

Habinteg Housing Association (Ulster) Ltd

Report and Financial Statements

For the Year Ended 31 March 2023

Contents page

	Page
Board of Management and Advisers	1-2
Report of the Board of Management	3-7
Independent Auditor's Report	8-11
Statement of Comprehensive Income	12
Statement of Changes in Equity	13
Statement of Financial Position	14
Statement of Cash Flows	15
Notes to the Statement of Cash Flows	16-17
Notes to the Financial Statements	18-34

Board of Management

N McIvor	Chair
E Creery	Retired August 2022
G Gilpin	Honorary Secretary
G McCabe	Treasurer
J Currie	Retired August 2022
B Johnston	Retired August 2022
N Loughran	Vice-Chair
M Alcorn	
G Davidson	
M Stephenson	
D McCavery	
L Allen	Appointed February 2023
E Martin	Appointed February 2023

Committee Members

J Bourke	Appointed August 2021
B Horowski	Appointed August 2021

Chief Executive and Secretary

D McKinney BA (Hons), Bsc (Hons), MaPS, PGCert, FInstLM

Registered office

Laganwood House
44 Newforge Lane
Belfast
BT9 5NW

Registered under the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969, (formerly the Industrial and Provident Societies Act (Northern Ireland) 1969)

Registered number

IP 000172

Habinteg Housing Association (Ulster) Ltd
Year Ended 31 March 2023

Registered with the Charities Commission for Northern Ireland NIC 103066

Board of Management and Advisers (cont'd)

Statutory Auditors

ASM (B) Ltd
Glendinning House
6 Murray Street
Belfast
BT1 6DN

Bankers

Ulster Bank Ltd
11-16 Donegall Square East
Belfast
BT1 5UB

Solicitors

Edwards & Co
28 Hill Street
Belfast
BT1 2LA

Report of the Board of Management for the year ended 31 March 2023

Strategic Report

The Board presents its strategic report and the audited financial statements for the year ended 31 March 2023 of Habinteg Housing Association (Ulster) Limited (the "Association").

Principal Activities

The Association is a registered non-profit making housing association providing housing accommodation for those in need.

Company Profile

Habinteg Housing Association (Ulster) Ltd, founded in 1976, is a registered housing association in Northern Ireland. Habinteg plans, develops and manages 'integrated' housing schemes in both urban and rural areas throughout the region and works with a number of partner organisations in providing supported housing projects. The Association currently has over 2,400 properties at more than 100 locations and 16 partnership schemes.

Habinteg's Vision - 'Homes | Lives | Communities' encapsulates the Association's central aim of providing housing which combines a range of dwelling types - family houses, apartments and bungalows - in order to appropriately meet the needs of the widest range of users, including older persons and persons with a disability. Quality, sustainable developments include large and medium sized suburban housing developments, inner city apartments, individual rural cottages and specialised housing schemes. Partnership projects include sensitively designed housing with care schemes, temporary accommodation for people who are homeless, and housing initiatives for people with additional support needs.

The standard and quality of these developments has been recognised at local and national level with an impressive list of high-profile awards, including the UK Housing Award for Outstanding Achievement in Social Housing in Northern Ireland, the RICS Award for the Northern Ireland region and a succession of NIHE Housing Council Awards for Best Scheme in Northern Ireland.

Habinteg is a Customer Service Excellence organisation still retaining the Standard. We are an Investor In People Organisation achieving Gold Standard in March 2022. In July 2022 we achieved the following international Standards:

- ISO9001 Quality Management Systems.
- ISO14001 Environmental Management.
- ISO45001 Occupational Health and Safety.

Results and Performance

The surplus on ordinary activities for the year was £541,107 compared with a surplus of £683,526 for the previous year. The total Comprehensive income for the year is £4,925,107 against a figure from 2021/22 of £2,407,526.

The Association set KPIs across all areas of the organisation and the board reviews performance against these targets on a quarterly basis. We again have achieved significant success with these targets over the last 12 months.

Value for Money

The Association is a member of Housemark which provides benchmarking information to enable us to continue measure our performance against our peers in Northern Ireland and throughout the United Kingdom. We will continue to challenge ourselves to make best use of the resources we have available when meeting customer needs.

Risks

The Board have reviewed the strategic and key risk register on a quarterly basis throughout the year. This covers inherent and residual risks for the key strategic areas within the organisation as well as further actions that the Association has put in place to minimise any potential impact. This will continue to be reviewed and amended by the Association.

COVID-19 and Ukraine Crisis Impact

Although the risk associated with COVID-19 has reduced, the Association has continued to prioritise the safety of our staff as well as making sure that we deliver our core services to our customers.

The key areas of focus are support for our staff, customers and suppliers through this challenging time. The Association has reviewed its budgets and cash flows to provide financial assurance and will continue to do so.

Although not directly impacted by the crisis in Ukraine we have all been affected by the impact of high inflation. We will continue to focus on providing support to our staff, customers and suppliers through these challenging times.

