



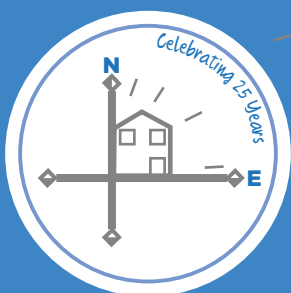
# North & East Housing Association

*“Providing  
Quality Homes  
and Supporting  
Communities”*

## **DIRECTORS' REPORT**

**and Financial Statements for the financial year  
ended 31 December 2017**

# Directors' Report 2017



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## Who we are

**N**orth & East Housing Association (North & East) was incorporated in 1993 having been established in the previous year by a small number of volunteers. We are now a well-established housing provider with a proven track record in the delivery of high-quality homes, comprehensive housing services and tenant supports.

North & East believes that everyone has a right to a quality home within the community. We strive to achieve this vision by working in partnership with local authorities as well as community and voluntary organisations.

Our first housing development comprised 12 homes in Killegland in Ashbourne in 1995. Over the following 25 years, we have grown our stock through use of the Capital Loan and Subsidy Scheme (CLSS) and the Capital Assistance Scheme (CAS). In addition, we have entered into arrangements with some local authorities to manage their stock. Perhaps most notable were the 101 homes owned by South Dublin County

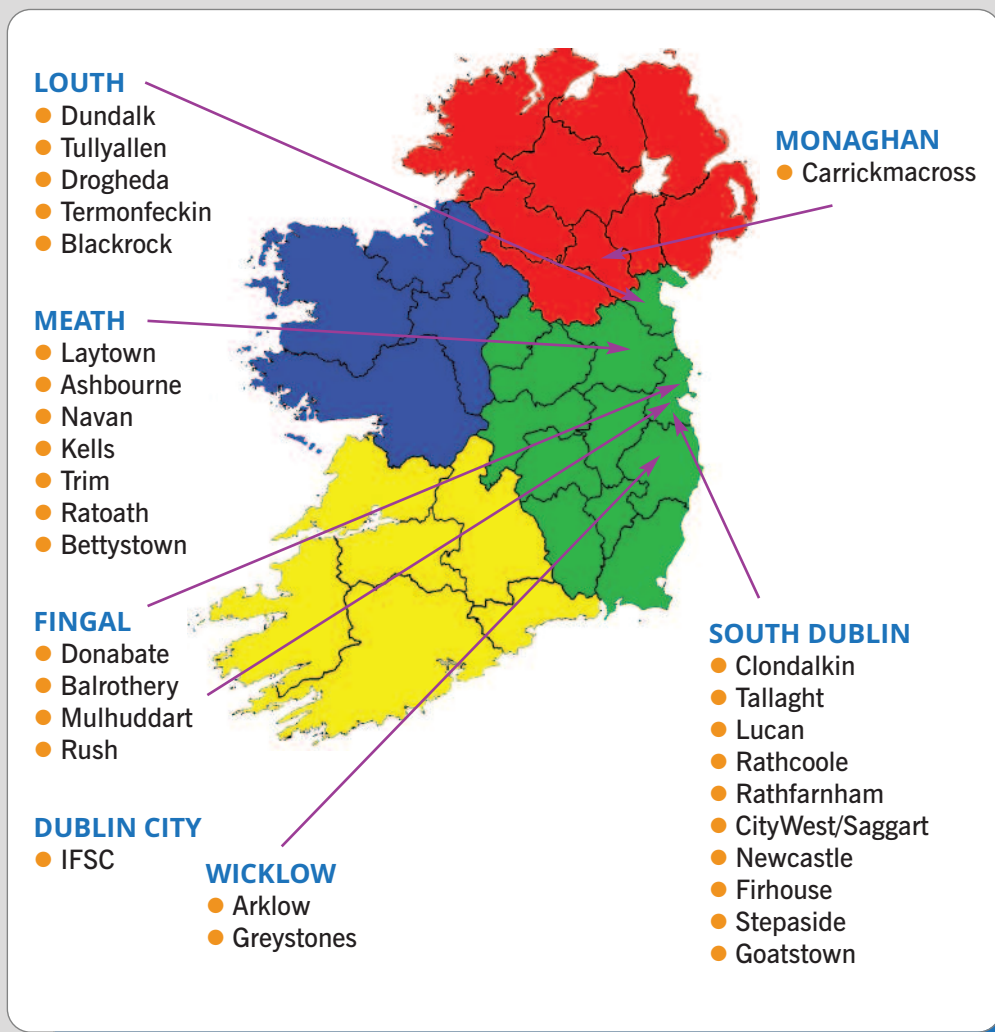
Council. We took over the management of these in 2010.

We are primarily a general needs housing provider. All of the families and single people that we house are approved applicants taken from the local authority housing waiting lists.

We also provide housing to a wide variety of groups including:

- families
- older people
- homeless households
- people with physical disabilities
- people with learning disabilities

Community is at the heart of what we do. We are an organisation that works hard; looking after the neighbourhoods where we have homes and striving continuously – with our tenants – to support the development of vibrant and sustainable communities.





## Mission, Vision and Values

North & East's Vision, Mission and Values were developed as part of our Strategic Plan 2016-2020. This involved consultation with the Board of Management, staff team and tenants.

Our vision and mission outline our commitment to providing not just houses; but high quality homes in vibrant communities.

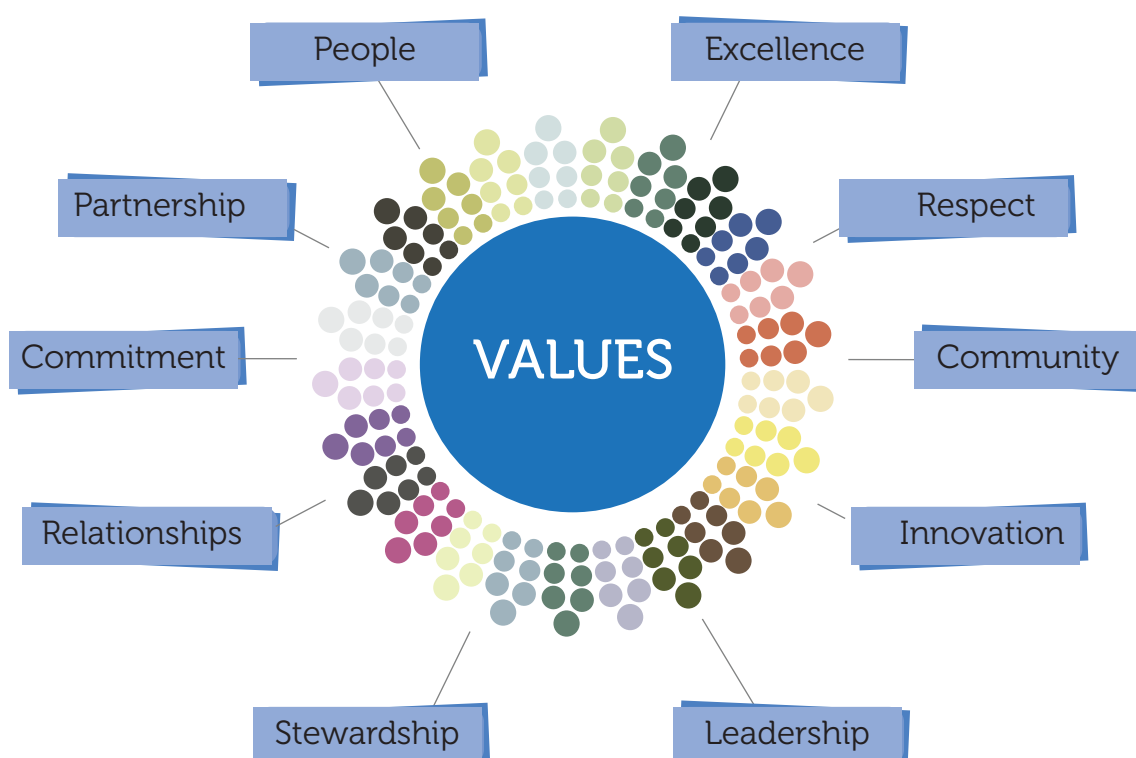
Our values outline our approach to achieving this.



