplus on ordinary activities	9	-	-
SURPLUS FOR THE YEAR and TOTAL COMPREHENSIVE INCOME FOR THE YEAR		36	239

These financial statements were approved by the Board on 25th July 2018.

The association results relate wholly to continuing activities.

The accompanying notes form part of these financial statements

SOUTH DEVON RURAL HOUSING ASSOCIATION LTD
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Note		2018		2017
			£'000		£'000
FIXED ASSETS					
Housing properties	11		17,839		17,656
Other Fixed Assets	12		363		360
Investment Properties	13		315		360
Investments	14		10		10
			<hr/>		<hr/>
Total fixed assets			18,527		18,386
			<hr/>		<hr/>
CURRENT ASSETS					
Debtors	16	91		63	
Stock	17	568		118	
Cash at bank and in hand		359		780	
			<hr/>	<hr/>	
		1,018		961	
CREDITORS: Amounts falling due within one year	18	(647)		(640)	
			<hr/>	<hr/>	
NET CURRENT ASSETS			371		321
			<hr/>		<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			18,898		18,707
			<hr/>		<hr/>
CREDITORS: Amounts falling due after more than one year	19	(12,868)		(12,642)	
Deferred Capital Grant	20	(4,868)		(4,930)	
			<hr/>	<hr/>	
LONG TERM LIABILITIES			(17,736)		(17,572)
			<hr/>		<hr/>
TOTAL NET ASSETS			1,162		1,135
			<hr/>		<hr/>
RESERVES					
Non-equity share capital	23	-		-	
Income and Expenditure Reserve		1,162		1,135	
			<hr/>	<hr/>	
TOTAL RESERVES			1,162		1,135
			<hr/>		<hr/>

The financial statements were approved by the board and authorised for issue on 25th July 2018 and are signed on its behalf by:

Board Member

Board Member

SOUTH DEVON RURAL HOUSING ASSOCIATION LTD

**ASSOCIATION STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018**

	Note	2018 £'000	2017 £'000
FIXED ASSETS			
Housing properties	11	17,839	17,656
Other Fixed Assets	12	363	360
Investment Properties	13	315	360
Investments	14	10	10
Investment in Subsidiary	15	50	-
		18,577	18,386
CURRENT ASSETS			
Debtors	16	108	79
Stock	17	579	112
Cash at bank and in hand		298	776
		985	967
CREDITORS: Amounts falling due within one year	18	(654)	(645)
		331	322
NET CURRENT ASSETS			
TOTAL ASSETS LESS CURRENT LIABILITIES		18,908	18,708
CREDITORS: Amounts falling due after more than one year	19	(12,868)	(12,642)
Deferred Capital Grant	20	(4,868)	(4,930)
		(17,736)	(17,572)
LONG TERM LIABILITIES			
TOTAL NET ASSETS		1,172	1,136
RESERVES			
Non-equity share capital	23	-	-
Income and Expenditure Reserve		1,172	1,136
		1,172	1,136
TOTAL RESERVES			

The financial statements were approved by the board and authorised for issue on 25th July 2018 and are signed on its behalf by:

Board Member

Board Member

SOUTH DEVON RURAL HOUSING ASSOCIATION LTD

**CONSOLIDATED AND ASSOCIATION STATEMENT OF CHANGES IN RESERVES
31 MARCH 2018**

	Note	Group		Association	
		2018 £'000	2017 £'000	2018 £'000	2017 £'000
<u>Revenue reserves</u>					
At beginning of the year as previously stated		1,135	800	1,136	809
Prior Year Adjustment	31	-	103	-	88
At the beginning of the year restated			903		897
Surplus/(deficit) for the year, being total comprehensive income		27	232	36	239
		1,162	1,135	1,172	1,136
At end of the year		1,162	1,135	1,172	1,136

SOUTH DEVON RURAL HOUSING ASSOCIATION LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 £'000	2017 £'000
NET CASH GENERATED FROM OPERATING ACTIVITIES	A	861	813
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(614)	(2,464)
Purchase of other plant and equipment		(45)	(48)
Works on assets held for sale		(456)	(43)
Proceeds on disposal of tangible fixed assets		110	448
NET CASH USED IN INVESTING ACTIVITIES		(1,005)	(2,107)
CASH FLOW FROM FINANCING ACTIVITIES			
New secured loans		450	2,100
Loan Arrangement Fees		-	32
Repayment of borrowings		(225)	(150)
Amortised Loan costs		-	-
Interest received		1	1
Interest and financing costs		(503)	(475)
NET CASH FLOW FROM FINANCING ACTIVITIES		(277)	1,441
NET INCREASE IN CASH AND CASH EQUIVALENTS		(421)	150
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		780	630
CASH AND CASH EQUIVALENTS AT END OF YEAR	B	359	780

