



Devon and Cornwall Leasehold Solutions Limited

Financial Statements

Year ended 31 March 2017

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Registered under the Companies Act Number: 10110021

Devon & Cornwall Leasehold Solutions Limited

Company information

Board members:	Paul Crawford Melvyn Garrett Douglas Stein Sheila Whelan Tom Woodman Russell Baldwinson
Registered office:	72 Paris Street Exeter EX1 2JZ
Auditors:	KPMG LLP Plym House 3 Longbridge Road Plymouth PL6 8LT
Principal bankers:	National Westminster Bank Plc South West Corporate Business Centre 246 High Street Exeter EX4 3PD
Principal solicitors:	Trowers and Hamlins The Senate Southernhay Gardens Exeter EX1 1UG

Strategic Report

for the year ended 31 March 2017

The board presents its report and audited financial statements of the company for the year ended 31 March 2017. The Company converted from a registered society under the Co-operative and Community Benefit Societies Act 2014 (Number 22897R) to a private limited company (Number 10110021) on 7 April 2016.

Business and financial review

The company's activities are to hold and manage the DCH Group market rent portfolio and to manage the leasehold and shared ownership properties in Cornwall and Devon.

During the year the Company purchased 26 market rent properties for £4.4m which is planned to be an area for strategic growth in future years.

Turnover increased to £791,812 (2016: £642,110) largely due to the company purchasing and market renting a number of properties. Operating profits increased to £107,008 (2016:£259) and total comprehensive income for the year amounts to £47,696 (2016: £134) after interest and gift aid.

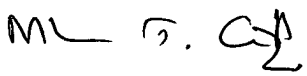
Future prospects

The Company intends to extend its market rent portfolio as suitable opportunities arise and has secured funding with DCH in order to finance expansion.

Key risks

The main external risks to which the company is exposed are the property market and the effect of government policy on the development programme of its principal registered provider client DCH. Market conditions are continually reviewed in order to identify key risks and opportunities.

By order of the Board



Melvyn Garrett
Board member

Directors' Report

The directors present their report for the year ended 31 March 2017.

Proposed dividend

The directors do not recommend the payment of a dividend. (2016:nil)

Directors

The directors who held office during the year were as follows:

Paul Crawford
Melvyn Garrett
Douglas Stein
Sheila Whelan
Tom Woodman
Russell Baldwinson

Political contributions

The Company made no political donations or incurred any political expenditure during the year. (2016:nil).

Going Concern

Based on current forecasts, the board is of the opinion that the company and the wider group have adequate resources to continue in business for the foreseeable future. The board therefore continues to adopt the going concern basis in preparing the annual financial statements.

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

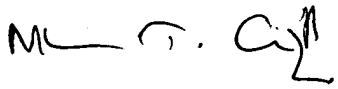
Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

A resolution to re-appoint KPMG LLP as auditors will be proposed at the board meeting at which these financial statements are approved.

By order of the Board



Melvyn Garrett
Board Member

Independent auditor's report to the members of Devon and Cornwall Leasehold Solutions Limited

We have audited the financial statements of Devon and Cornwall Leasehold Solutions Limited for the year ended 31 March 2017 set out on pages 8 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 4 to 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

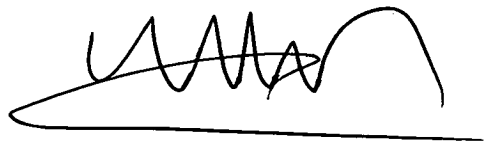
Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the strategic report and the directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.



Harry Mears (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Plym House
3 Longbridge Road
Plymouth
PL6 8LT

17 August 2017

Income and Expenditure Account
for the year ended 31 March 2017

	Note	2017 £	2016 £
Turnover		**791,812**	642,110
Operating costs		**(684,804)**	(641,851)
Operating profit	2,3	**107,008**	259
Interest receivable		**344**	469
Interest payable		**(59,656)**	(594)
Profit before taxation		**47,696**	134
Taxation	5	**(8,418)**	0
Profit after taxation and total comprehensive income		**39,278**	134

Other Comprehensive Income for the Year ended 31 March 2017
There were no recognised gains or losses in either the current or prior year except those reported in the Income and Expenditure account.

All activities in both the current and prior year are continuing.