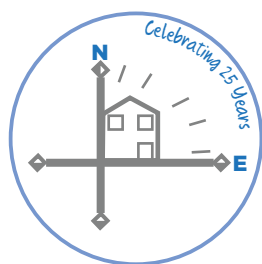
To provide quality homes and support communities.



Everyone is entitled to a quality home within the community. North & East will lead the way in providing quality homes and supporting communities.



# Legal Status & Administrative Detail



North and East Housing Association is a Company Limited by Guarantee (North & East), without a share capital under the Companies Act 2014. It was incorporated on 14 January 1993 and its registered number is 197791.

North & East was granted charitable status for taxation purposes by the Revenue Commissioners. We are charity number CHY 10970 and are registered with the Charities Regulation Authority; number CRA 20029074.

All income is exclusively used to promote the charitable objectives of the company.

We are not obliged to comply with Statements of Recommended Practice (SORP) 2014, FRS 102 - Statement of Recommended Practice for Social Housing Providers. Despite this, North & East has implemented many of the SORP recommendations in these financial statements where applicable.

<b>Registered Office:</b>	287, Block G, Blanchardstown Corporate Park 2, D15 P229
<b>Auditors:</b>	Crowe Horwath Bastow Charleton, Chartered Accountants & Statutory Auditors, Marine House, Clanwilliam Court, Dublin 2
<b>Solicitors:</b>	James A. Connolly & Co. 13 St. Andrew St. Dublin 2
<b>Bankers:</b>	Allied Irish Bank, Baggot St. Dublin 2 Bank of Ireland, Baggot St. Dublin 2 Ulster Bank, Blackrock, Co. Dublin
<b>Directors:</b>	<p>The Directors serving during the year and since year end were as follows;</p> <ul style="list-style-type: none"> <li>■ John Ryan (Chairperson) co-opted on 13th Nov. 2017 appointed Chair on 4th Dec. 2017</li> <li>■ Pat Lennon (Former Chairperson), resigned as Chair on 4th Dec. 2017</li> <li>■ Barry Magee (Secretary)</li> <li>■ John Cuniffe</li> <li>■ Ann Wilson</li> <li>■ Alan Ring</li> <li>■ Sean Staunton (appointed on 17th June 2017)</li> <li>■ Barney O'Neill (resigned on 17th June 2017)</li> </ul>
<b>CEO:</b>	Vincent Keenan

## Operating Environment

North & East, in common with all Approved Housing Bodies (AHBs) and the Social Housing sector in general, is in the middle of a period of huge change. We are transitioning from being financed 100% from state funding schemes to increasing our reliance on private finance.

We are helped in this process by the availability of the Capital Advance Leasing Facility (CALF) and the Payment & Availability (P&A) scheme with local authorities. This change has been both radical and rapid.

The Board of North & East made a strategic decision to respond positively to these challenges. The Board decided to change how the organisation was run. The management of operations is no longer by a volunteer Board of Management. Instead, a professional management team was put in place. To oversee all of this, a new Chief Executive Officer was appointed in 2014.

We have embraced the new financing options. Following the ending of CLSS in 2010 and the subsequent introduction of private finance arrangements, North & East was one of the first AHBs to access private finance for the purchase and construction of new social housing. This innovative approach was used in our award winning development of McArdle Green, Drogheda in Co. Louth.



**Chairperson Pat Lennon with John O'Connor  
Chief Executive of the Housing Agency at the  
North & East AGM.**

## Our Stakeholders

North & East tenants are our key stakeholders and they are at the heart of our service delivery. In the implementation of our strategy, we endeavour to find the most meaningful and effective ways to engage with our tenants. In this way our services are fully informed by our tenants' views and we gather feedback for continuous service improvement.

As with all AHBs, one of the key relationships we have is with local authorities who operate in our geographical area. North & East has built strong relationships with our local authority partners. We will continue to develop relationships with new local authorities, ensuring that we meet housing needs, build better communities, and become a strong assets in the areas in which we operate.

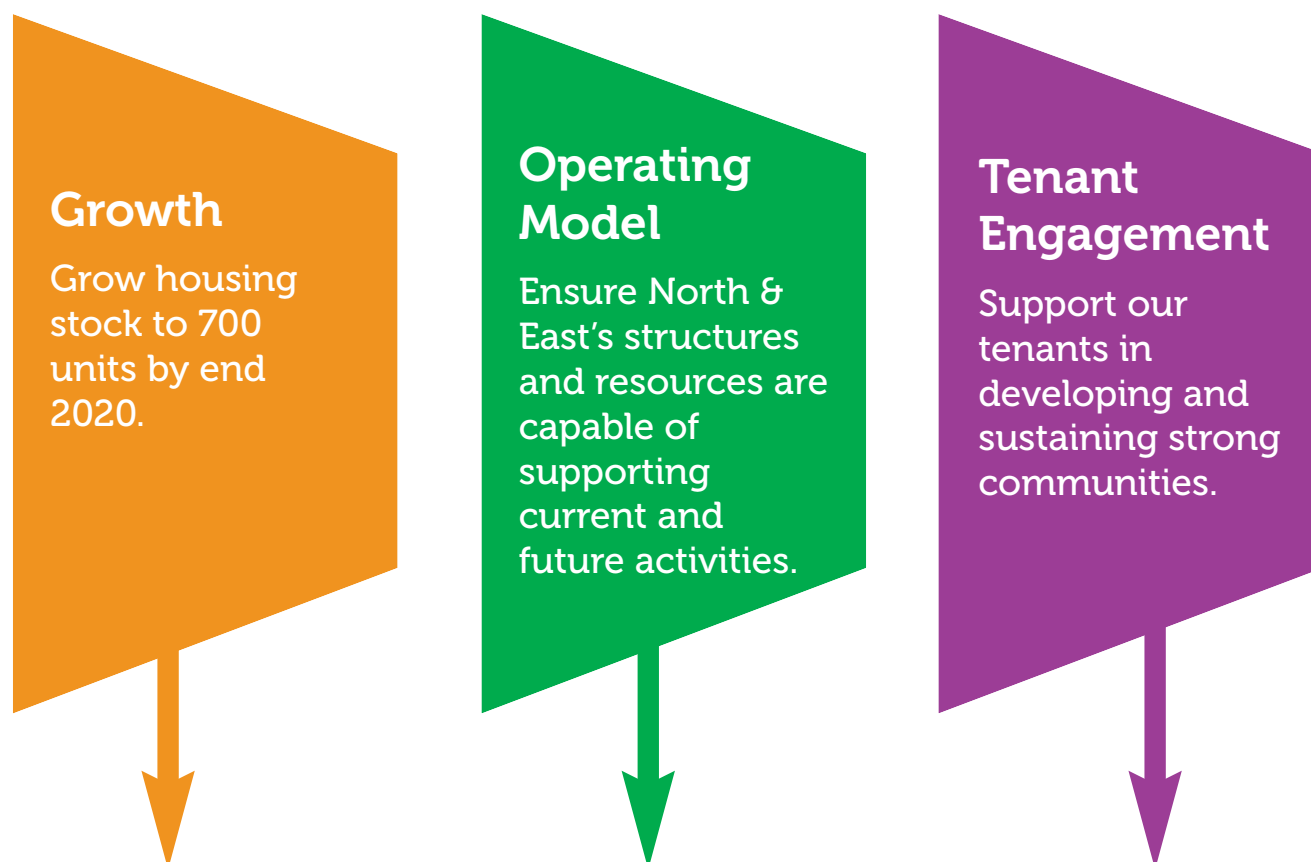
In each partnership North & East provides the housing unit/s and the partner organisation supply the individual care or support service.

We are also participating in shared projects with other Housing Associations in the development and delivery of new housing units. For example, we are currently working with Túath Housing to jointly provide housing in Rathmullen Road, Drogheda. We will actively seek to cultivate other mutually beneficial partnerships with likeminded AHBs.

North & East has successfully leased housing from the National Asset Management Agency (NAMA) via the National Asset Residential Property Scheme (NARPS) and will pursue similar opportunities should they arise again. We are also investigating the potential for similar leasing partnerships within the private sector where a synergy of mutually beneficial objectives exists.