A. CONSOLIDATED CASHFLOW FROM OPERATING ACTIVITIES

	2018 £'000	2017 £'000
Surplus for the year	27	232
Adjustments for:		
Loan issue fee amortisation	5	5
Depreciation charges	361	323
Amortised grant	(61)	(61)
Disposal of housing properties	-	(203)
Fair value losses on investment properties	45	21
Interest receivable	(1)	(1)
Interest payable	503	475
Operating cashflow before movements in working capital	879	791
Decrease/(increase) in debtors	(28)	29
Increase/(decrease) in creditors excl bank loans	10	(7)
	(18)	22
Net cash generated from operating activities	861	813

SOUTH DEVON RURAL HOUSING ASSOCIATION LIMITED

**ASSOCIATION CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 £'000	2017 £'000
NET CASH GENERATED FROM OPERATING ACTIVITIES	A	872	824
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(621)	(2,469)
Purchase of other plant and equipment		(45)	(48)
Works on assets held for sale		(467)	(44)
Proceeds on disposal of tangible fixed assets		110	448
Investments made		(50)	(5)
NET CASH USED IN INVESTING ACTIVITIES		(1,073)	(2,118)
CASH FLOW FROM FINANCING ACTIVITIES			
New secured loans		450	2,100
Loan Arrangement fees		-	(32)
Repayment of borrowings		(225)	(150)
Amortised Loan costs		-	-
Interest received		1	2
Interest and financing costs		(503)	(475)
NET CASH FLOW FROM FINANCING ACTIVITIES		(277)	1,445
NET INCREASE IN CASH AND CASH EQUIVALENTS		(478)	151
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		776	625
CASH AND CASH EQUIVALENTS AT END OF YEAR	B	298	776

A. ASSOCIATION CASHFLOW FROM OPERATING ACTIVITIES

	2018 £'000	2017 £'000
Surplus for the year	36	239
Adjustments for:		
Loan issue fee amortisation	5	5
Depreciation charges	366	323
Amortised grant	(61)	(61)
Disposal of housing properties	-	(203)
(Increase) in assets held for sale	-	-
Fair value (gains)/losses on financial instruments	-	-
Fair value losses on investment properties	45	21
Interest receivable	(1)	(2)
Interest payable	503	475
Operating cashflow before movements in working capital	893	797
Decrease/(increase) in debtors	(28)	28
Increase/(decrease) in creditors excl bank loans	7	(1)
	(21)	27
Net cash generated from operating activities	872	824

SOUTH DEVON RURAL HOUSING ASSOCIATION LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018**

B. CASH AND CASH EQUIVALENTS

	Group 2018 £'000	Group 2017 £'000	Association 2018 £'000	Association 2017 £'000
Cash and cash equivalents represent:-				
Cash at bank	249	753	238	749
Short-term deposits	110	27	60	27
	<u>359</u>	<u>780</u>	<u>298</u>	<u>776</u>
	<u><u>359</u></u>	<u><u>780</u></u>	<u><u>298</u></u>	<u><u>776</u></u>

SOUTH DEVON RURAL HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. LEGAL STATUS

South Devon Rural Housing Association Ltd (“the RP”) is a company limited by guarantee and is an English registered social housing provider.

The address of the Company’s registered office and principal place of business is South Devon House, Babbage Road, Totnes, Devon, TQ9 5JA.

The RP’s principal activities are providing quality accommodation for people on low incomes and residential care. The Association is a registered society under the Cooperative and Community Benefit Societies Act 2014 and is registered with the Homes and Communities Agency.

2 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”, the Housing SORP 2014 “Statement of Recommended Practice for Registered Housing Providers” and they comply with the Accounting Direction for Private Registered Providers of Social Housing 2015, and under the historical cost convention, modified to include certain investment properties at fair value.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000 except where otherwise indicated.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of the Association and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). All financial statements are made up to 31 March 2018.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

GOING CONCERN

The Association has prepared a budget and cash flow forecast covering a period of not less than one year from the date of approval of the financial statements. These forecasts indicate that the Association has a satisfactory level of working capital and, accordingly, the financial statements of both the Association and the Group are prepared on a going concern basis.

SOUTH DEVON RURAL HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

TURNOVER AND REVENUE RECOGNITION

Turnover comprises rent receivable and service charge income receivable in the period, other services provided at the invoice value and revenue grants receivable in the period. Gains from the sale of properties are shown beneath the Operating Surplus in the Statement of Comprehensive Income.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids.

TANGIBLE FIXED ASSETS – HOUSING PROPERTIES

Housing Properties are properties for the provision of social housing and principally properties available for rent. Completed housing properties are stated at cost less accumulated depreciation and impairment losses. Costs include the cost of acquiring land and buildings, and expenditure incurred during the development period.

