

# Tarka Housing Limited

**Annual Report and Financial Statements**

**31 March 2011**

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# TARKA HOUSING LTD

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## BOARD MEMBERS, EXECUTIVE DIRECTORS, ADVISORS AND BANKERS

### The Board

Chair	Mr D Howell (Appointed 27 July 10) Ms S Jones (Resigned 27 July 10)	
Vice Chair		
Other Members	Ms S Mills Ms T Thompson Cllr Mrs C Church (Resigned 24 May 11) Cllr Mr B Lacey (Resigned 24 May 11) Mr C Bone (Resigned 27 July 10) Ms S Dunford (Resigned 15 Feb 11)	Mr D Brown (Resigned 24 May 11) Cllr Mrs M Brown Cllr Mr D Fulford Ms S Lowther (Appointed 27 July 10) Mr N Downie Ms S Jones

### Executive Director

Managing Director and Company Secretary	Mr N Barnard
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Registered Office	Tarka Housing Gammaton Road East The Water Bideford EX39 4FG
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Auditors	KPMG LLP Plym House 3 Longbridge Road Marsh Mills Plymouth PL6 8LT
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Principal Solicitors	Trowers & Hamlin Portland House Longbrook Street Exeter EX4 6AB
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Principal Bankers	National Westminster Bank plc South Devon Service Centre PO Box 69, Riviera House Nicholson Road Torquay Devon TQ2 7YL
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Registered under the Industrial and Provident Societies Acts No. 30101R

Registered with the Tenants Services Authority No L4508

## **REPORT OF THE BOARD**

The Board presents its report and audited financial statements for the year ended 31 March 2011.

### **Tarka Housing**

Tarka Housing is a not-for-profit organisation registered with the Financial Services Authority as an Industrial and Provident Society with exempt charitable status. Tarka Housing is a registered provider formed for the benefit of the community and its business is directed by the Board. It operates in the Torridge District Council area from its head office in Bideford.

### **Westward Housing Group**

Tarka Housing is a wholly owned subsidiary of Westward Housing Group Limited (Westward) together with Westcountry Housing Association. Westward is registered as a charitable registered provider and acts as a group parent organisation. The ownership of the assets and liabilities of Tarka Housing is not affected by this group membership and with the exception of the group executive directors all staff are employed by the subsidiaries. Membership of the group Board comprises nominees from the subsidiaries together with independent board members.

### **Principal activities**

Tarka Housing aims to provide, manage and maintain a wide range of good quality, affordable accommodation and housing related services for people in the greatest need.

### **Business review**

Details of performance for the year and future plans are set out in the Operating and Financial Review following this report.

### **Board members and executive officers**

Board members are shown on page 1. All the Board members and executive officers served throughout the financial year unless otherwise stated. The executive director does not hold any interest in the shares of Tarka Housing but acts as the senior executive officer and senior management team within the authority delegated by the Board. They are 'directors' so far as disclosure of interests and emoluments are concerned.

### **Employees**

Tarka Housing acknowledges the importance of the quality of its employees in meeting its aims and objectives. Tarka's ability to meet its commitments to residents and others in an efficient and effective manner depends on the contribution of its employees.

The directors recognise the importance of human resources. Practices to provide good communications and relations with employees include providing them with information on matters of concern to them as employees. Employees or their representatives are consulted on a regular basis so that their views can be taken into account in making decisions which are likely to affect their interests.

## REPORT OF THE BOARD (CONTINUED)

### Employees (cont'd)

It is Group policy to give fair consideration to the employment needs of disabled people and to comply with current legislation with regard to their employment. Wherever practicable, we continue to employ and promote the careers of existing employees who become disabled and to consider disabled persons for employment, subsequent training, career development and promotion on the basis of their aptitudes and abilities. Tarka is committed to equal opportunities for all its employees. The equality and diversity strategy approved by the Board is made available to all staff.

### Health and safety

The Board is aware of its responsibilities on matters relating to health and safety. Tarka Housing continues to review and update its detailed health and safety policies, including arrangements for appropriate staff training. The Westward Housing Group corporate services structure includes dedicated health and safety and learning and development functions which have delegated Board authority for operational matters.

### Officers' insurance

Tarka Housing purchases insurance each year against the liabilities of all Board members and executive officers in relation to its activities.

### Statement of Board's responsibilities in respect of the Board's report and the financial statements

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

Industrial and Provident Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the association and of the surplus or deficit for that period.

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The Board is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Industrial and Provident Societies Acts 1965 to 2003, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006. The Board 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.

# TARKA HOUSING LTD

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## REPORT OF THE BOARD (CONTINUED)

### Statement of Board's responsibilities in respect of the Board's report and the financial statements (continued)

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.

### National Housing Federation Code of Governance

The Board are pleased to report that Tarka's Housing has adopted the NHF Code of Governance (2010) and that it complies with all the principles of this code. Tarka Housing has also adopted the NHF Code of Standards (2011) and complies with the principles of this code.

### The Board

The number of non-executive Board members is twelve. Four Board member places are exclusively for Tarka's residents, four are exclusively nominees of Torridge District Council and four exclusively for independent Board members. The Board meets, formally, at least six times a year for regular business and annually to discuss strategy and, as necessary, for members' training.

Board members are appointed in the first instance by the Board, and those appointed during the year to fill casual vacancies must retire at the next Annual General Meeting and are eligible for re-election by the share holding members. At each Annual General Meeting one third of the existing Board also retire and are eligible under the rules for re-election.

The Board is responsible for Tarka's strategy and policy framework. It delegates the day-to-day management and implementation of that framework to the Group Chief Executive and other group executive directors. The group senior management team comprises the Chief Executive, Finance Director, Investment & Procurement Director, Supported Housing Director the Managing Directors of Westcountry Housing Association and Tarka Housing. The senior management team meets fortnightly and attends board meetings.

### Committees

Under the group structure all committees are group committees, therefore Tarka Housing has no formal committees of its own. Currently the group committees deal with Tarka's requirements through (1) Audit & Treasury, (2) Planning, and (3) Remuneration & Membership committees. Tarka Housing is represented on these committees through nominee Board members.

The Board and the group Committees obtain external specialist advice from time to time as necessary.