Treasury Management Policy

The Association's aim is to keep cash balances to a minimum of £2,000,000 where possible and therefore keep loan interest charges to a minimum. This is achieved without compromising the Association's ability to meet its financial obligations as they fall due. During the period no new loans were drawn down. It is noted that the cash balances currently held will be utilised on new developments and to fund our planned maintenance programme.

All surpluses generated by the Association have been reinvested in order to maintain existing homes in good condition, develop new homes at rent levels as low as possible and to reduce borrowing requirements. The reserves that the Association has built up have largely been reinvested into its properties and are not, therefore, represented by cash balances.

Future Development

The Association's strategy is to increase the number of homes in management each year through a combination of house purchases and new developments on site. There are 210 new starts expected during 2023/24. We anticipate to hand over 177 new homes to new tenants throughout the year.

The Board

Mr N McIvor, Ms M Alcorn and Mr D McCavery retire by rotation and are seeking re-election.

Corporate Governance

In the opinion of the Board, the Association is in compliance with the Best Practice Code of Governance issued by the NHF and has complied with all DfC Regulatory Standards during the year.

The Board

The Board meets regularly throughout the year. There are various sub-committees who meet regularly throughout the year with specific responsibilities for development, housing management and maintenance, finance and corporate services, as well as audit and risk.

There were six Board meetings during the course of the year and the attendance was as follows:

Mr N McIvor	6	Ms E Creery	2
Mr G Gilpin	5	Mr G McCabe	6
Ms N Loughran	6	Mr B Johnston	2
Mr D McCavery	3	Mr M Stevenson	2
Mr G Davidson	6	Ms M Alcorn	1
Ms L Allen	2	Ms E Martin	2
Mr J Currie	0		

The Association's former Vice Chair (Edel Creery), Brendan Johnston and Jonnie Currie retired in August 2022.

Audit and Risk Committee

The Association has an Audit and Risk Committee with clearly defined terms of reference. The committee comprises 2 members and meets at least 4 times a year. Any member is entitled to attend a committee meeting. The Audit and Risk Committee monitors financial reporting and accounting policies along with the adequacy of the Association's internal financial controls and provides a forum through which the Association's external auditors report to the Board. The Board believes it has an objective and professional relationship with its auditors.

Going Concern

After making enquiries, the Board has a reasonable expectation that the Association had adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Internal Financial Control

The Board is responsible for the Association's systems of internal financial control and along with senior management, is responsible for establishing and operating detailed control and report procedures. The systems of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement and loss.

The Board has reviewed the effectiveness of the Association's system of internal financial control. The review included consideration of the business risks facing the association and of the existing internal financial control procedures. The key elements of the control system in operation are:

- the Board has adopted a formal schedule of matters reserved for its approval ensuring it maintains responsibility for overall strategy, approval of all property transactions and other major capital expenditure projects;
- there is an organisation structure with clearly defined lines of responsibility and delegation of authority;
- detailed budgets are prepared covering the Association's businesses which are reviewed and approved by the Board. Actual results are compared against budget and appropriate action identified and initiated; and
- the Audit and Risk Committee reviews matters relating to internal control and receives reports on a regular basis from the external and internal auditors and from senior management.

Compliance with Code of Best Practice

The auditors have confirmed that in their opinion, with respect to the Board's statements on internal financial control and going concern above, the members have provided the disclosures required by the Code and such statements are not inconsistent with the information of which they are aware from their audit work on the financial statements, and that the Board's statement on pages 3 to 7 appropriately reflects the Association's compliance with the other paragraphs of the Code. They have carried out their review in accordance with the relevant Bulletin issued by the Auditing Practices Board, which does not require them to perform any additional work necessary to express a separate opinion on the effectiveness of either the Association's system of internal financial control or corporate governance procedures, or on the ability of the Association to continue in operational existence.

Statement of the Board

The Board is required to prepare accounts for each financial period which give a true and fair view of the state of the Association's affairs and of its surplus or deficit for that period. In preparing those accounts the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Association will continue to operate.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention of fraud and other irregularities.

Name Change

At the AGM on the 4th July 2023, the Association agreed to change its name from Habinteg Housing Association (Ulster) Ltd to Woven Housing Association Ltd.

Auditor

The Audit and Risk Committee recommended to the Board that ASM Chartered Accountants be re-appointed as the Association's external auditors and ASM Chartered Accountants have indicated a willingness to continue in office. A resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the board



Neil McIvor
Chairman
4th July 2023

Independent Auditor's Report

Opinion

We have audited the financial statements of Habinteg Housing Association (Ulster) Ltd for the year ended 31 March 2023 which comprises the statement of comprehensive income, the statement of changes in reserves, the statement of financial position, the statement of cash flows and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and the Housing SORP – Statement of Recommended Practice for social housing providers issued by the National Housing Federation.

