



**North & East**  
Housing Association

Building & Supporting Communities

# Directors' Report

and Financial Statements  
for year ended 31 December 2018





**North & East**  
Housing Association  
Building & Supporting Communities

# Directors' Report 2018



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## Who we are

North & 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 general-needs housing provider with a proven record of accomplishment 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 20 years, we have grown our stock and now manage over 500 homes.

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 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.



Tenants' Christmas Party 2018



## 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.

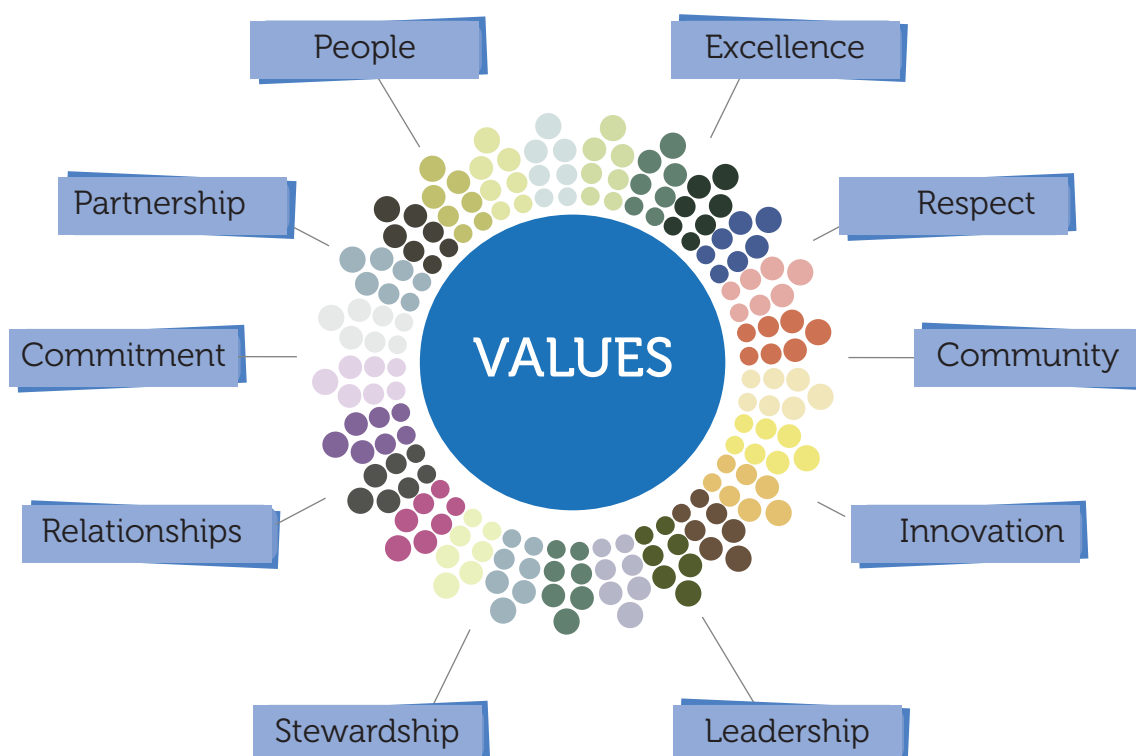
Our values outline our approach to achieving this.



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 & East Housing Association (North & East) is a Company Limited by Guarantee, 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. Our charity number is CHY 10970 and we 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 Ireland, Chartered Accountants & Statutory Auditors, Marine House, Clanwilliam Court, Dublin D02FY24
<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 Cuchullain Credit Union, The Ramparts, Dundalk, Co. Louth
<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)</li> <li>■ John Cuniffe (Vice-Chairperson)</li> <li>■ Barry Magee ( Secretary)</li> <li>■ Alan Ring</li> <li>■ Sean Staunton</li> <li>■ Pat Lennon</li> <li>■ Patricia Cleary (appointed on 29th June 2018)</li> <li>■ Maurice O'Neill (appointed on 29th June 2018)</li> <li>■ Ann Wilson (3rd December 2018)</li> </ul>
<b>CEO:</b>	Vincent Keenan



## Operating Environment

North North & East Housing Association continues to operate in an environment where demands for the homes we provide is at an all-time high. The targets set out in Rebuilding Ireland places a requirement on Approved Housing Bodies to provide up to one third of the social homes to be provided by 2023. In both 2017 and 2018, the sector met and indeed in 2018 exceeded those targets. North & East has played a role in meeting those targets in 2018 and has developed a pipeline

of new homes up to 2021 that will increase the Association's housing stack to well in excess of 700 homes.