Works to existing properties, which replace a component that has been treated separately for depreciation purposes, along with those works that enhance the economic benefits of the assets, are capitalised as improvements.

Administration costs relating to development activities are capitalised where they arise as a direct result of the development activity. Loan interest is capitalised only to the extent that it relates to specific developments prior to completion.

Housing properties in the course of construction are stated at cost and are transferred into housing properties when completed.

DEPRECIATION OF HOUSING PROPERTIES

Freehold land or assets under construction are not depreciated.

The group separately identifies the major components of its housing properties and charges depreciation so as to write-down the cost of each component to its estimated residual value, on a straight line basis over the following years:

- Structure 100 years
- Roof 50 years
- Doors and windows 15 years
- Heating 15 years
- Wiring 50 years
- Kitchens 20 years
- Bathrooms 20 years
- PV panels 20 years

SHIRE properties have also been broken down into components and the structures have economic lives of 75 (Hartley Court leasehold properties) or 80 years.

DONATED LAND AND OTHER ASSETS

Land or other assets which have been donated by a government source is added to costs of assets at the fair value of the land at the time of the donation. The difference between the fair value of the asset donated and the consideration paid is treated as a non-monetary grant and included within the Statement of Financial Position as a liability. The terms of the donation are considered to be performance related conditions. Where the donation is not from a public source, the value of the donations less the consideration is included in income.

SOUTH DEVON RURAL HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

INVESTMENT PROPERTIES

Investment properties (including properties held under an operating leases) consist of commercial properties and properties not held for social benefit. The Association has one property – South Devon House which is split between an investment property and a property held for social benefit. The parts of South Devon House which are for the Association offices and the Work Hub area are held for social benefit. The split has been based on the floor area occupied by the Association offices and work hub and the areas which are commercially rented. The investment areas are measured at fair value. Changes in fair value are recognised in either income or expenditure. Investment property is not subject to a depreciation charge.

IMPAIRMENT OF FIXED ASSETS

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the RP estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in the income and expenditure account.

GOVERNMENT GRANTS

Government Grants include grants receivable from the Homes and Communities Agency (“HCA”), local authorities and other government bodies. Government grants are recognised at fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government Grants received for housing properties are recognised in income over the useful economic life of the structure of the asset.

SHIRE (South Hams Intermediate Rent Enterprise) housing properties have been bought off the open market since 2008. They are shown in fixed assets housing properties at cost. The grant element shown in the financial statements is the amount received from the South Hams District Council towards the total purchase costs. South Hams District Council’s position is secured by a legal charge on 3 of these properties. The Association does not intend to sell these properties, however should they do so, an agreed percentage of any sale proceeds would be repayable to South Hams District Council. This percentage varies per property dependent upon the amount received from the Council and the total cost of the property purchase.

OTHER GRANTS

Grants received from non-government sources are recognised using the performance model. Grants are recognised as income when the associated performance conditions are met.

OTHER TANGIBLE FIXED ASSETS

Tangible fixed assets are initially measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the costs or valuation of each asset at its estimated residual value on a straight line basis over its expected useful life as follows:-

- Computers 5 years
- Vehicles 5 years
- Office Equipment 5 years
- Forder Lane House Equipment 5 year
- South Devon House Social Housing offices 50 years

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and condition expected at the end of its useful life.

The minimum spend for capitalisation is £250.

SOUTH DEVON RURAL HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

BORROWING COSTS

General and specific borrowing costs directly attributable to the acquisition and construction of qualifying properties are added to the cost of those properties until such a time as the properties are ready for their intended use or sale. All other borrowing costs are expensed as incurred.

PENSIONS

The Association operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Association in an independently administered fund. Contributions payable for the year are charged in the income and expenditure account. No provision is required for any future costs.

RESTRICTED FUNDS

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor.

VAT

The Association is not registered for VAT. VAT is not applicable to any of the Association's turnover. VAT on purchases has been included as a cost related to the item purchased. Rural Homes Limited is registered for VAT and this is accounted for and income and expenditure is reported net of VAT.

TAXATION

The Association has charitable status and is exempt from paying Corporation Tax on charitable activities. Rural Homes Ltd (subsidiary) is a trading company which is liable for Corporation Tax on any profit made, after allowing for gift aid payments made to the Association.

LEASES

Finance Leases – An asset and corresponding liability are recognised for leasing agreements that transfer to the RP substantially all of the risk and reward incidental to ownership. The amount capitalised is the fair value of the leased asset or, if lower, the present value of the minimum lease payments payable during the lease term, both determined at inception of the lease. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the Statement of Comprehensive Income to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating Leases – all other leases are operating leases and the annual rentals are charged to income and expenditure on a straight line bases over the lease term. Rent free periods or other incentives given or received for entering into an operating lease are accounted for as a reduction in income or expense and are recognised, on a straight-line bases over the lease term.