Balance Sheet
as at 31 March 2017
Company no: 10110021

	Note	2017	2016
		£	£
Fixed assets			
Housing properties	6	**19,211**	19,211
Investment properties	7	**4,403,035**	0
		4,422,246	19,211
Current assets			
Debtors	8	**112,855**	27,345
Cash at bank	9	**67,825**	105,725
		180,680	133,070
Creditors:			
amounts falling due within one year	10	**(191,114)**	(85,422)
Net current assets		**(10,434)**	47,648
Total assets less current liabilities		**4,411,812**	66,859
Creditors:			
amounts falling due after more than one year	11	**(4,363,970)**	(19,207)
Net assets		**47,842**	47,652
Represented by:			
Share capital	12	**1**	7
Revenue reserves		**47,841**	47,645
Equity Shareholder's funds		**47,842**	47,652

These financial statements were approved by the board on 7 August 2017 and were signed on its behalf by:

Jill Farrar
Secretary

Melvyn Garrett
Board Member

Statement of Changes in Equity
for the year ended 31 March 2017

	Called up Share Capital £	Revenue Reserves £	**TOTAL £**
Balance at 1 April 2015	7	47,511	**47,518**
Total comprehensive income for the period			
Profit or loss	-	134	**134**
Total comprehensive income for the period	-	134	**134**
Gift aid payment	-	-	**-**
Balance at 31 March 2016	**7**	**47,645**	**47,652**
Balance at 1 April 2016	7	47,645	**47,652**
Total comprehensive income for the period			
Profit or loss	(6)	39,278	**39,272**
Total comprehensive income for the period	(6)	39,278	**39,272**
Gift aid payment	-	(47,500)	**(47,500)**
Current tax credit on gift aid	-	8,418	**8,418**
Balance at 31 March 2017	**1**	**47,841**	**47,842**

Notes to the financial statements

1. Principal accounting policies

DCLS (the "Company") is a company limited by shares and incorporated and domiciled in the UK. The Company converted from a registered society under the Co-operative and Community Benefit Societies Act 2014 (Number 22897R) to a private limited company (Number 10110021) on 7 April 2016. The change to a private limited company has not changed the accounting policies and the comparatives are those presented in the 31 March 2016 financial statements.

Basis of Preparation

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The presentation currency of these financial statements is sterling.

The Company's ultimate parent undertaking, Devon & Cornwall Housing (DCH) includes the Company in its consolidated financial statements. The consolidated financial statements of DCH are prepared in accordance with FRS102 and are available to the public and may be obtained from the address given in note 16. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes;
- Key Management Personnel compensation; and
- Transactions or balances with entities which form part of the Group.

As the consolidated financial statements of DCH include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 14.

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

The board has approved a budget for 2016/17 showing an anticipated surplus for the year and has adequate loan facilities in place from its parent company to deliver that plan. The directors intend to continue the activities of the business beyond that period and have a reasonable expectation that the company has adequate resources to continue in operational

existence for the foreseeable future. The directors therefore continue to adopt the going concern basis in preparing the annual financial statements.

Turnover

Turnover represents rental and management fee income receivable (net of void losses). Rental income is recognised on the execution of tenancy agreements. Management fees are recognised on the delivery of the services provided.

VAT

The company charges value added tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent it is not recoverable. The balance of VAT payable or recoverable is included as a current liability or asset.

Housing properties

Housing properties consist of the retained freehold interest in some of the schemes managed by the company. These interests are not depreciated but are reviewed annually for evidence of impairment and written down to their recoverable amount.

Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise.

No depreciation is provided in respect of investment properties applying the fair value model.

If a reliable measure is not available without undue cost or effort for an item of investment property, this item is thereafter accounted for as tangible fixed assets in accordance with section 17 until a reliable measure of fair value becomes available.

Investment property was not valued by an external independent valuer as it was purchased in the year. The directors consider the portfolio every year for any impairment or significant change to market values.

Any gain or loss arising from a change in fair value is recognised in profit or loss. Rental income from investment property is accounted for as described in the turnover accounting policy.

Basic financial instruments

Trade and other debtors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Trade and other creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Expenses

Operating costs

Operating costs predominantly consist of management and overhead recharges.

Notes to the financial statements
for the year ended 31 March 2017

2 Turnover and Operating Profit

	Turnover	2017 Operating costs	Operating Profit	2016 Operating Profit
	£	£	£	£
Non social housing activities				
Non-social housing lettings	129,177	(27,059)	102,118	-
Other	662,635	(657,745)	4,890	259
Total	**791,812**	**(684,804)**	**107,008**	259

3. Operating Profit before taxation

	2017	2016
	£	£
The operating profit is stated after charging:		
Auditor's remuneration:		
- Audit of these financial statements	**2,050**	2,294
- Other services	**630**	1,020

4. Staff

The company does not employ any staff directly. All staff are employed by Devon and Cornwall Housing Limited and the costs charged to the company as an administration fee. The cost of employing caretakers and wardens on behalf of managed schemes are fully recoverable from the managed schemes and along with other expenditure incurred on behalf of such schemes do not form part of these accounts. The members of the Executive Management Team are remunerated by the Parent Company, DCH, and recharged to the Company under service level agreements.