The Association continues to engage positively with a number of regulatory bodies including the Housing Regulator, Charities Regulator and Companies Registration Office. In addition, in 2018 North and East commenced bi annual reporting to the Department of Finance and the Central Statistics Office reflecting the increasing regulatory environment in which we operate.



Tooting Meadow, Scarlet Street, Drogheda, Co. Louth



### Growth:

In 2018, North and East provided homes to 75 new households, 67 of these were new homes and a further 8 were relets of existing homes. Some key developments were as follows:

- 38 new homes under lease from NARPS at Lough Na Glack, Carrickmacross, County Monaghan.
- 11 new homes acquired with CALF and HFA loan at Millrace Court, Trim County Meath.
- 5 new homes acquired under Capital Assistance Scheme at St Agnes Court, Crumlin, Dublin 12.
- 6 homes acquired under Mortgage to Rent Scheme.
- 7 homes acquired/build at various locations in Fingal, Louth and Meath.
- These new homes brought to 521 homes in management by year-end.

The Association has a number of different methods of increasing stock, from direct build on sites provided by local authorities, direct one off acquisitions and entering into turnkey purchase arrangements with reliable developers. North & East has participated in the mortgage to rent scheme where houses are acquired from homeowners in mortgage distress but critically the owner remains in their home becoming a tenant. In 2018, we also agreed to participate in the Housing Acquisition Programme co-ordinated by the Housing Agency and the first of these homes will come on line in 2019.

### Operating Model:

North & East continues to up-date business plans, asset management plans and review IT systems on an annual basis. In 2018, the Association implemented a new Housing Management System Civica Cx which consolidated all housing and tenant information within one centralised information technology system.

We have established a dedicated Tenant Support Desk which is a one-stop shop for all of our customer queries. This has increased engagement from our tenants and brings a customer service approach to our practice hand in hand with our new Housing Management System ensuring we have up to date information on hand at all times

The staff of North & East are critical to the delivery of both the strategic plan and the services to our tenants. In 2018, our staff attended 34 separate training events ranging from conferences, CPD events, coaching and in house training organised to meet individual and collective training needs identified through the annual personal development programme undertaken with each

staff member. Training has also been key in the implementation of the housing management system, this has been ongoing throughout the year for all relevant staff, training has also been provided on GDPR.

### Tenant Engagement:

In 2018, North and East engaged the services of Tpas to support us in the development of our 3 year Tenant Engagement Strategy. A programme of workshops were held with tenants and staff to explore current tenant engagement activities undertaken by North and East and plan for new initiatives.

Fourteen estate community events were held including Easter, summer and Christmas activities in partnership with our tenants and a number of residents' associations. Our annual gardening competition and planting programmes had the usual high level of participation.

To mark our 25th anniversary we held an organisation event for all of our tenants in one venue and over 100 tenant households attended the event in the run up to Christmas in a county Louth hotel. All our tenants received a special 25th Anniversary Newsletter.

Six tenants were successful in their application to our Noel McArdle Education Bursary resulting in a combined figure of €5,100 being granted to support them in furthering their education.



**St. Agnes Court, Crumlin, Dublin 12**



# Corporate Governance

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 met 7 times in 2018 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

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>

## Risk

North & East Housing Association is committed to the management of risk as an integral part of its operations, focusing on strategies to minimize risks to the implementation of its strategy. The Association's risk policy outlines the organisation's approach to risk management and improving decision-making, accountability and outcomes through the effective use of risk management. It also seeks to integrate risk management into daily operations of the organisation and acknowledge that considered risk taking using the risk

management process is necessary and acceptable in the pursuit of the mission and strategic objectives.