## North & East Strategy 2016-2020

The key objectives for North & East's Strategic Plan 2016 to 2020 comprise 3 principal pillars:



2017 was the second year of our 5-year strategy and was a positive year in terms of achieving our goals.

## Achievements 2017:





# 2017 in Focus

**1,379,208**



Total amount of rental income for 2017.

**50**

New homes & relets.



**2.7%**

Rent arrears at year end were 2.7% of annualised rent.



**€394,000**

Spent on repairs and Maintenance.



Homes in management.

**98%**



Emergency repairs carried out on time.

**€182,301**



Surplus in 2017.

Turnover

**€2,662,157**

2017



**€1,766,248**

2016

Reserves

**€2,154,544**

2017



**€1,972,253**

2016



**35**

Training opportunities for staff.

**€60**



Average weekly rent.

**16**

Tenant events.



**Growth:**

Our main focus in 2017 was to put in place the necessary structures, policies and procedures to enable the organisation to deliver on its commitment to increasing its housing stock to 700 homes by 2020. Details on this process are below.

We acquired 31 new homes in 2017 using a number of different funding mechanisms.

- CAS Scheme: Construction completed on 9 homes in Balrothery, Co. Dublin.
- NARPS: Leases agreed on 15 homes in Goldenridge, Co. Dublin.
- HFA Funding: 7 Mortgage-to-Rent units agreed in various counties.

**Operating Model:****Business Plans**

As part of our Strategy, North & East has adopted a 5-year (2017-2021) and 30-year (2017-2047) Business Plans. These outline the organisation's strategic objectives, development plan, financing growth, risk management, IT roadmap, organisation structure, asset management and maintenance plan, tenant engagement, HR development plan, accompanied by detailed financial five-year and thirty-year financial projections.

**IT Systems**

In 2017 we reviewed our IT systems and implemented a program of upgrades. This included a new Housing Management System (HMS) to facilitate the operational efficiencies necessary to deliver the operational objectives within the strategic plan.

**Asset Management Strategy (AMS)**

The organisation has begun the implementation of the Asset Management Strategy which was created after consultation with the whole staff body. North & East recognise that asset management is more than simply the investment in the "bricks and mortar" of the property portfolio. Asset management is, for us, about the relationship between the people, the buildings and their environment.

The elements of this strategy include:

- the design principles for new homes
- repairs
- void management
- cyclical and planned investment
- stock condition surveys

- procurement framework
- growth strategy
- value for money

The strategy also supports the implementation of the AMS within the new Housing Management System and will feed into the Tenant Engagement Strategy providing for tenant feedback after receiving repairs or planned programme work

**Staff**

North & East believe that our staff team is critical to ensure the delivery of the strategic plan's objectives. The organisation believes in developing our staff so they are continually learning. This improves the quality of the services to tenants and other stakeholders. The organisation develops an annual plan each year which is aligned to the key strategic objectives and values of the organisation. From this, each staff member develops their own personal work and training plan for the year.

**Health & Safety**

A Health & Safety consultant assisted staff in the development of a bespoke health & safety statement. This is now being implemented throughout the organisation. Health & Safety is a standing item on the agenda of every team meeting and manager's meeting. It is reported on an annual basis to the risk, audit & governance committee.

**Tenant Engagement:**

North & East remains committed to our founding philosophy of making a positive impact on the communities in which we operate. In line with this vision, the organisation strives to *'lead the way in providing quality homes and supporting communities'*.

To deliver on this commitment we appointed a Tenant Services and Engagement Manager in 2017. Her key objective will be to build on current community activities by developing a Tenant Engagement Plan. This will be done in conjunction with tenants and the staff teams. The Strategy will lay out a 3-year plan to maximise tenant engagement.

We are committed to resourcing the plan as required with:

- staff
- financial resources
- ongoing continuous monitoring
- recording of key learnings
- evaluation of effectiveness

## Corporate Governance & Oversight

North & East is committed to the highest standards of transparency, governance and accountability and confirms its compliance with all relevant frameworks.

- The Voluntary Regulation Code for Approved Housing Bodies;
- The Governance Code for the Community, Voluntary and Charitable Sector;
- The Housing Association Performance Management Guidelines (HAPM); and
- The Charities Regulatory Authority

This provides reassurance for our funders regarding our financial stability and demonstrates a commitment to our tenants for the provision of the highest quality of service to them. We are committed to being open and transparent with tenants and stakeholders about the work of the organisation. Annual accounts, annual reports and regulatory reports are available to view on the transparency page of our website which you can find at: <https://www.northeast.ie/aboutus/transparency>.

### Lobbying and Political Donations

There were no political donations in 2016 and 2017, and as a result, no disclosures are required under the Electoral Act, 1997.

As required under the Regulation of Lobbying Act 2015, North & East now records all lobbying activity and communications with Designated Public Officials (DPOs). It has made the returns and submissions required by the Act.

### Conflicts of Interest:

The board of North & East has a legal obligation to act in the best interests of the Association at all times and to avoid situations where there may be a potential conflict of interest. All new Board members fill in a Register of Interests form and sign a Declaration of Compliance with North & East's Conflict of Interest Policy. This declaration is renewed each year in advance of the AGM. Conflict of Interest is standing item on the Agenda of each Board meeting.

## Board Structure

North & East Housing Association is governed by a Board of non-executive directors whose responsibilities are:

- strategic direction
- financial management
- risk management
- monitoring of performance
- ensuring good governance

The Board retains overall responsibility for the strategic direction and development of the organisation. The Board meets 9 times a year and delegates the day-to-day operation of the organisation to the CEO. The CEO is not a member of the Board. He manages the operation of the charity with delegated responsibility to the staff.



**Noel McArdle Education Bursary recipient**

# List of Board Members of North & East Housing Association

## **John Ryan (BSc PhD Dip IOD M Inst D) – Chairperson of the Association**

John is a business advisor to both private sector and public-sector clients in areas such as business development, strategy and governance.

As a sustainability expert, he has knowledge and experience of various business excellence methods, management of change, policy and legislation and has international experience across multiple industries, organisational types and cultures.

He is also an experienced non-executive director (NED) and Chairman, both in the commercial and not for profit sectors. He served on the board of the business representative group, ISME, for over 10 years during which time he was Chairman of the Board and its Remuneration Committee. He currently sits on the Board of a number of private companies.

John has represented the Irish business community in key policy areas with the Irish Government such as job creation, and championed business strategy and governance. A Ministerial appointment to the Department of Jobs, Enterprise & Innovation's inaugural Small Business Forum (2011) he participated in the development of the Irish Government's first Action Plan for Jobs (published 2012).

## **Barry Magee BCL, BSc, LL.M, MSc, FCI Arb. – Association Secretary, Chairperson of the Risk, Audit & Governance committee and member of Development Committee**

Barry is a Solicitor in the Public and Regulatory department of McDowell Purcell Solicitors. Previous to this he held legal roles with an involvement in conveyancing, procurement and development with Dun Laoghaire/Rathdown Co. Council, the Railway Procurement Agency and the office of the Chief State Solicitors. He was also the Chairperson of the Refugee Appeals Tribunal. He holds a Master's in Business and Management from the Institute of Public Administration where his final dissertation was on Governance.

## **Pat Lennon (Barrister at Law, BA, H.dip Ed, B. Sc (hons) Psychology, B.Sc. (Hons) Counselling & Psychotherapy. Member IACP, Ireland.) – Member of Development, HR and Risk, Audit & Governance Committees.**

Pat is a founder member and first Secretary of North & East and a former Chairperson of the Association. He retired from the Health Service Executive after thirty-three years as a Community Welfare Officer [CWO] and eleven years as a Superintendent CWO. Pat is a founder member and first Chair of Dun Laoghaire Money Advice and Budgeting Service [MABS]. He was also the National Chair of Senior Community Welfare Section of SIPTU [2005-2011].

## **Alan Ring – Board Member, Chairperson of Finance Committee**

Prior to joining the Vhi, Alan worked in corporate finance, banking and financial services. His experience in corporate finance was at the National Treasury Management Agency (Ireland) where Alan was seconded to the Department of Finance Ireland where he worked on the team with responsibility for managing the State shareholdings in one of the recapitalised Irish banks. During his tenure a restructuring plan for the bank was agreed with the European Commission and subsequently a successful IPO was completed returning the bank to private ownership. Previously his experience in banking was at KBC Bank Ireland as part of the Commercial Finance function where he led the team responsible for investor relations, impairment provisioning and financial analysis. During his tenure, the bank underwent a large balance sheet transformation which enabled it to successfully emerge from the financial crisis. Prior to this Alan trained as a Chartered Accountant with KPMG Ireland. He holds an MBS from Smurfit Business School and BComm from University College Cork.