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2023 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969 (formerly the Industrial and Provident Societies Act (Northern Ireland) 1969), with the requirements of Article 19 of the Housing (Northern Ireland) Order 1992, Registered Housing Associations (Accounting Requirements) Order (Northern Ireland) 1993, the Charities Act (Northern Ireland) 2008 and Regulation 9 of the Charities (Accounts and Reports) Regulations (Northern Ireland) 2015.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs UK) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with those 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 the ISAs (UK) require us to report to you where;

- the Board of Management's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board of Management have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Association's ability to continue to adopt the going concern basis of accounting for

Independent Auditor's Report (cont'd)

a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Report of the Board of Management other than the financial statements and our auditor's report thereon. The Board of Management is responsible for the other information. 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 so doing, 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.

Opinion on other matters prescribed by the Companies Act

In our opinion, based on the work undertaken in the course of the audit;

- the information given in the Report of the Board of Management for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Board of Management has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board of Management.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Independent Auditor's Report (cont'd)

Responsibilities of the board of management

As explained more fully in the Board of Management responsibilities statement the Board of Management is 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 Board of Management 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 Board of Management is responsible for assessing the Association'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 Board of Management either intend to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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 (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Association and the industry in which they operate and considered the risk of acts by the Association that were contrary to applicable laws and regulations, including fraud. We considered the opportunities and incentives that may exist within the Association for fraud and identified the greatest potential for fraud in the following area: management override of controls.

We designed audit procedures to respond to these risks, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. Our audit procedures included: enquiries of management about their own identification and assessment of risks of irregularities, testing the design and implementation of controls relating to the risks and sample testing of journals posted during the year.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation.

Independent Auditor's Report (cont'd)

This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of our report

This report is made solely to the Board of Management, in accordance with Article 38 of the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969 (formerly the Industrial and Provident Societies Act (Northern Ireland) 1969). Our audit work has been undertaken so that we might state to the Board of Management those matters that 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 Society and the Board of Management, for our audit work, for this report, or for the opinion we have formed.



B Clerkin (Senior Statutory Auditor)
for and on behalf of ASM (B) Ltd
Statutory Auditor
Glendinning House
6 Murray Street
Belfast
BT1 6DN

4th July 2023

Statement of Comprehensive Income

For the year ended 31 March 2023

	Notes	2023 £	2022 £
Turnover	3	17,729,361	17,411,205
Operating costs	3	(15,865,189)	(15,571,869)
Operating surplus		1,864,172	1,839,336
Gain on property disposals		1,931,148	2,363,216
Transfer to disposal proceeds fund	15	(1,359,983)	(1,755,111)
Interest and financing income/(costs)		(1,811,230)	(1,681,915)
Other finance charges	19	(83,000)	(82,000)
Surplus before tax		541,107	683,526
Taxation		-	-
Surplus after tax		541,107	683,526
Other comprehensive income			
Actuarial gain/ (loss) in respect of pension scheme	19	4,384,000	1,724,000
Total comprehensive income for the year		4,925,107	2,407,526

The notes on pages 18 to 34 form part of these financial statements.

Statement of Changes in Equity

For the year ended 31 March 2023

	Share Capital	Capital reserve	Revenue reserve	Restricted reserve	Total
	£	£	£	£	£
Balance at 1 April 2022	11	81	26,184,141	1,883	26,186,116
Surplus / (deficit) for the year	-	-	546,218	(5,111)	541,107
Other comprehensive income	-	-	4,384,000		4,384,000
Transfers between reserves	(3)	3	(3,228)	3,228	0
Issued share capital	2				2
Balance at 31 March 2023	10	84	31,111,131	0	31,111,225

The notes on pages 18 to 34 form part of these financial statements.

Statement of Financial Position

As at 31 March 2023

	Notes	2023 £	2022 £
Fixed assets			
Housing properties	10	207,839,650	190,056,766
Other tangible fixed assets	12	6,986,664	3,495,724
		<u>214,826,314</u>	<u>193,552,490</u>
Current assets			
Trade and other debtors	13	3,741,701	8,968,369
Cash and cash equivalents		5,666,467	4,675,700
		<u>9,408,168</u>	<u>13,644,069</u>
Less: Creditors: amounts falling due within one year	14	(17,412,028)	(18,245,930)
Net current liabilities		<u>(8,003,860)</u>	<u>(4,601,861)</u>
Total assets less current liabilities		<u>206,822,454</u>	<u>188,950,629</u>
Creditors: amounts falling due after more than one year	14	(175,886,229)	(159,403,513)
Pension fund asset/(liability)	19	175,000	(3,361,000)
Total net assets		<u>31,111,225</u>	<u>26,186,116</u>
Reserves			
Share capital	21	10	11
Revenue reserves		31,111,131	26,184,141
Capital reserves	22	84	81
Restricted reserves	23	0	1,883
Total reserves		<u>31,111,225</u>	<u>26,186,116</u>

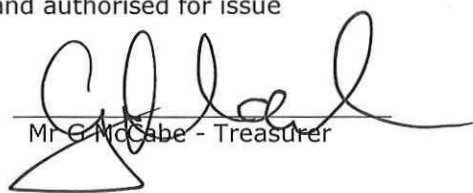
These financial statements were approved by the Board of Management and authorised for issue on 4 July 2023 and signed on its behalf by:



Mr N McIvor - Chair



Mr G Gilpin - Honorary Secretary



Mr G McCabe - Treasurer

The notes on pages 18 to 34 form part of these financial statements.