A system of classification of types of risk is used to ensure that keys areas of risk from both internal and external factors are considered. Critical categories of risk include the following;

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

## Board Responsibility

The Board has established the Risk, Audit & Governance sub-committee to oversee risk, approve and monitor the risk management policy, determine the organisation's risk appetite and establish an assurance process to ensure that an effective risk management programme is in place.

## Management Responsibility

The Management Team is responsible for communicating with the Board to ensure a mutual understanding of the organisation's overall appetite for risks and then apply these parameters within business practices. Implementation of the framework sits with management, with overall responsibility for the framework sitting with the CEO.

## Staff Responsibility

All staff have received risk training all share the responsibility for ensuring that risks are well managed.

## Risk Register

In order to ensure risks are managed effectively and there is readily available evidence to show this is happening, risks are recorded in the Risk Register. All risks are consistently recorded in the North & East Housing Association Risk Register capturing all the information necessary to



understand and the action plans necessary to manage the risk. Risks are assessed and prioritised against impact and probability criteria. The register provides the basis for ongoing review with each risk identified assigned to an owner who will have responsibility for monitoring and hedging the risk.

In North & East, the Risk Register is reviewed regularly by management, quarterly by the Risk, Audit & Governance Committee and annually by the Board. The Board is undertaking a comprehensive review of the Risk Register in 2019.

### Lobbying and Political Donations

There were no political donations in 2018, 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 at the AGM. Conflict of Interest is standing item on the Agenda of each Board and committee meeting.



Darcystown, Balrothery, Co. Dublin



# List of Board Members of North & East Housing Association

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

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 Fieldfisher 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),

### John Cuniffe – Vice-Chair, Chairperson of Development Committee, member of Remuneration 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

### Patricia Cleary – Member of Development & Finance Committees

Patricia worked for many years as CEO of HAIL, the Housing Association for Integrated Living. HAIL is primarily a special needs housing association providing housing and a specialist support service for people with an enduring mental health diagnosis.

During her time with HAIL, the association increased its housing stock, using government grants, private finance and HFA funding. HAIL is now the leading provider of permanent Housing for people with a mental health need.

HAIL's specialist mental health support service has grown and now provides support to people in a range of housing tenures including local authority, private rented accommodation and to those with a mental health need exiting homeless services. HAIL also provides housing and support to people moving from mental health group homes and hostels.

Prior to her time with HAIL Patricia worked with a number of NGO's in Ireland and Africa including Concern, Comhlamh and the Dublin Traveller Education Development Group. She also worked with Irish Aid and the United Nations Development Programme in Tanzania and Jamaica.

Patricia is a member of North & East's Development & Finance Committees



**Tenants' Christmas Party**

### Maurice O'Neill MBS, BSc (Surv), MSCSI, MRICS

Maurice O'Neill is a Chartered Surveyor and Registered Valuer, with over 20-year experience in the Irish property market. Maurice joined TWM, a specialised property advisory firm, as an equity Director in 2014, to focus on developing valuation and advisory services.

Maurice was the former Head of Professional Services at DTZ Sherry Fitzgerald (now Cushman & Wakefield), overseeing a large professional services team across four offices in Dublin, Cork, Limerick and Galway.

As we all as handling large- scale property and loan portfolio appraisals, Maurice has advised on the structuring of a range of investment and income sharing/joint venture agreements. Some of the clients Maurice has worked with include Tesco, Goldman Sachs, Kennedy Wilson, NAMA, AIB, Bank of Ireland, Ulster Bank, the OPW, the Department of Education and Skills. Maurice is heavily involved in providing valuation and strategic advisory serviced to a range of participants in the multi-unit housing sector.

As an active member of the SCSi, Maurice is regularly involved in the APC process and is a former External Examiner in DIT. Maurice also holds a BSc Hons (Surveying) and an MBS by research.



# Directors' Responsibilities Statement

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

Irish company law requires the directors to prepare the financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with the Companies Act 2014 and Financial Reporting Standard 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 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 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, and note the effect and the reasons for any material departure from those standards; 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 confirm they have complied with the above requirements in preparing the financial statements.