Alan is currently working to deliver a transformational change programme with Ireland's largest Health Insurer (VHI),



**Ann Wilson –  
Member of HR Committee**

Ann is an experienced International HR Manager with over 25 years' experience in HR. She is currently a senior HR Manager in the energy sector. Ann worked in the social housing sector in London for a number of years as well as working for a variety of companies in the public, private and NGO sectors in the UK, Malaysia, Africa and Ireland. She holds an MSc in HR Management and an MA in Mediation & Conflict Intervention

**John Cuniffe –  
Chairperson of Development Committee**

John is a Lecturer and an Asset Management Strategist. Having previously worked across several highly regulated industries managing property portfolios and facilities management his key focus has been on delivering resource management and innovative asset maximisation programmes that improve efficiency and effectiveness while minimising risk. He has a particular interest in promoting good governance, accountability and transparency having previously worked with a large international NGO.

**Sean Staunton BA FCCA QFA –  
Member of Risk, Audit &  
Governance Committee**

Sean is CEO of Progressive Credit Union. A Qualified Financial Adviser, Sean graduated from Dublin City University in 1997 with a BA in Accounting & Finance and has worked as an accountant with several major Irish plc's before embarking on a career in the credit union sector in 2003 having qualified with ACCA in 2001. Sean was appointed CEO of Progressive Credit Union in 2009. Sean serves on the Boards of several credit union related companies and is actively involved in the delivery of new products and services in the sector.



**Easter at Ardmore, Bettystown, Co. Meath**



## Board Attendance 2017: North &amp; East Housing Association

Meetings	Pat Lennon	John Cunniffe	Ann Wilson	Sean Staunton	Alan Ring	Barry Magee	Barney O'Neill	John Ryan
06/02/2017	✓	✓	✓	n/a	✓	✓	✓	n/a
06/03/2017	✓	X	✓	n/a	✓	✓	✓	n/a
10/04/2017	✓	✓	✓	n/a	✓	✓	x	n/a
15/05/2017	✓	X	✓	n/a	✓	✓	✓	n/a
17/06/2017	✓	✓	✓	✓	✓	✓	✓	n/a
04/09/2017	✓	✓	X	✓	✓	✓	n/a	n/a
02/10/2017	✓	✓	X	X	X	✓	n/a	n/a
13/11/2017	X	✓	X	✓	✓	X	n/a	✓
4/12/2017	✓	✓	X	✓	✓	X	n/a	✓

Notes: Barney O'Neill resigned on 17th June 2017.

Sean Staunton was appointed on 17th June 2017.

John Ryan was co-opted onto Board on 13th Nov 2017

## Directors' Responsibilities Statement

The Directors are responsible for preparing the Directors' Report and the various financial statements. This is carried out in accordance with Irish law and regulations. Irish company law require the Directors to prepare the financial statements for each financial year, and to give a true and fair view of the state of affairs of the company. Under the law, the Directors have prepared the financial statements in accordance with GAAP (Generally Accepted Accounting Practices). This includes *FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and is promulgated by the Institute of Chartered Accountants in 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 assets, liabilities and financial position of the company as at the financial year end date, of the profit or loss of the company for that financial year and otherwise comply with the Companies Act 2014. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently
- make judgments and accounting estimates that are reasonable and prudent
- state whether the financial statements have been prepared in accordance with applicable accounting standards
- identify those standards
- note the effect and the reasons for any material departure from those standards
- prepare the financial statements on the going concern unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, and which enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy. The accounting records enable them to ensure that the financial statements and Directors' Report comply with the Companies Act 2014 and enable the financial statements to be audited. The records are also responsible for safeguarding the assets of the company. The Directors are also responsible for taking reasonable steps for the prevention and detection of 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 Republic of Ireland governing the preparation and

dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm they have complied with the above requirements when preparing the financial statements.

### Accounting Records

The measures taken by the Directors to ensure compliance with the requirements of Sections 281-285 of the Companies Act 2014 with regard to the keeping of accounting records include the employment of appropriately qualified accounting personnel and the maintenance of computerised accounting systems. The company's accounting records are maintained at the company's registered office at Unit 287, Block G, Blanchardstown Corporate Park 2, Dublin 15.

### Post Balance Sheet Events

There have been no significant events affecting the company since the year end.

### Statement on Relevant Audit Information

Each of the persons who are Directors at the time of the approval of this Directors' Report have confirmed that:

- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.
- so far as the Director is aware, there is no relevant audit information of which the company's auditors are unaware

### Companies Acts Responsibilities

The directors also acknowledge and accept their personal overall responsibilities under the Companies Acts 1963 to 2014 as the organisation is established under these Acts. Each director will act, at all times, in the best interest of the organisation as a whole rather than in pursuit of any personal or sectional interest.

### Board Renewal

In 2015 the Board commenced a review of its own performance. North & East recognise the need for the Board to continue to work at developing its skills set and improving its performance. This review process will continue annually. New members with skills relevant to the business of North & East have been invited to join. All new Board members follow an induction programme and are offered relevant training. No remuneration is paid to non-executive directors for their services as Board Members. Directly incurred expenses are reimbursed, if claimed.

The Board is supported by the following subcommittees:

1. Finance
2. Development
3. Risk, Audit and Governance
4. Human Resources

### Finance Subcommittee

The Finance subcommittee reviews and monitors all aspects of the company's financial performance and controls. It makes recommendations to the Board on annual budgets, management accounts, annual financial statements and reports. The finance subcommittee meets 5 times a year.

### Development Subcommittee

The Development subcommittee considers and evaluates options regarding the purchase, building and management of housing stock and reports to the directors with recommendations. The committee considers the cost and cash flow implications of proposed acquisitions of stock. It advises the Board on appropriate levels of reserve funding to adequately maintain homes. The committee keeps itself informed of and evaluates changes in the delivery of social housing. The development subcommittee meets 4 times a year.

### Risk, Audit and Governance Subcommittee

The Risk, Audit & Governance subcommittee monitors all operational risk performance and internal audit of the organisation. It liaises with the organisation's auditors. In 2015, external training on risk management was delivered to the Board and Staff. The organisation has devised and adopted a risk policy which the Board has approved.

A risk register was set up which is managed and monitored by the staff team and reports to the Risk subcommittee quarterly. This committee also oversees Board renewal and reviews all board policies prior to consideration by the Board. The committee meets 3 times a year.

### Human Resources Subcommittee

The Human Resources subcommittee deals with staff related issues in the organisation. It is also responsible for making recommendations on remuneration. The committee meets as required.

### Board Policies

The Board has in place a comprehensive set of policies (see table below) that are reviewed every 2 years by the Risk, Audit & Governance Committee. These are then reviewed by the full board.

POLICY TITLE
Terms of Appointment for Board Members and Renewal Policy
Code of Conduct for Board Members
Conflict of Interest Policy
Declaration of Compliance with Conflict of Interest/Code of Conduct
Renewal of Declaration of Compliance with Conflict of Interest & Code of Conduct Policy
Schedule of matters reserved for the Board
Division of Responsibilities between Chair & Board
Director's Expenses Policy
Terms of Reference Risk, Audit & Governance Committee
Terms of Reference Finance Committee
Policy on Auditor Rotation
Risk Management Policy & Risk Register
Health & Safety Policy
Child Protection Policy
Financial Policies & Procedures
Contract Signing Policy
Policy on entering Partnerships with Third Party Organisations
Whistle-blower Policy
Crisis Management Policy

## Financial Review

North and East generated a surplus of €182,301 in 2017 compared to a deficit of €294,711 in 2016. This reflects the realisation of the efficiencies and savings from the investment and restructuring activities undertaken by the Association in 2016. Turnover was €2,662,157 in 2017 compared to €1,766,248 in 2016. This reflects increased rental income and the impact of Payment & Availability income from new housing additions. Homes in management by North & East increased from 427 in 2016 to 457 in 2017, and the Association is managing a healthy development pipeline to meet its targets within the strategic plan.