### Internal Controls Assurance

Tarka Housing Limited is a subsidiary of the Westward Housing Group Limited and the Group Board's statement on internal controls assurance is reproduced below:

The Westward Group Board has overall responsibility for establishing and maintaining the Group's system of internal control and for reviewing its effectiveness. As a subsidiary of the Group the Board accepts this responsibility on behalf of the Association.

The Board recognises that no system of internal control can provide absolute assurance against financial misstatement or loss, fraud or eliminate all risk. The system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives and expected outcomes will be achieved.

## REPORT OF THE BOARD (CONTINUED)

### Internal Controls Assurance (continued)

It also exists to give reasonable assurance about the preparation and reliability of financial statements and operational information and for the safeguarding of the Group's assets and interests.

The process for identifying, evaluating and managing the significant risks faced by the Group is ongoing, has been in place throughout the period commencing 1 April 2010 up to the date of approval of the report and financial statements.

In reaching this conclusion the Board has reviewed the key elements of the control environment, including:

- The Board and Committee structure, constitution, standing orders and financial regulations.
- Assurances received from management evidenced through comprehensive operational reports.
- Board approval of all short/medium terms plans and the risk assessments of those plans, reviewed quarterly by the Board.
- Risk management activities supported by the use of dedicated policy groups and working parties, which look at particular aspects of the Group's work.
- The Group's audit arrangements both for internal and external audit.
- The use and award of, quality management systems.
- Performance indicators across all major activities.
- Reports from and submitted to the Tenants Services Authority on the Group's compliance with all aspects of its regulatory code.
- Board approved whistle-blowing and anti-theft and corruption policies.
- Board approved anti-fraud policy, covering prevention, detection, and reporting of fraud, and the recovery of assets.

A fraud register is maintained and is reviewed by the Group Audit & Treasury Committee. During the year there were two reported cases of attempted fraud by third parties in relation to credit card and direct debit transactions. Neither attempt resulted in financial loss.

The Board cannot delegate ultimate responsibility for the system of internal control, but it can, and has, delegated authority to the Group Audit & Treasury Committee to regularly review the effectiveness of the system of internal control. The Board receives minutes of the Audit & Treasury Committee meetings and can ask for specific reports to be referred to it.

The Board has received the Chief Executive's annual review of the effectiveness of the system of internal control, as it applies across the Group, and the annual report of the internal auditor. Within the review the Board noted that the overspend in the Westcountry Housing major repairs budgets did not have a material impact on the ongoing business of the Group. Controls are now subject to further review and procurement, processing and monitoring procedures will be enhanced during 2011.

The Board particularly reviews the service provided by its internal auditors and external auditors. These provide independent, trusted and objective reports which are reviewed initially by the Group's Audit & Treasury Committee and then by the Board.

The auditors have direct access to the Board and have review meetings with the Group Audit & Treasury Committee.

## REPORT OF THE BOARD (CONTINUED)

### Internal Controls Assurance (continued)

The internal audit service is outsourced and follows an audit needs assessment plan agreed with the Board. The Board is of the view that this internal audit service should remain as one of the cornerstones of our internal control system.

The Board confirms that there have been no regulatory concerns, which have led the Tenant Services Authority to intervene in the affairs of the Association. The Board further confirms that there have been no significant problems in relation to failures in internal controls which require disclosure in the financial statements.

### Disclosure of information to auditors

At the date of making this report each of the Association's directors, as set out on page 1, confirm the following:

- so far as each director is aware, there is no relevant information needed by the Association's auditors in connection with preparing their report of which the Association's auditors are unaware
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the Association's auditors in connection with preparing their report and to establish that the Association's auditors are aware of that information.

### Going Concern

After making enquiries the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

### Auditors

Grant Thornton resigned as auditors during the year and KPMG LLP were appointed. A resolution to reappoint KPMG LLP as auditors will be proposed at the forthcoming Annual General Meeting.

### Approval

The Report of the Board was approved by the Board on 2 August 2011 and signed on its behalf by:

Nigel Barnard

**Managing Director and Company Secretary**

## OPERATING AND FINANCIAL REVIEW

### Background

Tarka Housing Limited operates two key business streams:

- 'general needs' housing for rent, primarily by families who are unable to rent or buy at open market rates; and
- sheltered housing for people who need additional housing-related support.

### External Influences

Government policies are aimed at increasing housing supply by widening the availability of social housing grant to the private sector, extending opportunities for people to buy their own homes and consulting on changes to the planning and taxation systems to help finance the new developments.

In addition, the quality of affordable housing remains a key focus for government that required all social housing be at decent homes standard by 2010 and will require that new homes be developed in the future using environmentally sustainable methods of construction. Social housing providers are also expected to contribute more of their financial resources to developing new social housing and are therefore faced with the challenging objectives of improving efficiency whilst maintaining high quality services.

### Mission and Vision

Tarka Housing has adopted the Westward Group Mission and Vision: delivering excellence to provide better homes, healthier environments and stronger neighbourhoods where people want to live.

Our Vision is:

Westward Group members

...will deliver excellence through meeting our promises

- involving, empowering and engaging with residents & service users
- promoting positive local identity
- working with a wide range of partners
- bringing other partners into the Group with complementary strengths
- developing more affordable homes
- being employers of choice
- promoting open and transparent communications and feedback

...will deliver better homes by

- improving our existing housing stock
- building high quality new homes
- working to high environmental and energy efficiency standards
- incorporating the benefits of sustainable communities
- involving residents in designing homes where people want to live

...will provide healthier environments by

- raising the quality and extending the range of services to residents & service users
- supporting people who are vulnerable
- getting services right first time
- aspiring to top inspection and accreditation results
- encouraging user-driven and user focussed innovation

## OPERATING AND FINANCIAL REVIEW (CONTINUED)

### Mission and Vision (cont'd)

...will provide stronger, happy neighbourhoods by

- putting communities and their needs at the forefront
- encouraging employment and training opportunities particularly for Westward residents
- ensuring equality and diversity are fully reflected in all activities

Key indicators are used by the senior management team to monitor achievement of Tarka Housing's objectives. Targets are set each year by the Board to manage development and deliver continuous service improvement.