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, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, 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. They are also responsible for safeguarding the assets of the company and hence 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 Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## 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

The Board conducts an annual review of its own performance and identifies any gaps in skills sets. New members with these skills are invited to join. All new Board members follow an induction programme which includes a variety of activities and documents delivered over a period of time. The aim of induction is to enable and empower

new Board members to manage and direct the Organisation. Time is spent outlining the core aspects of Board membership to ensure that all Board members are:

- Clear on what is involved in being a Director of North & East
- Know what commitment is required
- Be informed of the legal obligations of Boards

A Board Induction Manual is presented to each new Director and includes the following information:

- An overview and brief biographies of current Board of Directors
- Description of the role of Directors
- Board Papers for the previous year
- North & East's Constitution
- The current Strategic Plan
- The previous year's financial accounts & Annual Report
- All Board policies and procedures

Board members are also 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
5. Remuneration

### 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 4 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.

### Remuneration Committee

The remuneration committee meets to undertake a remuneration review once per year.

### Board Policies

The Board has in place a comprehensive set of policies (see page 14) that are reviewed every 2 years by the Risk, Audit & Governance Committee. These are then reviewed by the full board.



An Chearnóg – August 2018

# List of North & East Board Policies

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
Policy on Auditor Rotation
Terms of Reference Remuneration Committee
Terms of Reference Development Committee
Terms of Reference Risk, Audit & Governance Committee
Terms of Reference Finance & Investment Committee
Policy on entering Partnerships with Third Party Organisations
Policy on Auditor Rotation
Risk Management Policy & Risk Register
Health & Safety Policy
Child Protection Policy
Financial Policies & Procedures
Whistleblower Policy
Contract Signing Policy
Gift Policy

**Lough na Glack, Carrickmacross,  
Co. Monaghan**





## Financial Review

North & East generated a surplus of €166k in 2018 compared to €182k in 2017. The management and Board expect North & East to maintain an operating surplus year on year going forward.

Turnover was €3.2m in 2018 compared to €2.7m in 2017 reflecting increased rental income and the impact of payment and availability income from new housing additions. Rental income increased by €158k in 2018 and payment & availability income increased by €340k.

Homes in management by North & East increased from 457 in 2017 to 521 in 2018 and the Association is managing a healthy development pipeline (200 units) to meet its targets within the strategic plan. The Association maintains four regionally distributed offices, its head office in Blanchardstown (leased) and three adapted residential properties on estates, two are owned and one leased. Three incremental purchase houses were returned to Louth County Council at the end of 2018 and were not included in the year- end totals.

Administrative Expenses were €2.7m in 2018 compared to €2.2m in 2017.

At 31st December 2018, North & East had fixed assets of €29.0m compared to €21.3m in 2017 reflecting ownership of 249 housing units and 2 office units.

North & East maintains cash and deposits of €2.4m at the end of 2018 up from €2m in 2017.

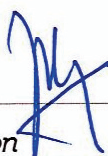
North & East holds Reserves of €2.3m in 2018 compared to €2.2m in 2017 with the Association maintaining a designated reserve (sinking fund) of €910k as a contingency reserve for any exceptional unbudgeted repairs to properties that may arise.

### Auditors

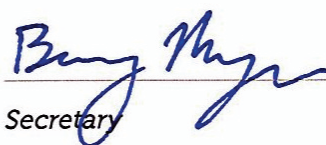
The Auditors Crowe Ireland are eligible and have expressed a willingness to continue in office in accordance with section 383(2) of the Companies Act 2014

This report was approved by the Board and signed on its behalf

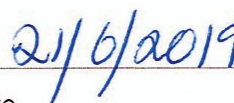
Chairperson



Secretary



Date



Financial  
Statements  
for the year ended  
31 December 2018



## INDEPENDENT AUDITORS' REPORT

### Opinion

We have audited the financial statements of North and East Housing Association Limited by Guarantee (the 'company') for the year ended 31 December 2018, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity 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 FRS102.

In our opinion, the accompanying financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2018 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 FRS102; 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 ISA (Ireland) 570 requires 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 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.



