
**NORTH AND EAST HOUSING ASSOCIATION COMPANY LIMITED BY
GUARANTEE**

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

NORTH AND EAST HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE

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COMPANY INFORMATION

Directors	Patrick Lennon (Chairman) Barney Bernard O'Neill Alan Ring Barry Magee Ann Wilson (appointed June 2016) John Cunniffe (appointed June 2016) Anthony Peter Gilmore (resigned July 2016) Adrienne Smith (resigned October 2016)
Company secretary	Barry Magee
Chief Executive Officer	Vincent Keenan
Registered number	197791
Charity Number	CHY 10970
Charity Regulation Authority	CRA 20029074
Registered office	Unit 287 Block G Blanchardstown Corporate Park 2 Dublin 15
Independent auditors	Crowe Horwath Bastow Charleton Chartered Accountants & Statutory Audit Firm Marine House Clanwilliam Court Dublin 2

COMPANY INFORMATION (continued)

Bankers

Allied Irish Banks PLC
1 Lower Baggot Street
Dublin 2

Bank of Ireland
Lower Baggot Street
Dublin 2

Ulster Bank
Blackrock
Co. Dublin

Solicitors

James A. Connolly & Co.
13 St Andrew Street
Dublin 2

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

The directors present their annual report and the audited financial statements for the year ended 31 December 2016.

Legal status

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 has been granted charitable status, for taxation purposes, by the Revenue Commissioners, charity number CHY 10970 and is registered with the Charities Regulation Authority, number CRA 20029074. All income is applied solely towards the promotion of the charitable objectives of the company. Although not obliged to comply with the following Statements of Recommended Practice (SORP) 2014 FRS 102 - Statement of Recommended Practice for Social Housing Providers, North & East has implemented many of the recommendations in these financial statements where applicable.

Mission, Vision and Values

Mission: To provide quality homes and support communities.

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

Values: To achieve our vision and mission, North & East has adopted ten overarching values which underpin our aims and objectives; Commitment, Excellence, Innovation, Community, People Relationships, Respect, Partnership, Leadership and Stewardship.

Principal activities and business review

North & East Housing Association (North & East) was incorporated in 1993 having been established the previous year by a small number of volunteers. North & East has developed from a small-scale, mainly voluntary organisation into a well-established housing provider with a proven track record in the delivery of high-quality homes, comprehensive housing services and tenant supports.

Our first housing development comprised 12 homes in Killeghland in Ashbourne in 1995; this was followed by 22 homes in Blackthorn Grove in Kells in 2000. We currently have over 400 homes in management. We are primarily a general needs housing provider and all the families and persons that we house are approved applicants from the local authority housing waiting lists. We provide housing that meets a wide spectrum of needs, including families, older people, homeless households and people with physical and learning disabilities.

We continuously strive to innovate in the areas of housing design and maintenance. We constantly review our services and procedures against the sector to ensure best practice. Community is at the heart of what we do, we remain an Association that works hard looking after the neighbourhoods where we have homes and we strive continuously with our tenants to support the development of vibrant, sustainable communities

During the course of 2016, North & East grew its housing stock from 375 residential units to 427 residential units. This increase in units consists of 48 units leased from the National Asset Residential Property Services (NARPS) and the remainder being owned by North & East.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

Results, financial performance for the year and reserves

North & East had turnover of €1.77m in 2016 compared to €1.5m in 2015. This increase of €257k arose from a combination of increased occupancy as well the additional housing stock which became available to use during the course of 2016.

There was an increase in expenditure of €667k in 2016 as there were a number of one off items which occurred during the year, the material items are set out below:

- There were high levels of expenditure in relation to planned and cyclical maintenance of existing owned housing units in order to bring the stock in line with North & East's standards in 2016. This work included a significant project undertaken under the Sustainable Energy Authority of Ireland (SEAI) grant scheme costing €192k. This scheme has enabled North & East to bring forward and save 65% on scheduled planned maintenance expenditure on 55 older units. North & East maintains an internal sinking fund within its reserves for the specific purpose of covering high planned and cyclical maintenance costs within our thirty-year asset maintenance programme.
- Legal, professional and consulting fees were incurred during 2016 as a result of one off programme and reorganisation costs to facilitate the implementation of North & East's 2016 to 2020 strategic plan.
- Additional lease agreements between North & East and the National Asset Residential Property Services (NARPS) for 48 residential units were entered into during the year. These lease agreements enable North & East to increase housing stock and in turn increase rental income.
- In order to deal with increased growth, staff related expenditure increased in 2016 as additional staff were recruited during the year to address identified skill gaps and hours were increased for part time staff with some becoming full time.
- The company secured a lease on a new fit for purpose premises in Blanchardstown for five years in June 2016 in order to cater for current and future planned requirements.
- North and East undertook a full review and subsequent upgrade of its IT systems to ensure hardware, software, security and backup systems were up to date and fit for purpose.
- The Association carried out a tender process to purchase a new housing management system to centralise and co-ordinate asset management and tenant engagement activities including records to facilitate the planned growth of the organisation. Implementation is scheduled to commence in 2017.
- The Board implemented a programme of Financial development with investment within the organisation to improve financial reporting, planning, performance monitoring including updating policies and procedures. These changes will enable the management team and Board to monitor performance against the new strategic plan and comply with the evolving regulatory environment as a tier three Approved Housing Body.
- In line with the first year of our strategic plan the association undertook reviews in the area of health and safety and human resources during 2016. In relation to health and safety this resulted in the development of a revised health and safety statement together with a training programme to address gaps in knowledge and expertise in this area across the organisation. In addition, the association commenced the development of a human resource strategy in 2016 which included the review of all policies and procedures together with the development of a staff annual review process.
- During the course of 2016 the Association made substantial progress in the development of a strong pipeline of new homes this will result in the provision of some 160 new homes from 2017, 2018 and Q 1 of 2019.
- North & East obtained certified status with the Housing Finance Agency in 2016 increasing its access to low cost funding including EIB funding for future development programmes.
- The Association undertook a programme of stock condition surveys on its owned stock in 2016 enabling the production of a thirty-year asset maintenance plan.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

The deficit for the year, amounted to €294,771 (2015 - surplus €153,557)

The Company had total reserves of €1,972,254 (2015: €2,267,025) at the Balance Sheet date. North & East policy is to maintain sufficient reserves to meet future costs of planned and cyclical maintenance programmes but at the same time respond to housing opportunities which may arise.

Corporate governance

North & East is governed by a Board of Directors, all of whom are non-executive and drawn from a diverse range of backgrounds to ensure that the Board has the necessary range of skills for decision making. The principal responsibilities of the Board include strategic direction, financial and risk management, as well as monitoring performance and good governance. The Board of Directors are volunteers and are paid no fees or other earnings by North and East Housing Association Company Limited by Guarantee.

The Board conducts an annual review of the skills required and new members are chosen to ensure that the Board has an appropriate balance of experience and skills relevant to the operations of North and East. Board members are provided with an initial induction and training. The Board delegates the day to day operation of the organisation to the CEO, Vincent Keenan and a team of professional staff.

The Board has formed, with clear terms of reference, the following three sub-committees. The sub-committees meet quarterly and report to the Board with recommendations, these recommendations are considered and approved where appropriate.

a) **Development sub-committee**

The purpose of this committee is to oversee all current and future development projects. The committee considers and evaluates options regarding the purchase/construction of new homes and management of housing properties and report to the directors with recommendations.

b) **Risk, Governance and Audit sub-committee**

The purpose of this committee is to monitor risk, governance and internal audit of the association.

c) **Finance sub-committee**

The purpose of this committee is to monitor performance, significant financial planning, management and reporting matters of North & East.

d) **HR sub-committee**

The purpose of this committee is to review policies and procedures in regard to HR matters and advise the Board on remuneration.

The Board met 10 times during 2016 and as mentioned above the sub-committees met 4 times.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

Budget control

A detailed budget is prepared each year in line with the strategic plan and it is reviewed by the finance sub-committee and further reviewed and approved by the Board. Actual results and outcomes are compared against the budget to ensure compliance with the plan, tight budgetary control and value for money.

Internal controls

The Board acknowledge their overall responsibility for the Company's systems of internal finance control and for reviewing its effectiveness. They have delegated the implementation of this system to the Chief Executive Officer.

Strategic Plan 2016 - 2020

A five-year strategic plan was launched in January 2016 which will provide a strong platform for future growth of the organisation. The strategic plan is available on North and East Housing Association Company Limited by Guarantee's website at www.northandeast.ie.