### General operating environment

These financial statements show the results of Tarka Housing's activities for the year ended 31 March 2011. Highlights for the year include:

- Achieved the Governments' Decent Home Standard by 31 December 2010.
- Continuation of the Tarka standard improvement programme including 193 bathrooms, 155 heating systems and 198 kitchens. In addition 220 re-wiring installations were carried out.
- External renovation expenditure on 330 of our properties.
- Completion of 6,954 responsive and void repairs.
- The total number of full time equivalent staff employed is 58.
- Status survey results indicating tenant satisfaction with overall service 89.9%, tenant satisfaction with repair and maintenance service 86.8% and tenant satisfaction with views taken into account 70.5%.

### Performance for the year

Tarka Housing generated a deficit for the year of £0.1m (2010: £0.3m).

Tarka Housing remains committed to the pursuit of its core objectives and to meeting the following funding requirements:

- Maintaining Tarka Housing's housing properties to the Tarka Standard.
- Financing long term loan repayments.
- Completing the property maintenance and improvements and the other promises as laid out in the Transfer documentation.
- Maintaining the affordability of rents.

# TARKA HOUSING LTD

## OPERATING AND FINANCIAL REVIEW (CONTINUED)

### Performance for the year (continued)

Results of key performance indicators for Tarka in the year were as follows:

Performance Indicator	2010- 2011	Target
Current General Needs (GN) and Housing for Older People (HOP) arrears as % of annual debit	2.46% (1.51%)	1.5% net of HB
Average re-let time in calendar days	18.9	17
% of tenants satisfied with landlord service	90%	N/A
Emergency repairs completed within target	100%	99%
% properties with completed annual gas servicing certificates	99.8%	100%
% satisfied with Aids and Adaptations carried out	96.3%	96%
Overall satisfaction with responsive repairs service	99.06%	95%

### Main Factors and influences

The main driver for Tarka Housing in the future is to continue to deliver the promises for stock improvements made to tenants in the 2007 offer document produced as a result of the transfer of the housing stock from Torridge District Council. 2011/12 will be the fourth year of the delivery of the promises.

The changing regulatory environment together with the potential for changes to benefit structures are potentially major influences on the delivery of the stock improvements.

### Future developments

Tarka Housing will manage new properties which are being developed or purchased by Westcountry Housing Association within North Devon under lease agreements that allow for Tarka to retain income sufficient to meet the costs of ongoing management and maintenance.

### Rent arrears and void losses

At the financial period end the total current and former arrears, including tenant other debts such as court costs, stood at £190,000 (2010: £218,000) which represents 3.03% (2010: 3.53%) of income due.

### Treasury management

Treasury management is operated within a policy approved by the Board. The overall financing requirement is approved by the Board.

## **OPERATING AND FINANCIAL REVIEW (CONTINUED)**

### **Cashflow and liquidity**

The cash inflow from operating activities during the year was £0.1m (2010: outflow £0.2 m).

Tarka Housing's financial instruments comprise borrowings, cash and various items such as trade debtors and creditors that arise directly from its operations. The main purpose of these instruments is to raise finance for operations. The main risk arising from Tarka Housing's financial instruments is liquidity risk. Interest rate risk is currently managed by a fixed rate on-lend facility from Westcountry Housing Association.

A key part of Tarka Housing's treasury policy is to have agreed loan facility in place to cover our cash flow requirements over a rolling twelve-month period, plus a margin for comfort.

### **Statement of Compliance**

In preparing the Operating and Financial Review the Board has followed the principles set out in the SORP 2008.

**Nigel Barnard**  
**Managing Director**  
**2 August 2011**

# TARKA HOUSING LTD

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## **INDEPENDENT AUDITOR'S REPORT THE MEMBERS OF TARKA HOUSING LIMITED**

We have audited the financial statements of Tarka Housing Limited for the year ended 31 March 2011. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the association's members, as a body, in accordance with section 128 of the Housing and Regeneration Act 2008 and section 9 of the Friendly and Industrial and Provident Societies Act 1968. 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.

### **Respective responsibilities of the Board and auditor**

As more fully explained in the Statement of Board's Responsibilities set out on page 3, the association's Board is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the association as at 31 March 2011 and of its deficit for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2003, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006

## TARKA HOUSING LTD

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### INDEPENDENT AUDITOR'S REPORT THE MEMBERS OF TARKA HOUSING LIMITED (CONTINUED)

#### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts 1965 to 2003 require us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

**Harry Mears (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants  
Plym House  
Plymouth  
PL6 8LT

02 August 2011

## TARKA HOUSING LTD

### INCOME AND EXPENDITURE ACCOUNT for the year ended 31 March 2011

	Note	2011 £000	2010 £000
Turnover	2	6,696	6,616
Operating costs (including exceptional pension credit of £285,000, (2010: £nil))	2	(6,662)	(6,785)
<b>Operating surplus/(deficit)</b>	4	34	(169)
Surplus on sale of housing property	21	33	31
Interest receivable and other income	5	-	1
Interest payable and similar charges	6	(124)	(97)
Other finance costs	7	(74)	(72)
<b>Deficit for the year</b>	16	(131)	(306)

All results are on a historical cost basis.

All of the Association's turnover and results relate to continuing activities

### STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS FOR THE YEAR ENDED 31 MARCH 2011

		2011 £000	2010 £000
<b>Deficit for the year</b>		(131)	(306)
Actuarial losses relating to the year	7	(34)	(275)
<b>Total recognised surpluses and deficits for the year</b>		(165)	(581)

# TARKA HOUSING LTD

## BALANCE SHEET as at 31 March 2011

	Note	2011 £000	2010 £000
<b>Tangible fixed assets</b>			
Housing properties	9	1,160	956
Other fixed assets	10	91	37
		1,251	993
<b>Current assets</b>			
Debtors	11	2,212	728
Cash at bank and in hand		577	487
		2,789	1,215
<b>Creditors: amounts falling due within one year</b>	12	(3,020)	(1,514)
<b>Net current liabilities</b>		(231)	(299)
<b>Total assets less current liabilities</b>		1,020	694
<b>Creditors: amounts falling due after more than one year</b>	13	2,483	1,859
<b>Pension Scheme deficit</b>	7	1,011	1,144
		3,494	3,003
<b>Capital and reserves</b>			
Share capital	15	-	-
Revenue reserve	16	(2,474)	(2,309)
Association's deficit		(2,474)	(2,309)
		1,020	694