Administrative Expenses were €2,201,728 in 2017 compared to €1,878,279 in 2016. Significant expenditure movements include:

- operating lease rentals which increased by €496,078 during the year. This was due to the addition of NARPS units in both Golden Ridge, Rush and Ardmore, Bettystown.
- a loan break fee of €76,635 was accrued in 2017 against the refinancing of the mortgage loan for properties in Stamanaran in Louth.

- staff costs were €529,806 in 2017 compared to €527,923 in 2016. Management recruitment and implementation of pay increments occurred during the year.

Property repair and maintenance costs were €394,000 in 2017 compared to €507,000 in 2016. 2016 included an exceptional Sustainable Energy Authority of Ireland (SEAI) supported investment programme.

Loan interest payments were €278,392 in 2017 compared to €184,674 in 2016. This reflects the impact of increased interest being paid on loans from the Housing Finance Agency and CALF loans drawn down to acquire new properties. Total reserves were €2,154,554 in 2017 compared to €1,972,253 in 2016 with North & East maintaining an internally designated reserve of €910,865 for ongoing maintenance of properties.

Employee numbers were 12 at year end. This is unchanged from 2016.

Average rent per week was €60 in 2017.

Rent arrears at year end were 2.7% of annualised rent.

## Risk Policy

North & East is committed to managing risks for the long term benefit of the organisation. To meet this commitment, risk, and risk management is considered the responsibility of every board member and every employee as much as practical. To this end, staff and Board members have received training in identifying and managing risks. The management of risk is an integral part of existing planning and operational processes and is fully recognised in reporting. Identifying opportunities in the process of risk management and embracing those opportunities is also a key component of the organisation's risk management policy. The standard operational functions such as rent arrears void management and repair & maintenance are subject to on-going review and monitoring.

## Risk Register

A system to classify risk types is used to ensure that key areas of risk from both internal and external factors are considered and evaluated. In order to ensure risks are managed effectively and there is readily available evidence to show this is happening, risks are recorded in the organisation's risk register. This captures all the information necessary to understand the risk and the action plans necessary to manage the risk.

Critical categories of risk include the following:

- **Governance risks** – including inappropriate organisational structure, skill deficit in Board of Management, lack of commitment or conflict of interest.
- **Operational risks** – including lack of beneficiary & staff welfare / safety, poor staff recruitment / training or poor IT infrastructure.
- **Financial risks** – including inaccurate / insufficient financial information, inadequate reserves, inadequate cash flow or insufficient insurance cover.
- **External risks** – including poor public perception and reputation, turbulent economic or political environment and changing government policy.
- **Compliance risks** – including lack of compliance with law and regulation, poor knowledge of employer responsibilities, poor knowledge of regulatory requirements in relation to particular activities.

The North & East Risk Register is reviewed regularly by management, quarterly by the Risk, Audit & Governance Committee and annually by the Board.

## Future Challenges

The organisation recognises that it faces significant challenges in the coming years. The country as a whole is in the middle of an unprecedented housing crisis and the Government (through its Rebuilding Ireland initiative) has placed an increasing emphasis on AHBs for the delivery of social housing.

North & East is confident we can meet this challenge. The organisation has undertaken a systematic implementation of robust governance structures across the organisation in order to comply with best practice, legal and regulatory requirements. We have consistently embraced new forms of regulation and have committed resources to ensuring full compliance in all areas. Upcoming regulatory changes such as new GDPR Regulation will be approached in the same way with training provided for all Board and staff members to ensure clarity on roles and responsibilities.

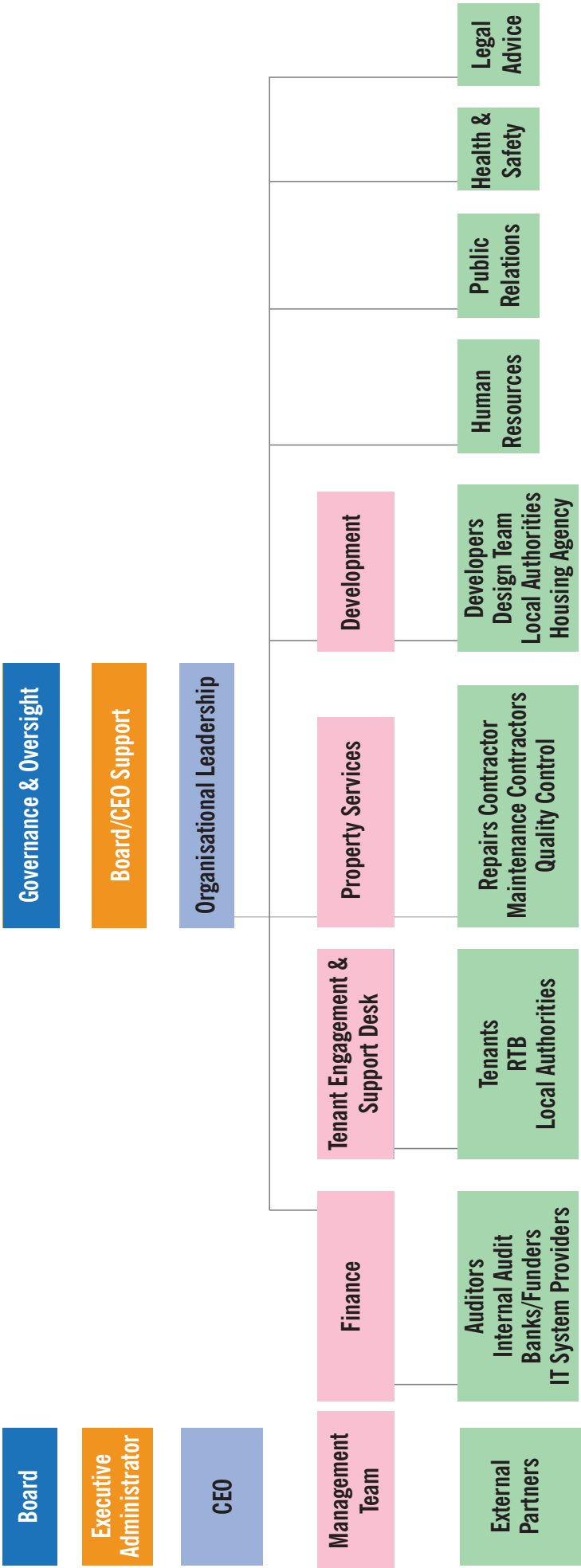
North & East will continue with its policy of strategic partnerships to achieve the goals of the Association and will consider any new opportunities that fall within the organisation's core strategic objectives.

We plan to fund future growth in new homes using the Government backed Capital Assistance Scheme (CAS) and Capital Advance Leasing Facility (CALF). This will be supported by loans from the Housing Finance Agency (HFA) and other private sources. We also continue to enter into long-term property leases under NARPS (NAMA). The organisation will also continue to participate in shared projects with other Housing Associations and service providers in the development of new housing units.

The Asset Management Strategy, Tenant Engagement Strategy and Human Resource Strategy will be implemented to sustain the organisation's housing stock at required standards into the long-term future. We will develop positive and mutually beneficial interaction with tenants. The new HMS management system will facilitate the operational efficiencies necessary to deliver the operational objectives within the strategic plan.

We believe we have recruited a high quality, professional team of managers that will implement the strategic plan and put in place relevant programmes to guide and innovatively develop North & East into a successful future.

# Function Chart



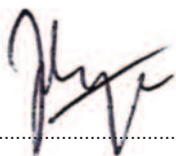


North & East has responded efficiently and effectively to a hugely challenging and changing environment. We have professionalised our operations and have put in place a tight governance structure, which will serve us well; now, and in the future. We have recruited professional staff, which can be trusted to grow the organisation. Finally, North & East always has, and always will, listen to the people for whom it has provided a home.

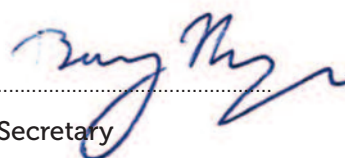
### Auditors

The auditors, Crowe Horwath Bastow Charleton, are eligible and have expressed a willingness to continue in office in accordance with section 383(2) of the Companies Act 2014.