EMPLOYEE BENEFITS

The costs of short-term employee benefits are recognised as a liability and an expense.

Employees are entitled to carry forward up to 5 days of any unused holiday entitlement at the reporting date. The cost of any unused holiday entitlement, is recognised in the period in which the employees services are received.

SERVICE CHARGES

All service charges are variable service charges. Where there is any difference between the estimated cost recovered from tenants and leaseholders and the actual cost incurred, any such shortfall or surplus arising is carried forward and either collected or refunded against the future year's charge. Any shortfall or surplus arising is shown in the balance sheet within debtors or creditors as appropriate.

SOUTH DEVON RURAL HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

Property Values - All Association loans are secured against property. There are regular valuations completed and should these valuations reduce significantly due to the property market falling, then the Association would be required to provide further security. The Association currently holds unsecured property to the estimated value of £8 million, so has the capacity to provide further security.

Impairment - From 1 April 2017 the Association was required to reduce social housing rents by 1% each year until 2019/20 in accordance with the Housing and Planning Act 2017. This is considered a trigger for impairment. The Association carried out an assessment of all properties comparing their value in use to their carrying value. No impairment has been recognised for assets held for social housing purposes in these financial statements.

FINANCIAL INSTRUMENTS

The company has elected to apply the provisions of Section 11 "Basic Financial Instruments" and Section 12 "Other Financial Instruments Issues" of FRS102, in full, to all of its financial instruments.

Debtors – which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price.

Creditors – payable within one year that do not constitute a financing transaction are initially measured at the transaction price.

Borrowings – are initially recognised at the transaction price, including transaction costs, and are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

SOUTH DEVON RURAL HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

3. NOTE A - PARTICULARS OF TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

GROUP	Turnover 2018 £'000	Operating Costs 2018 £'000	Operating Surplus 2018 £'000
Income and Expenditure from Lettings			
Social Housing Lettings	1,279	1,006	307
SHIRE scheme	255	112	143
Residential Care Home	739	595	144
	<u>2,273</u>	<u>1,713</u>	<u>560</u>
Non Social Housing Activities	85	71	14
	<u>2,358</u>	<u>1,784</u>	<u>574</u>
	<u><u>2,358</u></u>	<u><u>1,784</u></u>	<u><u>574</u></u>
	Turnover 2017 £'000	Operating Costs 2017 £'000	Operating Surplus 2017 £'000
Income and Expenditure from Lettings			
Social Housing Lettings	1,114	841	273
SHIRE scheme	241	102	139
Residential Care Home	703	599	104
	<u>2,058</u>	<u>1,542</u>	<u>516</u>
Non Social Housing Activities	82	74	8
	<u>2,140</u>	<u>1,616</u>	<u>524</u>
	<u><u>2,140</u></u>	<u><u>1,616</u></u>	<u><u>524</u></u>
	Turnover 2018 £'000	Operating Costs 2018 £'000	Operating Surplus 2018 £'000
ASSOCIATION			
Income and Expenditure from Lettings			
Social Housing Lettings	1,288	1,007	281
SHIRE scheme	255	116	139
Residential Care Home	739	595	144
	<u>2,282</u>	<u>1,718</u>	<u>564</u>
Non Social Housing Activities	85	66	19
	<u>2,367</u>	<u>1,784</u>	<u>583</u>
	<u><u>2,367</u></u>	<u><u>1,784</u></u>	<u><u>583</u></u>
	Turnover 2017 £'000	Operating Costs 2017 £'000	Operating Surplus 2017 £'000
Income and Expenditure from Lettings			
Social Housing Lettings	1,118	852	266
SHIRE scheme	241	102	139
Residential Care Home	703	599	104
	<u>2,062</u>	<u>1,553</u>	<u>509</u>
Non Social Housing Activities	78	57	21
	<u>2,140</u>	<u>1,610</u>	<u>530</u>
	<u><u>2,140</u></u>	<u><u>1,610</u></u>	<u><u>530</u></u>

SOUTH DEVON RURAL HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

3. NOTE B – GROUP PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING ACTIVITIES

	Residential Home £'000	General Needs £'000	2018 Total £'000	2017 Total £'000
Income from lettings				
Rent receivable net of service charges	780	1,320	2,100	1,937
Service Charges	-	52	52	40
Other income from lettings	3	2	5	7
	-----	-----	-----	-----
Gross rents receivable	783	1,374	2,157	1,984
Less: net rent losses from voids	(44)	(8)	(52)	(41)
	-----	-----	-----	-----
Net rental income	739	1,366	2,105	1,943
Management Fees	-	33	33	37
Feed in tariff	-	18	18	16
Amortised Grant	-	60	60	62
Government Grant	-	57	57	-
	-----	-----	-----	-----
Turnover from Social Housing Lettings	739	1,534	2,273	2,058
	-----	-----	-----	-----
Expenditure on letting activities				
Management	-	466	466	471
Care and support	549	90	639	615
Routine maintenance	12	220	232	139
Major repairs expenditure	-	46	46	32
Bad debts	-	4	4	2
Property depreciation	34	292	326	283
	-----	-----	-----	-----
Operating costs on social housing lettings	595	1,118	1,713	1,542
	-----	-----	-----	-----
Operating surplus on letting activities	144	416	560	516
	=====	=====	=====	=====