These financial statements were approved by the Board on 2 August 2011 and signed on its behalf by:

**D Howell**  
Chair

**S Jones**  
Board Member

**N Barnard**  
Secretary

## TARKA HOUSING LTD

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### CASH FLOW STATEMENT for the year ended 31 March 2011

	Note	2011 £000	2010 £000
Net cash (outflow)/inflow from operating activities	17	(152)	146
Returns on investments and servicing of finance	18	(124)	(96)
Capital expenditure and financial investment	18	(253)	(359)
Net cash outflow before financing		<u>(529)</u>	<u>(309)</u>
Financing	18	619	90
Increase/(decrease) in cash	19	<u>90</u>	<u>(219)</u>

# TARKA HOUSING LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

### I ACCOUNTING POLICIES

#### **Legal status**

The association is registered under the Industrial and Provident Societies Act 1965 and is registered with the Tenant Services Authority (TSA) as a housing provider.

#### **Basis of accounting**

The financial statements of the group and association are prepared in accordance with UK Generally Accepted Accounting Principles (UK GAAP) and the Statement of Recommended Practice: Accounting by registered social landlords, issued in January 2008 (SORP 2008) and comply with the Accounting Requirements for registered social landlords General Determination 2006.

The financial statements are prepared on a going concern basis and under the historical cost convention and have been consistently applied from one financial year to the next.

#### **Going Concern**

Tarka Housing have sufficient financial resources based on forecasts and current expectations of future sector conditions. As a consequence, the directors believe that Tarka and Westward are well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that Tarka have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

#### **Turnover**

Turnover comprises;

- a) rental income receivable in the year from tenants and leaseholders;
- b) other services included at the invoiced value (excluding VAT) of goods and services supplied in the year; and
- c) revenue grants

#### **Revenue recognition**

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale. Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met.

# TARKA HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

### I ACCOUNTING POLICIES (CONTINUED)

#### Pensions

Tarka Housing participates in the funded multi-employer defined benefit scheme, the Devon County Council Pension Fund (DCCPF).

The operating costs of providing retirement benefits to participating employees are recognised in the accounting periods in which the benefits are earned. The related finance costs, expected return on assets and any other changes in fair value of the assets and liabilities, are recognised in the accounting period in which they arise. The operating costs, finance costs and expected return on assets are recognised in the income and expenditure account with any other changes in fair value of assets and liabilities being recognised in the statement of total recognised surpluses and deficits.

New employees are able to join the Social Housing Pension Scheme (SHPS), which is a multi-employer defined benefit scheme. There was 1 active member in the SHPS scheme at 31<sup>st</sup> March 2011.

As a multi-employer scheme it is not possible to identify the share of assets and liabilities belonging to individual participating employers in the SHPS scheme. Due to the nature of the scheme, therefore, the charge to the income and expenditure account under Financial Reporting Standard 17 "Retirement Benefits" will reflect the employer contributions payable.

#### Taxation

The Association has charitable status and is therefore exempt from U.K. Corporation Tax.

#### Housing properties

Housing properties are principally properties available for rent or let under shared ownership leases and are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs and expenditure incurred in respect of improvements.

Improvements are works which result in an increase in the net rental income, such as a reduction in future maintenance costs, or result in a significant extension of the useful economic life of the property in the business.

#### Depreciation of housing properties

Freehold land is not depreciated. Depreciation is charged so as to write down the net book value of housing properties to their estimated residual value, on a straight-line basis, over their estimated useful economic lives in the business. The depreciable amount is arrived at on the basis of original cost, less residual value (being the actual or estimated open market value of the land at the date of purchase). The housing properties are depreciated at the following rates:

Houses	-	New Build	1%	(100 years)	Flats	-	New Build	1.1%	(90 years)
	-	Rehab	1.3%	(80 years)		-	Rehab	1.4%	(70 years)

### I ACCOUNTING POLICIES (CONTINUED)

#### **Impairment**

Housing properties which are depreciated over a period in excess of 50 years are, in accordance with Financial Reporting Standard 11 “Impairment of fixed assets and goodwill” and the Statement of Recommended Practice (Update 2008), subject to impairment reviews annually. Other assets will be reviewed for impairment if there is an indication that impairment may have occurred.

Where there is evidence of impairment, fixed assets are written down to their recoverable amounts. Any such write down would be charged to operating surplus unless it was a reversal of a past revaluation surplus in which case it would be taken to the statement of total recognised surpluses and deficits.

#### **Other grants**

Other grants are receivable from local authorities and other organisations. Capital grants are utilised to reduce the capital costs of housing properties, including land costs. Grants in respect of revenue expenditure are credited to the income and expenditure account in the same period as the expenditure to which they relate.

#### **Interest payable**

Other interest payable is charged to the income and expenditure account in the year.

#### **Supporting people**

Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with the Administering Authority.

#### **Leased assets**

Rentals payable under operating leases are charged to the income and expenditure account on a straight-line basis over the lease term.

#### **Maintenance, repairs and improvements**

The Association capitalises improvements to housing properties which add to their value by:

- extending their useful life; or
- reducing future maintenance costs.

Depreciation is calculated annually following completion on each individual contract, on a straight line basis over a period of 70 to 100 years.

Major repairs to related assets, such as communal areas or the external environment, are capitalised when they contribute to an increase in net rental income or a reduction in future maintenance costs.

# TARKA HOUSING LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

### I ACCOUNTING POLICIES (CONTINUED)

#### Other tangible fixed assets and depreciation

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. The principal annual rates used for other assets are:

Furniture, fixtures, fittings and equipment	20%
Computer hardware and software	20%
Motor vehicles	25%
Service assets	20%
Alarm equipment	33%

#### Value added tax

Tarka Housing is VAT registered but a large proportion of its income, rents, is exempt for VAT purposes and therefore gives rise to a partial exemption calculation. Expenditure is therefore shown inclusive of VAT and the input VAT recovered is shown as part of turnover in the income and expenditure account.