Statement of Cash Flows

For the year ended 31 March 2023

	Notes	2023 £	2022 £
Net cash inflow from operating activities	A	4,241,724	4,615,730
Returns on investments and servicing of finance	B	(1,811,230)	(1,681,915)
Capital expenditure and financial investment	B	(12,131,962)	561,970
Cash inflow / outflow before use of liquid resources and financing		<u>(9,701,468)</u>	<u>3,495,785</u>
Financing	B	10,692,235	(2,252,101)
		<u>990,767</u>	<u>1,243,684</u>

Reconciliation of net cash flow to movements in net debts (Note C)

Increase in cash in period	990,767
Net funds at 1 April 2022	4,675,700
Net funds at 31 March 2023	<u>5,666,467</u>

The notes on pages 16 to 17 form part of this financial statement.

Notes to Statement of Cash Flows

For the year ended 31 March 2023

A. Reconciliation of operating surplus / (deficit) to operating cashflows

	2023	2022
	£	£
Operating surplus	1,864,172	1,839,336
Depreciation	4,138,840	3,933,566
Amortisation of grant	(2,309,639)	(2,393,116)
Movements in:		
Other debtors	(88,562)	(44,967)
Creditors less than one year	(128,087)	426,911
FRS 102 – pension adjustment	765,000	854,000
	<u>4,241,724</u>	<u>4,615,730</u>

B. Analysis of cash flows for headings netted in the cash flow statement.

Returns on investment and servicing of finance

	£	£
Interest received	8,190	
Loan and bank interest paid	(1,819,420)	
Net cash inflow / (outflow) for returns on investment and servicing of finance		<u>(1,811,230)</u>

Capital expenditure and financial investment

Other fixed assets	(4,360,411)	
Housing, land and buildings	(23,977,572)	
Capital grant received	13,490,469	
Proceeds from Disposals	2,715,552	
Major repairs spend		
Net cash inflow / (outflow) for capital expenditure and financial investment		<u>(12,131,962)</u>

Financing

Loan principal repayments	(2,307,767)	
Loan drawdowns	13,000,000	
Share capital issued	2	
Net cash inflow / (outflow) from financing		<u>10,692,235</u>

Notes to Statement of Cash Flows (cont'd)

For the year ended 31 March 2023

C. Analysis of changes in net funds

	At 01/04/22 £	Cashflows £	Other Changes £	At 31/03/23 £
Cash in hand and at bank	4,675,700	990,767	-	5,666,467
Debt due within one year	(2,292,111)	(1,024,764)	-	(3,316,875)
Debt due after more than one year	(43,920,925)	(9,667,468)	-	(53,588,392)
	<u>(41,537,336)</u>	<u>(9,701,465)</u>	<u>-</u>	<u>(51,238,801)</u>

Notes to the financial statements

1. Legal status

Habinteg Housing Association (Ulster) Ltd is a housing association registered in Northern Ireland in the United Kingdom under the Credit Unions and Co-operative and Community Benefit Societies (Northern Ireland) Act 2016 (formerly known as the Industrial and Provident Societies Act (Northern Ireland) 1969). The registered office of the Association is Laganwood House, 44 Newforge Lane, Belfast, BT9 5NW.

2. Accounting Policies

2.1 Basis of accounting

These financial statements have been prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice ("SORP") for Registered Social Housing Providers.

The financial statements are presented in Sterling (£), which is the functional currency of the Association.

2.2 Revenue recognition

Revenue is recognised when the Association has entitlement to the funds and it is probable that the income will be received and the amount is reliably measured.

Turnover includes income receivable from lettings, rates and service charges, fees receivable, grants and other income.

2.3 Government and other grants

Housing Association Grant (HAG) is receivable from the Northern Ireland Housing Executive (NIHE) and is recognised in income over the useful life of the housing property structure under the accruals model. HAG due is included as a current asset. HAG received in advance is included as a liability.

HAG received in respect of revenue expenditure is credited to the income and expenditure account in the same period as the expenditure to which it relates.

HAG released on sale of a property may be repayable but is normally available to be recycled and is credited to the Disposal Proceeds Fund and included in the Statement of Financial Position within Creditors.

2.4 Tangible fixed assets

Housing properties

Housing stock are properties held for the provision of social housing or to otherwise provide social benefit and are accounted for within tangible fixed assets. Housing properties are principally available for rent and are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Depreciation of Housing properties

The Association separately identifies the major components which comprise its housing properties, and charges depreciation, so as to write-down the cost of each component to its estimated residual value, on a straight line basis, over its estimated useful life.