SOUTH DEVON RURAL HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

3. NOTE B – ASSOCIATION PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING ACTIVITIES

	Residential Home £'000	General Needs £'000	2018 Total £'000	2017 Total £'000
Income from lettings				
Rent receivable net of service charges	780	1,320	2,100	1,938
Service Charges	-	52	52	40
Other income from lettings	3	2	5	7
	-----	-----	-----	-----
Gross rents receivable	783	1,374	2,157	1,985
Less: net rent losses from voids	(44)	(8)	(52)	(41)
	-----	-----	-----	-----
Net rental income	739	1,366	2,105	1,944
Management Fees	-	42	42	41
Feed in tariff	-	18	18	16
Amortised Grant	-	60	60	61
Government Grant	-	57	57	-
	-----	-----	-----	-----
Turnover from Social Housing Lettings	739	1,543	2,282	2,062
	-----	-----	-----	-----
Expenditure on letting activities				
Management	-	471	471	460
Care and support	549	90	639	615
Routine maintenance	12	220	232	161
Major repairs expenditure	-	46	46	32
Bad debts	-	4	4	2
Property depreciation	34	292	326	283
	-----	-----	-----	-----
Operating costs on social housing lettings	595	1,123	1,718	1,553
	-----	-----	-----	-----
Operating surplus on letting activities	144	420	564	509
	=====	=====	=====	=====

SOUTH DEVON RURAL HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

4. STAFF COSTS

	Group 2018 £'000	Association 2018 £'000	Group 2017 £'000	Association 2017 £'000
Wages & salaries	624	602	589	576
Social Security costs	49	49	44	44
Other pension costs	27	27	24	24
	<u>700</u>	<u>678</u>	<u>657</u>	<u>644</u>

The average monthly number of full time equivalent employees during the year was:

	Group 2018	Association 2018	Group 2017	Association 2017
Administration - Chief Executive	1	1	1	1
Administration - Other	8	7	8	7
Residential accommodation	23	23	23	23
	<u>32</u>	<u>31</u>	<u>32</u>	<u>31</u>

The full time equivalent number of staff who received remuneration (excluding directors):

	2018	2017
£70,001 to £80,000	1	1

The aggregated emoluments of the Senior Management Team were £170,575 (2017: £160,337).

The aggregated remuneration of the Key Management Personnel (Senior Management Team) was £189,023 (2017: £177,497).

The Chief Executive's remuneration (including pension contributions) in 2018 was £79,695 (2017: £74,274).

There is a company executive pension scheme, funded by employer and employee contributions for an individual pension scheme. There are no enhanced or special terms. The Association's contribution to the pension fund in relation to the Chief Executive was £6,195 (2017: £5,274).

5. OPERATING SURPLUS

The operating surplus is stated after charging:

	Group & Association 2018 £'000	Group & Association 2017 £'000
Depreciation: Housing	326	283
Offices	13	8
Equipment	26	28
Vehicles	4	4
Operating lease rentals in respect of plant and machinery	4	4
Auditor's remuneration	13	17

The auditor's remuneration was part payable to RSM UK Audit LLP and Bush & Co Accountants Limited.

SOUTH DEVON RURAL HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

6. SURPLUS ON SALE OF FIXED ASSETS – HOUSING PROPERTIES

	Group & Association 2018 £'000	Group & Association 2017 £'000
Disposal Proceeds	110	448
Less Book Value of Assets	(110)	(245)
Surplus on Sale of Asset	<u>-</u>	<u>203</u>

7. INTEREST RECEIVABLE

	Group 2018 £'000	Association 2018 £'000	Group 2017 £'000	Association 2017 £'000
Bank Interest Receivable	1	1	1	2
	<u>1</u>	<u>1</u>	<u>1</u>	<u>2</u>

8. INTEREST AND FINANCING COSTS

	2018 £'000	2017 £'000
Bank interest/charges	6	4
Bank loan interest	522	490
Less Capitalised Interest	(25)	(19)
	<u>503</u>	<u>475</u>

9. TAXATION

Due to the Association's charitable status, there is no liability to corporation tax in the current financial year. The subsidiary is liable for corporation tax.