#### Comparative numbers

Whilst not material, the comparative figures for 2010, regarding intercompany debtors and creditors, have been reclassified to achieve consistency of presentation. There is no change in the deficit for the year.

The management subsidy has been reclassified and shown under operating costs. There is no change in the deficit for the year.

# TARKA HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

### 2 TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING DEFICIT

	2011			2010		
	Turnover	Operating Costs	Operating Surplus/ (deficit)	Turnover	Operating Costs	Operating Surplus/ (deficit)
	£000	£000	£000	£000	£000	£000
<b>Social housing lettings (note 3)</b>	6,261	(6,412)	(151)	6,169	(6,604)	(435)
<b>Other social housing activities</b>						
Other	146	(140)	6	55	(56)	(1)
Management Subsidy	150	-	150	251	-	251
	296	(140)	156	306	(56)	250
<b>Non-social housing activities</b>						
Other	139	(110)	29	141	(125)	16
<b>Total</b>	6,696	(6,662)	34	6,616	(6,785)	(169)

# TARKA HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

### 3 TURNOVER, OPERATING COSTS AND OPERATING DEFICIT FROM SOCIAL HOUSING LETTINGS

	General housing	Housing for older people	Shared ownership	2011 Total	2010 Total
	£000	£000	£000	£000	£000
<b>Turnover from social housing lettings</b>					
Rent receivable, net of identifiable service charges	3,782	2,036	16	5,834	5,823
Charges for support services	-	293	-	293	301
Service charges receivable	51	83	-	134	45
<b>Turnover from social housing lettings</b>	<b>3,833</b>	<b>2,412</b>	<b>16</b>	<b>6,261</b>	<b>6,169</b>
<b>Expenditure on social housing lettings</b>					
Services	(89)	(238)	-	(327)	(254)
Management	(484)	(262)	-	(746)	(847)
Support	-	(246)	-	(246)	(425)
Routine maintenance	(1,010)	(653)	-	(1,663)	(1,467)
Planned maintenance	(240)	(28)	-	(268)	(283)
Major repair expenditure	(2,161)	(979)	-	(3,140)	(3,301)
Bad debts	(7)	(5)	-	(12)	(18)
Depreciation of housing properties	(7)	(3)	-	(10)	(9)
<b>Operating costs on social housing lettings</b>	<b>(3,998)</b>	<b>(2,414)</b>	<b>-</b>	<b>(6,412)</b>	<b>(6,604)</b>
<b>Operating surplus on social housing lettings</b>	<b>(165)</b>	<b>(2)</b>	<b>16</b>	<b>(151)</b>	<b>(435)</b>
<b>Voids</b>	<b>74</b>	<b>21</b>	<b>-</b>	<b>95</b>	<b>95</b>

# TARKA HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

### 4 OPERATING SURPLUS/(DEFICIT)

This is arrived at after charging/(crediting)

	2011 £000	2010 £000
Depreciation of housing properties	10	9
Depreciation of other tangible fixed assets	19	14
Loss on disposal of other fixed assets	-	13
External auditors' remuneration(including VAT)		
External audit services	6	6
Internal audit services	3	7
Exceptional pension credit (see note 7)	(285)	-
	<u>          </u>	<u>          </u>

### 5 INTEREST RECEIVABLE AND OTHER INCOME

	2011 £000	2010 £000
Income from cash deposits	<u>          </u> -	<u>          </u> 1

### 6 INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £000	2010 £000
Interest on inter- group loan	119	90
Pension Bond interest charge	5	7
	<u>          </u> 124	<u>          </u> 97

# TARKA HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

### 7 EMPLOYEES

	<b>2011</b>	<b>2010</b>
	<b>No.</b>	<b>No.</b>
<b>Average monthly number of employees</b>		
Office staff	36	27
Scheme managers, caretakers, cleaners, and tradesmen	31	39
	<u>67</u>	<u>66</u>

#### **Average monthly number of full-time equivalent employees**

Office staff	33	26
Scheme managers, caretakers, cleaners, and tradesmen	25	34
	<u>58</u>	<u>60</u>

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
<b>Staff costs</b>		
Wages & salaries	1,316	1,243
Social security costs	90	87
Other pension costs	169	180
Exceptional pension credit	(285)	-
	<u>1,290</u>	<u>1,510</u>

# TARKA HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

### 7 EMPLOYEES (CONTINUED)

The Association's employees are members of the Devon County Council Pension Fund (DCCPF) or Social Housing Pension Scheme (SHPS). Further information on each scheme is given below.

#### Devon County Council Pension Fund

Devon County Council Pension Fund ("the scheme") is a multi-employer scheme with more than one participating employer which is administered by the Devon County Council under the regulations governing the local Government Pension Scheme (LGPS), a defined benefit scheme. Triennial actuarial valuations of the pension scheme are performed by an independent, professionally qualified actuary using the projected unit method. The most recent formal actuarial valuation was completed as at 31 March 2010.

The employers contributions to the DCCPF by the Association for the year ended 31 March 2011 were £157,000 (2010: £196,000) at a contribution rate of 21.6% of pensionable salaries set out until the next funding valuation at 31 March 2013. There were 41 (2010: 42) members in the scheme at 31 March 2011.

Estimated employer contributions to the DCCPF during the accounting period commencing 1 April 2011 are £144,000.

#### Financial assumptions

The major assumptions used by the actuary in assessing scheme liabilities on an FRS 17 basis were:

	2011 % per annum	2010 % per annum	2009 % per annum	2008 % per annum
RPI Increase	3.5	3.9	3.6	3.7
CPI Increase	2.7	n/a	n/a	n/a
Rate of increase in salaries	5.0	5.4	5.1	5.2
Rate of increase in pensions in payment	2.7	3.9	3.6	3.7
Discount rate	5.5	5.5	6.5	6.8

#### Post retirement mortality

The post-retirement mortality assumptions adopted to value the benefit obligation at March 2011 and March 2010 are consistent with those used for the formal funding valuation as at 31 March 2010. The post retirement mortality tables are 85% SIPA Heavy tables allowing for medium cohort projection, with a minimum 1% improvement for future life expectancies.

