North Devon Homes Financial Statements for the year ended 31 March 2024

Registered Company No. 03674687

Registered Charity No. 1164142

North Devon Homes

Financial Statements

for the year ended 31 March 2024

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Board of Management report for the year ended 31 March 2024

The Board of Management

Mr Colin Dennis (Chair)
Mr Asad Butt (Vice Chair)
Dr Debbie Hay
Ms Suzanne Ingman
Ms Delyth Lloyd-Evans
Mr Scott Murray
Mr Paul Oldroyd
Mr Simon Sanger-Anderson
Mr John Creswell (appointed 15 May 2023)
Mr James Goss (appointed 15 May 2023)

Company Secretary

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Executive Directors

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

Statutory Independent Auditors

Bishop Fleming
Salt Quay House
4 North East Quay
Sutton Harbour
Plymouth
PL4 0BN

Solicitors

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

Tozers LLP
Broadwalk House
Southernhay West
Exeter
Devon EX1 1UA

Principal Funders

Lloyds Bank PLC
25 Gresham Street
London EC2V 7HM

Funding Advisors

Altair Treasury and Finance Solutions Ltd
Tempus Wharf
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London SE16 4SA

Bankers

NatWest plc
250 Bishopsgate
London EC2M 4AA

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

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

Strategic Report
The Board of Management presents its strategic report (pages 9 to 31) and audited financial statements for the year ended 31 March 2024.

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

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

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

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

The Group also consists of Anchorwood Limited, a development company.

Review of the business
A review of the business is discussed in the Strategic Report on pages 9 to 31. This includes the Value for Money Statement 2024 and the Board's arrangements for managing risk.

Results
The Group's loss after tax for the year was £479k (2023: £609k surplus).

Going concern
The Board has a reasonable expectation that adequate resources will continue in existence for the foreseeable future and for this reason it continues to adopt the going concern basis in preparing the Financial Statements. Further details with regard to going concern are considered in Note 1 to the Financial Statements on page 46.

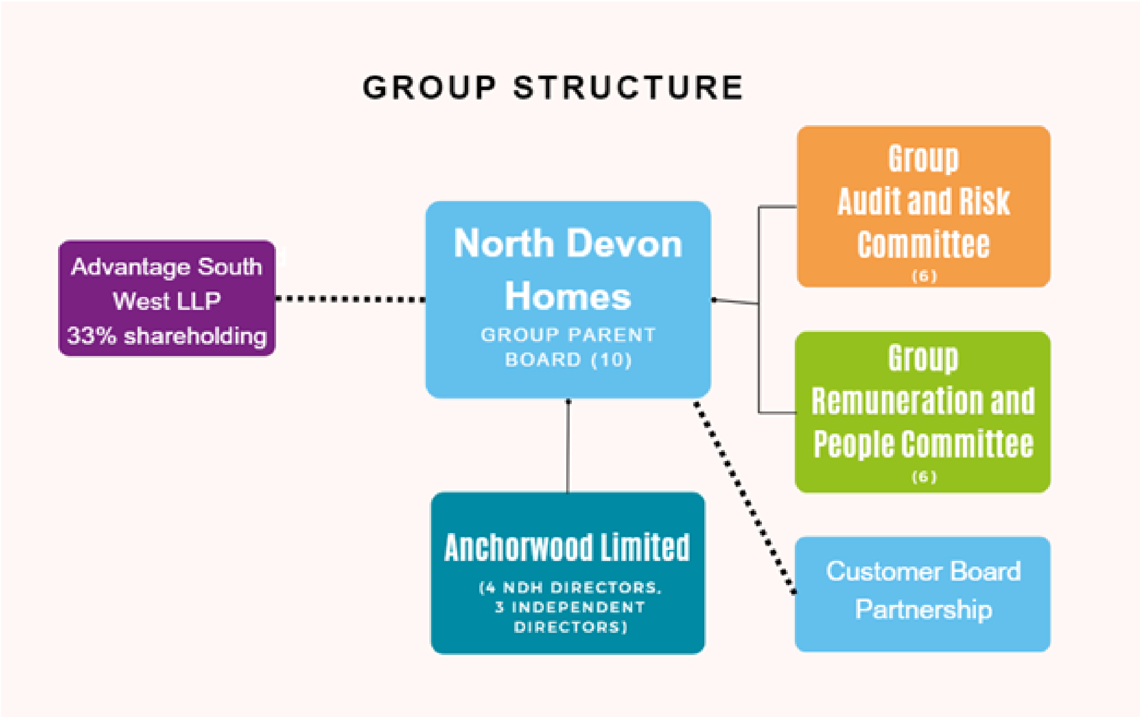
Constitution and Governance
The Board is skills-based and consists of up to ten independent members.

Board of Management report for the year ended 31 March 2024 (continued)

For the year ending 31 March 2024 the following members served on the Board:

- Mr Colin Dennis
- Mr Asad Butt
- Mr Scott Murray
- Ms Delyth Lloyd-Evans
- Ms Suzanne Ingman
- Dr Debbie Hay
- Mr Paul Oldroyd
- Mr Simon Sanger-Anderson
- Mr John Creswell (appointed 15 May 2023)
- Mr James Goss (appointed 15 May 2023)

The governance structure for the Group is summarised below:



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

Board of Management report for the year ended 31 March 2024 (continued)

Compliance Statement

North Devon Homes (NDH) Group has adopted the National Housing Federation (NHF) 2020 Code of Governance and strives to uphold the principles of good governance as defined by the Code. The Board regularly assesses compliance with the Code to gain assurance that the organisation remains compliant, identifying and implementing any areas for improvement. Throughout the year to 31 March 2024 work was undertaken to ensure compliance with the Code. The Board confirms that NDH is compliant with the Code.

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

During the year enhancements continued to be made to IT systems and cyber security protections, and the Data Governance Framework was further rolled out across the business. However, the data protection module is still to be made available for our Housing Management system, which is needed to demonstrate full compliance with the General Data Protection Regulation (GDPR) legislation. Whilst NDH was not fully compliant with all aspects of the GDPR requirements during the year, any areas of non-compliance are not considered to be material.

The Board is pleased to confirm that during the year ended 31 March 2024 it considers that NDH has complied with all applicable outcomes and specific expectations of the Governance and Financial Viability Standard and its accompanying Code of Practice, together with the outcomes and requirements of all the other Economic and Consumer Standards.

Charity Commission compliance

The Board as Trustees can confirm that in respect of the Association as the registered charity, it has complied with Charity Commission's requirements during the year.

Executive officers

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

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

Board of Management report for the year ended 31 March 2024 (continued)

Financial Risk Management Objectives and Policies

The Association's operations expose it to a variety of financial risks that include the effects of credit risk, liquidity risk and interest rate risk. The Association has a formal risk management and assurance framework to mitigate the potential adverse effects that such risks may pose, which are further detailed in the Strategic Report on pages 9 to 31.

Employees

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

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

Equal Opportunities

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

Equality, Diversity & Inclusion

The Group is committed to championing equality, diversity and inclusion (EDI) to challenge inequality in the community served and has implemented an EDI strategy that sets out our aims as a community landlord and local employer. This ensures that we are truly representative of our community and that our staff, customers and contractors feel valued, respected, supported and are able to be themselves. The Board receives regular updates on progress against EDI actions. A dedicated Board EDI champion provides additional oversight. EDI training has been provided to all staff and Board members to ensure that we are able deliver our business in a way that has the greatest impact on tackling inequalities.

Directors' and officers' liability insurance

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

Directors' and officers' remuneration

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

Disclosure of information to the auditors

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

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

Board of Management report for the year ended 31 March 2024 (continued)

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

By order of the Board

Colin Dennis
Chair of the Board
23 September 2024

Strategic Report

Background

North Devon Homes is a registered provider of social housing which was established to accept the transfer of 3,281 homes from North Devon Council in February 2000. At 31 March 2024, the Association owned 3,351 (2023: 3,342) affordable homes.

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

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

	2024 No.	2023 No.
North Devon Homes' Affordable Housing Stock:		
General Needs		
Social rent	2,283	2,279
Affordable rent	425	425
Housing for older people		
Social rent	510	510
Affordable rent	31	31
Intermediate rent	18	18
Low-cost home ownership	84	79
Total	**3,351**	**3,342**
Other units not included above:		
Market Rented	8	8
Leasehold Properties	90	89
Units managed on behalf of others	16	16
Garages	670	670
Commercial Properties	18	18
Total	**802**	**801**

Governance and Management

During 2023/24 the NDH Board met seven times to provide effective governance to the business. The Board is supported by its Group Audit and Risk Committee and also its Group Remuneration and People Committee. The Anchorwood Limited Board met seven times during the year.

The NDH Board has formally adopted the National Housing Federation (NHF) Code of Governance 2020. This Code not only underpins the way the Board operates but also forms the basis of an ongoing commitment to governance excellence and continuous strengthening of North Devon Homes' governance arrangements. Full compliance with the Code was achieved during 2023/24.

Further details are provided within the Board of Management Report on pages 3-8.

Strategic Report (continued)

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

In December 2023 following the annual stability check it was confirmed that the Association had maintained the highest Regulatory Rating for governance at G1 and that it was graded as V2 for Financial Viability due to its exposure to the housing market.

The Regulator's previous routine process of In -Depth Assessments (IDA's) was replaced by a new Inspection programme from 1 April 2024. In accordance with the four yearly cycle, the Association was one of the first organisations to be inspected under the new Inspection regime, which included assessment against the new Consumer Standards. The results of the Inspection were published in August 2024; the Association maintained its G1 governance and V2 financial viability gradings and was pleased to achieve a C1 grading in respect of the assessment against the Consumer Standards, a reflection of the long-standing focus on strong customer engagement and service delivery.

Corporate Priorities and Strategies
The Corporate Plan 2021-24 set out the Association's aspirations and targets. Key areas of focus for the 2021-24 Plan were tackling inequality, investing in customers' homes to make them more energy efficient, delivery of new homes and using new technology to improve processes and deliver services more effectively and efficiently. The Plan also set out the Association's culture and the way the Association intended to deliver the Plan with objectives on: safety, compliance and responding to the emerging building-safety agenda; good governance; delivery of social value; and customer engagement. The year 2023/24 was the final year of the Corporate Plan. A summary of performance against the four headline objectives is outlined below.

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

- **Annual Report** published in September 2024
- **Customers engaged with key decisions** through Customer Board Partnership (CBP), Customer Health and Safety Partnership, Scrutiny and Fresh Ideas meetings (e.g. compensation policy, various handbooks / letters, delivery of the communal cleaning service, 2024/25 rent consultation, voids review, recharges review).
- **Tenant Satisfaction Measures** (TSMs) gathered and analysed, with action plan being put in place to act on learning from satisfaction scores.
- **Energy Support Officer** and **Hardship Fund** continued to be funded to help customers with cost-of-living issues (e.g. supporting households struggling with high energy costs).
- **Complaints** discussed at every CBP meeting. Compliance achieved against the Complaints Code and a Complaints Board Champion works directly with the team to get assurance of complaints performance for the Board. A Customer Complaints Group reviews each complaint in detail.
- Continuing to deliver our **IT Strategy** with significant improvements to infrastructure, software and security. Progress being made with the Housing Management system, which if continued, should result in benefits for customers and staff (e.g. customer portal, self-service options, mobile working).

Strategic Report (continued)

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

- **Compliance performance** remains strong and is a key focus across the organisation.
- **Energy efficiency / SAP C improvements** are in excess of the year-end target (81% against target of 74%).
- We completed the **Social Housing Decarbonisation Fund** (SHDF) Wave 1 fabric first improvements and are continuing work on properties included in the Wave 2 funding.
- **Units delivered** were lower than planned for the year, with some units being delayed into 2024/25 and some schemes not being taken forward.

3. My Neighbourhood: improving and supporting our communities

- **Specialist support team** continues to work with customers facing challenges in sustaining their tenancies with each team member working with around 19 people.
- We continue to **work in partnership** with local agencies, such as Encompass, through Housing First, and the care leavers' project.
- **Credit Union Sustainability Project** continues to promote and embed the Credit Union across the South West.
- **Rents Arrears** good performance has been maintained with 1% arrears at year end, as a result of the ongoing customer support provided by the Income Team.
- In the year, **Money Matters** received 367 referrals for support and over £200k of financial gains for customers over 6 months.
- **Provision of financial advice / support**, through a dedicated Financial Inclusion Officer post. 129 Cases referred, with over £440k of gains for customers over 12 months.