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

### Respective responsibilities and restrictions on use

#### Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement on page 12, 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.

#### 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  
Roseanna O'Hanlon for and on behalf of

Crowe Ireland

Crowe Ireland  
Chartered Accountants & Statutory Audit Firm  
Marine House  
Clanwilliam Place  
Dublin 2

Date: 24 June 2019

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 €	2017 €
Turnover	4	3,158,751	2,662,157
Administrative expenses		(2,733,283)	(2,201,728)
<b>Surplus on ordinary activities before interest</b>	5	<b>425,468</b>	<b>460,429</b>
Interest receivable and similar income		2,446	264
Interest payable and similar charges	7	(262,285)	(278,392)
<b>Surplus for the year</b>		<b><u>165,629</u></b>	<b><u>182,301</u></b>

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2018 (2017: €NIL)

The notes on pages 24 to 39 form part of these financial statements.



**BALANCE SHEET AS AT 31 DECEMBER 2018**

	Note	2018 €	2017 €
<b>Fixed assets</b>			
Tangible Fixed assets	9	29,024,365	21,295,189
<b>Current assets</b>			
Debtors: amounts falling due within one year	10	313,581	240,150
Cash at bank and in hand		2,373,444	2,021,361
		<u>2,687,025</u>	<u>2,261,511</u>
Creditors: amounts falling due within one year	11	(1,858,565)	(1,170,301)
<b>Net current assets</b>		<u>828,460</u>	<u>1,091,210</u>
<b>Total assets less current liabilities</b>		<u>29,852,825</u>	<u>22,386,399</u>
Creditors: amounts falling due after more than one year	12	(27,532,642)	(20,231,845)
<b>Net assets</b>		<u><u>2,320,183</u></u>	<u><u>2,154,554</u></u>
<b>Capital and reserves</b>			
Income and expenditure reserve	17	2,320,183	2,154,554
<b>Shareholders' funds</b>		<u><u>2,320,183</u></u>	<u><u>2,154,554</u></u>

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

  
 .....  
 Director

Date: 21-06-2019

  
 .....  
 Director

Date: 21-06-2019

The notes on pages 24 to 39 form part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Profit and loss account	Total equity
	€	€
At 1 January 2018	2,154,554	2,154,554
<b>Comprehensive income for the year</b>		
Surplus for the year	165,629	165,629
<b>At 31 December 2018</b>	<b><u>2,320,183</u></b>	<b><u>2,320,183</u></b>

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

	Profit and loss account	Total equity
	€	€
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>	<b><u>2,154,554</u></b>	<b><u>2,154,554</u></b>

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 €	2017 €
<b>Cash flows from operating activities</b>		
Profit for the financial year	165,629	182,301
<b>Adjustments for:</b>		
Depreciation of tangible assets	562,339	474,897
Interest paid	262,285	278,392
Interest received	(2,446)	(264)
Increase in debtors	(73,431)	(83,250)
Increase in creditors	2,848,769	1,357,845
<b>Net cash generated from operating activities</b>	<b>3,763,145</b>	<b>2,209,921</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(8,291,515)	(3,454,654)
Interest received	2,446	264
<b>Net cash from investing activities</b>	<b>(8,289,069)</b>	<b>(3,454,390)</b>
<b>Cash flows from financing activities</b>		
Repayment of loans	(150,074)	(141,803)
Other new loans	5,290,366	1,880,826
Interest paid	(262,285)	(278,392)
<b>Net cash used in financing activities</b>	<b>4,878,007</b>	<b>1,460,631</b>
<b>Net increase in cash and cash equivalents</b>	<b>352,083</b>	<b>216,162</b>
Cash and cash equivalents at beginning of year	2,021,361	1,805,199
<b>Cash and cash equivalents at the end of year</b>	<b><u>2,373,444</u></b>	<b><u>2,021,361</u></b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	2,373,444	2,021,361
	<b><u>2,373,444</u></b>	<b><u>2,021,361</u></b>

The notes on pages 24 to 39 form part of these financial statements.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 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 2018

### 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.

##### 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 County Councils.

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 2. Accounting policies (continued)

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

#### 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 outright 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.