Males	2011 Years	2010 Years
Future lifetime from age 65 (currently aged 65)	20.3	23.1
Future lifetime from age 65 (currently aged 45)	22.4	25.4
Females	2011 Years	2010 Years
Future lifetime from age 65 (currently aged 65)	24.4	25.0
Future lifetime from age 65 (currently aged 45)	26.3	27.3

# TARKA HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

### 7 EMPLOYEES (CONTINUED)

#### Expected return on assets

The expected return on assets is based on the long term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 April 2010 to 31 March 2011). The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

	1 April 2011	1 April 2010	1 April 2009	1 April 2008
	% pa	% pa	% pa	% pa
Equities	7.4	7.5	7.0	7.6
Gilts	4.4	4.5	4.0	4.6
Bonds	5.5	5.5	5.8	6.8
Properties	5.4	6.5	6.0	6.6
Cash	3.0	3.0	1.6	6.0

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

	2011	2010	2009
	%	%	%
Equities	70	69	52
Gilts	17	17	22
Bonds	-	-	1
Properties	5	6	8
Cash	7	7	17

#### Reconciliation of funded status to balance sheet

	2011	2010
	£000	£000
Notional value of assets	2,119	1,890
Present value of liabilities	(3,130)	(3,034)
Net pension liability	<u>(1,011)</u>	<u>(1,144)</u>

# TARKA HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

### 7 EMPLOYEES (CONTINUED)

#### Analysis of Income and Expenditure charge

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Current service cost	171	70
Past service cost	(285)	-
Interest cost	198	143
Expected return on assets	(124)	(71)
Loss on curtailments and settlements	-	28
Expense recognised	<u>(40)</u>	<u>170</u>

Of the above amount £171,000 and (£285,000) was charged to operating deficit and (£74,000) (2010: £72,000) was charged to other finance costs. The capitalised gain shown in past service costs is due to the change in pension increase policy from RPI to CPI this is calculated at £285,000.

#### Changes to the present value of liabilities during the accounting period

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Opening present value of liabilities	3,034	2,174
Current service cost	171	70
Interest cost	198	143
Contributions by participants	46	49
Past service costs	(285)	-
Actuarial (gains) /losses on liabilities	(21)	634
Net benefits paid out	(13)	(64)
Losses on curtailments	-	28
Closing present value of liabilities	<u>3,130</u>	<u>3,034</u>

#### Changes to the fair value of assets during the accounting period

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Opening fair value of assets	1,860	1,249
Expected return on assets	124	71
Actuarial ( losses) /gains on assets	(55)	359
Contributions by employer	157	226
Contributions by participants	46	49
Net benefits paid out	(13)	(64)
Closing fair value of assets	<u>2,119</u>	<u>1,890</u>

# TARKA HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

### 7 EMPLOYEES (CONTINUED)

#### Actual return on assets

	2011 £000	2010 £000
Expected return on assets	124	71
Actuarial (loss) /gain on assets	(55)	359
Actual return on assets	<u>69</u>	<u>430</u>

#### Analysis of amount recognised in statement of recognised surpluses and deficits (STRSD)

	2011 £000	2010 £000
Total actuarial losses	<u>(34)</u>	<u>(275)</u>

#### Social Housing Pension Scheme

Tarka Housing Association Ltd participates in the Social Housing Pension Scheme (SHPS). The scheme is funded and is contracted out of the state scheme.

SHPS is a multi-employer defined benefit scheme. Employer participation in the scheme is subject to adherence with the employer responsibilities and obligations as set out in the 'SHPS House Policies and Rules Employer Guide'.

The scheme operated a single benefit structure, final salary with a 1/60<sup>th</sup> accrual rate, to 31 March 2007. From April 2007 there are three benefit structures available, namely:

Final salary with a 1/60<sup>th</sup> accrual rate

Final salary with a 1/70<sup>th</sup> accrual rate

Career average revalued earnings with a 1/60<sup>th</sup> accrual rate.

From April 2010 there are a further two benefit structures available, namely:

Final salary with a 1/80<sup>th</sup> accrual rate

Career average revalued earnings (CARE) with a 1/80<sup>th</sup> accrual rate.

A defined contribution benefit structure will be made available from 1 October 2010.

An employer can elect to operate different benefit structures for their active members and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

Tarka Housing Association Ltd has elected to operate the career average revalued earnings with a 1/60<sup>th</sup> accrual rate benefit structure for new entrants from 10<sup>th</sup> December 2007. This does not reflect any benefit structure changes made from April 2010.

# TARKA HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

### 7 EMPLOYEES (CONTINUED)

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due. From April 2007 the split of the total contribution rate between member and employer is set at individual employer level, subject to the employer paying no less than 50% of the total contribution rate. From 1 April 2010 the requirement for employers to pay at least 50% of the total contribution rate no longer applies.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period Tarka Housing Association Ltd paid contributions at the rate of 5.8%, member contributions vary between 7.5% and 9.5%.

As at the balance sheet date there was 1 active member of the Scheme employed by Tarka Housing Association Ltd. The annual pensionable payroll in respect of this member was £18,134. Tarka Housing Association Ltd continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Scheme is a multi-employer scheme, where the scheme assets are co-mingled for investment purposes, and benefits are paid from total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the year under FRS17 represents employer contributions payable.

The last formal valuation of the Scheme was performed as at 30 September 2008 by a professionally qualified Actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £1,527 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £663 million, equivalent to a past service funding level of 69.7%.

The financial assumptions underlying the valuation as at 30 September 2008 were as follows:-

Valuation discount rates	%pa
– Pre-retirement	7.8
– Non-pensioner post-retirement	6.2
– Pensioner post-retirement	5.6
– Pensionable earnings growth	4.7
– Price inflation	3.2

# TARKA HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

### 7 EMPLOYEES (CONTINUED)

Pension increases

– Pre 88 GMP	0.0
– Post 88 GMP	2.8
– Excess over GMP	3.0

Expenses for death in service insurance, administration and Pension Protection Fund (PPF) levy are included in the contribution rate.