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

- Full compliance achieved against the **NHF Code of Governance**.
- First **apprentice** since Covid successfully recruited, and we have engaged with local secondary school careers next steps events, with a view to identifying our workforce pipeline of the future.
- In terms of **data security**, our score against the ICO Accountability Framework is over 95%, and we have on-boarded a 24/7 security service to monitor our systems.
- A **staff survey** demonstrated that 99% of staff responding thought NDH was a good place to work.
- **Data Governance Framework** in place, with a policy statement agreed, Data Governance Committee and Working Group established, with issues being identified and resolved based on risk.
- The Board have agreed to the formal adoption of the **Sustainability Reporting Standard**, a voluntary, sector-led reporting framework which enables housing providers to measure, manage and report on ESG performance in a transparent, consistent and comparable way. We will be reporting fully for the first time during 2024/25.

A new Corporate Plan 2024-2027 has been agreed, with a key focus around: offering value to customers; safe homes; customer experience; accountability; and provision of a locally based in-person service.

Strategic Report (continued)

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

Key Performance Indicators (KPIs)
The North Devon Homes Board and Executive Team monitor the Group's KPIs through quarterly performance reporting, regular meetings of the Executive Team and of the Strategic Performance Group. The Customer Board Partnership also reviews KPI performance at its meetings. Performance information is widely available in customer newsletters, on our website and in our offices.

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

Performance across the organisation as at 31 March 2024 is summarised on the following page.

Strategic Report (continued)

Key Performance Indicators (KPIs) (continued)

How Are We Doing?

Year End 2023-2024

north devon homes

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

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

⇧ performance improved — *● we are on target*
⇔ performance unchanged — *● we are close to target*
⇩ performance decreased — *● we are some way below target*

	CURRENT PERFORMANCE	TARGET	POSITION	PREVIOUS PERFORMANCE
Customer Feedback				
Compliments received	160	No Target	n/a	90
Stage 1 complaints received	114	No Target	n/a	90
Stage 1 complaints upheld	57	No Target	n/a	50
Stage 2 complaints received	13	No Target	n/a	16
Responsive Repairs				
Customers overall satisfied with service received	89%	85%	⇧	87%
Home Improvements				
Home Improvements Delivered	552	558	n/a	681
Gas Safety				
Properties with a valid Landlord Gas Safety Record (LGSR) month end	100.00%	100.00%	⇧	99.96%
Re-let Properties				
Number of properties re-let	187	No Target	n/a	185
Average time to complete void works and re-let properties (in c/days)	39.6	38.3	⇩	39.0
Income Collection				
Outstanding rent (current customers)	1.00%	3.30%	⇩	0.94%
Outstanding rent (former customers)	0.79%	0.70%	⇧	0.83%
Rent loss due to empty properties (as a % of rental due)	0.72%	0.75%	⇧	0.78%
Finance - liquidity				
Liquidity - Group	1.5	0.95	⇧	1.0
Liquidity - Association	1.4	0.95	⇧	0.8
Quick Liquidity Ratio (excluding Stock) - Group	0.8	0.65	⇔	0.8
Quick Liquidity Ratio (excluding Stock) - Association	1.1	0.65	⇧	0.8

Strategic Report (continued)

Key Performance Indicators (KPIs) (continued)

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

- **Customer Satisfaction:** Transactional customer satisfaction for our repairs service remains high at 89%. In 2023/24 overall we received 114 complaints, increased from 90 in the previous year. It is likely that the increase reflects the effort the Government and Housing Ombudsman have gone to in publicising the process. 114 formal complaints has moved us closer to the median for the sector although overall we still have fewer complaints than the average for the sector (NDH averages 3 complaints per 1,000 properties; the sector averages 4.4 complaints per 1,000 properties). The Complaints Review Group took forward any learning or improvements needed from formal complaints made.

- **Income Collection:** The performance of rent collection for current customers continued to be extremely strong in 2023/24 with arrears at 1% (Housemark data puts the sector average for arrears above 3%). This year has seen the continued roll-out of Universal Credit in North Devon and despite a small increase in arrears, current arrears performance is significantly better than target.

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

- **Re-lets:** Re-let times and the number of properties re-let were similar to the previous year.

- **Planned Maintenance (major repairs):** The majority of the planned maintenance programme was completed in year. Transactional satisfaction with these works was extremely high (96%).

- **Liquidity:** The liquidity performance at both a Group and Association level improved from the previous year due to the repayment of £15m of Lloyds debt included within short term creditors in 2022/23. The repayment was made utilising cash deposits and £10.5m drawn down from the NatWest revolving credit facility that was finalised in March 2024. Further detail on financial performance is provided in the Value for Money Statement 2024 on page 22 and the Operating and Financial Review on page 29.

Strategic Report (continued)

Risk Management

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

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

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

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

Strategic Report (continued)

Risk Management (continued)

Risk	Key controls
Failure to achieve and deliver Value for Money (VfM)	• Budgetary control policy and procedures in place. • Corporate Plan for 2021-2024 established VfM priorities. • The VfM Strategy 2021-24 outlines how value will be delivered and includes key metrics to track progress. • Procurement strategy embedded in VfM Strategy. • Updated VfM Strategy for the period 2024-27 to be reviewed by the Board in July 2024. • VfM link through strategy, departmental service excellence plans, performance and Board decision making. • Use of benchmarking tools to monitor performance and inform a programme of continuous improvement activity. • Asset Management & Development strategy in place to ensure effective use of and return on assets. • Annual submission of data to Housemark for benchmarking comparison. Benchmarking undertaken annually against peer group to identify cost savings and performance improvements, and monthly to identify performance issues impacting VfM.
Higher arrears than anticipated as a result of welfare reform	• Significant work continues with customers who have moved to Universal Credit (UC), to support them to manage their finances and keep their arrears down. • Close arrears monitoring. • Income management service tailored to support customers. • Close monitoring of changes to the welfare system and communication with customers. Identification of customers most at risk of higher arrears in order to target interventions towards them. • Promotion of direct debits and basic bank accounts. Wide range of payment facilities available. • Whilst overall performance continues to be very good, as UC continues to be rolled out this still remains a key risk due to the result of the significant impact that UC has on customers. • Local authority relationship prioritised to strengthen dialogue about routes and government funding to support customer hardship. • Chief Executive leads regional Credit Union sustainability project to support provision of services to customers.

Strategic Report (continued)

Risk Management (continued)

Risk	Key controls
Failure to effectively monitor, anticipate and respond to changes in the economic environment	• Interest rate exposures carefully monitored and Treasury Strategy regularly reviewed. • Prudent but realistic business plan assumptions made around inflation and interest rates (using external advice), and sensitivity analysis carried out. • Stress testing carried out based on externally developed scenarios to ensure Business Plan capacity is understood, the Board is prepared for changes in the environment, and has identified triggers and recovery actions. • Regular review by senior management of external sources of information and attendance at events. • Emerging risks discussed at Strategic Performance Group and Group Audit & Risk Committee. • Where possible, contracts are put in place that stipulate agreed pricing structures across the length of the contract. • Risk is regularly reviewed and will continue to be, as there is likely to be ongoing uncertainty affecting the economic environment as a result of the ongoing impacts of high inflation, global events and the outcome of the July 2024 election.
Failure to secure additional finance (refinancing) or secured on detrimental terms impacting the business plan	• Treasury Management Policy and Treasury Strategy in place to ensure required facilities are available and are reviewed at least annually. • Business plan stress testing and scenarios tests resilience to interest rate fluctuations and if relevant different financing options. • Sufficient loan security available to raise additional finance as required, and monitored as a Golden Rule. • Finance Director has regular discussions with lenders (and potential lenders) to keep relationships positive and open. • Multiple options considered and proposed when refinancing due. • Advice received from retained treasury advisors.
Failure to effectively monitor and respond to changes in the external political environment	• Key information sources monitored. • Key emerging / potential issues and their implications are discussed at Strategic Performance Group. • Senior staff engaged with local political networks. • Environmental scanning to be aware of potential emerging issues. • Annual Risk Workshop/Board Awayday includes discussion of potential changes to political/wider environment and consideration of impacts, risks and opportunities. • Stress testing and business planning utilises scenarios incorporating external intelligence (e.g. Hargreaves Risk and Strategy, Bank of England) about potential political and wider economic changes. • Risk is regularly reviewed and will continue to be, as the political environment remains extremely unpredictable, and the election in July 2024 will bring different challenges, as the new Government addresses a difficult financial and social environment.

Strategic Report (continued)

Risk Management (continued)

Risk	Key controls
Negative outcomes for business as a result of poor data quality	• Training in procedures and processes relating to data entry and IT systems use covered in inductions as appropriate. • In-person data training carried out across the business covering issues around data quality and governance. • Key data sets have assurance processes in place to check data quality. • External review of data returns where requested by the Board. • Skills in place to build, quality check and verify data reports to ensure quality. • Business Analyst in place with skills in reporting and data analysis. • Data Governance Framework being rolled out and Data Governance Committee established to monitor data issues. • High level oversight of data quality and issues provided through IT Project Board comprising Executive and Senior Managers.
Failure to effectively gather and use customer intelligence	• Customer Involvement Strategy in place that sets out how Customers are involved and influence services. • Customer Experience Manager role established to draw together customer feedback from different sources and ensure this intelligence is used to improve services. • Customer Board Partnership in place to consider operational and strategic issues and gather customer input into decisions. • Key Customer committees in place to influence specific areas of activity (e.g. scrutiny, complaints, health and safety). • Information gathered from customers in different ways e.g. local conversations, events, transactional satisfaction surveys for repairs and planned works. • Key customer-facing plans, strategies and policies consulted on with customers. • Patch-based working model developed and in place to bring knowledge from different front-line staff about households together.
Failure of the Board to exercise good governance	• Skills-based Board in place. • Assurance Framework developed and implemented to ensure the Board receives information needed to govern effectively. Risk map kept up to date and relevant for the needs of current and future business. • Board effectiveness review carried out annually. • Board adheres to NHF Code of Governance 2020 standards. • Board adheres to NHF Code of Conduct 2022 standards. • Board attendance monitored through KPI's. • Robust recruitment procedure for Board members. • Coaching, training and support available to Board members. • Skills mix of Board reviewed annually and / or when membership changes.

Strategic Report (continued)

Risk Management (continued)

Risk	Key controls
Failure of Group subsidiary Anchorwood Ltd to deliver the outcomes agreed in its Corporate Plan	• Governance framework in place to define relationship between Anchorwood and Parent Board with clearly stated roles and responsibilities and accountabilities for both parties. • Business Plan for Group and separate Plan in place for Anchorwood, stress tested to understand break points, and recovery actions identified. • Corporate plan targets and KPI performance framework sets out expectations and whether targets are being achieved. • Ongoing Review of Development Pipeline by Project Group to ensure sufficient pipeline to achieve objectives. • Ongoing review of sales activity by Project Group informed by local estate agents and JV partners. • Local estate agents and valuers engaged to inform the development of homes for sale, sales strategy and pricing. External advice sought for key decisions about development to add to the local intelligence. • Mitigation in place to address potential failure of contractor / joint-venture agreement partner. • Contracts in place to set out responsibilities of contractors / partners and to mitigate against cost increases as far as possible. • Controls in place to ensure robust monitoring against delivery and profit. • Controls in place to ensure Health and Safety on site. • Assumptions are continually reviewed to ensure the plan is realistic in the current environment with the ongoing impacts of high inflation, the cost of living crisis and Brexit (i.e. risk of falling house prices, sales delays, rising costs of borrowing and materials, lack of availability of materials).
Failure to develop and implement an informed Asset Management Strategy which delivers the Decent Homes Standard and meets environmental requirements	• Asset Management Strategy in place aligned to Corporate Plan 2021-24. • Direct Labour Organisation – Home 2 Home – in place for response repairs and planned works with external contractors for specialist services (e.g. gas, electrical). • Planned Maintenance programme in place based on regular stock condition surveys. • Programme of improvement planned to improve energy efficiency of homes. • Ongoing review of poorly performing properties where upgrade to SAPC rating would not be viable, with disposal of the worst-performing properties when they become void. • Annual Housemark benchmarking showing cost/quality of the repairs service compared with others. • 20% of stock surveyed for condition annually. • External environment monitored and responded to via professional networks and resources including Advantage South West, training events and Hargreaves Risk and Strategy.