Compliance Statement

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

Risk Management

The directors have responsibility for, and are aware of, the risks associated with the operating activities of North & East. The directors are required to identify and review the financial, governance, business continuity and effectiveness, operational, compliance and environmental risks to which North & East is exposed; and to assess the likelihood of such risks and possible level of impact they would have.

As part of the risk management process an annual risk review is undertaken by the Board to review identified and potential risks of the organisation. The major risks identified by the Board are detailed in our Risk Register, together with mitigating actions agreed. These risks are also ranked by likelihood and impact. Management undertakes ongoing monitoring of the level of risk and reports on this to the Risk, Governance & Audit sub-committee quarterly and in turn to the Board annually.

Appropriate control systems are in place to manage the risks of the organisation and to ensure compliance with laws and policies, ensure efficient and effective use of North & East resources, safeguard the assets and maintain the integrity of financial information produced.

Financial information is subject to detailed review allowing for continuous monitoring of North & East operations and financial status.

The Board is satisfied that the systems are in place to monitor, manage and, where appropriate, mitigate North & East's exposure to major risks.

Management and staff

We acknowledge with appreciation the committed work of our staff. North & East is committed to attracting and building a team of skilled and committed professionals. The success and achievements of our work is due to their dedication and tremendous contribution.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

Directors

The directors who served during the year are set out on page 1.

Ann Wilson and John Cunniffée were appointed as Directors on 7 July 2016.

Tony Gilmore who was a founding member and chairman of the Organisation for over 20 years died on 15 May 2016. The Board would like to express its sincere condolences and appreciation for the support of Tony Gilmore during the years. Adrienne Smith resigned as a Director on 17 October 2016. Adrienne was also a founding member and the Board would like to express its appreciation for Adrienne's work and dedication over this time.

The company is limited by guarantee and does not have any share capital. Therefore, the directors and secretary who served during the year did not have a beneficial interest in the company.

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 giving a true and fair view of the state of affairs of the Company. Under the law, the Directors have elected to prepare the financial statements in accordance with Irish Generally Accepted Accounting Practice in Ireland, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and promulgated by the Institute of Chartered Accountants in Ireland and Irish law.

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, 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 that they comply 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 surplus or deficit 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.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

Health and safety of employees

The well-being of the Company's employees is safeguarded through strict adherence to health and safety standards. Health and safety legislation imposes certain requirements on employers and the Company has taken the necessary action to ensure compliance with the legislation, including the adoption of a Safety Statement.

Environmental matters

The Company will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The Company has complied with all applicable legislation and regulations.

Lobbying and political donations

There were no political donations in 2015 and 2016, 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.

Events since the end of the year

There has been no material events occurring since the Balance Sheet date.

Future developments

In 2017 North and East Housing Association Company Limited By Guarantee plans to continue to increase their housing stock. In January 2016, the Company launched its Strategic Plan containing a renewed vision for the Association which is underpinned by three strategic goals;

- To grow our housing stock to 700 units by the end of 2020
- To support our tenants in developing and sustaining strong communities
- To ensure our structures and resources are capable of supporting current and future activities

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 when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- 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.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

Accounting records

The measures taken by the directors to ensure compliance with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records, are 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.

Auditors

The auditors, Crowe Horwath Bastow Charleton, continue in office in accordance with section 383(2) of the Companies Act 2014.

On behalf of the Board

.....
Patrick Lennon (Chairman)
Director

.....
Barney Bernard O'Neill
Director

Date:

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

We have audited the financial statements of North and East Housing Association Company Limited by Guarantee for the year ended 31 December 2016, which comprise the Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cashflow Statement and related notes. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland.

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.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

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 2016 and of its deficit for the year ended;
- have been properly prepared in accordance with relevant financial reporting framework and in particular with the requirements of the Companies Act 2014.

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

Matters on which we are required to report by the Companies Act 2014

- 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.
- The financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

We have nothing to report in respect of our obligations under the Companies Act 2014 to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of the Act are not made.