## **2. Accounting policies (continued)**

### **2.8 Financial instruments (continued)**

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 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.

## **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 circumstanc

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

**4. Turnover**

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

	2018	2017
	€	€
Rental income from tenants	1,509,500	1,351,308
Management and maintenance subsidy	149,224	124,102
Payment and availability income	1,485,897	1,146,388
Grant Income	14,130	40,359
	<u>3,158,751</u>	<u>2,662,157</u>

All turnover arose in Ireland.

**5. Surplus for the year**

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

	2018	2017
	€	€
Depreciation of tangible fixed assets	562,339	474,897
Government grant amortisation	(364,429)	(316,716)
Operating lease rentals	876,445	658,877
Defined contribution pension cost	13,533	7,407
Auditors' remuneration	<u>8,326</u>	<u>8,171</u>



## 6. Employees

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

	2018	2017
Administration staff	5	4
Housing services staff	6	5
Management	4	3
	<u>15</u>	<u>12</u>

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

### Key management personnel

Key management personnel include the Chief Executive, Chief Financial Officer, Property Service Manager, and Tenant Engagement Services Manager for whom the total remuneration cost was €273,329 (2017: €175,823) which includes pension contributions of €9,858 (2017: €3,881). The increase reflects the move of the CFO from a part-time consulting role to fulltime employment and the full year impact of the Tenant Engagement Services Manager.

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

## 7. Interest payable and similar expenses

	2018 €	2017 €
Bank loan interest payable	124,278	212,380
Other loan interest payable	138,007	66,012
	<u>262,285</u>	<u>278,392</u>

## 8. 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.

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

**9. Tangible fixed assets**

	Freehold property €	Plant & machinery €	Office equipment €	IT equipment €	Assets under the course of construction €
<b>Cost or valuation</b>					
At 1 January 2018	24,560,795	12,076	152,044	79,234	660,190
Additions	6,558,929	500	6,448	48,056	1,677,582
At 31 December 2018	<u>31,119,724</u>	<u>12,576</u>	<u>158,492</u>	<u>127,290</u>	<u>2,337,772</u>
<b>Depreciation</b>					
At 1 January 2018	4,061,907	10,207	85,741	11,295	-
Charge for the year	530,011	1,017	14,526	16,785	-
At 31 December 2018	<u>4,591,918</u>	<u>11,224</u>	<u>100,267</u>	<u>28,080</u>	<u>-</u>
<b>Net book value</b>					
At 31 December 2018	<u>26,527,806</u>	<u>1,352</u>	<u>58,225</u>	<u>99,210</u>	<u>2,337,772</u>
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>

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

**9. Tangible fixed assets (continued)**

	Total €
<b>Cost or valuation</b>	
At 1 January 2018	25,464,339
Additions	8,291,515
At 31 December 2018	<u>33,755,854</u>
<b>Depreciation</b>	
At 1 January 2018	4,169,150
Charge for the year	562,339
At 31 December 2018	<u>4,731,489</u>
<b>Net book value</b>	
At 31 December 2018	<u><u>29,024,365</u></u>
<i>At 31 December 2017</i>	<u><u>21,295,189</u></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 2018**

**10. Debtors**

	2018	2017
	€	€
Trade debtors	206,802	162,009
Other debtors	995	-
Prepayments and accrued income	105,784	78,141
	<u><b>313,581</b></u>	<u><b>240,150</b></u>

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

	2018	2017
	€	€
Bank loan (see note 13)	277,249	277,338
Other loans (see note 13)	187,916	65,303
Trade creditors	127,754	18,423
Taxation and social insurance	79,438	20,955
Other creditors	7,752	12,208
Accruals	523,627	426,249
Deferred income (see note 20)	621,720	316,716
Tenants deposits	33,109	33,109
	<u><b>1,858,565</b></u>	<u><b>1,170,301</b></u>

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

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

	2018	2017
	€	€
Loans owed to credit institutions (see note 13)	1,913,341	2,063,326
Other loans (see note 13)	9,156,610	3,988,857
Deferred income (see note 20)	16,462,691	14,179,662
	<u>27,532,642</u>	<u>20,231,845</u>