Strategic Report (continued)

Risk Management (continued)

Risk	Key controls
Failure to comply with Health and Safety (H&S) obligations	• Permanent Building Safety Manager post in place with an allocated H&S budget. • External expertise retained to provide support. • To mitigate the H&S risks as an employer: policy and procedures are in place, reviewed regularly and communicated; monitoring of near misses, incidents, and actions; training provided for all staff; regular briefings / updates on H&S. Risk assessments and mitigations are reviewed and updated to take account of significant events. • To mitigate the H&S risks in our stock we have robust policies and procedures, which are monitored and regularly audited. For example in relation to gas, fire safety, electrics, legionella, damp, mould and condensation, lift safety, and asbestos. A cyclical maintenance process / procedure is in place and an overall compliance register is maintained. • To mitigate risks as client and developer, there are procedures to ensure Construction Design and Management regulations are followed. Our aim is to specify works (i.e. design, materials) that anticipate emerging building safety legislation to ensure developments are future-proofed and meet customer and regulatory expectations. • We continue to prepare for future legislative changes by investing in health and safety compliance and robust monitoring arrangements.
IT systems and cyber security. Failure to comply with data protection legislation	• Firewall and anti-virus software are in place and penetration testing is carried out. Monthly monitoring of system security by an external specialist, who also carries out regular penetration and phishing tests. • External company provides 24/7 monitoring of all systems to provide early warning of an attack, with the ability to close off systems if necessary. • Non-public areas of buildings are protected by security systems. • All devices are protected by passwords and multi-factor authentication. • Training is provided for staff, alongside regular cyber-risk updates. • Business Continuity testing regularly considers IT security using National Cyber Security Centre materials. • An IT Strategy is in place, with appropriate provision in the business plan, to ensure IT systems that meet business need are in place and maintained. • A programme is ongoing to upgrade IT infrastructure approaching end-of-life. • MS365 in place with enhanced security. • Data protection policies and procedures are in place. Staff and Board members enhanced annual refresher training is in place for GDPR and Managing Information Securely.

Strategic Report (continued)

Risk Management (continued)

Risk	Key controls
Inability to attract and retain key staffing skills and resources	• The Team NDH strategy is agreed and focused on how we develop our culture further, setting actions relating to leadership, pay, reward and talent management, wellbeing and Equality Diversity and Inclusion. • A pay and reward policy is in place, posts evaluated against market testing every 3 years and new posts evaluated on creation. • Exit interviews are carried out to identify issues and trends and reported to Executive Team for action where appropriate. • An agile recruitment process is in place to react to the changing recruitment market. • Staff have opportunities to give their views using a variety of methods including an active staff forum. • A skilled and experienced HR team is able to support the business in all recruitment and retention matters.

The key risks above were addressed throughout 2023/24.

On an ongoing basis risks are closely and regularly monitored by the Executive Team and the Strategic Performance Group who meet every month to review the entire risk register. The quarterly Group Audit and Risk Committee is kept informed on proposed changes to the risk register, risk early warnings that have been triggered (but not necessarily resulted in a score change) and emerging risks. Risk management will remain a key focus during the coming year as a result of the continuing uncertain and challenging operating environment and potential changes following the election in July 2024.

Strategic Report (continued)

Value for Money Statement

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

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

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

Value for Money performance 2022/23
The latest benchmarked data for the seven metrics, as published in the Regulator's Global Accounts data for 2022/23, is set out below. This shows the Association's performance compared to the whole sector median and the median for housing associations of a similar size (2,500 to 5000 units).

VfM Metrics 2022/23	North Devon Homes	Sector Median	
		All	*2,500 to 4,999 units*
Reinvestment	3.25%	6.7%	5.9%
New Supply - Social Housing Units	0.33%	1.3%	1.0%
New Supply - non-Social Housing Units	0.70%	0.0%	0.0%
Gearing	56.80%	45.3%	47.0%
EBITDA MRI	82.20%	128.0%	124.0%
Headline Social Housing Cost per unit	£4,300	£4,586	£4,880
Operating Margin - Social Housing Lettings	18.80%	19.8%	18.1%
Operating Margin - Overall	19.40%	18.2%	18.7%
Return on Capital Employed (ROCE)	2.98%	2.8%	3.0%

Performance against landlords with 2,500 to 4,999 units:
Above median
Below median

The table on the next page sets out the Association's performance against the seven VfM metrics for 2023/24, comparing it to the target set out in the Association's current 2021-24 VfM Strategy. The table also sets out the VfM strategy target for the next year.

Strategic Report (continued)

Value for Money Statement (continued)

VfM Metrics	Performance 2023/24		VfM Strategy Targets 2024/25
	North Devon Homes	*VfM Strategy Target*	
Reinvestment	5.90%	3.80%	5.5%
New Supply - Social Housing Units	0.54%	1.00%	0.8%
New Supply - non-Social Housing Units	0.29%	0.90%	0.7%
Gearing	60.10%	59.00%	55.6%
EBITDA MRI	23.00%	137.50%	64.0%
Headline Social Housing Cost per unit	£5,450	£3,871	£5,655
Operating Margin - Social Housing Lettings	18.90%	23.20%	15.3%
Operating Margin - Overall	18.20%	20.90%	18.2%
Return on Capital Employed (ROCE)	2.80%	3.10%	3.0%

Performance:
Better than target
Worse than target

A summary commentary on performance is provided below:

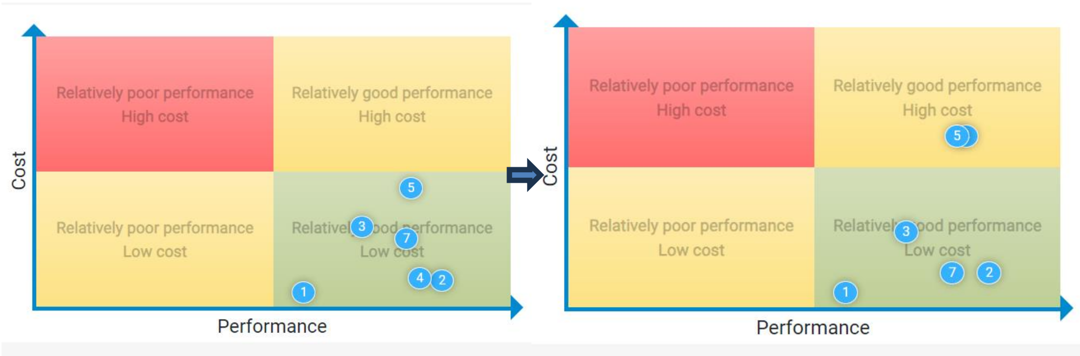
- ***Reinvestment:*** Works to existing properties are higher than forecast, largely due to Social Housing Decarbonisation Fund (SHDF) timings and delivery being ahead of original planned expenditure. This has resulted in better than target performance.
- ***New Supply Delivered (Social Housing Units)***: New supply delivery (social housing units) is lower than forecast due to the later delivery of S106 units and changes to the development programme since the original 2021-24 strategy was agreed.
- ***New Supply Delivered (Non-Social Housing Units)***: New supply delivery (non-social housing units) is lower than forecast due to the delayed delivery of outright market sales at Taw Wharf (Phase 4) and change in development timings.
- ***(EBITDA MRI) Interest Cover***: The RSH calculation of this metric does not include surpluses from the disposal of property assets, nor does it take into account any capital grant; grant of £1.3m receivable this year from SHDF and Energy Redress scheme is excluded, whilst the costs are included. If grant was included this metric result would improve to 44.3%. The lower than forecast performance in operating surplus as a result of the pressure on the repairs and maintenance service has also had a negative impact on this metric.
- ***Headline Social Housing Cost***: The costs are £810 per property higher than forecast in 23/24 (and £1579 higher than the original strategy target) due to the cost pressures we have experienced during the year not only as a result of continued inflationary pressures but also the increase in demand on services, particularly in respect of repairs and maintenance. As capitalised major repairs is included in this calculation the higher level of investment in works to existing properties is also reflected in the increase from forecast.
- ***Operating Margin (Social Housing Lettings Only)***: Whilst turnover from social housing lettings is over £900k greater than the original strategy target, the lower than forecast operating surplus as a result of cost pressures has impacted performance against this metric.
- ***Operating Margin (Overall)***: The lower than forecast operating surplus is as a result of both a lower operating surplus and a lower than forecast turnover, particularly in relation to Anchorwood where the majority of Taw Wharf phase 4 sales are now forecast in 2024/25.
- ***Return on Capital Employed (ROCE)***: This metric is adversely impacted by the lower operating surplus in addition to lower balance sheet net asset value as a result of a lower than anticipated level of development.

Strategic Report (continued)

Value for Money Statement (continued)

In addition to the metrics used by the RSH, the graphs below shows VfM performance for 2022/23 compared to 2021/22 for different operational areas of NDH. This Housemark data (the latest comparative data available) takes into account the cost of the service and the performance of the service – giving a good indicator of VfM. The data has been benchmarked against our Housemark peer group of Southern Traditional Housing Associations, rather than the whole sector.

2021/22 **2022/23**



1- Responsive repairs	• Tenancy management**	5- Neighbourhood Management
2- Voids & lettings	4- Resident engagement	
3- Rent arrears & collection	• Customer services*	• Community investment*

*Data not available to provide a robust judgment.

**Partly hidden by no.5 on 2022/23 diagram.

The Housemark data shows that in general, NDH offers good VfM. Since 2021/22, performance has remained strong based on available data, but costs have increased in three areas – tipping two areas just out of the low-cost quadrant:

- Tenancy Management total Cost Per Property (CPP) increased from £124 (median £166) to £270 (median £223). The key reason for this is the significant uplift in the Hardship Fund, a specific budget allocation agreed by the Board, to provide additional support to customers during the cost of living crisis, for example through provision of fuel vouchers or essential household items. The difference to peers is likely to be that either others do not have such a fund and /or they account for it differently in the Housemark data.

- Resident Involvement total CPP increased from £92 (median £109) to £111 (median £82). This increase in costs is mainly because there was a summer fayre in 2022/23, but not in the previous year – therefore the additional cost relates to publications and direct activity linked to the event (some of which will have been balanced by sponsorship income), that did not take place in the previous year.

Anti-Social Behaviour total CPP also increased marginally from £50 (median £102) to £57 (median £109) but remains well below the median. All these areas sit under Housing Management, for which the costs overall are below the median.

Strategic Report (continued)

Value for Money Statement (continued)

Value for Money Targets

As noted above, the key VfM targets are against the seven VfM metrics set by the RSH. However, the Board also outlined four other targets in its 2021-24 VfM strategy. These are set out in the table below:

Metric	2023/24	
	Target	Performance
% Satisfaction with repairs and maintenance service	85%	89%
% of complaints resolved within agreed timetable	Stage 1 – 100% within 10 working days Stage 2 – 100% within 20 working days	Stage 1 – 92% Stage 2 – 93%
No. of changes as a result of customer consultation/feedback	50	58
Social Value delivered	*Evidence of social value delivered*	*Evidence of social value delivered*

Repairs and maintenance satisfaction

As noted above, transactional satisfaction remains above target at 89%. Any responses indicating dissatisfaction are followed up by repairs staff to understand what has happened, identify any learning, and where appropriate to resolve any outstanding issues.

Complaints resolution

The Housing Ombudsman's Complaints Code requires that Landlords try to resolve stage 1 complaints within 10 working days of logging them and stage 2 complaints within 20 days. Additional time is allowed, provided there is a good reason, and the end date is agreed with the customer. All Stage 1 and all but one Stage 2 complaints were compliant with these expectations throughout the year. For the year, 92% of Stage 1 complaints were responded to within 10 working days and 93% of Stage 2 complaints were responded to within 20 working days.

Customer consultation / feedback

In the year, 58 changes were recorded as a direct result of consultation with, and feedback from, customers. These included changes to standard letters, information leaflets and customer-facing policies.

Social value

Key ways we delivered social value in the year:

- Through targeted specialist support for customers with a range of complex needs, aimed at providing the very best advice and support that in turn helped customers maintain their tenancies.
- Involved customers built skills and knowledge through attending training events, contributed to improving and scrutinising services provided by NDH and were involved in discussions on key issues such as rent setting.
- An Energy and Wellbeing Officer worked with customers to ensure they were obtaining financial support available to them in respect of energy charges from utility suppliers, and that they were using their own heating systems optimally.

Strategic Report (continued)

Value for Money Statement (continued)

Social value (continued)

- Our Money Matters service dealt with 367 Welfare Support Officer referrals and obtained over £200k additional income for customers over 6 months. The Hardship Fund (financed by NDH) has also been utilised to help customers (e.g. through heating their homes, providing white goods, providing floor coverings, addressing hardship issues).

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

As a community landlord, engaging with our customers is a core part of how we both improve and deliver VfM. As a result of customers volunteering their time through our customer groups such as our Customer Board Partnership, Customer Health and Safety Partnership and our Customer Scrutiny Panel capacity has been further developed this year to support meaningful and effective customer involvement.