This report was approved by the board and signed on its behalf.



Chairperson



Secretary

Date

29/6/18



Lough na Glack, Carrickmacross, Co. Monaghan

# Financial Statements 2017

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORTH AND EAST HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE

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### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of North and East Housing Association Company Limited by Guarantee (the 'company') for the year ended 31 December 2017, which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is Irish law and Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and Statement of Recommended Practice (SORP): Accounting by Registered Social Housing Providers, Update 2014 FRS 102.

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2017 and of its surplus for the year then ended;
- have been properly prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and Statement of Recommended Practice (SORP): Accounting by Registered Social Housing Providers, Update 2014 FRS 102; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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

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

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORTH AND EAST HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE (CONTINUED)**

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our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Companies Act 2014**

Based solely on the work undertaken in the course of the audit, we report that:

- in our opinion, the information given in the Directors' Report is consistent with the financial statements; and
- in our opinion, the Directors' Report has been prepared in accordance with applicable legal requirements.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited, and the financial statements are in agreement with the accounting records.

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

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

### **Respective responsibilities**

#### **Responsibilities of directors for the financial statements**

As explained more fully in the Directors' Responsibilities Statement on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORTH AND EAST HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE (CONTINUED)****Auditors' responsibilities for the audit of the financial statements**

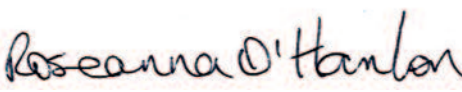
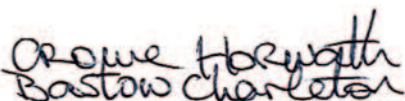
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: [https://www.iaasa.ie/Publications/ISA-700-\(Ireland\)](https://www.iaasa.ie/Publications/ISA-700-(Ireland)). This description forms part of our Auditors' Report.

**The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. 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 Auditors' 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.

Signed by: \_\_\_\_\_

Roseanna O'Hanlon  
for and on behalf of  
**Crowe Horwath**Bastow Charleton  
Chartered Accountants & Statutory Audit Firm  
Marine House  
Clanwilliam Court  
Dublin 2

Date:

29 June 2018



**INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 €	2016 €
Turnover	4	2,662,157	1,766,248
Administrative expenses		(2,201,728)	(1,878,279)
<b>Surplus / (Deficit) on ordinary activities before interest</b>	5	<b>460,429</b>	<b>(112,031)</b>
Interest receivable and similar income		264	1,934
Interest payable and similar charges	8	(278,392)	(184,674)
<b>Surplus / (Deficit) for the year</b>		<b>182,301</b>	<b>(294,771)</b>

The notes on pages 27 to 40 form part of these financial statements.

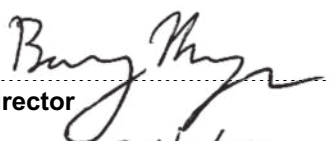
**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017**

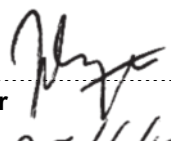
	2017 €	2016 €
Surplus / (Deficit) for the financial year	182,301	(294,771)
<b>Total comprehensive income for the year</b>	<b>182,301</b>	<b>(294,771)</b>

**BALANCE SHEET  
AS AT 31 DECEMBER 2017**

	Note	2017 €	2016 €
<b>Fixed assets</b>			
Tangible Fixed Assets	9	21,295,189	18,315,432
<b>Current assets</b>			
Debtors: amounts falling due within one year	10	240,150	156,899
Cash at bank and in hand	11	2,021,361	1,805,199
		<u>2,261,511</u>	<u>1,962,098</u>
Creditors: amounts falling due within one year	12	(1,170,301)	(1,050,287)
<b>Net current assets</b>		<u>1,091,210</u>	<u>911,811</u>
<b>Total assets less current liabilities</b>		<u>22,386,399</u>	<u>19,227,243</u>
Creditors: amounts falling due after more than one year	13	(20,231,845)	(17,254,990)
<b>Net assets</b>		<u><u>2,154,554</u></u>	<u><u>1,972,253</u></u>
<b>Capital and reserves</b>			
Income and expenditure reserve	18	2,154,554	1,972,253
<b>Shareholders' funds</b>		<u><u>2,154,554</u></u>	<u><u>1,972,253</u></u>

The financial statements were approved and authorised for issue by the board:

  
 Director  
 Date: 29/6/18

  
 Director  
 Date: 29/6/18

The notes on pages 27 to 40 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Income and expenditure reserve €	Total €
At 1 January 2017	1,972,253	1,972,253
<b>Comprehensive income for the year</b>		
Surplus for the year	182,301	182,301
<b>At 31 December 2017</b>	<u>2,154,554</u>	<u>2,154,554</u>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Income and expenditure reserve €	Total €
At 1 January 2016	2,267,024	2,267,024
<b>Comprehensive income for the year</b>		
Deficit for the year	(294,771)	(294,771)
<b>At 31 December 2016</b>	<u>1,972,253</u>	<u>1,972,253</u>

The notes on pages 27 to 40 form part of these financial statements.

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 €	2016 €
<b>Cash flows from operating activities</b>		
Surplus/(deficit) for the financial year	182,301	(294,771)
<b>Adjustments for:</b>		
Depreciation of tangible assets	474,897	437,804
Interest paid	278,392	184,674
Interest received	(264)	(1,934)
(Increase)/decrease in debtors	(83,250)	12,738
Increase/(decrease) in creditors	1,357,845	(298,461)
Write back of fixed assets	-	607,612
<b>Net cash generated from operating activities</b>	<b>2,209,921</b>	<b>647,662</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(3,454,654)	(1,263,012)
Interest received	264	1,934
Other interest payable	-	(31,679)
<b>Net cash from investing activities</b>	<b>(3,454,390)</b>	<b>(1,292,757)</b>
<b>Cash flows from financing activities</b>		
Repayment of loans	(141,803)	(63,204)
Other new loans	1,880,826	643,891
Interest paid	(278,392)	(152,995)
<b>Net cash used in financing activities</b>	<b>1,460,631</b>	<b>427,692</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>216,162</b>	<b>(217,403)</b>
Cash and cash equivalents at beginning of year	1,805,199	2,022,602
<b>Cash and cash equivalents at the end of year</b>	<b>2,021,361</b>	<b>1,805,199</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	2,021,361	1,805,199
	<b>2,021,361</b>	<b>1,805,199</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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### 1. General information

North and East Housing Association is a company limited by guarantee, without a share capital, incorporated in Ireland on 14 January 1993, registered number 197791. The registered address is Unit 287, Block G, Blanchardstown Corporate Park 2, Dublin 15. The company has been granted charitable status, for taxation purposes by the Revenue Commissioners and has a charity number CHY 10970. The principal activity of the company is the delivery of high quality homes, comprehensive housing management services and tenant supports.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2014.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

In preparing the financial statements, the company has referred to guidance included within the following Statements of Recommended Practice (SORP): Accounting by Registered Social Housing Providers, Update 2014 FRS 102. The Company has adopted best practice to the extent that requirements contained within the aforementioned SORPs are applicable to the company.

The following principal accounting policies have been applied:

#### 2.2 Going concern

For the continuing delivery of its development programme the company is dependent on continued debt funding from the Housing Finance Agency(HFA), Capital Advance Leasing Facility (CALF), Service Level Agreement (SLA) and Payment and Availability agreements.

The company meets its day to day working capital requirements through accumulated reserves, bank and other debt. The Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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### 2. Accounting policies (continued)

#### 2.3 Turnover

##### Rental Income

Rental income represents rent receivable from tenants during the year.

##### Government grants

Grants are recognised using the accruals model when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Grants towards capital expenditure are credited to deferred income and are released to the income statement over the expected useful life of the related assets, by equal annual instalments. Grants towards revenue expenditure are released to the income statement as the related expenditure is incurred.

Grant income is received from the following sources:

##### Management and maintenance subsidies

Management and maintenance subsidies are payable annually by local authorities to the company in respect of projects completed under the Capital Loan and Subsidiary Scheme.

Management and maintenance subsidies are received from Dundalk Town Council, Meath County Council, Louth County Council and South Dublin County Council.