**13. Loans**

Analysis of the maturity of loans is given below:

	2018	2017
	€	€
<b>Amounts falling due within one year</b>		
Bank loans	277,249	277,338
Other loans	187,916	65,303
	<u>465,165</u>	<u>342,641</u>

**Amounts falling due 2-5 years**

Bank loans	1,108,998	1,109,294
Other loans	751,663	261,214
	<u>1,860,661</u>	<u>1,370,508</u>

**Amounts falling due after more than 5 years**

Bank loans	804,343	954,032
Other loans	8,404,947	3,727,643
	<u>9,209,290</u>	<u>4,681,675</u>
	<u>11,535,116</u>	<u>6,394,824</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### Other loans

Included in other loans is amounts owing to the HFA of €4,697,893 (2017: €1,632,587) and CALF of €4,646,633 (2017: €2,421,573).

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.

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

Ulster Bank loans of €1,264,234 are 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 €926,356 are secured by a first legal mortgage and charge over 17 units at Stamanaran, Blackrock, Co. Louth.

### 15. 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 €2,320,183 (2017: €2,154,554) held at the Balance Sheet date, North & East internally designate €910,865 (2017: €910,865) as a designated reserve for repairs and refurbishment of housing stock.

### 16. 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.

### 17. Capital commitments

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

### 18. Pension costs

The company operates a defined contribution scheme, 'Pension Scheme Fund', for its employees.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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 €13,533 (2017: €7,407).

### 19. 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 Fidh, Aiuens Village, Sandyford, Dublin 18.
- Apartment at The Oval, Tullyvale, Druid Valley, Cabinteely, Dublin 18.
- 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, Sevit Hall, Bettystown, 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
- Property at Milrace, Trim, Co. Meath
- Property at Ardmore Rise, Ardmore, Bettystown, County Meath
- Property at Barrack Road, Kilnaleck, Co. Cavan
- Property at Hampton Greem, Balbriggan, Co. Dublin
- Property at The Drive, Riverbank Drogheda, Co. Louth
- Property at Rampart Green, Rathmullen Road, Drogheda, Co. Louth
- Property at Golden Ridge, Rush, Co. Dublin
- Property at Golden Close, Rush, Co. Dublin
- Property at St. Agnes Crescent, Crumlin Dublin 12
- Property at Stonebridge, Kells, Co. Meath
- Property at Rochford Park, Lucan, Co. Dublin
- Property at Capel Grove, Chapel Gate, Tankardstown, Naul Road, Balbriggan, Co. Dublin
- Property at Scarlet Street, Drogheda, County Louth.



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

**20. Deferred income**

**20.1 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.

**20.2 Analysis of the movements on government grants**

	2018	2017
	€	€
Government grants: revenue	<b>294,045</b>	173,635
Government grants: capital	<b>16,790,366</b>	14,322,743
	<hr/>	<hr/>
	<b>17,084,411</b>	14,496,378
	<hr/>	<hr/>

	2018	2017
	€	€
<b>Capital</b>		
At 1 January	<b>14,322,743</b>	13,149,419
Grants received during the financial year	<b>2,832,052</b>	1,490,040
Amortisation in the financial year	<b>(364,429)</b>	(316,716)
	<hr/>	<hr/>
<b>At 31 December</b>	<b>16,790,366</b>	14,322,743
	<hr/>	<hr/>

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

**21. 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.

On 5 November 2018, 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 38 Residential Dwellings at Lough na Glack, Carrickmacross, Co. Monaghan at an annual rent of €237,048.

At 31 December 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018	2017
	€	€
Not later than 1 year	1,011,750	774,702
Later than 1 year and not later than 5 years	3,965,053	3,049,023
Later than 5 years	13,752,248	10,794,891
	<u>18,729,051</u>	<u>14,618,616</u>

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

**22. Controlling party**

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

**23. Post balance sheet events**

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

**24. Approval of financial statements**

The board of directors approved these financial statements for issue on *21 June 2019*







# North & East Housing Association

Building & Supporting Communities

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