As a key part of our community engagement, we hold an annual customer summer fayre. In July 2023, this community event brought staff, board members and several hundred customers together in a neutral setting to have shared conversations about our services which we have used to inform how we work.

During the year, our Customer Chair led the work of our involved customers through our Customer Partnership Agenda. Our partnership agenda has continued to evolve to be increasingly strategic in focus and was a key group in overseeing the development of our new Corporate Plan. Customers, Board Members and the Executive Team have met with senior service managers regularly through this year and have considered and influenced a wide-ranging agenda including:

- Our approach to rent setting;
- Monitoring and challenging our Key Performance Indicators and performance levels across the business;
- Complaints, complaint handling and how learning is embedded;
- Implementation of our Customer Involvement strategy;
- Our Decarbonisation plans and progress;
- How we engage with and get value from the Advantage South West partnership;
- Our IT systems;
- Our Customer Health and Safety Partnership developments;
- Our customer communications plan and strategy; and
- Our approach to Tenant Satisfaction Measures and understanding what the feedback means for us.

Customers also attended and participated in a range of strategic meetings throughout the year including regular attendance at Board meetings and our joint Board and Customer Strategic Planning day.

Our Customer Health and Safety Partnership (CHSP) has continued to evolve under a new CHSP Chair, with a structured programme of training supported to promote meaningful engagement and contributions to our landlord compliance and customer safety agendas. This group has monitored and challenged how we deliver landlord compliance and customer safety, monitoring performance and developing and facilitating customer events to engage customers in our customer partnership safety agenda. The CHSP Chair has taken a lead role in providing customer-led scrutiny of these arrangements and engaging partners such as the Fire Service, Police and Local Authority in safety related meetings to improve outcomes for customers.

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

Our Customer Scrutiny Panel has also developed and undertaken an active programme of reviews which has researched, evaluated and scrutinised a number of areas and made recommendations for improvements in how we design, monitor, implement or review services including the voids process, damp mould and condensation arrangements and recharges.

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

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

During this challenging year, customer groups were also created and / or focussed on some of the emergent issues to ground and inform our response. For example, our customers considered and helped shape our decision on rent setting.

Customers have also been informing how we set current priorities. They have been engaged in discussions around our 2024-27 Corporate plan, informing how we draft priorities for more widespread consultation. This work is continuing with a programme of community engagement events, and we will continue to engage customers as these priorities are refined in the coming financial year.

We have also been consulting on how we roll out our processes to collect the new Tenant Satisfaction Measures (TSMs). This has informed how and when we have contacted customers, and we will be reviewing the outputs from our TSM surveys throughout the year to gain further insight into the drivers behind the things that customers score favourably and any challenges or areas for improvement that may be identified.

Plans for the year ahead

In addition to focussing on the VfM targets outlined above, other key priorities for the year 2024/25 are based on the new 2024-2027 Corporate Plan. Key issues for year one of this period are to:

- Launch our Customer Experience Strategy to ensure that the way we deliver services is continuously improved based on feedback from Customers. As part of this we will validate 40% of Customer data and gain better insight into the profiles and preferences of Customers.

- Agree a plan to deal with stock that needs replacing. Where we can obtain external funding or grants, we will regenerate these areas.

- Continue to progress with our Digital Transformation project, specifying and procuring a new asset management system and extending mobile working across the business.

- Work with our partners in Advantage South West LLP (ASW), (in which NDH has a 33% shareholding) to help deliver volume purchasing procurement savings utilising a range of purchasing frameworks to support our supply chain, and develop modern methods of construction and standard house types through the Building Better project, which will enable quicker and more cost effective new homes delivery in our communities.

Strategic Report (continued)

Plans for the year ahead (continued)

- Monitor the performance and progress of Anchorwood and achievement of its own corporate plan objectives to ensure Anchorwood's activities continue to support those of NDH.

- Deliver 21 rented homes and 5 shared ownership homes.

- Through our strong Team NDH culture, continue to invest and develop our staff through our organisational development strategy (Team NDH plan) and support staff through learning and development. Specifically, we will begin enrolling staff on level 4 and 5 housing qualifications in anticipation of the professionalisation agenda.

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

Strategic Report (continued)

Operating and Financial Review

Financial Review
Income from social housing lettings increased in the year to 31 March 2024 by 9.2% (2023: 3.9% increase) from £16,507k in 2022/23 to £18,024k in 2023/24 (which included the 7% capped rent increase being applied to the majority of properties. Social housing lettings income included £329k of revenue grant income. 3 general needs properties were lost through Right to Buy and there were 6 strategic disposals in the year. 13 new social housing rented properties were delivered, although this was lower than forecast impacting overall social housing lettings rent received compared the budget for the year.

There was a decrease in turnover within other social housing activities of £215k to £617k in 2024 (2023: £832k); this was largely attributable to lower shared ownership receipts in the year. There was 1 shared ownership property sale in the year (2023: 4), although 5 new shared ownership homes completed; the remaining 4 sales are forecast to complete in 2024/25. Included within non-social housing activity, turnover from open market sale activity through NDH's subsidiary Anchorwood Ltd was £2,104k lower than the previous year at £2,577k (2023: £4,681k) as a result of 11 phase 3 sales completing at the Taw Wharf scheme, with only one completed property remaining unsold at the end of the year.

Due to the exceptional pressure on costs during the year as a result of a very challenging operating environment, the Group operating surplus for the year was £4,961k (2023: £5,012k), a decrease of £51k from the previous year. This included gains from disposals of property, plant and equipment of £920k (2023: £546k) as we continued to disinvest in our poorest performing assets. There was a decrease in Group turnover of £720k mainly arising from the lower level of sales activity in Anchorwood. This was as a result of delays to phase 4 unit completions rather than from properties remaining unsold. Anchorwood profits resulted in gift aid to be paid for the year of £175k, with £637k actually received in the year in respect of 2022/23 performance. Overall operating costs decreased by £294k from the previous year as a result of lower cost of sales in Anchorwood; operating costs for social housing lettings increased by £1,211k, mainly as a result of increased inflationary pressures across all areas but also included £823k (2023: £597k) costs expensed in relation to SHDF works. During the year £1,834k (2023: £2,845k) of major repairs expenditure was written off to the income and expenditure account and in addition, £6,304k of works were capitalised (2023: £3,538k) reflecting the significant investment into existing housing stock; these revenue and capital costs included £4,109k (2023: £800k) of strategic decarbonisation works.

The surplus from property disposals was £920k, an increase of £374k from 2022/23 reflecting a higher level of activity for strategic disposals; there were six disposals in the year compared to two the previous year. Receipts from these disposals are reinvested into improvements for existing stock into the development programme for the provision of new affordable homes in the area.

The Group suffered from the high interest rate environment and interest costs increased by £1.0m in the year at £5,834k compared to £4,807k in 2022/23. This resulted in an overall loss for the year. The Group's loss before tax was £477k (2023: £609k surplus). There was an actuarial loss in the year of £407k (2023: £2,345k gain) in relation to the SHPS pension scheme.

The Group's loss after tax and pension losses for the year was £884k (2023: £2,954k surplus). The loss was debited to revenue reserves.

Debt Profile

A summary of drawn loans (excluding any interest and fees applied) as at the year end is below:

Strategic Report (continued)

Operating and Financial Review

Financial Review (continued)

Lender	2024 Group £'000	2024 Assoc'n £'000	2023 Group £'000	2023 Assoc'n £'000	Description
Lloyds	**36,300**	**36,300**	51,300	51,300	Fixed
Affordable Housing Finance	**8,000**	**8,000**	8,000	8,000	Fixed
GB Social Housing	**27,638**	**27,638**	27,638	27,638	Fixed
MORhomes	**12,500**	**12,500**	12,500	12,500	Fixed
NatWest	**12,650**	**10,500**	-	-	Variable
TOTAL	**97,088**	**94,938**	99,438	99,438	

Total loan facilities available at 31 March 2024:

Lender	2024 Group £'000	2024 Assc'n £'000	2023 Group £'000	2023 Assoc'n £'000	Description
Lloyds	**36,300**	**36,300**	51,300	51,300	Fixed
Affordable Housing Finance	**8,000**	**8,000**	8,000	8,000	Fixed
GB Social Housing	**27,638**	**27,638**	27,638	27,638	Fixed
MORhomes	**46,000**	**46,000**	46,000	46,000	Fixed
NatWest	**19,700**	**15,000**	4,525	4,525	Variable
TOTAL	**137,638**	**132,938**	137,463	132,938	

Group Debt profile at 31 March 2024:

	2024	2023
Fixed Rate Loans £'000	£84,438	£99,438
Variable Rate Loans £'000	£12,650	£ -
Total Loans Drawn £'000	**£97,088**	£99,438
% unhedged	13%	0%
Average cost of funds	5.33%	5.05%
Undrawn facility £'000	**£40,550**	£38,025

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

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

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

Strategic Report (continued)

Operating and Financial Review (continued)

Cash Flows
Cash inflows and outflows for the year under review are contained in the Consolidated Statement of Cash Flows on page 43. The main net cash inflows from operating activities are from housing management activities. The net cash outflow from investing activities is the net expenditure (after grant) on development properties and planned maintenance improvements, including the replacement of components of housing properties.

Market value of land and buildings
The most recent valuation in respect of property charged to Lloyds was completed in June 2023 and the value of the charged stock at 31 March 2024 was £81.98m, valued at Existing Use Value – Social Housing (EUV-SH).

The value of stock charged to Affordable Housing Finance at 31 March 2024 was £10.06m at EUV-SH, based on the valuation that was concluded in March 2020.

The value of the stock charged to GB Social Housing was £46.70m valued at Market Value - Subject to Tenancies (MV-ST) at the year end, based on the full valuation completed in June 2023.

Based on the updated desktop valuation completed in March 2024, the MV-ST value of the MORhomes charged stock was £18.26m.

The security for the NatWest RCF was completed in quarter 4 2023/24 and was valued at £20.99m at MV-ST.

Devon County Council Pension Scheme
The Association holds a jointly controlled bank account with Devon County Council as the administering authority, to provide an indemnity by way of a cash deposit to the LGPS scheme. As at the year end the balance in this account was £1.577m. Following consultation with affected employees, the LGPS scheme was closed to future accrual for the remaining employees that were members on 31 January 2024 and further details regarding the exit of the scheme are provided in note 22.

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

By order of the Board

Colin Dennis
Chair of the Board
23 September 2024

Statement of the Board of Management's Responsibilities

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

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

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

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

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

The Board is responsible for keeping proper books of accounts that disclose, with reasonable accuracy at any time, the financial position of the Association and enable it to ensure that the Association's Financial Statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

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

The Report of the Board, the Strategic Report and the Financial Statements were approved by the Board on 23 September 2024 and signed on its behalf by:

By order of the Board

Colin Dennis
Chair of the Board

23 September 2024

Report of the Board on Internal Control

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

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

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. Whilst some controls have been further updated and strengthened particularly in respect of managing cyber risks and governance of data, the overall internal controls system has remained largely unchanged.

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

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

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

As part of the risk management of the Taw Wharf scheme (which is the main Anchorwood Limited development), the Anchorwood project group has continued to meet regularly to review the project risk register as well as any new or emerging risks and the project risk register is reviewed by the Anchorwood Board at each meeting. Discussions about the risks being managed by Anchorwood Ltd inform the scoring of Group Risk 67 "Failure of Anchorwood Ltd to deliver the outcomes agreed in its Corporate Plan (e.g. units, income) within budget and planned timescales".

Report of the Board on Internal Control (continued)

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

The Group produces a three-year Corporate Plan and a 30-year financial Business Plan, which is updated on at least an annual basis, and which is supported by detailed financial budgets and forecasts. The Business Plan identifies the threats and opportunities in the environment, which may prevent the achievement of objectives; and sensitivity and scenario modelling is carried out to model different events and develop contingency plans. A key area of focus during the year has been scenario testing and assessment of economic impacts on the Group's activities, during a period of volatile and challenging economic conditions. This has been considered in the context of challenges to NDH delivering its charitable objectives, delivery of market sale properties through Anchorwood, the uncertain economic and political environment and the impact of the cost-of-living crisis on customers.

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

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

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

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

Report of the Board on Internal Control (continued)

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

The Group has an anti-fraud, bribery and corruption policy in place covering prevention, detection and reporting of fraud. The Board reviews the fraud register at each Board meeting and can confirm that there have been no frauds against the Group during the year that have resulted in any losses.