The valuation was carried out using the following demographic assumptions

Mortality pre-retirement – PA92 Year of Birth, long cohort projection, minimum improvement 1% pa

Mortality post retirement – 90% SIPA Year of Birth, long cohort projection, minimum improvement 1% pa

The long term joint contribution rates that will apply from April 2010 required from employers and members to meet the cost of future benefit accrual were assessed at:

Benefit structure	Long term joint contribution rate (% of pensionable salaries)
Final salary with a 1/60 <sup>th</sup> accrual rate	17.8
Final salary with a 1/70 <sup>th</sup> accrual rate	15.4
Career average revalued earnings (CARE) with a 1/60 <sup>th</sup> accrual rate	14.9
Final salary with a 1/80 <sup>th</sup> accrual rate	13.5
Career average revalued earnings (CARE) with a 1/80 <sup>th</sup> accrual rate	11.9

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a Recovery Plan setting out the steps to be taken to make up the shortfall.

Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £663 million would be dealt with by the payment of deficit contributions of 7.5% of pensionable salaries, increasing each year in-line with salary growth assumptions, from 1 April 2010 to 30 September 2020, dropping to 3.1% from October 2020 to 30 September 2023. Pensionable earnings at 30 September 2008 are used as the reference point for calculating these deficit contributions. These deficit contributions are in addition to the long term joint contribution rates set out in the table above.

Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. a combined employer and employee rate).

Employers that have closed the defined benefit section of the Scheme to new entrants are required to pay an additional employer contribution loading of 3% to reflect the higher costs of a closed arrangement.

A small number of employers are required to contribute at a different rate to reflect the amortisation of a surplus or deficit on the transfer of assets and past service liabilities from another pension scheme into SHPS.

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

### 7 EMPLOYEES (CONTINUED)

Employers joining the scheme after 1 October 2002 that do not transfer any past service liabilities to the scheme pay contributions at the ongoing future service contribution rate. This rate is reviewed at each valuation and applies until the second valuation after the date of joining the scheme, at which point the standard employer contribution rate is payable. Contribution rates are changed on 1 April that falls 18 months after the valuation date.

A copy of the Recovery Plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or Recovery Plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Scheme liabilities and hence impact on the Recovery Plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the Recovery Plan).

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the scheme as at 30 September 2010. Such a report is required, by legislation, for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the scheme to £1,985 million and indicated a reduction in the shortfall of assets compared to liabilities to approximately £497 million, equivalent to a past service funding level of 80%.

As a result of pension scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the scheme or the scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on the buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

# TARKA HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

### 8 BOARD MEMBERS AND EXECUTIVE DIRECTORS

	2011 £000	2010 £000
Emoluments of the organisation's executive director excluding pension contributions but including benefits in kind	76	76
Pension costs of the organisation's executive director	5	10
<hr/>		
Emoluments of the Managing Director, who was also the highest paid director, excluding pension contributions but including benefits in kind	76	76
Pension costs of the Managing Director	5	10
<hr/>		
	2011 No	2010 No
The emoluments of the board members and executive officers, also exclusive of pension contributions and Social Security costs, were in the following ranges:		
£0	12	12
£75,001-80,000	1	1

All board members and executive directors except for the Managing Director were voluntary. No emoluments were paid to the voluntary members during the year.

Expenses paid during the year to board members and executive directors of the organisation amounted to £13,662 (2010: £10,547).

No payments or benefits, other than those permitted, were made to any board members or the executive director.

The membership of corporate executive team of Westward Housing Group is noted on page 4. The costs of the team members are allocated to Westward, Tarka or Westcountry Housing Associations as follows:

Chief Executive	Westward Housing Group Ltd
Finance Director	Westward Housing Group Ltd
Managing Director (Tarka)	Tarka Housing Limited
Managing Director (Westcountry)	Westcountry Housing Association Ltd
Supported Housing Director	Westcountry Housing Association Ltd
Investment & Procurement Director	Westward Housing Group

# TARKA HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

### 9 TANGIBLE FIXED ASSETS – HOUSING PROPERTIES

	Housing properties held for letting £000	Shared ownership properties £000	Total £000
<b>Cost</b>			
At 1 April 2010	968	3	971
Properties acquired	122	-	122
Works to existing properties	93	-	93
Disposals	(1)	-	(1)
At 31 March 2011	1,182	3	1,185
<b>Depreciation</b>			
At 1 April 2010	15	-	15
Charge for the year	10	-	10
At 31 March 2011	25	-	25
<b>Net book value</b>			
At 31 March 2011	1,157	3	1,160
At 31 March 2010	953	3	956
		<b>2011</b>	<b>2010</b>
		<b>£000</b>	<b>£000</b>
<b>Net book value of all properties</b>			
Freehold land and buildings		1,160	956

# TARKA HOUSING LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

### 9 TANGIBLE FIXED ASSETS – HOUSING PROPERTIES (CONTINUED)

#### Works to existing properties

	2011	2010
	£000	£000
Amounts capitalised	93	372
Amounts charged to income and expenditure account	3,140	3,301
	<u>3,233</u>	<u>3,673</u>

# TARKA HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

### 10 TANGIBLE FIXED ASSETS - OTHER

	Freehold Office	Computer Hardware	Furniture, fittings, fixtures & equipment	Plant & equipment	Motor vehicles	Total
	£000	£000	£000	£000	£000	£000
<b>Cost</b>						
At 1 April 2010	-	6	28	10	5	49
Additions	5	3	16	50	-	74
Disposals	-	-	-	-	-	-
At 31 March 2011	<u>5</u>	<u>9</u>	<u>44</u>	<u>60</u>	<u>5</u>	<u>123</u>
<b>Depreciation</b>						
At 1 April 2010	-	-	7	3	3	13
Charged in period	-	1	12	5	1	19
Disposals	-	-	-	-	-	-
At 31 March 2011	<u>-</u>	<u>1</u>	<u>19</u>	<u>8</u>	<u>4</u>	<u>32</u>
<b>Net Book Value</b>						
At 31 March 2011	<u>5</u>	<u>8</u>	<u>25</u>	<u>52</u>	<u>1</u>	<u>91</u>
At 31 March 2010	<u>-</u>	<u>6</u>	<u>22</u>	<u>7</u>	<u>2</u>	<u>37</u>