The Association depreciates the major components of its housing properties over the following expected useful lives:

Land	-	Not depreciated
Structure/main fabric	-	Over 60 years
Roof	-	Over 50 years
Windows and doors	-	Over 15 years
Primary heating unit	-	Over 15 years
Kitchen	-	Over 15 years
Bathroom	-	Over 30 years
Mechanical systems	-	Over 30 years
Electrics	-	Over 30 years
Lifts	-	Over 20 years

Depreciation of other tangible fixed assets

For other tangible fixed assets, depreciation is charged on a straight-line basis over the expected useful lives of the assets to write off the cost, less estimated residual values over the following expected lives:

Land	-	Not depreciated
Office buildings	-	Over 50 years
Scheme furniture and equipment	-	Over 3 – 5 years
Motor vehicles	-	Over 4 years
Office furniture and equipment	-	Over 4 years

2.5 Impairment

Housing properties are assessed annually for impairment indicators. Where indicators are identified an assessment for impairment is undertaken comparing the asset's carrying amount to its recoverable amount. Where the carrying amount of an asset is deemed to exceed its recoverable amount, the asset is written down to its recoverable amount, this is likely to be the fair value in use of the asset based on its service potential. The resulting impairment loss is recognised as expenditure in income and expenditure. Where an asset is currently deemed not to be providing service potential to the association, its recoverable amount is its fair value less costs to sell.

Other assets are reviewed for impairment if there is an indication that impairment may have occurred.

2.6 Employee benefits

Defined Contribution Pension

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

The contributions are recognised as an expense when they are due. Amounts not paid are included as accruals in the Statement of Financial Position. The assets of the plan are held separately from the Association in independently administered funds.

Defined Benefits Pension

The Association also participates in a defined benefit salary pension scheme through the Northern Ireland Local Government Officers Superannuation Committee. The assets of the scheme are held separately from those of the Association. Pension scheme liabilities are measured on an actuarial basis using a projected unit method and are discounted to their present value. Pension scheme assets are valued at market value at the balance sheet date.

2.7 Tenants' Services Fund

For certain schemes the Association is required to charge to the tenants an additional amount to fund the cost of common facilities. Annual surpluses or deficits are transferred to the Tenants' Services Fund to equalise the financial position over the lifetime of the scheme.

2.8 Disposal Proceeds Fund

The net surpluses, after loan repayments, that arise from the sale of property to tenants under the voluntary purchase grant arrangements, instituted by the Department for Communities, can be utilised by the Association. If the surpluses are not used within two years of their receipt they may be payable in part or in full to the Department for Communities.

2.9 Income tax

The Association is accepted as a charity by the HMRC. Income and capital gains of the Association are generally exempt from tax if applied for charitable purposes.

2.10 Value Added Tax

The Association is not registered for VAT. All of its income, including rental receipts, is exempt for VAT purposes.

2.11 Financial instruments

The Association only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

2.12 Judgements in applying accounting policies and key sources of estimation uncertainty

No judgments have been made in the process of applying the above accounting policies (apart from those involving estimates). There were no key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2.13 Going concern

After making appropriate enquires, the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in the financial statements.

3. Turnover, Operating costs and operating surplus

		2023		2022
	Operating Turnover £	Operating Costs £	Operating Surplus/ (deficit) £	Operating Surplus/ (deficit) £
Social Housing Activities (Note 4)	17,082,396	14,936,305	2,146,091	1,981,337
Non-Social Housing Activities (Note 5)	646,965	928,884	(281,919)	(142,001)
	<u>17,729,361</u>	<u>15,865,189</u>	<u>1,864,172</u>	<u>1,839,336</u>

4. Turnover, operating costs and operating surplus/(deficit) from social housing activities

	General £	Sheltered £	Supporting People Restricted Funding £	Hostel £	Tenants Services £	2023 Total £	2022 Total £
Operating Income							
Rent Receivable	11,061,759	123,880				11,185,639	10,670,889
Service Charges Receivable		62,400		42,859	659,286	764,545	707,807
Rates Receivable	1,622,984	18,240				1,641,224	1,597,152
Supporting People income			12,043			12,043	11,978
Income from HAG	2,384,778	17,037		239,131		2,640,946	2,393,116
Income from Other Grants	199,648					199,648	862,313
Joint managed income				791,415		791,415	736,165
Exceptional Income						-	80,706
Less: Voids	(135,040)	(4,407)			(13,617)	(153,064)	(138,523)
Total Social Housing Income	15,134,129	217,150	12,043	1,073,405	645,669	17,082,396	16,921,603
Operating Costs							
Service Costs		76,179		63,527	651,799	791,505	723,968
Supporting People costs			17,154			17,154	12,251
Care Costs						-	-
Management costs	2,357,377			95,942		2,453,319	2,167,773
Rates Payable	1,457,925	18,960				1,476,885	1,457,023
Maintenance Administration costs	1,824,006					1,824,006	1,761,619
Planned & Cyclical Maintenance	522,459	61,895		72,558		656,913	717,712
Reactive Maintenance	2,350,994	63,409		242,898		2,657,301	2,294,989
Major Repairs (not capitalised)						-	847,639
Bad debts written off	42,637					42,637	124,939
Depreciation of Housing Properties	3,833,253	45,237		281,521		4,160,011	3,933,566
Component replacements	117,929					117,929	72,429
Pension fund non cash charge	765,000					765,000	854,000
Transfer (to)/from Tenants' Services Fund		(15,114)	(5,111)		(6,130)	(26,355)	(27,643)
Total Social Housing Expenditure	13,271,580	250,566	12,043	756,446	645,669	14,936,305	14,940,266
Operating surplus/(deficit) on social housing	1,862,549	(33,416)	0	316,959	0	2,146,091	1,981,337