The Board cannot delegate ultimate responsibility for the system of internal control, but it can and has appointed a Group Audit and Risk Committee to oversee risk and internal control. A full report on Internal Controls Assurance was provided to the Group Audit and Risk Committee on 19 February 2024 and the results of the Board's subsequent review of that report are the basis of this statement.

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

By order of the Board

Colin Dennis
Chair of the Board

23 September 2024

Independent Auditors' report to the members of North Devon Homes

Opinion

We have audited the financial statements of North Devon Homes (the 'parent association') and its subsidiary ('the group') for the year ended 31 March 2024 which comprise the Consolidated and Association Statements of Comprehensive Income , the Consolidated and Association Statements of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Reserves, the Association Statement of Changes in Reserves and notes to the financial statements, including 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 parent association's affairs as at 31 March 2024, and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2022.

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 responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in

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

the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the board of management report (incorporating the strategic report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the board of management report (incorporating the strategic report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent association and its environment obtained in the course of the audit, we have not identified material misstatements in the board of management report (incorporating the strategic report). We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

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

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

Responsibilities of the board

As explained more fully in the Statement of the Board of Management's Responsibilities, the board (who are also the directors of the parent association for the purposes of charity law) 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 the board 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 is responsible for assessing the group and the parent 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 intends to liquidate the group or the parent association or to cease operations, or has no realistic alternative but to do so.

Auditor 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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We have considered the nature of the sector, control environment and financial performance;
- We have considered the results of enquiries with management and directors in relation to their own identification and assessment of the risk of irregularities within the entity;
- We have reviewed the documentation of key processes and controls and performed walkthroughs of transactions to confirm that the systems are operating in line with documentation;
- Any matters identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - Identifying, evaluation and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - The internal controls established to mitigate risks of fraud or noncompliance with laws and regulations;
- We have considered the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we have considered the opportunities and incentives that may exist within the organisation for fraud and identified the highest area of risk to be in relation to income recognition, with a particular risk in relation to year-end cut off. In common with all audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override.

We have also obtained understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies Act 2006, FRS 102, and UK tax legislation.

In addition, we considered the provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or avoid a material penalty. These include data protection regulations, health and safety regulations, employment legislation, and money laundering legislation.

Our procedures to respond to risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reviewing board meeting minutes;
- Enquiring of management in relation to actual and potential claims or litigations;
- Performing detailed transactional testing in relation to the recognition of income, with a particular focus around year-end cut off; and

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

- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgments made in accounting estimates are indicative of potential bias; and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business.

We also communicated identified laws and regulations and potential fraud risks to all members of the engagement team and remained alert to possible indicators of fraud or non-compliance with laws and regulations throughout the audit.

As a result of the inherent limitations of an audit, there is a risk that not all irregularities, including a material misstatement in financial statements or non-compliance with regulation, will be detected by us. The risk increases the further removed compliance with a law and regulation is from the events and transactions reflected in the financial statements, given we will be less likely to be aware of it, or should the irregularity occur as a result of fraud rather than a one-off error, as this may involve intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the FRC's website at: https://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 Chapter 3 of Part 16 of the Companies Act 2006 and section 137 of the Housing and Regeneration Act 2008. 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.

Bishop Fleming LLP

Nathan Coughlin (Senior statutory auditor)
for and on behalf of
Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
Plymouth

Date: 27/09/2024

Consolidated and Association Statements of Comprehensive Income for the year ended 31 March 2024

	Note	Group 2024 £'000	Association 2024 £'000	Group 2023 £'000	Association 2023 £'000
Turnover	2	22,258	19,798	22,977	18,912
Operating Expenditure	2	(18,217)	(15,761)	(18,511)	(14,434)
Gain on disposal of property, plant and equipment	3	920	920	546	546
Operating Surplus	**2**	**4,961**	**4,957**	**5,012**	**5,024**
Share of operating gain/(loss) in associate	11	19	-	2	-
Interest receivable	4	267	292	99	147
Interest and Financing Costs	5	(5,834)	(5,834)	(4,807)	(4,807)
Surplus on revaluation of investment properties	10c	110	110	303	303
(Loss)/Surplus before taxation		**(477)**	**(475)**	**609**	**667**
Taxation	9	(2)	(2)	-	-
(Loss)/Surplus for the year		**(479)**	**(477)**	**609**	**667**
Actuarial (loss)/gain in respect of pension schemes	22	(407)	(407)	2,345	2,345
Total Comprehensive (expense)/income for the year		**(886)**	**(884)**	**2,954**	**3,012**

Consolidated and Association Statements of Financial Position as at 31 March 2024

Registered number 03674687

	Note	Group 2024 £'000	Association 2024 £'000	Group 2023 £'000 Restated	Association 2023 £'000 Restated
Fixed assets					
Intangible Assets	10a	1,025	1,025	1,097	1,097
Tangible fixed assets – Housing Properties	10b	166,319	167,095	160,094	160,869
Other property, plant & equipment	10c	3,749	3,663	3,035	2,946
Total fixed assets		**171,093**	**171,783**	**164,226**	**164,912**
Investments					
Investment Properties	10c	3,295	3,295	3,185	3,185
Investment in Subsidiary	11	-	2,300	-	2,300
Investment in Associates	11	122	5	103	5
Other investments	11	398	398	403	403
		3,815	**5,998**	**3,691**	**5,893**
Debtors due after more than one year	12b	**-**	**243**	**145**	**1,146**
Total investments and debtors due after more than one year		**3,815**	**6,241**	**3,836**	**7,039**
Current assets					
Debtors	12a	4,655	3,566	2,746	3,044
Stock	13	5,164	758	4,711	330
Cash and cash equivalents	16	1,936	1,746	13,120	13,028
Total current assets		**11,755**	**6,070**	**20,577**	**16,402**
Creditors: amounts falling due within one year	14	(8,167)	(4,718)	(20,516)	(19,408)
Net current assets		**3,588**	**1,352**	**61**	**(3,006)**
Total assets less current liabilities		**178,496**	**179,376**	**168,123**	**168,945**
Creditors: amounts falling due after more than one year	15	(114,498)	(114,498)	(102,619)	(102,566)
Defined Benefit pension liability	22	(1,031)	(1,031)	(1,674)	(1,674)
Net assets		**62,967**	**63,847**	**63,830**	**64,705**
Capital and Reserves					
Income & Expenditure reserve		21,037	21,917	21,759	22,634
Revaluation reserve		41,930	41,930	42,071	42,071
		62,967	**63,847**	**63,830**	**64,705**

The Income & Expenditure reserve and Revaluation reserve have been restated for 2023 as detailed in the Prior Year Restatement Note 21

Consolidated and Association Statements of Financial Position as at 31 March 2024 (Continued)

These Financial Statements together with the associated notes on pages 46 to 83 were approved and authorised for issue by the Board on 23 September 2024 and were signed on its behalf by:

Colin Dennis **Chair**	**Delyth Lloyd-Evans** **Board Member**

Consolidated Statement of Cash Flows for the year ended 31 March 2024

	Note	Group 2024 £'000	Group 2023 £'000
Net cash generated from operating activities	16	**5,378**	**9,479**
Cash flows from Investing Activities:			
Purchase of tangible and intangible fixed assets		(10,886)	(5,873)
Proceeds from sale of tangible fixed assets		1,603	1,240
RTB Sharing Agreement		(239)	(246)
Grant received		191	139
Interest received		254	97
Net cash used in investing activities		**(9,077)**	**(4,643)**
Cash flows from Financing Activities:			
Interest paid		(6,005)	(4,742)
Interest element of finance lease rental payments		(40)	-
New secured loans		13,012	3,407
Repayment of Borrowings		(15,375)	(5,780)
Capital element of finance lease rental payments		761	(20)
Withdrawal from investments		162	-
Net cash generated (used in)/from financing activities		**(7,485)**	**(7,135)**
Net increase in cash and cash equivalents	16	(11,184)	(2,299)
Cash and cash equivalents at beginning of year	16	13,120	15,419
Cash and cash equivalents at end of year	**16**	**1,936**	**13,120**

Consolidated Statement of Changes in Reserves for the year ended 31 March 2024

Group	Income and Expenditure Reserve £'000	Revaluation Reserve £'000	Total £'000
Balance as at 1 April 2022	16,829	44,053	60,882
Release from Revaluation reserve – prior years	1,870	(1,870)	-
Release from Revaluation reserve	112	(112)	-
Surplus from Statement of Comprehensive Income for the year	609	-	609
Actuarial gain in respect of pension schemes	2,345	-	2,345
Adjustment to Subsidiary Reserve	(6)	-	(6)
Balance as at 31 March 2023 as restated	**21,759**	**42,071**	**63,830**
Surplus from Statement of Comprehensive Income for the year	(479)	-	(479)
Actuarial gain in respect of pension schemes	(407)	-	(407)
DCC Pension Reserve present value of unfunded obligation	26	-	26
Adjustment to income and expenditure reserve	(3)	-	(3)
Release from Revaluation reserve	141	(141)	-
Balance as at 31 March 2024	**21,037**	**41,930**	**62,967**

Association Statement of Changes in Reserves for the year ended 31 March 2024

Association	Income and Expenditure Reserve £'000	Revaluation Reserve £'000	Total £'000
Balance as at 1 April 2022	17,640	44,053	61,693
Release from Revaluation reserve – prior years	1,870	(1,870)	-
Restated balance as at 1 April 2022	**19,510**	**42,183**	**61,693**
Release from Revaluation reserve	112	(112)	-
Surplus from Statement of Comprehensive Income for the year	667	-	667
Actuarial gain in respect of pension schemes	2,345	-	2,345
Restated balance as at 31 March 2023	**22,634**	**42,071**	**64,705**
Surplus from Statement of Comprehensive Income for the year	(477)	-	(477)
Actuarial gain in respect of pension schemes	(407)	-	(407)
DCC Pension Reserve Unfunded Obligation Not Required	26	-	26
Release from Revaluation reserve	141	(141)	-
Balance as at 31 March 2024	**21,917**	**41,930**	**63,847**

Notes to the Financial Statements for the year ended 31 March 2024

1 Accounting Policies

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

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

Basis of preparation
The Group's Financial Statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS102), the Housing and Regeneration Act 2008, the Statement of Recommended Practice for Registered Social Housing Providers 2018 ('SORP 2018') and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022. The accounts are prepared under the historical cost convention.

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

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

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

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

The Group prepares a 30-year business plan, which is updated and approved on an annual basis. The most recent business plan was approved in May 2024. As part of the business plan approval the Board updated its stress testing and multi-variate scenario testing against the base plan, and particularly considered impacts of a challenging operating environment with high inflation, cost-of-living crisis impacting customers and staff, increasing customer and regulatory expectations, alongside a 7.7% rental income increase for the year 2024/25. The Board is particularly mindful of its exposure to housing market risk and the impact of the slowdown in the market due to economic conditions, impacting sales prices and demand; performance against the business plan forecasts continues to be a key focus for the coming year. The stress and scenario testing impacts were measured against loan covenants and cash facilities, with potential mitigating actions identified where these would be necessary.

The Board, after reviewing the Group 30-year business plan and budget for 2024/25 is of the opinion that, taking account of severe but plausible downsides, the Group and Association have adequate resources to continue in business for the foreseeable future.

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

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

1 Accounting Policies (continued)

Going concern (continued)

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

Significant judgements and key sources of estimation uncertainty

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

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

Development expenditure

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

Onerous contracts

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

Categorisation of housing properties

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

Impairment

The Group has undertaken an impairment assessment as part of its preparation of the Financial Statements and in light of the challenging economic climate and cost-of-living crisis. In carrying out the assessment, management has considered the detailed criteria set out in the SORP.

Bank Loans

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

Other key sources of estimation:

Tangible fixed assets

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

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

1 Accounting Policies (continued)

Significant Judgements and key sources of estimation uncertainty (continued)

Defined benefit pension scheme
The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors including life expectancy, salary increases, inflation, asset valuations and the discount rate applied. Management estimates these factors in determining the net pension obligation in the Statement of Financial Position. The assumptions reflect historical experience and current trends. Further details are given in Note 22.

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

The Group has assessed that the challenging economic climate and cost-of-living crisis represents a trigger for impairment and has undertaken a review which has included the office property fixed asset and Anchorwood's Taw Wharf scheme. The Group has carried out an assessment of impairment in accordance with the SORP and no impairment losses were identified in the reporting period.

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

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

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

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

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

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

(a) the net book value of the properties;
(b) selling costs, including agent fees and legal costs; and
(c) any liabilities under Right to Buy sharing agreements with the local authority.

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

1 Accounting Policies (continued)

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

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

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

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

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

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

Capitalised interest

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

Depreciation

Freehold land and housing properties under construction are not depreciated.