5. Tax on profit

Analysis of charge in period

	2017	2016
	£	£
UK corporation tax		
Current tax on income for the period	**8,418**	-
Total current tax	**8,418**	-
Tax on profit	**8,418**	-

Reconciliation of tax charge

	2017 £	2016 £
Profit before tax	**47,696**	**134**
Current tax at 20% (2016: 20%)	**9,539**	**27**
Effects of:		
Adjust closing deferred tax to average rate of 20%	**124**	583
Deferred tax not recognised	**(1,245)**	(610)
Total current tax charge (see above)	**8,418**	-

Reductions in the UK corporation tax rate to 21% (effective 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. this will reduce the company's future current tax charge accordingly. The deferred tax (asset/liabilty) at 31 March 2016 has been calculated based on the rate of 18% substantively enacted at the balance sheet date.

A further reduction to the corporation tax rate by 1% to 17% by 1 April 2020 was announced in the Chancellor's 2016 Budget Statement. This further change had not been substantively enacted at the balance sheet date and, therefore is not included in these financial statements as the proposed reductior can not reliably quantified at this stage.

6. Fixed assets - Housing properties

	2017 £	2016 £
Cost		
At the beginning and end of the year	19,211	19,211

7. Fixed assets - Investment properties

	£	£
Cost		
At the beginning and end of the year	-	-
Additions in year	**4,403,035**	-
At end of year	**4,403,035**	-

Investment properties are held at valuation. As the properties have been acquired in the year, the directors consider the historical costs to be an accurate reflection of their external value.

8. Debtors

	2017 £	2016 £
Rent and service charge receivable	**8,212**	-
Amounts owed by group companies	**50,000**	-
Other debtors	**54,643**	27,345
	112,855	27,345

9. Cash at bank

Cash at bank does not include £136,979 (2016: £159,935) held in client bank accounts.

10. Creditors: amounts falling due within one year

	2017	2016
	£	£
Amounts owed to group companies	**78,053**	25,361
Corporation Tax	**-**	-
Sundry creditors	**13,257**	15,165
Accrued expenses	**99,804**	44,896
	191,114	85,422

Amounts owed to group companies are trading balances repayable on demand and are non interest bearing

11. Creditors: amounts falling due after more than one year

	2017	2016
	£	£
Intra-group loan	**4,363,970**	19,207

The loan is repayable in July 2019. Interest is payable at Libor plus 2.5%.

12. Share capital

	2017	2016
	£	£
Shares at beginning and end of year	**7**	7
Shares (cancelled) during the year	**(6)**	(1)
Shares issued during the year	**-**	1
Shares in issue at the end of the year	**1**	7

The share capital of the company consists of non-equity interest shares with a nominal value of £1 each which carry no rights to dividends or other income. Shares in issue are not capable of being repaid or transferred. Where a shareholder ceases to be a member that share is cancelled and the amount paid up becomes the property of the company.

13. Housing stock

		Units in Management	
		2017	2016
Owned and Managed by the Company	Rented	**26**	0
Managed by the company:	Owner occupied	**1,122**	1,134
	Shared ownership	**1,977**	1,818
	Owned by DCH	**44**	42
	Commercial properties	**38**	39

The company has a retained freehold interest in some of the units it manages.

14 Accounting estimates and judgements

Key sources of estimation uncertainty

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

Revaluation of investment properties

Investment properties are held at valuation. See note 7 for further explanation.

Impairment of debtors

The company makes an estimate for the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 6 for the net carrying amount of the debtors. There was no impairment provision required.

Critical accounting judgements in applying the Company's accounting policies

There are no such judgements in either the current or prior year.

15 Related party transactions

The company has taken advantage of the exemption available under paragraph 33.1a of the provisions of FRS102 Related Party Disclosures, on the grounds that it is a wholly owned subsidiary of DCH, the consolidated financial statements are publically available at the address shown in note 16.

16 Parent company

The company is a subsidiary of Devon and Cornwall Housing Limited (DCH) which is the ultimate parent company and is registered under the Co-operative and Community Benefit Societies Act 2014 (registration number 7096). A copy of the consolidated financial statements can be obtained from the parent company at 72 Paris Street, Exeter, EX1 2JZ.