4. Turnover, operating costs and operating surplus/(deficit) from social housing activities (cont'd)

DfC Allowances	2023	2022
	£	£
Management allowances	873,576	876,348
Management costs	(2,357,377)	(2,062,628)
Surplus/ (deficit)	<u>(1,483,801)</u>	<u>(1,186,280)</u>
Maintenance allowances	1,023,584	1,026,832
Planned and cyclical maintenance	(522,459)	(615,633)
Reactive maintenance	(2,350,994)	(2,044,857)
Surplus/ (deficit)	<u>(1,849,869)</u>	<u>(1,633,658)</u>

Technical & Non-Technical Income

	2023	2022
	£	£
Technical	10,596,274	10,085,253
Non-Technical	2,995,134	2,890,595
Total	<u>13,591,408</u>	<u>12,975,848</u>

5. Turnover, operating costs and operating surplus/(deficit) from non-social housing activities

	2023	2022
	£	£
Operating Income		
Development	646,965	489,602
Total Non-Social Housing Income	<u>646,965</u>	<u>489,602</u>
Operating Costs		
Development Costs	646,965	489,602
Other costs not capitalised	236,838	121,440
Aborted scheme costs	45,081	20,561
Total Non-Social Housing Expenditure	<u>928,884</u>	<u>631,603</u>
Operating (deficit) on non-social housing	<u>(281,919)</u>	<u>(142,001)</u>

6. Surplus on ordinary activities

Surplus on ordinary activities is stated after charging/(crediting):

	2023	2022
	£	£
Depreciation – owned tangible fixed assets	4,160,011	3,933,566
Amortisation of grant / Release of capital grant	(2,507,332)	(2,393,116)
Auditor's remuneration		
- External audit of these financial statements	9,995	9,995
- Internal audit	7,584	11,850
	<u> </u>	<u> </u>

7. Interest payable

	2023	2022
	£	£
On housing property loans	1,648,513	1,652,693
Bank interest and charges	170,906	29,934
	<u>1,819,420</u>	<u>1,682,627</u>

8. Employee information

Average weekly number of employees during the financial year expressed as full-time equivalents is as follows:

	2023	2022
	No.	No.
Administration	88	79
Housing, support and care	6	14
	<u>94</u>	<u>93</u>

Staff costs

	2023	2022
	£	£
Wages and salaries	3,283,605	2,907,790
Social security costs	333,688	271,610
Pension costs (excluding non-cash costs)	584,775	515,880
	<u>4,202,068</u>	<u>3,695,280</u>

The aggregate remuneration, including benefits in kind and pension contributions, of key management personnel of the Association during the year was:

	2023	2022
	£	£
Aggregate remuneration	428,116	339,743
	<u>428,116</u>	<u>339,743</u>

8. Employee information (cont'd)

The total remuneration payable to the highest paid Director, excluding pension contributions but including benefits in kind was:

	2023	2022
	£	£
Aggregate remuneration	96,750	93,410
	<u>96,750</u>	<u>93,410</u>

The number of key management personnel to whom emoluments (including salary and benefits in kind) were paid during the year falls within each of the following bands:

	2023	2022
	£	£
55,000 – 60,000	-	1
60,000 – 65,000	-	3
65,000 – 70,000	4	-
70,000 – 75,000	-	-
75,000 – 80,000	-	-
80,000 – 85,000	-	-
85,000 – 90,000	-	-
90,000 – 95,000	-	1
95,000 – 100,000	1	-
	<u>5</u>	<u>5</u>

9. Board of Management remuneration

There was no remuneration paid to the Board members of the Association (2022: £nil). Board members were paid out of pocket expenses totalling £188.18 (2022: £52).

10. Tangible fixed assets – Housing properties

	Housing properties held for letting £
Cost or valuation	
At 1 April 2022	243,890,988
Additions	23,977,572
Transfer to other tangible fixed assets	-
Disposals	(3,729,218)
At 31 March 2023	<u>264,139,342</u>
Completed	<u>223,807,377</u>
Work in progress	<u>40,331,965</u>
Depreciation and impairment	
At 1 April 2022	53,834,222
Charge for the year	4,160,174
Impairment charged in year	-
Eliminated on disposal	(1,694,705)
At 31 March 2023	<u>56,299,692</u>
Net book value	
At 31 March 2023	<u><u>207,839,650</u></u>
At 31 March 2022	<u><u>190,056,766</u></u>