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

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

1 Accounting Policies (continued)

Depreciation (continued)

Component	Years	Component	Years
Structure	100	External wall insulation	20
Bathrooms	30	Electric heating	20
Kitchens	20	Gas heating	30
Doors	30	Solid fuel heating	25
Windows	30	Air and ground source heating	20
Electrics/rewires	30	Lifts	25
Gas boilers	15	Roofs	75
Biomass boilers	25	Heating Distribution	45

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

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

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

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

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

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

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

1. Accounting Policies (continued)

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

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

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

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

Following the assessment of the indicators of impairment, it was viewed that the challenging economic environment (including high interest rates and high inflation), and resulting potential impacts was a trigger for impairment in relation to Work in Progress (WIP) and investment property. An impairment review was undertaken including the following key areas:

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

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

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

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

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

1. Accounting Policies (continued)

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

- computer software 5 years

Intangible assets in the process of development are not amortised.

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

1 Accounting Policies (continued)

Corporation Tax (continued)

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

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

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

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

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

Pensions
Retirement benefits to current employees are provided by the Social Housing Pension Scheme ("SHPS") defined contribution scheme. During the year the Board decided to exit the Local Government Pension Scheme ("LGPS") (administered by Devon County Council Pensions) defined benefit pension scheme and the exit date was 31 January 2024. Further details of both schemes is provided in Note 22. Past service retirement benefits to employees are also provided by the SHPS and LGPS defined benefit schemes, details of which are given in Note 22. Pension costs accounted for as defined benefit schemes are in accordance with FRS102 (section 28).

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

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

LGPS
Following a consultation with affected staff during the year, the Association closed the LGPS scheme (which is a multi-employer defined benefit scheme) with effect from 31 January 2024. The amounts charged to operating surplus are the costs arising from employee services rendered during the period and the cost of benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined liability is charged to

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

1 Accounting Policies (continued)

Pensions (continued)

revenue and included within finance costs. Re-measurement, comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) is recognised immediately in other comprehensive income. The debt that was triggered on exit of the scheme is included in the creditors note 14 and will be paid during 2024/25.

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

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

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

Restricted Reserves
There are currently no restricted reserves.

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

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

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

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

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

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

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

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

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

Income and expenditure from general needs lettings	2024			2023		
	Turnover	**Operating Costs**	**Operating Surplus /(Deficit)**	Turnover As restated	Operating Costs	Operating Surplus /(Deficit)
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Social Housing Lettings (note 2b)	**18,024**	**(14,609)**	**3,415**	16,780	(13,398)	3,382
Other social housing activities:						
Shared ownership first tranche sales	**145**	**(81)**	**64**	361	(159)	202
Charges for support services	**45**	**(559)**	**(514)**	88	(508)	(420)
Other activities	**427**	**-**	**427**	383	-	383
Non-social housing activities						
Other activities	**3,617**	**(2,968)**	**649**	5,365	(4,446)	919
Total	**22,258**	**(18,217)**	**4,041**	22,977	(18,511)	4,466

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

Income and expenditure from general needs lettings	2024			2023		
	Turnover	**Operating Costs**	**Operating Surplus /(Deficit)**	Turnover As restated	Operating Costs	Operating Surplus /(Deficit)
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Social Housing Lettings (note 2b)	**18,024**	**(14,609)**	**3,415**	16,780	(13,398)	3,382
Other social housing activities:						
Shared ownership first tranche sales	**145**	**(81)**	**64**	361	(159)	202
Charges for support services	**45**	**(559)**	**(514)**	88	(508)	(420)
Other activities	**427**	**-**	**427**	383	-	383
Non-social housing activities						
Other activities	**982**	**(512)**	**470**	643	(369)	274
Gift Aid	**175**	**-**	**175**	657	-	657
Total	**19,798**	**(15,761)**	**4,037**	18,912	(14,434)	4,478

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

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

	General Needs £'000	Supported Housing £'000	2024 Total £'000	2023 Total As restated £'000
Rent receivable net of identifiable service charges	14,275	2,450	**16,725**	15,653
Service charge income	280	532	**812**	698
Amortised Government Grants	158	-	**158**	156
Other Grants*	204	125	**329**	273
Turnover from social housing lettings	**14,917**	**3,107**	**18,024**	16,780
Expenditure on lettings:				
Management	(2,013)	(409)	**(2,422)**	(2,094)
Service charge costs	(360)	(695)	**(1,055)**	(1,009)
Routine maintenance	(4,019)	(1,025)	**(5,044)**	(3,350)
Planned maintenance	(902)	(183)	**(1,085)**	(1,051)
Major repairs expenditure**	(1,538)	(296)	**(1,834)**	(2,845)
Bad debts	(66)	(11)	**(77)**	(80)
Depreciation of housing properties	(2,681)	(411)	**(3,092)**	(2,969)
Operating expenditure on Social Housing Lettings	**(11,579)**	**(3,030)**	**(14,609)**	(13,398)
Operating surplus/(deficit) on social housing lettings	**3,338**	**77**	**3,415**	3,382
Void losses	(74)	(39)	**(113)**	(120)

*£273k of Other Grants had previously been disclosed as part of turnover from Other Social Housing Activities however due to the nature of the grant, it should be disclosed as part of turnover from Social Housing Lettings.

**included within major repairs is £823k costs in relation to energy efficiency and Social Housing Decarbonisation Fund works.

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

3 Gain on disposal of property, plant and equipment

Group and Association	Right to Buy Sales	Strategic Sales	2024 Total	2023 Total
	£'000	£'000	£'000	£'000
Proceeds of sales (gross)	354	1,266	**1,620**	1,240
Less costs of sales	(159)	(266)	**(425)**	(456)
	195	1,000	**1,195**	784
NDC sharing of proceeds agreement	(275)	-	**(275)**	(238)
Surplus/(deficit) on disposal	**(80)**	**1,000**	**920**	546

4 Interest receivable

	Group 2024 £'000	Association 2024 £'000	Group 2023 £'000	Association 2023 £'000
Interest receivable	**267**	**292**	99	147

5 Interest and financing costs

Group and Association	Group 2024 £'000	Association 2024 £'000	Group 2023 £'000	Association 2023 £'000
Net Interest on defined benefit liability pension (see Note 22)	**66**	**66**	106	106
Interest payable	**5,915**	**5,866**	4,697	4,640
Funding Management Charge	**130**	**130**	121	121
	6,111	**6,062**	4,924	4,867
Borrowing costs capitalised	**(277)**	**(228)**	(117)	(60)
	5,834	**5,834**	4,807	4,807

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

6 Surplus before taxation

	Group 2024 £'000	**Association 2024 £'000**	Group 2023 £'000	Association 2023 £'000
Surplus on ordinary activities before taxation is stated after charging:				
Depreciation of tangible fixed assets	**3,563**	**3,558**	3,130	3,126
Amortisation of intangible fixed assets	**330**	**330**	321	321
Auditors' remuneration:				
- Statutory Audit	**53**	**42**	40	32
- Taxation compliance services	**5**	**3**	8	6
- Other services	**1**	**1**	3	3
Other operating lease rentals	**85**	**85**	214	214

7 Directors' remuneration and transactions

Group and Association

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

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

Group and Association

Executive Team	**Salary £**	**Other emoluments £**	**Pension £**	**2024 Total £**	**2023 Total £**
Chief Executive M Gimber	134,885	4,945	9,778	**149,608**	149,472
Director of Neighbourhoods M Rostock	96,210	4,595	7,178	**107,983**	109,762
Finance Director P Butler	97,659	4,595	6,836	**109,090**	108,950
Total	**328,754**	**14,135**	**23,792**	**366,681**	368,184

The values above include any accrued amounts as at 31 March 2024.

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

7 Directors' remuneration and transactions (continued)

Non-Executive Directors

	Group 2024 £	**Association 2024 £**	Group 2023 £	Association 2023 £
C Dennis (Chair)	**9,861**	**9,861**	9,861	9,861
J Barrah	**-**	**-**	3,827	3,827
A Butt	**7,000**	**7,000**	7,000	7,000
J Creswell	**3,369**	**3,369**	-	-
J Goss	**3,369**	**3,369**	-	-
D Hay	**3,827**	**3,827**	3,827	3,827
S Ingman	**7,000**	**7,000**	3,827	3,827
D Lloyd-Evans	**3,827**	**3,827**	3,827	3,827
S Lowther	**-**	**-**	2,928	2,928
S Murray	**3,827**	**3,827**	3,827	3,827
P Oldroyd	**6,065**	**6,065**	6,065	6,065
S Sanger-Anderson	**6,065**	**6,065**	6,065	6,065
R Stronge	**-**	**-**	1,276	1,276
Total	**54,210**	**54,210**	52,330	52,330

Expenses paid during the year to Board Members amounted to £3,951 (2023: £3,825).

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

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

8 Employee Information

Group and Association

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

	2024 No.	2023 No.
Office staff	**94**	**92**
Maintenance staff	**50**	**43**
Wardens, caretakers and cleaners	**7**	**7**
	151	**142**

Staff costs for the above employees	2024 £'000	2023 £'000
Wages and salaries	**4,853**	4,462
Social security costs	**483**	463
Pension costs	**375**	363
	5,711	5,288

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

	2024 No.	2023 No.
Remuneration between £60k and £70k	**3**	**4**
Remuneration between £70k and £80k	**3**	**2**
Remuneration between £80k and £90k	**-**	**-**
Remuneration between £90k and £100k	**1**	**1**
Remuneration between £100k and £110k	**2**	**2**
Remuneration between £120k and £130k	**-**	**-**
Remuneration between £130k and £140k	**-**	**-**
Remuneration between £140k and £150k	**1**	**1**

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

9 Taxation

The tax charge comprises:

	Group 2024 £'000	**Association 2024 £'000**	Group 2023 £'000	Association 2023 £'000
Current tax	**2**	**2**	-	-
Adjustment in respect of previous periods	**-**	**-**	-	-
Total tax per income statement	**2**	**2**	-	-

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

	Group 2024 £'000	**Association 2024 £'000**	Group 2023 £'000	Association 2023 £'000
Profit for the period	**(477)**	**(475)**	1,311	667
Tax on profit at standard UK tax rate of 19% (2023: 19%)	**(91)**	**(90)**	248	126
Effects of:				
Expenses not deductible for tax purposes	**4,103**	**4,103**	3,656	3,656
Income not taxable for tax purposes	**(4,012)**	**(4,012)**	(3,782)	(3,782)
Effects of group relief/other reliefs	**1**	**2**	(120)	-
Other permanent differences	**1**	**(1)**	(2)	-
Tax for the period	**2**	**2**	-	-

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

10a Intangible assets

Group and Association

	Computer Software £'000	Total £'000
Cost		
As at 1 April 2023	1,692	1,692
Additions	258	258
As at 31 March 2024	**1,950**	**1,950**
Accumulated amortisation		
As at 1 April 2023	595	595
Charge for the year	330	330
As at 31 March 2024	**925**	**925**
Net book value as at 31 March 2024	**1,025**	**1,025**
Net book value as at 31 March 2023	1,097	1,097

Intangible assets are software projects which are amortised on completion in accordance with the accounting policy in Note 1(page 52).

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

10b Tangible fixed assets - Housing Properties

Group

	Social Housing property under construction £'000	Social housing property for letting completed £'000	Shared Ownership property under construction £'000	Shared Ownership completed £'000	Total £'000
Cost or deemed cost					
As at 1 April 2023	1,325	178,428	332	4,808	184,893
Additions	1,515	971	447	560	3,493
Component additions/replacements*	-	6,306	-	-	6,306
Disposals	-	(1,675)	-	(2)	(1,677)
Transfers to completed	(468)	468	-	-	-
As at 31 March 2024	**2,372**	**184,498**	**779**	**5,366**	**193,015**
Accumulated depreciation					
As at 1 April 2023	-	24,579		220	24,799
Charge for the year (including accelerated depreciation)	-	3,057	-	35	3,092
Disposals	-	(1,195)	-	-	(1,195)
As at 31 March 2024	**-**	**26,441**	**-**	**255**	**26,696**
Net book value as at 31 March 2024	**2,372**	**158,057**	**779**	**5,111**	**166,319**
Net book value as at 31 March 2023	1,325	153,849	332	4,588	160,094

*included within component additions/replacements cost is £3,286k in relation to energy efficiency and Social Housing Decarbonisation Fund works.