Signed:

Sharon Gallen

for and on behalf of

Crowe Horwath

Bastow Charleton
Chartered Accountants & Statutory Audit Firm
Marine House
Clanwilliam Court
Dublin 2
Date:

NORTH AND EAST HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 €	2015 €
Turnover	4	1,766,248	1,508,797
Administrative expenses		(1,878,279)	(1,211,760)
(Deficit) / Surplus on ordinary activities before interest	5	(112,031)	297,037
Interest receivable and similar income		1,934	12,227
Interest payable and similar expenses	8	(184,674)	(155,707)
(Deficit) / Surplus for the year		(294,771)	153,557

All amounts relate to continuing operations.

The notes on pages 16 to 32 form part of these financial statements.

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 €	2015 €
(Deficit) / Surplus for the year		(294,771)	153,557
Total comprehensive income for the year		(294,771)	153,557

NORTH AND EAST HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE

**BALANCE SHEET
AS AT 31 DECEMBER 2016**

	Note	2016 €	2015 €
Fixed assets			
Tangible Fixed Assets	9	18,315,432	<i>18,097,835</i>
		<u>18,315,432</u>	<u>18,097,835</u>
Current assets			
Debtors: amounts falling due within one year	10	156,899	<i>169,639</i>
Cash at bank and in hand	11	1,805,199	<i>2,022,602</i>
		<u>1,962,098</u>	<u>2,192,241</u>
Creditors: amounts falling due within one year	12	(1,050,287)	<i>(912,791)</i>
		<u>911,811</u>	<u>1,279,450</u>
Net current assets		911,811	<i>1,279,450</i>
Total assets less current liabilities		19,227,243	<i>19,377,285</i>
Creditors: amounts falling due after more than one year	13	(17,254,990)	<i>(17,110,261)</i>
		<u>1,972,253</u>	<u>2,267,024</u>
Net assets		1,972,253	<i>2,267,024</i>
Capital and reserves			
Income and expenditure reserve	19	1,972,253	<i>2,267,024</i>
Shareholders' funds		1,972,253	<i>2,267,024</i>

On behalf of the Board:

.....
Patrick Lennon (Chairman)
Director

.....
Barney Bernard O'Neill
Director

Date:

The notes on pages 16 to 32 form part of these financial statements.

NORTH AND EAST HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE

**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
Comprehensive income for the year		
Deficit for the year	(294,771)	(294,771)
At 31 December 2016	<u>1,972,253</u>	<u>1,972,253</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Income and expenditure reserve	Total
	€	€
At 1 January 2015	2,113,467	2,113,467
Comprehensive income for the year		
Surplus for the year	153,557	153,557
At 31 December 2015	<u>2,267,024</u>	<u>2,267,024</u>

The notes on pages 16 to 32 form part of these financial statements.

NORTH AND EAST HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016 €	2015 €
Cash flows from operating activities		
(Deficit)/surplus for the financial year	(294,771)	153,557
Adjustments for:		
Depreciation of tangible assets	437,804	428,158
Interest paid	184,674	155,706
Interest received	(1,934)	(12,227)
Decrease in debtors	12,738	42,345
(Decrease) in creditors	(298,461)	(1,723,669)
Write back of fixed assets	607,612	-
Net cash generated from operating activities	647,662	(956,130)
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,263,012)	(2,606,684)
Interest received	1,934	12,227
Other interest payable	(31,679)	(28,562)
Net cash from investing activities	(1,292,757)	(2,623,019)
Cash flows from financing activities		
New secured loans	-	2,545,671
Repayment of loans	(63,204)	-
Other new loans	643,891	1,529,443
Interest paid	(152,995)	(127,144)
Net cash used in financing activities	427,692	3,947,970
Net (decrease)/increase in cash and cash equivalents	(217,403)	368,821
Cash and cash equivalents at beginning of year	2,022,602	1,653,781
Cash at bank and in hand	1,805,199	2,022,602

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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 in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and Irish statute comprising of 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 2016

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 the local authorities to the Company in respect of projects completed under the Capital Loan and Subsidy 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)

2.4 Tangible fixed assets (continued)

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.