##### Lease income

Lease income is received as Payment and Availability from Louth and Meath County Council.

#### 2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2% straight line
Plant & machinery	- 15% straight line
Office equipment	- 15% straight line
IT equipment	- 25% straight line
Assets under course of construction	- Not depreciated

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Income Statement.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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### 2. Accounting policies (continued)

#### 2.5 Housing loans

Specific loans are advanced by the Housing Finance Agency (HFA) and by the Department of the Housing, Planning and Local Government under the Capital Advance Leasing Facility (CALF), subject to the terms of individual loan agreements. Interest and capital repayments are required to be made in respect of these loans. Mortgage loans are also held with Bank of Ireland and Ulster Bank.

#### 2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### 2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

#### 2.8 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income Statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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### 2. Accounting policies (continued)

#### 2.8 Financial instruments (continued)

the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### 2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### 2.10 Functional and presentation currency

The company's functional and presentational is euro (€).

#### 2.11 Finance costs

Finance costs are charged to the Income Statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### 2.12 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the Income Statement on a straight line basis over the lease term.

#### 2.13 Pensions

##### Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

#### 2.14 Employee benefits

When employees have rendered service to the company, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

#### 2.15 Interest income

Interest income is recognised in the Income Statement using the effective interest method.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Judgements and estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. 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 discussed below.

#### (a) Establishing lives for depreciation purposes of land and freehold buildings

Long-lived assets, consisting primarily of land and freehold buildings, comprise a significant portion of the total assets. The annual depreciation charge depends primarily on the estimated lives of each type of asset and estimates of residual values. The Directors regularly review the assets residual values and the useful lives and change them as necessary to reflect current thinking on remaining lives in light of prospective economic utilisation and physical condition of the assets concerned. Changes in asset lives can have a significant impact on depreciation charge for this period. Details of the useful lives is included in the accounting policies.

#### (b) Provisions

The amounts recognised as a provision are management's best estimate of the amount required to settle present obligations at the Balance Sheet date. The outcome depends on future events which are by their nature uncertain. In assessing the likely outcome, management bases its assessment on historical experience and other factors that are believed to be reasonable in the circumstances.

### 4. Turnover

An analysis of turnover by class of business is as follows:

	2017 €	2016 €
Rental income from tenants	1,379,208	1,155,134
Management and maintenance subsidy	124,102	123,771
Payment and availability income	1,146,388	487,343
Grant income	12,459	-
	<u>2,662,157</u>	<u>1,766,248</u>

All turnover arose in Ireland.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**5. Surplus/(Deficit) for the year**

The surplus/(deficit) for the year is stated after charging/(crediting):

	<b>2017</b>	<b>2016</b>
	<b>€</b>	<b>€</b>
Depreciation of tangible fixed assets	<b>474,897</b>	437,803
Government grant amortisation	<b>(316,716)</b>	(333,838)
Operating lease rentals	<b>658,877</b>	162,799
Defined contribution pension cost	<b>7,407</b>	7,143
Auditors' remuneration	<b>8,171</b>	8,181
	<hr/>	<hr/>

**6. Employees**

The average monthly number of employees, including the directors, during the year was as follows:

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
Administration staff	<b>4</b>	4
Housing services staff	<b>5</b>	5
Management	<b>3</b>	3
	<hr/>	<hr/>
	<b>12</b>	12
	<hr/>	<hr/>

Staff costs, include directors' remuneration, were as follows:

	<b>2017</b>	<b>2016</b>
	<b>€</b>	<b>€</b>
Wages and salaries	<b>469,076</b>	469,976
Social insurance costs	<b>53,323</b>	50,804
Cost of defined contribution scheme	<b>7,407</b>	7,143
	<hr/>	<hr/>
	<b>529,806</b>	527,923
	<hr/>	<hr/>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

The number of employees whose emoluments were greater than €60,000 were as follows:

	<b>2017</b> <b>Number</b>	<i>2016</i> <i>Number</i>
€70,001 - €80,000	<u><u>1</u></u>	<u><u>1</u></u>

### Key management personnel

Key management personnel include the Chief Executive, Property Service Manager and Tenant Engagement Services Manager for whom the total remuneration cost was €175,823 (2016:€193,275) which includes pension contributions of €3,881 (2016: €3,750)

The Board received no remuneration in respect of the current or previous financial year.

### 7. Taxation

As a result of the company's charitable status, no charge to corporation tax arises under the provision of Section 207 of the Taxes Consolidation Act 1997.

### 8. Interest payable and similar expenses

	<b>2017</b> <b>€</b>	<i>2016</i> <i>€</i>
Bank loan interest payable	<b>212,380</b>	152,995
Other loan interest payable	<b>66,012</b>	31,679
	<u><u><b>278,392</b></u></u>	<u><u>184,674</u></u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**9. Tangible fixed assets**

	Freehold property €	Plant & machinery €	Office equipment €	IT equipment €	Assets under the course of construction €	Total €
<b>Cost or valuation</b>						
At 1 January 2017	21,353,438	12,076	136,455	20,965	486,751	22,009,685
Additions	3,134,635	-	15,589	58,269	246,161	3,454,654
Transfers between classes	72,722	-	-	-	(72,722)	-
At 31 December 2017	<u>24,560,795</u>	<u>12,076</u>	<u>152,044</u>	<u>79,234</u>	<u>660,190</u>	<u>25,464,339</u>
<b>Depreciation</b>						
At 1 January 2017	3,612,230	9,193	68,269	4,561	-	3,694,253
Charge for the year	449,677	1,014	17,472	6,734	-	474,897
At 31 December 2017	<u>4,061,907</u>	<u>10,207</u>	<u>85,741</u>	<u>11,295</u>	<u>-</u>	<u>4,169,150</u>
<b>Net book value</b>						
At 31 December 2017	<u>20,498,888</u>	<u>1,869</u>	<u>66,303</u>	<u>67,939</u>	<u>660,190</u>	<u>21,295,189</u>
At 31 December 2016	<u>17,741,208</u>	<u>2,883</u>	<u>68,186</u>	<u>16,404</u>	<u>486,751</u>	<u>18,315,432</u>

The directors have carried out a review of the property portfolio and they are of the opinion that it is not worth less than the amount stated on the balance sheet.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**10. Debtors**

	2017 €	2016 €
Trade debtors	162,009	94,948
Prepayments and accrued income	78,141	61,951
	<u>240,150</u>	<u>156,899</u>

**11. Cash and cash equivalents**

	2017 €	2016 €
Cash at bank and in hand	<u>2,021,361</u>	<u>1,805,199</u>

**12. Creditors: Amounts falling due within one year**

	2017 €	2016 €
Bank loans (see note 14)	277,338	211,503
Other loans (see note 14)	65,303	14,834
Trade creditors	18,423	115,020
Taxation and social insurance	20,955	93,369
Other creditors	12,208	12,568
Accruals	426,249	229,842
Deferred income	316,716	346,524
Tenants deposits	33,109	26,627
	<u>1,170,301</u>	<u>1,050,287</u>

**13. Creditors: Amounts falling due after more than one year**

	2017 €	2016 €
Bank loan (see note 14)	2,063,326	2,270,964
Other loans (see note 14)	3,988,857	2,158,500
Deferred income (see note 17)	14,179,662	12,825,526
	<u>20,231,845</u>	<u>17,254,990</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**14. Loans**

Analysis of the maturity of loans is given below:

	2017 €	2016 €
<b>Amounts falling due within one year</b>		
Bank loans	277,338	211,503
Other loans	65,303	14,834
	<u>342,641</u>	<u>226,337</u>
<b>Amounts falling due 2-5 years</b>		
Bank loans	1,109,294	846,010
Other loans	261,214	59,336
	<u>1,370,508</u>	<u>905,346</u>
<b>Amounts falling due after more than 5 years</b>		
Bank loans	954,032	1,424,954
Other loans	3,727,643	2,099,164
	<u>4,681,675</u>	<u>3,524,118</u>
	<u><u>6,394,824</u></u>	<u><u>4,655,801</u></u>

**Other loan**

Included in other loans is amounts owing to the HFA of €1,632,587 (2016: €370,850) and CALF of €2,421,573 (2016: €1,802,484).