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

10b Tangible fixed assets - Housing Properties (continued)

Association

	Social Housing property under construction £'000	Social housing property for letting completed £'000	Shared Ownership property under constructi on £'000	Shared Ownership completed £'000	Total £'000
Cost or deemed cost					
As at 1 April 2023	2,100	178,428	332	4,808	185,668
Additions	1,516	971	447	560	3,494
Component additions/replacements*	-	6,306	-	-	6,306
Disposals	-	(1,675)	-	(2)	(1,677)
Transfers to completed	(1,032)	1,032	-	-	-
As at 31 March 2024	**2,584**	**185,062**	**779**	**5,366**	**193,791**
Accumulated depreciation					
As at 1 April 2023	-	24,579	-	220	24,799
Charge for the year (including accelerated depreciation)	-	3,057	-	35	3,092
Disposals	-	(1,195)	-	-	(1,195)
As at 31 March 2024	**-**	**26,441**	**-**	**255**	**26,696**
Net book value as at 31 March 2024	**2,584**	**158,621**	**779**	**5,111**	**167,095**
Net book value as at 31 March 2023	2,100	153,849	332	4,588	160,869

*included within component additions/replacements cost is £3,286k in relation to energy efficiency and Social Housing Decarbonisation Fund works.

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

10c Other Property, Plant & Equipment

Group

	Investment Properties £'000	Office £'000	Other land & buildings £'000	Fixtures and Fittings £'000	Motor Vehicles £'000	Total £'000
Cost or valuation						
As at 1 April 2023	3,185	3,108	292	1,411	233	8,229
Additions	-	6	-	208	976	1,190
Revaluation	110	-	-	-	-	110
Disposals	-	-	-	(22)	-	(22)
As at 31 March 2024	**3,295**	**3,114**	**292**	**1,597**	**1,209**	**9,507**
Accumulated depreciation						
As at 1 April 2023	-	651	96	1,032	230	2,009
Charge for the year	-	56	14	109	292	471
Disposals	-	-	-	(17)	-	(17)
As at 31 March 2024	**-**	**707**	**110**	**1,124**	**522**	**2,463**
Net book value as at 31 March 2024	**3,295**	**2,407**	**182**	**473**	**687**	**7,044**
Net book value as at 31 March 2023	3,185	2,457	196	379	3	6,220

The Investment Properties, which are all freehold, were valued to fair value at 31 March 2024 based on a valuations undertaken by Vickery Holman Limited, Property Consultants and Webbers who are independent valuers with recent experience in the location and class of the investment property being valued. The valuations are not reported as being subject to material valuation uncertainty.

The carrying value of the investment properties that would have been recognised had the assets been carried under the cost model is £2,011k (2023: £2,011k).

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

10c Other Property, Plant & Equipment (continued)

Association

	Investment Properties £'000	Office £'000	Other land & buildings £'000	Fixtures and Fittings £'000	Motor Vehicles £'000	Total £'000
Cost or valuation						
As at 1 April 2023	3,185	3,108	292	1,292	233	8,110
Additions	-	6	-	206	976	1,190
Revaluation	110	-	-	-	-	110
Disposals	-	-	-	(22)	-	(22)
As at 31 March 2024	**3,295**	**3,114**	**292**	**1,476**	**1,209**	**9,386**
Accumulated depreciation						
As at 1 April 2023	-	651	96	1,002	230	1,979
Charge for the year	-	56	14	104	292	466
Disposals	-	-	-	(17)	-	(17)
As at 31 March 2024	**-**	**707**	**110**	**1,089**	**522**	**2,427**
Net book value as at 31 March 2024	**3,295**	**2,407**	**182**	**387**	**687**	**6,958**
Net book value as at 31 March 2023	3,185	2,457	196	290	3	6,131

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

11 Investments

Group companies

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

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

Investments	Group 2024 £'000	Association 2024 £'000	Group 2023 £'000	Association 2023 £'000
Investment in Advantage South West LLP	**122**	**5**	103	5
Investment in Anchorwood Limited	**-**	**2,300**	-	2,300
Investment in MORHomes PLC	**82**	**82**	83	83
Investment in South West Mutual Ltd	**5**	**5**	5	5
Investment in Affordable Housing Finance PLC	**311**	**311**	315	315
	520	**2,703**	506	2,708

Advantage South West LLP: The Group's investment represents a 33% shareholding and capital contribution. The Group's share of net assets at 31 March 2024 was £122k (2023: £103k) and share of profits for the year was £19k (2023: £2k).

Anchorwood Limited: The subsidiary company was established in June 2015. NDH has a 100% shareholding. The net assets at 31 March 2024 were £2,301k (2023: £2,298k) and profit before tax for the year ended 31 March 2024 was £178k (2023: £644k profit).

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

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

Affordable Housing Finance PLC; The Group's investment represents monies required to be held (including interest) in the Liquidity Reserve Fund, in accordance with the loan agreement.

Registered office addresses for the investment companies are:

Advantage South West LLP, 1 Wellington Way, Clyst Honiton, Exeter, EX5 2FZ

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

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

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

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

12a Debtors – amounts falling due within one year:

	Group	Association	Group	Association
	2024	**2024**	2023	2023
	£'000	**£'000**	£'000	£'000
Rental arrears	**311**	**311**	289	289
Less provisions for bad debts	**(266)**	**(266)**	(245)	(245)
	45	**45**	44	44
Prepayments and accrued income	**254**	**254**	515	515
Amounts owed by subsidiary company	**-**	**213**	-	656
Other debtors	**2,936**	**1,634**	2,187	1,829
Other Grant receivable	**1,420**	**1,420**	-	-
	4,655	**3,566**	2,746	3,044

Included in other debtors is £1.577m (2023: £1.534m) being the value of the Local Government Pension Scheme indemnity that is held in a jointly controlled bank account with Devon County Council as the administering authority.

12b Debtors – amounts falling due after one year:

	Group	Association	Group	Association
	2024	**2024**	2023	2023
	£'000	**£'000**	£'000	£'000
Amounts owed by subsidiary company	**-**	**243**	-	1,001
Other debtors	**-**	**-**	145	145
	-	**243**	145	1,146

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

The intercompany loan balance at the end of the year was £0.100m (2023: £0.858m). The loan facility (excluding equity) at the end of the year was £4.907m (2023: £4.199m) and is repayable in July 2025. Interest payable during the year was calculated at base rate plus 3.35% (2023: LIBOR plus 3.35%).

Other debtors of £Nil (2023: £145k) represents amounts placed as additional security with Lloyds Bank PLC in respect of properties released from charge.

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

13 Stock

	Group	**Association**	Group	Association
	2024	**2024**	2023	2023
	£'000	**£'000**	£'000	£'000
Completed properties/properties held for sale	**959**	**329**	389	-
Work in progress	**3,875**	**99**	3,992	-
Materials	**330**	**330**	330	330
	5,164	**758**	4,711	330

14 Creditors: amounts falling due within one year

	Group	**Association**	Group	Association
	2024	**2024**	2023	2023
	£'000	**£'000**	£'000	£'000
Rent and other receipts in advance	**619**	**619**	576	576
Trade creditors	**468**	**463**	1,516	843
Amounts due under Right to Buy sharing agreement	**277**	**277**	239	239
Grant received in advance	**-**	**-**	139	139
Deferred capital grant	**164**	**164**	156	156
Other taxation and social security	**107**	**107**	97	97
Interest accruals	**896**	**896**	768	768
Pension Exit Fee Accrual (DCC)	**768**	**768**	-	-
Other creditors	**740**	**-**	21	-
Loans	**2,186**	**-**	15,000	15,000
Accruals and deferred income	**1,942**	**1,424**	2,004	1,590
	8,167	**4,718**	20,516	19,408

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

15 Creditors: amounts falling due after more than one year

Group and association

	Group	**Association**	Group	Association
	2024 £'000	**2024 £'000**	2023 £'000	2023 £'000
Loans	**99,071**	**99,071**	88,979	88,979
Deferred capital grant	**14,676**	**14,676**	13,403	13,403
Recycled capital grant fund	**168**	**168**	168	168
Finance lease liability	**583**	**583**	16	16
Other creditors	**-**	**-**	53	-
	114,498	**114,498**	102,619	102,566
Defined Benefit Pension Schemes	**1,031**	**1,031**	1,674	1,674
	115,529	**115,529**	104,293	104,240

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

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

Debt Analysis

Group and association	**Group**	**Association**	Group	Association
Loans	**2024 £'000**	**2024 £'000**	2023 £'000	2023 £'000
Expiring in 1 year or more but less than 2 years	**-**	**-**	-	-
Expiring in more than 5 years	**99,071**	**99,071**	88,979	88,979
	99,071	**99,071**	88,979	88,979

The weighted average period for which interest rates are fixed is 25 years. All loans are repayable at the end of their fixed rate term. The weighted average total interest rate for all loans was 5.33% (2023: 5.05%). Loan values include £720k (2023: £594k) of capitalised fees which are amortised on a straight line basis and £4,997k (2023: £5,279k) of loan premium amortised on a discounted cashflow basis.

The Group had one finance lease with ITEC printers, which began in the year 2022/23. There are also 26 Vehicle Finance Leases, capitalised in 2023/24

	Group	**Association**	Group	Association
Finance Lease Liability	**2024 £'000**	**2024 £'000**	2023 £'000	2023 £'000
At 1 April	**16**	**16**	-	-
Additions	**761**	**761**	20	20
Amortisation	**(194)**	**(194)**	(4)	(4)
At 31 March	**583**	**583**	16	16

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

Deferred Income – Government Grants	Group 2024 £'000	Association 2024 £'000	Group 2023 £'000	Association 2023 £'000
At 1 April	**13,559**	**13,559**	13,725	13,725
Grants receivable	**1,439**	**1,439**	106	106
Transfer to recycled grant	**-**	**-**	(138)	(138)
Amortisation to comprehensive Income	**(158)**	**(158)**	(134)	(134)
At 31 March	**14,840**	**14,840**	13,559	13,559

	Group 2024 £'000	Association 2024 £'000	Group 2023 £'000	Association 2023 £'000
Amounts to be released within one year	**164**	**164**	156	156
Amounts to be released in more than one year	**14,676**	**14,676**	13,403	13,403
	14,840	**14,840**	13,559	13,559

15a Recycled Capital Grant

Group and Association

	2024 £'000	2023 £'000
At 1 April	**168**	30
Grants recycled in the year	**-**	138
	168	168
Repayment of grant	**-**	-
At 31 March	**168**	168

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

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

16 Statement of Cashflows

Cashflow from operating activities

	Group 2024 £'000	Group 2023 £'000
(Loss) / surplus for the year	(479)	609
Adjustment for non-cash items:		
Depreciation of tangible fixed assets	3,563	3,130
Amortisation of intangible assets	330	321
(Increase) / decrease in stock	(453)	877
(Increase) / decrease in trade and other debtors	(1,909)	1,017
Increase in trade and other creditors	466	253
Pensions costs less contributions payable	(232)	(174)
Share of operating deficit/(surplus) in associate	(19)	(2)
Adjustments for investing or financing activities		
Proceeds from sale of property, plant and equipment	(920)	(546)
Increase in fair value of investment property	(110)	(303)
Government Grants utilised in the year	(158)	(156)
Interest Paid	5,834	4,807
Interest Received	(267)	(99)
Loan Fee amortisation	(268)	(255)
Net cash generated from operating activities	**5,378**	**9,479**

Analysis of changes in net debt

	At 31 March 2024 £'000	Cashflows £'000	At 31 March 2023 £'000
Cash and cash equivalents	**1,936**	(11,184)	13,120
Debt due after one year	**(99,071)**	(10,092)	(88,979)
Finance lease	**(583)**	(567)	(16)
Net debt	**(97,718)**	(21,843)	(75,875)

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

17 Financial Commitments

Capital commitments are as follows:

	Group	**Association**	Group	Association
	2024	**2024**	2023	2023
	£'000	**£'000**	£'000	£'000
Contracted for but not provided for in the Financial Statements	**4,499**	**3,543**	6,295	3,699
Future expenditure approved by Directors but not contracted for at the year end	**-**	**-**	-	-
	4,499	**3,543**	6,295	3,699

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

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

	Group	**Association**	Group	Association
	2024	**2024**	2023	2023
	£'000	**£'000**	£'000	£'000
Payments due:-				
- Within one year	**27**	**27**	124	124
- Between one and five years	**10**	**10**	72	72
	37	**37**	196	196

18 Financial Instruments

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

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

Financial Assets	**Group**	**Association**	Group	Association
Debt instruments measured at amortised cost	**2024**	**2024**	2023	2023
	£'000	**£'000**	£'000	£'000
Cash & Cash equivalents	**1,936**	**1,746**	13,120	13,028
Debtors	**4,655**	**3,566**	2,746	3,004
	6,591	**5,312**	15,866	16,032

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

Financial liabilities measured at amortised cost:	**Group**	**Association**	Group	Association
	2024	**2024**	2023	2023
	£'000	**£'000**	£'000	£'000
Borrowings:				
Housing Loans	**99,071**	**99,071**	88,979	88,979
Total Borrowings	**99,071**	**99,071**	88,979	88,979
Other financial liabilities:				
Trade creditors	**468**	**463**	934	261
Accruals and other creditors	**5,513**	**4,255**	2,586	2,172
Finance leases	**583**	**583**	16	16
Total	**6,564**	**5,301**	3,536	2,449

Interest income and expense

	Group	**Association**	Group	Association
	2024	**2024**	2023	2023
	£'000	**£'000**	£'000	£'000
Total interest income for financial assets at amortised cost	**267**	**292**	99	147
Total interest expense for financial liabilities at amortised cost	**5,834**	**5,834**	4,807	4,807

19 Housing Stock

Group and Association

	2024	2023
	Units	Units
Social housing		
General needs housing:		
• social rent*	**2,283**	2,279
• affordable rent	**425**	425
Housing for older people:		
• social rent	**510**	510
• affordable rent	**31**	31
Intermediate rent		
• general needs	**15**	15
• housing for older people	**3**	3
Low cost home ownership	**84**	79
Total owned	**3,351**	3,342
Accommodation managed for others	**16**	16
Total owned and/or managed for others	**3,367**	3,358
Non-social housing		
Accommodation let at market rent	**8**	8
Leasehold accommodation	**90**	89
Total owned and managed	**3,465**	3,455

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

19 Housing Stock (continued)

*General needs housing - social rent includes 9 (2023: 10) properties owned but managed by others.