2.5 Housing loans

Specific loans are advanced by the Housing Finance Agency (HFA) and by the Department of the Environment, Community 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)

2.8 Financial instruments

The Company only enters into basic financial instruments 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 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 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 (€).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

2. **Accounting policies (continued)**

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 Interest income

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

2.15 Borrowing costs

All borrowing costs are recognised in the Income Statement in the year in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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:

	2016	2015
	€	€
Rental income from tenants	1,155,134	1,065,638
Management and maintenance subsidy	123,771	124,021
Payment and availability income	487,343	319,138
	<u>1,766,248</u>	<u>1,508,797</u>

All turnover arose in Ireland.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

5. (Deficit)/Surplus for the year

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

	2016	<i>2015</i>
	€	€
Depreciation of tangible fixed assets	437,803	428,158
Government grant amortisation	(333,838)	(342,074)
Operating lease rentals	162,799	70,384
Defined contribution pension cost	7,143	4,724
Auditors' remuneration	8,181	6,900
	=====	=====

6. Employees

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

	2016	<i>2015</i>
	€	€
Administration staff	4	4
Housing services staff	5	4
Management	3	3
	=====	=====
	12	11

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Employees (continued)

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

	2016	<i>2015</i>
	€	€
Wages and salaries	469,976	405,690
Social insurance costs	50,804	43,239
Cost of defined contribution scheme	7,143	4,724
	527,923	453,653
	527,923	453,653

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

	2016	<i>2015</i>
	Number	Number
€60,001 - €70,000	-	2
€70,001 - €80,000	1	-
	1	2
	1	2

Key management personnel

Key management personnel include the Chief Executive for whom the total remuneration cost was €193,275 (2015:€65,000) which includes pension contributions of €3,750 (2015: €3,250)

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

8. Interest payable and similar charges

	2016 €	2015 €
Bank loan interest payable	152,995	127,144
Other loan interest payable	31,679	28,563
	184,674	155,707

9. Tangible fixed assets

	Freehold property €	Plant & machinery €	Office equipment €	IT equipment €	Assets under the course of construction €	Total €
Cost or valuation						
At 1 January 2016	21,041,027	10,573	73,239	4,010	237,836	21,366,685
Additions	-	1,503	63,216	16,955	1,181,338	1,263,012
Write back	(620,012)	-	-	-	-	(620,012)
Transfers between classes	932,423	-	-	-	(932,423)	-
At 31 December 2016	21,353,438	12,076	136,455	20,965	486,751	22,009,685
Depreciation						
At 1 January 2016	3,200,509	8,280	59,059	1,002	-	3,268,850
Charge for the year	424,121	913	9,210	3,559	-	437,803
Write back	(12,400)	-	-	-	-	(12,400)
At 31 December 2016	3,612,230	9,193	68,269	4,561	-	3,694,253
Net book value						
At 31 December 2016	17,741,208	2,883	68,186	16,404	486,751	18,315,432
At 31 December 2015	17,840,518	2,293	14,180	3,008	237,836	18,097,835

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

9. Tangible fixed assets (continued)

In respect of prior year:

	Freehold property €	Plant & machinery €	Office equipment €	IT equipment €	Assets under the course of construction €	Total €
Cost or valuation						
At 1 January 2015	16,538,984	10,573	68,595	-	2,141,849	18,760,001
Additions	2,366,857	-	4,644	4,010	231,173	2,606,684
Transfers between classes	2,135,186	-	-	-	(2,135,186)	-
At 31 December 2015	21,041,027	10,573	73,239	4,010	237,836	21,366,685
Depreciation						
At 1 January 2015	2,779,656	7,492	53,544	-	-	2,840,692
Charge for the year	420,853	788	5,515	1,002	-	428,158
At 31 December 2015	3,200,509	8,280	59,059	1,002	-	3,268,850
Net book value						
At 31 December 2015	17,840,518	2,293	14,180	3,008	237,836	18,097,835
At 31 December 2014	13,759,328	3,081	15,051	-	2,141,849	15,919,309

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

10. Debtors

	2016 €	2015 €
Trade debtors	94,948	82,478
Prepayments and accrued income	61,951	80,461
Other debtors	-	6,700
	<u>156,899</u>	<u>169,639</u>

11. Cash and cash equivalents

	2016 €	2015 €
Cash at bank and in hand	1,805,199	2,022,602
	<u>1,805,199</u>	<u>2,022,602</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

12. Creditors: Amounts falling due within one year

	2016 €	2015 €
Bank loans (see note 14)	211,503	205,598
Other loans (see note 14)	14,834	-
Rents paid in advance	-	24,950
Tenants deposits	26,627	17,452
Retention	-	80,255
Trade creditors	115,020	72,557
Taxation and social insurance (see below)	93,369	28,163
Accruals	229,842	77,449
Other creditors	12,568	4,161
Deferred income (see note 17)	346,524	402,206
	1,050,287	912,791
	1,050,287	912,791