Housing loans provided by the Housing Finance Agency (HFA) are for 30 year loans with 10 year fixed rates. The interest rate payable on these loans is 2.5% per annum. These loans are subject to capital and interest repayments.

Concessionary CALF loans are for terms between 20 - 30 years and these are repayable at the end of the term of the loans. The CALF loans are subject to interest at 2% per annum calculated by way of simple interest. Thus the interest is calculated and payable on the CALF loans principal alone. Interest on the CALF loans accrues on an ongoing basis but is only due for payment at the end of the term of the loan.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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### 15. Security and charges relating to bank borrowings

Ulster Bank loans of €1,344,391 secured by a series of first legal mortgage charges over 17 residential units at Moneymore, Drogheda, Co. Louth and 1 residential unit at Cedarvale, Althumney Woods, Navan, Co. Meath.

Bank of Ireland loans of €996,273 are secured by a first legal mortgage and charge over 17 units at Stamanaran, Blackrock, Co. Louth.

### 16. Other securities and charges

The local authorities have legal charges registered against the properties financed under the CAS scheme. When the twenty or thirty year period of the scheme expires and the terms of the loan agreements have been complied with, the local authority will release the legal charge of the property and the Approved Housing Body (AHB) becomes the legal owner of the property. AHB is then obliged to ensure the property continues to be properly maintained and the property is let to meet social housing needs at reasonable rents. Accordingly, charges are registered against the following properties;

- Lands in Kells, Co. Meath
- Premises at Bective House, Beaufort Place, Navan, Co. Meath
- Apartments at Woodford, Wheaton Hall, Drogheda, Co. Louth
- Apartments at The Beech, Athlumney Wood, Navan, Co. Meath
- Apartment at Malton House, Custom House Square, Mayor Street Lower, IFSC, Dublin 1
- Forster Lawn, Lucan, Co. Dublin
- Apartment at An Grianan Fídh, Aiuens Village, Sandyford, Dublin 18 comprised in folio DN105309L
- Apartment at The Oval, Tullyvale, Druid Valley, Cabinteely, Dublin 18 comprised in folio DN11778L
- Property at Drummartin Terrace, Goatstown, Dublin 14
- Property at St Ultan's Terrace, Abbey Road, Navan, Co. Meath.
- Premises at Servite Priory, Kiltipper Road, Tallaght, Dublin 24

The Housing Finance Agency PLC (HFA) holds security over the following premises;

- Property at Bective Place, Kells, Co. Meath
- Property at Moulden Bridge, Rathoath, Co. Meath
- Property at Dun Saithne Road, Flemington Lane, Balbriggan, Co. Dublin
- Property at Woodgate, Ballycullen road, Knocklyon, Dublin 16
- Property at The Grove, Sevvitt Hall, Bettystow, Co. Meath
- Property at Knightwood, Matthews Lane, Drogheda, Co. Meath
- Property at The Lane, Foxlodge, Rathoath, Co. Meath
- Property at Bellgree Drive, Tyrellstown, Mulhuddart, Dublin 15
- Property at Priory Lodge, Sheetland Road, Drogheda, Co. Louth
- Property at Bathe Abbey, Navan Road, Dunleek, Co. Meath
- Property at Gleann Alainn, Tullyallen, Drogheda, Co. Louth

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 17. Deferred income

#### 17.1 Description

Deferred income represents government grants. These grants represents loans made to the company from Capital Loan and Subsidy Scheme (CLSS) and Capital Assistance Scheme (CAS). No capital or interest repayments are required to be made on these loans provided the company complies with certain specific requirements set out by the local authorities over the properties for which housing loans have been provided for.

In accordance with the accounting policy, government grants are recognised based on the accruals model. These grants, which are for the purchase of the freehold property, are recognised over the useful life of the freehold property, which is fifty years. There are no unfulfilled conditions or contingencies attaching to these grants.

#### 17.2 Analysis of the movements on government grants

	2017 €	2016 €
Government grants: revenue	173,635	22,631
Government grants: capital	14,322,743	13,149,419
	<u>14,496,378</u>	<u>13,172,050</u>
	2017 €	2016 €
<b>Capital</b>		
At 1 January	13,149,419	13,582,819
Grants received during the financial year	1,490,040	508,050
Amortisation in the financial year	(316,716)	(333,838)
Write back of grant	-	(607,612)
<b>At 31 December</b>	<u>14,322,743</u>	<u>13,149,419</u>

The reduction in grants receivable in 2016 is due to the removal of a duplication of a property at Carrick Street, Kells, Co. Meath. This amount had been incorrectly included within fixed assets and government grants twice. An adjustment was made in the financial statements for the year ended 31 December 2016 to remove this duplication from both fixed assets and government grants. There was no effect on the Income Statement as depreciation of the fixed asset and amortisation of the capital grants are both at 2% therefore having no effect on reserves.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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### 18. Reserves

The Income and Expenditure reserve represents cumulative surpluses and deficits recognised in the Income Statement. All approved Housing Bodies are required to designate elements of their income and expenditure reserve for the long term systematic repair and refurbishment of housing stock which is known as a sinking fund. For the purposes of SORP Accounting by registered social housing providers, such designations are considered to be an internal matter and therefore are not to be disclosable in the primary statements.

Of the total reserves of €2,154,554 (2016: €1,972,253) held at the Balance Sheet date, North & East internally designate €910,865 (2016: €911,478) as a designated reserve for repairs and refurbishment of housing stock.

### 19. Company status

The company is limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding €1 towards the assets of the company in the event of liquidation.

### 20. Capital commitments

At the financial year end date the company had entered into contracts for future capital expenditure amounting to €17,656,400.

### 21. Pension commitments

The company operates a defined contribution scheme, 'Pension Scheme Fund', for its employees. The scheme is externally financed in that the assets of the scheme are held separately from those of the company in an independently administered fund. The contributions made in the financial year amounted to €7,407 (2016: €7,143).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 22. Commitments under operating leases

On 24 September 2014, North and East Housing Association entered into a lease agreement of twenty years and nine months with the National Asset Residential Property Services (NARPS) in respect of 11 units at Ardmore, Bettystown, County Meath at an annual rent of €70,383.

On 13 June 2016, North and East Housing Association entered into a lease agreement of five years with Channor Limited in respect of their registered office at Unit 287, Block G, Blanchardstown Corporate Park 2, Blanchardstown, Dublin 15 at an annual rent of €32,162.

On 5 August 2016, North and East Housing Association entered into a lease agreement of twenty years and nine months with the National Asset Residential Property Services (NARPS) in respect of 18 Residential Dwellings at Ardmore Bettystown, Co. Meath at an annual rent of €131,716.

On 4 November 2016, North and East Housing Association entered into a lease agreement of twenty years and nine months with the National Asset Residential Property Services (NARPS) in respect of 15 Residential Dwellings at Golden Ridge, Skerries Road, Rush, Co. Dublin at an annual rent of €185,809.

On 13 December 2016, North and East Housing Association entered into a lease agreement of twenty years and nine months with the National Asset Residential Property Services (NARPS) in respect of 15 Residential Dwellings at Golden Ridge, Skerries Road, Rush, Co. Dublin at an annual rent of €189,798.

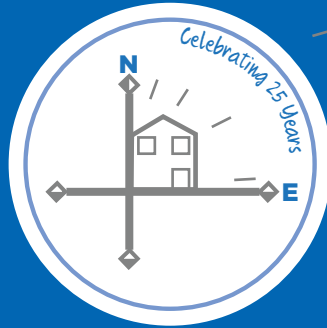
On 6 July 2017, North and East Housing Association entered into a lease agreement of twenty years and nine months with the National Asset Residential Property Services (NARPS) in respect of 15 Residential Dwellings at Golden Ridge, Skerries Road, Rush, Co. Dublin at an annual rent of €164,834

At 31 December 2017 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 €	2016 €
Not later than 1 year	774,702	609,868
Later than 1 year and not later than 5 years	3,049,023	2,439,472
Later than 5 years	10,794,891	8,844,574
	<b>14,618,616</b>	<b>11,893,914</b>

### 23. Controlling party

The Members of North and East Housing Association Company Limited by Guarantee are considered to be the ultimate controlling party.



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