10. MEMBERS

No emoluments were paid to members of the Board of Management during the year. Travel and other expenses reimbursed during the year totalling £235 (2017: £350).

SOUTH DEVON RURAL HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

11. FIXED ASSETS – HOUSING PROPERTIES - GROUP

	Assets Under Construction £'000	Forder Lane House £'000	SHIRE £'000	Housing £'000	Total Housing Properties £'000
COST					
At 1 April 2017					
restated	522	2,277	4,971	12,601	20,371
Additions	84	-	-	329	413
Capitalised Interest	22	-	-	-	22
Works to existing properties	-	-	2	182	184
Disposals	-	-	-	(110)	(110)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 Mar 2018	628	2,277	4,973	13,002	20,880
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
DEPRECIATION					
At 1 April 2017					
restated	-	238	387	2,090	2,715
Charge for year	-	34	80	212	326
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 Mar 2018	-	272	467	2,302	3,041
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value					
At 31 Mar 2018	628	2,005	4,506	10,700	17,839
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 Mar 2017	522	2,039	4,584	10,511	17,656
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

SOUTH DEVON RURAL HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

11. FIXED ASSETS – HOUSING PROPERTIES – ASSOCIATION

	Assets Under Construction £'000	Forder Lane House £'000	SHIRE £'000	Housing £'000	Total Housing Properties £'000
COST					
At 1 April 2017					
restated	522	2,277	4,971	12,601	20,371
Additions	84	-	-	329	413
Capitalised Interest	22	-	-	-	22
Works to existing properties	-	-	2	182	184
Disposals	-	-	-	(110)	(110)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 Mar 2018	628	2,277	4,973	13,002	20,880
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
DEPRECIATION					
At 1 April 2017					
restated	-	238	387	2,090	2,715
Charge for year	-	34	80	212	326
Disposals	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 Mar 2018	-	272	467	2,302	3,041
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value					
At 31 Mar 2018	628	2,005	4,506	10,700	17,839
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 Mar 2017	522	2,039	4,584	10,511	17,656
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Total spend on existing housing properties in the year:-

	Group 2018 £'000	Group 2017 £'000	Association 2018 £'000	Association 2017 £'000
Capitalised Expenditure	184	119	184	119
Expenditure included in Operating expenses	308	215	308	215
	<hr/>	<hr/>	<hr/>	<hr/>
	492	334	492	334
	<hr/>	<hr/>	<hr/>	<hr/>

SOUTH DEVON RURAL HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

	2018	2017
	£'000	£'000
Capitalised Interest brought forward	91	72
Capitalised in the year	22	19
	<hr/>	<hr/>
Capitalised Interest carried forward	113	91
	<hr/> <hr/>	<hr/> <hr/>

This is based on an average interest rate of 4.4%.

Housing properties book value, net of depreciation comprises:

	Group	Group	Association	Association
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Freehold land and buildings	16,386	16,386	16,760	16,482
Long leasehold land and buildings	1,161	1,161	1,066	1,161
Short leasehold land and buildings	13	13	13	13
	<hr/>	<hr/>	<hr/>	<hr/>
	17,560	17,560	17,839	17,656
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

12. OTHER FIXED ASSETS

	Offices	Other	Total
	£'000	£'000	£'000
COST			
At 1 April 2017	375	277	652
Additions	7	38	45
Disposals	-	(190)	(190)
	<hr/>	<hr/>	<hr/>
At 31 Mar 2018	382	125	507
	<hr/>	<hr/>	<hr/>
DEPRECIATION			
At 1 April 2017	72	220	292
Charge for year	12	30	42
Disposals	-	(190)	(190)
	<hr/>	<hr/>	<hr/>
At 31 Mar 2018	84	60	144
	<hr/>	<hr/>	<hr/>
Net Book Value			
At 31 Mar 2018	298	65	363
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 Mar 2017	303	57	360
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The Offices are split between Other Fixed Assets and investment properties, due to the ground floor and part of the first floor being rented out.

SOUTH DEVON RURAL HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

13. INVESTMENT PROPERTIES	Offices
	£'000
VALUATION	
At 1 April 2017	360
Revaluation	(45)
	<hr/>
Net Book Value	
At 31 Mar 2018	315
	<hr/> <hr/>
At 31 Mar 2017	360
	<hr/> <hr/>

The Offices were valued in April 2018 by Stratton Creber Commercial property consultants. The valuation was based on market value and market rents. It was assumed that vacant possession applied, subject to existing tenancies and the office was maintained in its present condition. The office is split between investment properties and other fixed assets on the basis of floor area occupied. Areas which are used to support social housing functions are included under other fixed assets at cost. The area occupied by long term tenants is included under investment properties at valuation. The historic cost of this area is £438,674 (2017: £435,307).