There were 2,589 (2023: 2,651) properties with a fixed charge as at 31 March 2024. The net book value of these properties was £100,366k (2023: £101,498k).

20 Related Party transactions

During the year one Executive Officer was a Board member of Advantage South West ("ASW") in which the Association has a 33% shareholding. The Group's share of the operating surplus in the year was £19k (2023: £2k). The Association paid membership fees to ASW of £15k (2023: £15k) and there were no amounts owed to ASW at 31 March 2024 (2023: £nil).

The Association has an investment of £2,300k (2023: £2,300k) in the share capital of its non-regulated subsidiary Anchorwood Limited and £100k (2023: £858k) in inter-company loans. Anchorwood's main business is the design and build of open market sale homes. As at 31st March 2024 there was a short term Debtor balance of £213k (2023: £665k). There was a long-term creditor balance of £243k (2023: £1,001k). A service level agreement provides income for the Association, £111k (2023: £110k). The Association also received £25k in interest from Anchorwood in respect of the inter-company loan (2023: £43k). All transactions are at arm's-length and have been removed under consolidation.

21 Prior Period adjustment

The prior period adjustment relates to the omission of the release from the revaluation reserve relating to properties that were revalued as part of the transition to FRS102 in 2016 and that have been subsequently disposed of since this date. As at 1 April 2022 £1,870k of revaluation funds should have been released from the Revaluation Reserve into the Income and Expenditure Reserve following disposal of the assets against which the gain was originally recognised. The impact on the Income and Expenditure reserve and the revaluation reserve, is shown below.

	Group £'000	Association £'000
Income and Expenditure reserve as at 1 April 2023		
As Previously stated	**19,777**	**20,652**
Movement 2022/23	**112**	**112**
Prior years revaluation adjustment	**1,870**	**1,870**
Restated Income and Expenditure reserve as at 1 April 2023	**21,759**	**22,634**
Revaluation reserve as at 1 April 2023		
As Previously stated	**44,053**	**44,053**
Movement 2022/23	**(112)**	**(112)**
Prior years revaluation adjustment	**(1,870)**	**(1,870)**
Restated Revaluation reserve as at 1 April 2023	**42,071**	**42,071**

22 Pensions

Retirement benefits to employees are provided by the Social Housing Pension Scheme (SHPS). Up until 31 January 2024 retirement benefits were also provided to a small number of employees by the Local Government Pension Scheme (LGPS), administered by Devon County Council Pensions. The pension costs for the year were:

	2024 £'000	2023 £'000
Devon County Council		
Service cost	**48**	68
Administration Expenses	**4**	3
	52	71
Social Housing Pension Scheme		
Employer contributions	**310**	272
Administration Expenses	**13**	20
	323	292
Total payments	**375**	363

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

	2024 £'000	2023 £'000
Actuarial gain / (loss)		
Devon County Council Pension Scheme	**(74)**	2,508
Social Housing Pension Scheme	**(333)**	(163)
	(407)	2,345

22 Pensions (continued)

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

	2024 £'000	2023 £'000
Devon County Council Pension Scheme	**-**	732
Social Housing Pension Scheme	**1,031**	930
SHPS deficit payment in advance	-	12
	1,031	1,674

Devon County Council Pension Scheme (DCCPS)

The DCCPS is a multi-employer scheme, administered in accordance with the Local Government Pension regulations, a defined benefit scheme. During the year the company consulted with staff who were members of DCCPS, and the Board agreed to close and exit the scheme on 31 January 2024, therefore extinguishing its assets and liabilities. The formal actuarial valuation was completed as at 31 January 2024 on exit of the scheme, by a qualified independent actuary.

The net defined benefit liability at the year ended 31 March 2024 is £nil (2023: £732k).

The employer's contributions to the DCCPS Fund by the association for the year ended 31 March 2024 were £90k (2023: £96k) at a contribution rate of 22.2% of pensionable salaries.

Statement of financial position

Net pension liability as at	**2024 £'000**	2023 £'000
Present value of the defined benefit obligation	**-**	5,229
Fair value of Fund assets (bid value)	**-**	4,524
Deficit	**-**	705
Present value of unfunded obligation	**-**	27
Net defined benefit liability	**-**	732

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

22 Pensions (continued)

Devon County Council Pension Scheme (DCCPS) (continued)

Reconciliation of opening and closing balances of the present value of the defined benefit obligation	**2024 £'000**	2023 £'000
Opening defined benefit obligation	**5,256**	7,930
Current service cost	**23**	68
Interest cost	**204**	203
Change in financial assumptions	**(137)**	(2,238)
Change in demographic assumptions	**-**	(540)
Experience loss/(gain) on defined benefit obligation	**306**	125
Liabilities extinguished on settlement	**(5,367)**	-
Estimated benefits paid net of transfers in	**(264)**	(300)
Contributions by Scheme participants and other employers	**7**	10
Unfunded pension payments	**(2)**	(2)
Present value of unfunded obligation	**(26)**	(2)
Closing defined benefit obligation	**-**	5,256

Reconciliation of opening and closing balances of the fair value of Fund assets	**31 Mar 2024 £'000**	31 Mar 2023 £'000
Opening fair value of Fund assets	**4,524**	4,747
Interest on assets	**177**	121
Return on assets less interest	**124**	(186)
Other actuarial gains / (losses)	**(29)**	41
Administration expenses	**(3)**	(3)
Accrual for exit payment due	**768**	-
Assets extinguished on settlement	**(5,392)**	-
Contributions by employer including unfunded	**90**	96
Contributions by Scheme participants and other employers	**7**	10
Estimated benefits paid plus unfunded net of transfers in	**(266)**	(302)
Closing fair value of Fund assets	**-**	4,524

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

22 Pensions (continued)

Devon County Council Pension Scheme (DCCPS) (continued)

Amounts recognised in statement of comprehensive income	**31 Mar 2024 £'000**	31 Mar 2023 £'000
Service cost	**48**	68
Administration expenses	**3**	3
Amounts charged to operating costs	**51**	71
Net interest (charged to other finance costs)	**27**	82
Total loss	**78**	153

Re-measurement of net assets / (defined liability) in other comprehensive income	**31 Mar 2024 £'000**	31 Mar 2023 £'000
Return on Fund assets in excess of interest	124	(186)
Other actuarial gains / (losses) on assets	(29)	41
Change in financial assumptions	137	2,238
Change in demographic assumptions	-	540
Experience gain/(loss) on defined benefit obligation	(306)	(125)
Re-measurement of the net assets / (defined liability)	(74)	2,508

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

22 Pensions (continued)

Social Housing Pension Scheme (SHPS)

SHPS is a multi-employer, defined benefit scheme. The most recent formal actuarial valuation was completed as at 30 September 2023.

Under the defined benefit pension accounting approach, the SHPS net deficit as at 31 March 2024 is £1,031k (2023: £930k).

Statement of financial position

Net pension liability	**31 Mar 2024 £'000**	31 Mar 2023 £'000
Present value of defined benefit obligation	5,424	5,414
Fair value of plan assets	4,393	4,484
Net defined benefit liability	1,031	930

Reconciliation of opening and closing balances of the present value of scheme liabilities	**2024 £'000**	2023 £'000
Opening scheme liabilities	**5,414**	**8,933**
Current service cost	**-**	**-**
Expenses	**8**	**7**
Interest expense	**260**	**244**
Actuarial (gains) due to scheme experience	**-**	**(653)**
Actuarial (gains) due to changes in demographic assumptions	**(53)**	**(11)**
Actuarial (gains) due to changes in financial assumptions	**(86)**	**(2,816)**
Benefits paid and expenses	**(119)**	**(290)**
Closing scheme liabilities	**5,424**	**5,414**

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

22 Pensions (continued)

Social Housing Pension Scheme (SHPS) (continued)

Reconciliation of opening and closing balances of the fair value of plan assets	**2024 £'000**	2023 £'000
Opening fair value of plan assets	**4,484**	7,935
Interest income	**221**	220
Experience on plan assets (excluding interest)	**(472)**	(3,643)
Contributions by employer	**279**	262
Benefits paid and expenses	**(119)**	(290)
Closing fair value of plan assets	**4,393**	4,484

Amounts recognised in statement of comprehensive income	**2024 £'000**	2023 £'000
Expenses	8	7
Amounts charged to operating costs	**8**	7
Net interest	39	24
Amounts charged to other finance costs	**39**	24
Defined benefit costs recognised in statement of comprehensive income	**47**	31

Defined benefit costs recognised in other comprehensive income	**2024 £'000**	2023 £'000
Experience on plan assets	**(472)**	(3,643)
Experience gains on the plan liabilities	**-**	653
Effects of changes in the demographic assumptions	**53**	11
Effects of changes in the financial assumptions	**86**	2,816
Total amount recognised in other comprehensive income	**(333)**	(163)

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

22 Pensions (continued)

Social Housing Pension Scheme (continued)

Principal actuarial assumptions:

Financial assumptions	**31 Mar 2024**	31 Mar 2023
	% pa	% pa
Discount rate	**4.92**	4.84
Future Salary increases	**3.79**	3.80
Future Pension increases	**2.83**	2.84
Inflation assumption (RPI)	**3.11**	3.17
Inflation assumption (CPI)	**2.79**	2.80

Mortality assumptions
The mortality assumptions adopted at 31 March 2024 imply the following life expectancies:

	31 Mar 2024 no. of years	31 Mar 2023 no. of years
Males retiring today	**20.5**	21.0
Females retiring today	**23.0**	23.4
Males retiring in 20 years	**21.8**	22.2
Females retiring in 20 years	**24.4**	24.9

Notes to the Financial Statements for the year ended 31 March 2024 (continued)

22 Pensions (continued)

Social Housing Pension Scheme (continued)

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

Asset breakdown	**31 March 2024 £000s**	**31 March 2024 %**	31 March 2023 £000s	31 March 2023 %
Global equity	**438**	**10**	84	2
Absolute return	**171**	**4**	49	1
Distressed opportunities	**155**	**4**	136	3
Credit relative value	**144**	**3**	169	4
Alternative risk premia	**139**	**3**	8	-
Emerging markets debt	**57**	**1**	24	1
Risk sharing	**257**	**6**	330	7
Insurance-linked securities	**23**	**1**	113	3
Property	**176**	**4**	193	4
Infrastructure	**444**	**10**	512	11
Private equity	**4**	**-**	-	-
Private debt	**173**	**4**	200	4
Opportunistic illiquid credit	**172**	**4**	192	4
High yield	**1**	**-**	16	-
Cash	**87**	**2**	32	1
Long lease property	**28**	**1**	135	3
Secured income	**131**	**3**	206	5
Liability driven investment	**1,787**	**41**	2,065	46
Currency hedging	**(2)**	**-**	9	-
Net current assets	**8**	**-**	11	-
Total	**4,393**	**100**	4,484	100

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

23 Post balance sheet events
It is confirmed that North Devon Homes has exited the Devon County Council pension scheme.

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

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