11. Housing Stock

Number of units owned and managed at year end

Self-Contained

	2023 Properties	2022 Properties
General Needs Housing	2,206	2,178
Supported Housing	-	-
Sheltered Housing	35	35
Hostel bed spaces	61	61
	<u>2,302</u>	<u>2,274</u>

Non Self-Contained

	2023 Bedspaces	2022 Bedspaces
General Needs Housing	-	-
Supported Housing	-	-
Hostel bed spaces	179	179
	<u>179</u>	<u>179</u>

Total Units Owned and Managed at year end

<u>2,481</u>	<u>2,453</u>
--------------	--------------

Number of units managed (but not owned) at year end

Self-Contained

	2023 Properties	2022 Properties
General Needs Housing	-	-
Supported Housing	-	-
Sheltered Housing	-	-
	<u>-</u>	<u>-</u>

Non Self-Contained

	2023 Bedspaces	2022 Bedspaces
General Needs Housing	-	-
Supported Housing	-	-
Sheltered Housing	-	-
	<u>-</u>	<u>-</u>

Total Units Managed at year end

<u>-</u>	<u>-</u>
----------	----------

12. Other tangible fixed assets

	Office Premises	Computers and office equipment	Assets under Construction	Total
	£	£	£	£
Cost or valuation				
At 1 April 2022	1,246,390	912,621	2,541,533	4,700,544
Additions	51,447	24,981	4,283,983	4,360,411
Disposals	(1,297,837)	-	-	(1,297,837)
At 31 March 2023	-	937,602	6,825,516	7,763,118
Depreciation				
At 1 April 2022	498,433	706,387	-	1,204,819
Charge for the year	15,000	70,068	-	85,068
Eliminated on disposal	(513,433)	-	-	(513,433)
At 31 March 2023	0	776,454	-	776,454
Net book value				
At 31 March 2023	0	161,148	6,825,516	6,986,664
At 31 March 2022	747,957	206,235	2,541,533	3,495,725

The Asset under construction relates to the Association's new Headquarters building which it brought into use in April 2023.

13. Debtors

	2023 £	2022 £
Gross rental debtors - Technical	649,245	624,934
Gross rental debtors - Non-Technical	686,495	629,381
Provision for bad debt	(400,356)	(392,199)
Net rental debtors	935,384	862,116
Housing Association Grant receivable	2,509,700	7,824,927
Prepayments and accrued income	129,171	211,333
Other debtors	167,446	69,993
	<u>3,741,701</u>	<u>8,968,369</u>

14. Creditors

Amounts falling due within 1 year

	2023	2022
	£	£
Loans	3,316,875	2,292,111
Housing Association Grant in advance	6,448,833	9,565,938
Revenue Grant in advance	323,481	255,592
Deferred Housing Association Grant (Note 16)	2,640,946	2,557,730
Disposal Proceeds Fund (Note 15)	1,755,129	501,016
Accruals and deferred income	2,007,832	1,678,246
Rent and service charges received in advance	291,836	293,263
Tenants' Services Fund (schemes undercharged and payable)	108,177	134,532
Trade and other creditors	518,919	967,502
	<u>17,412,028</u>	<u>18,245,930</u>

Amounts falling due after more than 1 year

	2023	2022
	£	£
Loans (see analysis below)	53,588,393	43,920,924
Deferred Housing Association Grant (Note 16)	120,937,853	113,727,479
Disposal Proceeds Fund (Note 15)	1,359,983	1,755,110
	<u>175,886,229</u>	<u>159,403,513</u>

Loans

	2023	2022
	£	£
Within one year	3,316,875	2,292,111
Between one and five years	21,649,168	14,061,547
In five years or more	31,939,225	29,859,378
	<u>56,905,268</u>	<u>46,213,036</u>

Loans are secured on individual assets of the Association and are in instalments as set out above.

The Board are content that there are sufficient funds to cover any short term loan repayments.

15. Disposal Proceeds Fund

	2023	2022
	£	£
Balance brought forward	2,256,126	952,499
Transferred into fund	1,359,983	1,755,111
Recycled into Social Housing Grant	-	-
Expenditure	(500,997)	(451,484)
Balance carried forward	<u>3,115,112</u>	<u>2,256,126</u>

16. Deferred grant

	2023	2022
	£	£
At 1 April 2022	125,851,146	118,422,877
Grant received/receivable in the year	8,499,940	11,982,026
Released to income in the year	(2,640,946)	(2,393,116)
Eliminated on housing unit disposals	(1,632,509)	(1,741,090)
Grants written off	(50,000)	(419,551)
At 31 March 2023	<u>130,027,631</u>	<u>125,851,146</u>

17. Capital commitments

At 31 March 2023 the Association had capital commitments as follows:

	2023	2022
	£	£
Contracted for but not provided in the financial statements	43,881,833	41,879,137
Expenditure authorised by the Board of Management, but not contracted	-	-
	<u>43,881,833</u>	<u>41,879,137</u>

The Association anticipates that this expenditure will be funded by Housing Association Grant from the Department for Communities and by private finance, both external and internal.