14. INVESTMENTS UNLISTED

	Group & Association 2018 £'000	Group & Association 2017 £'000
Totnes Renewable Energy Society Shares	10	10
	<hr/> <hr/>	<hr/> <hr/>

The Association has been working with TRESOC (Totnes Renewable Energy Society) to provide PV panels on many of the Association's properties to enable tenants to receive a reduction in the energy bills.

15. INVESTMENTS IN SUBSIDIARY

The Association has a development subsidiary, Rural Homes Limited, which is a company incorporated in the UK. The Association increased its share holding from 1 share of £1 to 50,000 £1 shares in the year, which constitutes 100% of the company's Ordinary Share Capital. Rural Homes Limited provides development services to South Devon Rural Housing Association Ltd. The Association has an unsecured loan agreement with Rural Homes Ltd and lent £10,000 in 2014/15 and a further £5,000 in 16/17 making a total loan of £15,000. Interest is payable at 3.5% pa. The loan is repayable by December 2018.

	Group 2018 £'000	Association 2018 £'000	Group 2017 £'000	Association 2017 £'000
Housing rent arrears	21	21	18	18
Residential care home arrears	16	16	8	8
Other debtors & prepayments	54	54	37	37
Rural Homes Ltd	-	17	-	1
	<hr/>	<hr/>	<hr/>	<hr/>
	91	108	63	64
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The provision for bad and doubtful debts is £4,199 (2017: £8,126).

SOUTH DEVON RURAL HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

17. STOCK

The Association purchased some land in Buckfastleigh in 2013. It has built 2 properties on the land, which will be sold in 2018/19. The Association has agreed a profit share with a local builder to complete the properties. The Association also purchased another property to aid a family in need to be rehoused. This property will be sold in 2018/19.

	Group 2018 £'000	Association 2018 £'000	Group 2017 £'000	Association 2017 £'000
Assets held for sale	568	579	118	112
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2018 £'000	Association 2018 £'000	Group 2017 £'000	Association 2017 £'000
Trade creditors	47	47	35	35
Rents received in advance	103	103	97	97
Other creditors	90	88	75	80
Other taxes and social security	28	24	17	17
Accruals	102	102	155	147
Bank Loans	203	203	187	187
Loan with local organisation	13	13	13	13
Deferred Capital Grant (See Note 20)	61	61	61	61
Rural Homes Ltd	-	13	-	8
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	647	654	640	645
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £'000	2017 £'000
Bank loans	12,925	12,691
Loan with local organisation	25	38
Bank loans/arrangement fees	(87)	(87)
	<u> </u>	<u> </u>
	12,863	12,642
	<u> </u>	<u> </u>

20. DEFERRED CAPITAL GRANTS

	GENERAL HOUSING £'000	SHIRE £'000	OFFICE £'000	TOTAL £'000
Total Received as at 31 March 2018	5,226	523	38	5,787
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Amortised as at 1 April 2017	758	34	4	796
Amortised in year	54	6	1	61
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Amortised as at 31 March 2018	812	40	5	857
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Deferred Capital grants as at 31 March 2018	4,414	483	33	4,930
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Split Between				
Released in less than one year (note 18)	54	7	1	62
Released in more than one year	4,360	476	32	4,868
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	4,414	483	33	4,930
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

SOUTH DEVON RURAL HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

21. RECYCLED CAPITAL GRANT FUND

	Group & Association 2018 £'000	Group & Association 2017 £'000
As at 1 April 2017	-	12
Recycling of Grant	-	(12)
	<hr/>	<hr/>
As at 31 March 2018	-	-
	<hr/> <hr/>	<hr/> <hr/>

22. ANALYSIS OF DEBT

	2018 £'000	2017 £'000
Amounts falling due in less than 1 year:	216	200
Amounts falling due in 1-2 years:	213	232
Amounts falling due in 2-5 years:	636	700
Amounts falling due in more than 5 years:	12,101	11,797
	<hr/>	<hr/>
	13,166	12,929
	<hr/> <hr/>	<hr/> <hr/>

Lender	Loan Amount £'000	Interest Rate %	Term Years	Repayment Date
Lloyds (fixed 2007)	4,000	5.495	30	2037
Lloyds (fixed 2014)	3,000	3.565	30	2037
Triodos	3,000	Base rate + 2.25	25	2037
Charities Aid Foundation	2,100	Base rate + 2.25	25	2041
Charities Aid Foundation	735	2.75	25	2040
Charities Aid Foundation	727	2.75	10	2024
Totnes Transition Towns	50	5	10	2021
Totnes Transition Towns	25	4	3	2018

All bank borrowings are secured against housing properties shown in note 11. The Totnes Transition Towns loans are unsecured. The Association has a total agreed facility of £5million with the Charities Aid Foundation. £1,438,200 has yet to be drawn down.

23. SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal Value	2018 £	2017 £
	Non equity	£1	25	27
			<hr/>	<hr/>

The shares provide members with the right to vote at general meetings, but do not provide any rights to dividends or distributions on winding up. There were 2 new shareholders and 4 withdrawn in the year.

SOUTH DEVON RURAL HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

24. CAPITAL RESERVE	2018	2017
	£	£
As at 1 April 2017	50	47
Transfer from Shareholdings withdrawn	4	3
	<hr/>	<hr/>
As at 31 March 2018	54	50
	<hr/> <hr/>	<hr/> <hr/>

25. PENSION COMMITMENTS

The Association operates a defined contribution pension scheme for the benefit of certain members of staff. Contributions due and charged to the statement of comprehensive income totalled £26,862 (2017: £23,773).

26. CAPITAL COMMITMENTS

The Group and the Association have the following capital commitments:-

	2018	2017
	£'000	£'000
Works on Old Totnes Road site	17	-
Kitchen Replacements	-	36
	<hr/>	<hr/>
	17	36
	<hr/> <hr/>	<hr/> <hr/>

27. COMMITMENTS UNDER OPERATING LEASES

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

	Assets Other Than Land and Buildings	
	2018	2017
	£'000	£'000
Operating leases which expire:		
Within 1 year	5	4
Within 2 to 5 years	16	9
	<hr/>	<hr/>
	21	13
	<hr/> <hr/>	<hr/> <hr/>

28. HOUSING ACCOMMODATION

	Total	General	SHIRE	Residential
	2018	Housing	2018	and Other
		2018		2018
Units owned and available for rent (freehold)	292	223	26	43
Units owned and available for rent (leasehold)	15	6	9	-
Units not managed by the Association	10	10	-	-
Unit for sale	1	1	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	318	240	35	43
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

SOUTH DEVON RURAL HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

The units not managed by the Association are leased to Camphill Association Devon which manages the units. They provide accommodation and support to people with learning difficulties. This is on a full repairing lease of £734 per annum.

South Devon Rural has a management contract for 10 properties owned by South Hams District Council due to end on 30 April 2019.

29. RELATED PARTIES

There were no tenant board members during the financial year.

The Association has transacted with a family owned company called Fresh Wharf Developments. The Association's Chairman is a Director and shareholder of this company, however he has declared his interest at all Board meetings and not been involved in the transactions between the Association and Fresh Wharf Developments. There were no financial transactions between the parties in this financial year.

The Chief Executive and Operations Director are named directors for Hartley Court Ltd. This company manages the freehold for the 17 properties at Hartley Court. The Association own 9 of the 18 properties. The Association charge Hartley Court Ltd an administration fee of £3,468 (2017:£3,417).

During the year, the Association entered into the following transactions with its subsidiary undertaking:-

The Association recharged Rural Homes Limited, which is not a registered provider for social housing, for support staff, insurance and telephone costs totalling £9,329 (2017:£4,966). Rural Homes recharged the Association for development and project management totalling £44,379 (2017:£20,061).

The Association loaned Rural Homes Limited £10,000 in 2014/15. A further £5,000 was lent during 16/17. The loan total is now £15,000. Interest is payable at 3.5%pa, repayable by December 2018. A debtor is shown for £2,297 (2017: £1,215) including £132 (2017: £178) for interest payable. A creditor of £13,101(2017: £7,953) is shown in the Associations accounts owed to Rural Homes Limited.

30. FINANCIAL INSTRUMENTS

The carrying amount of the Group and Association's financial instruments at 31 March were:-

	Group 2018 £'000	Group 2017 £'000	Association 2018 £'000	Association 2017 £'000
Financial assets:				
Debt instruments measured at amortised cost	60	26	60	26
Cash and Cash Equivalents	238	780	238	776
	<hr/>	<hr/>	<hr/>	<hr/>
	298	806	298	802
	<hr/>	<hr/>	<hr/>	<hr/>
Financial liabilities:				
Measured at amortised cost	13,163	13,121	13,163	13,129
	<hr/>	<hr/>	<hr/>	<hr/>
	13,163	13,121	13,163	13,129
	<hr/>	<hr/>	<hr/>	<hr/>

SOUTH DEVON RURAL HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

31. PRIOR YEAR ADJUSTMENT

On review of the fixed assets it was discovered that the costs and depreciation for Forder Lane House were not stated correctly. The depreciation charges for one property leased to another organisation had not been provided for. These have now been corrected.

	Group 2017 £'000	Association 2017 £'000
Forder Lane House Depreciation	136	136
Additional Depreciation charges	(48)	(48)
Assets under construction correction for group	(15)	-
	<hr/>	<hr/>
Total Prior Year Adjustment	103	88
	<hr/>	<hr/>