# TARKA HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

### II DEBTORS

	2011 £000	2010 £000
<b>Due within one year</b>		
Arrears of rent and service charges	190	218
Tenants other debts	21	18
Less: provision for bad and doubtful debts	(72)	(78)
	<u>139</u>	<u>158</u>
Due from group undertakings	1,789	80
Other debtors	284	490
	<u>2,212</u>	<u>728</u>

### 12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £000	2010 £000
Trade creditors	471	347
Other Taxation and Social Security	28	25
Other creditors	308	685
Rent and service charges received in advance	85	73
Due to group undertakings	2,128	384
	<u>3,020</u>	<u>1,514</u>

### 13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2011 £000	2010 £000
Housing loans (Note 14)	2,478	1,859
Other Creditors	5	-
	<u>2,483</u>	<u>1,859</u>

# TARKA HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

### 14 HOUSING LOANS ANALYSIS

	2011 £000	2010 £000
<b>Due within one year</b>		
On lend facility Westcountry Housing Association Ltd	<u>-</u>	<u>-</u>

	2011 £000	2010 £000
<b>Due after more than one year</b>		
On lend facility Westcountry Housing Association Ltd	<u>2,478</u>	<u>1,859</u>

#### Housing loans repayable otherwise than by instalments:-

	2011 £000	2010 £000
After five years	-	-
On lend facility Westcountry Housing Association Ltd	<u>2,478</u>	<u>1,859</u>

Tarka Housing has a £5m loan facility with Westcountry Housing Association Limited secured by a floating charge over its assets. The facility has a fixed interest rate of 4.97% with a final repayment date of 10<sup>th</sup> December 2022. Interest is calculated on a daily basis and rolled up in the loan balance for payment at the repayment date.

# TARKA HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

### 15 SHARE CAPITAL

	2011	2010
	£	£
<b>Shares of £1 each issued and fully paid</b>		
At 1 April	12	12
Shares issued in period	1	1
Shares surrendered in period	(1)	(1)
At 31 March	<u>12</u>	<u>12</u>

The shares provide members with the right to vote at general meetings, but do not provide any rights to dividends or distributions on winding up.

### 16 RESERVES

#### Revenue reserves

	2011	2010
	£000	£000
At 31 March	(2,309)	(1,728)
Deficit for the year	(131)	(306)
Actuarial loss relating to pension scheme	(34)	(275)
At 31 March	<u>(2,474)</u>	<u>(2,309)</u>

### 17 RECONCILIATION OF OPERATING SURPLUS/(DEFICIT) TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2011	2010
	£000	£000
Operating surplus/(deficit)	34	(169)
Depreciation of tangible fixed assets	29	23
	<u>63</u>	<u>(146)</u>
<b>Working capital movements</b>		
Debtors	(1,484)	(142)
Creditors	1,505	562
Provisions	(236)	(128)
<b>Net cash (outflow)/inflow from operating activities</b>	<u>(152)</u>	<u>146</u>

# TARKA HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

### 18 GROSS CASH FLOWS

	2011 £000	2010 £000
<b>Returns on investments and servicing of financing</b>		
Interest received	-	1
Interest paid	(124)	(97)
	<u>(124)</u>	<u>(96)</u>
<b>Capital expenditure and financial investment</b>		
Acquisition and construction of housing properties	(211)	(522)
Purchase of other fixed assets	(75)	(29)
Sales of housing properties	33	182
Sales of other fixed assets	-	10
	<u>(253)</u>	<u>(359)</u>
<b>Financing</b>		
Loan advances received	<u>619</u>	<u>90</u>

### 19 ANALYSIS OF CHANGES IN NET CASH

	At 1 April 2010 £000	Cashflows £000	At 31 March 2011 £000
Cash in hand and at bank	487	90	577
Debt due after 1 year	(1,859)	(619)	(2,478)
Total	<u>(1,372)</u>	<u>(529)</u>	<u>(1,901)</u>

	2011 £000	2010 £000
<b>Reconciliation of net cash flow to movement in net cash</b>		
Increase/(Decrease) in cash in year	90	(219)
Cash received from loan advances	(619)	(90)
Change in net debt	<u>(529)</u>	<u>(309)</u>
Net debt at 1 April	(1,372)	(1,063)
Net debt at 31 March	<u>(1,901)</u>	<u>(1,372)</u>

# TARKA HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

### 20 HOUSING STOCK

The number of units of housing under development and in management, in which the organisation retains some equity, at 31 March 2011, was:

	Units owned and managed		Units managed on behalf of others	
	2011	2010	2011	2010
Housing for letting	1,671	1,657	77	73
Shared ownership	8	8	-	-
	<u>1,679</u>	<u>1,665</u>	<u>77</u>	<u>73</u>

In addition the organisation manages the following units

	2011	2010
Right to buy units	58	60
Shops	3	3
	<u>61</u>	<u>63</u>

### 21 SURPLUS ON SALE OF HOUSING PROPERTIES

	2011 £000	2010 £000
Proceeds of sale	185	182
Cost of sales	<u>(152)</u>	<u>(151)</u>
Surplus	<u>33</u>	<u>31</u>

The proceeds of sale were paid over to Torrridge District Council in accordance with the transfer agreement

### 22 RELATED PARTIES

There were five Board members who are Tarka tenants during the financial year. They are, S. Jones, S Dunford (Resigned 15 February 2011), S Mills, M Brown and T. Thompson. The standard lettings procedure was followed for the board members and the properties were let at usual rent levels.

During the year the Associations transactions with Torrridge District Council are within the definition of related parties under financial reporting standard 8. All transactions with Torrridge District Council are on an arms length basis and under normal commercial terms.

# TARKA HOUSING LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

### 23 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2011.

### 24 OPERATING LEASES

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Other annual operating lease charges by expiring date		
Within 1 year	48	40
Between 1-5 years	-	-

### 25 POST BALANCE SHEET EVENTS

There were no post Balance Sheet events.

### 26 ULTIMATE PARENT UNDERTAKING

The Association's ultimate parent company is Westward Group Limited. Copies of the consolidated accounts of the Westward Group may be obtained from the registered office noted on page 1.

The Association is controlled by Westward Housing Group Ltd. Details of all transactions with the group entity have not been disclosed in these financial statements on the grounds that consolidated financial statements are prepared for the group and are available to the public.