18. Contingent Liabilities

The Association released Housing Association Grant during the year in relation to building components replaced. The possibility of reimbursement to the Department for Communities is unlikely as the housing properties are expected to continue to be made available for social housing for the foreseeable future.

19. Pension commitments

Contributions to the fund, both employer and employee, are at rates specified by NILGOSC.

Formal valuations are carried out at regular intervals by independent professionally qualified actuaries. The date of the last full actuarial valuation of the employer's LGPS funded benefits was 31 March 2022.

	31/03/23	31/03/22	31/03/21
Assumptions			
Rate of salary increase	4.2%	3.5%	3.2%
Pension increases in payment	2.7%	3.0%	2.7%
Discount rate	4.7%	2.7%	2.1%
Rate of inflation	2.7%	3.0%	2.7%

DEFINED BENEFIT SECTION

Assets of the scheme:

	2023 £	2022 £	2021 £
Equities	5,054,000	5,420,000	5,361,000
Property	1,415,000	1,263,000	1,031,000
Gilts	2,602,000	3,121,000	2,733,000
Corporate bonds	379,000	278,000	1,401,000
Cash and other	3,183,000	2,552,000	1,054,000
Total assets	12,633,000	12,634,000	11,580,000
Actuarial liabilities	(12,458,000)	(15,995,000)	(15,729,000)
Surplus/(deficit)	175,000	(3,361,000)	(4,149,000)
Related deferred tax liability	-	-	-
Net pension asset/(liability)	175,000	(3,361,000)	(4,149,000)

19 Pension commitments (cont'd)

The following amounts have been recognised in the performance statements for the year to 31 March 2023.

	2023 £	2022 £
Analysis of the amount charged to operating surplus		
Current service cost	(1,349,000)	(1,361,000)
Past service charge	-	-
Total service charge	(1,349,000)	(1,361,000)
Employer contributions	584,000	507,000
Non-cash operating charge	(765,000)	(854,000)
Total expense recognised in operating surplus	(1,349,000)	(1,361,000)
Analysis of the amount credited to finance costs		
Interest expense on defined benefit obligation	(431,000)	(329,000)
Interest income on assets	348,000	247,000
Net (charge)	(83,000)	(82,000)
Amount recognised in other comprehensive income		
Asset gains arising during the period	(881,000)	421,000
Liability gains/(losses) arising during the period	6,585,000	1,303,000
Change in actuarial assumptions	(1,320,000)	-
Actuarial gain/ (loss) in statement of changes in equity	4,384,000	1,724,000
Movement in deficit during the year		
(Deficit) at 1 April	(3,361,000)	(4,149,000)
Non-cash operating charge	(765,000)	(854,000)
Financing charge	(83,000)	(82,000)
Amount recognised in other comprehensive income	4,384,000	1,724,000
Surplus/(Deficit) at 31 March	175,000	(3,361,000)

19. Pension commitments (cont'd)

	At 31/03/23 £	At 31/03/22 £
Asset and liability reconciliation		
Liabilities at 1 April 2022	15,995,000	15,729,000
Service cost	1,349,000	1,361,000
Interest cost	431,000	329,000
Employee contributions	199,000	174,000
Actuarial losses/(gains)	(5,265,000)	(1,303,000)
Benefits paid	(251,000)	(295,000)
Liabilities at 31 March 2023	12,458,000	15,995,000
Assets at 1 April 2022	12,634,000	11,580,000
Interest income on assets	348,000	247,000
Remeasurement gains/(losses) on assets	(881,000)	421,000
Employer contributions	584,000	507,000
Employee contributions	199,000	174,000
Actuarial gains/(losses)	-	-
Benefits paid	(251,000)	(295,000)
Assets at 31 March 2023	12,633,000	12,634,000

20. Leasing commitments

Operating leases

The total of the Association's future minimum lease payments under non-cancellable operating leases was:

	2023 £	2022 £
Within one year	40,493	83,939
Between one and five years	98,972	117,000
In five years or more	-	-
	<u>139,465</u>	<u>200,939</u>

21. Share capital

Ordinary shares of £1 each fully paid:

	2023 £	2022 £
At 1 April	11	10
Issued in the year	2	4
Transferred to capital reserve	(3)	(3)
At 31 March	10	11

22. Capital reserves

	2023	2022
	£	£
At 1 April 2022	81	78
Transferred from share capital	3	3
At 31 March 2023	84	81

23. Restricted reserves

	2023	2022
	£	£
At 1 April 2022	1883	2,156
(Deficit)	(5,111)	(273)
Transfer to/(from) revenue reserves	3,228	-
At 31 March 2023	0	1,883

The restricted reserves above relate to the Supporting People surplus/ (deficit) at the Association's sheltered scheme. This account has historically shown a deficit each year except for the year ending March 2021 in which we reported a small surplus. In the current year we have reported a deficit and offset this against last year's surplus carried forward. As any cumulative surplus may be required to be paid back this will continue to be reported separately in restricted reserves.

24. Related party transactions

During the year the Association had no transactions with related parties.