	2016 €	2015 €
Other taxation and social insurance		
Payroll taxes	14,761	12,918
Relevant contracts tax	7,120	3,622
VAT	71,488	11,623
	93,369	28,163
	93,369	28,163

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

	2016 €	2015 €
Bank loans (see note 14)	2,270,964	2,340,073
Other loans (see note 14)	2,158,500	1,529,443
Deferred income (see note 17)	12,825,526	13,240,745
	17,254,990	17,110,261
	17,254,990	17,110,261

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

14. Loans

Analysis of the maturity of loans is given below:

	2016 €	2015 €
Amounts falling due within one year		
Bank loans	211,503	205,598
Other loans	14,834	-
	226,337	205,598
Amounts falling due 2-5 years		
Bank loans	846,010	822,393
Other loans	59,336	-
	905,346	822,393
Amounts falling due after more than 5 years		
Bank loans	1,424,954	1,517,680
Other loans	2,099,164	1,529,443
	3,524,118	3,047,123
	4,655,801	4,075,114

Other loans

Included in other loans is amounts owing to the HFA of €370,850 (2015: €NIL) and CALF of €1,802,484 (2015: €1,529,443).

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 2016**

15. Security and charges relating to bank borrowings

Ulster Bank loans of €1,420,783 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 €1,061,683 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 3,5,8,13 and 15 Bective House, Beaufort Place, Navan, Co. Meath
- Apt. No.1, Block 5 and Apt. 1 Block 7, Woodford, Wheaton Hall, Drogheda, Co. Louth
- No. 8, 17 and 18 Cedar Vale and Apt 9 The Beech, Athlumney Wood, Navan, Co. Meath
- Apt. 9 Malton House, Custom House Square, Mayor Street Lower, IFSC, Dublin 1
- No. 31 Forster Lawn, Lucan, Co. Dublin
- Apt 59 An Grianan Fidh, Aiuens Village, Sandyford, Dublin 18 comprised in folio DN105309L
- Apt 144 The Oval, Tullyvale, Druid Valley, Cabinteely, Dublin 18 comprised in folio DN11778L
- No. 34 Drummartin Terrace, Goatstown, Dublin 14
- No. 11 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;

- 12 Bective Place, Kells, Co. Meath
- 55 Moulden Bridge, Rathoath, Co. Meath
- 9 Dun Saithne Road, Flemington Lane, Balbriggan, Co. Dublin

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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

	2016 €	2015 €
Government grants: revenue	22,631	60,132
Government grants: capital	13,149,419	13,582,819
	13,172,050	13,642,951
	13,172,050	13,642,951
	2016 €	2015 €
At 1 January 2016	13,582,819	12,504,974
Grants received during the financial year	508,050	1,419,919
Amortisation in the financial year	(333,838)	(342,074)
Write back of grant	(607,612)	-
At 31 December 2016	13,149,419	13,582,819
	13,149,419	13,582,819

The reduction in grants receivable 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 2016**

18. Financial instruments

	2016 €	2015 €
Financial assets		
Financial assets measured at amortised cost	128,885	104,348
	128,885	104,348
	128,885	104,348
Financial liabilities		
Financial liabilities measured at amortised cost	(17,942,872)	(17,790,622)
	(17,942,872)	(17,790,622)
	(17,942,872)	(17,790,622)

Financial assets measured at amortised cost includes trade debtors and accrued income.

Financial liabilities measured at amortised cost includes trade creditors, bank loans, other loans and deferred income.

19. 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 €1,972,254 (2015: €2,267,025) held at the Balance Sheet date, North & East internally designate €911,478 (2015: €1,056,396) as a designated reserve for repairs and refurbishment of housing stock.

20. 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.

21. Capital commitments

At the financial year end date the company had entered into contracts for future capital expenditure amounting to €486,751.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

22. 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 €7,143 (2015: €4,724).

23. 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.

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016	2015
	€	€
Not later than 1 year	609,868	77,964
Later than 1 year and not later than 5 years	2,439,472	311,856
Later than 5 years	8,844,574	1,130,478
	11,893,914	1,520,298
	11,893,914	1,520,298

24. Controlling party

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