

Registration number: IP000166

Connswater Homes Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2023

Connswater Homes Limited
Annual report and Financial statements for the year ended 31 March 2023

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Board of Management and Advisers

Management Board	Mr Robbie Davis (Chairman) Professor Paddy Gray Mr Alan Hill (Honorary Secretary) Mr Michael Graham (Honorary Treasurer) Mr John Beattie Dr Sara Templar (Vice Chairman) Mrs Nicola Barber Mr Alex Ward Mr Trevor Hampton Mrs Kelly Andrews
Chief executive	Jacqueline Locke
Company secretary	Mr Alan Hill (Honorary Secretary)
Registered office	Unit 5 Citylink Business Park Albert Street Belfast BT12 4HQ
Solicitors	Elliot Duffy Garrett 40 Linenhall Street Belfast BT2 8BA
Bankers	Danske Bank Corporate Banking Donegall Square West Belfast BT1 6JS
Auditors	RBCA Limited Linenhall Exchange 26 Linenhall Street Belfast BT2 8BG
Company number	IP000166
Status	Registered under the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969 - No. IP 166 Registered Charity with the Charity Commission for Northern Ireland - Charity Registration No.: NIC106095-0 Registered with the DfC (NI) - Number 8 Registered with HMRC - Number XN 41599

Connswater Homes Limited
Annual report and Financial statements for the year ended 31 March 2023

Report of the Board of Management for the Year Ended 31 March 2023

The Board of Management present their report and the audited financial statements for the year ended 31 March 2023 of Connswater Homes Limited (the "Association"). This report is also known as the Trustees' report for Charity law purposes.

Principal activities

The Association is an Industrial and Provident Society and is registered with the Department for Communities ("DfC") providing housing accommodation for those in need. It has charitable status with HM Revenue and Customs and is a registered charity with the Charity Commission for Northern Ireland.

Board of Management

The Board of Management meets regularly throughout the year. There are also various committees who meet regularly throughout the year. The Committees have responsibility for development, housing management, maintenance and audit. Financial matters are reported directly to the Board. The Board carries out an annual appraisal of its own performance and an annual appraisal of individual of individual Board Members. The Board of Management are the directors of the company and are the trustees of the charity.

The Board of Management, who served the Association during the year, and up to the date of signing the financial statements, were:

Mr Robbie Davis (Chairman)
Dr Sara Templar (Vice Chairman)
Mr Alan Hill (Honorary Secretary)
Mr Michael Graham (Honorary Treasurer)
Ms Kelly Andrews
Mrs Nicola Barber
Mr John Beattie
Professor Paddy Gray
Mr Trevor Hampton
Mr Alex Ward

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Report of the Board of Management for the Year Ended 31 March 2023

Performance for the year ended 31 March 2023

During the year the number of homes in ownership increased to 1,205 from 1,175 at the end of the prior year representing a 2.6% increase in stock size for the Association. Turnover increased by 3.8% from £8,243,854 in 2021/22 to £8,555,856 in 2022/23. This increase is as a result of new homes added to the Association's stock during the year. An average annual inflationary rent increase of 2.38% on much of our existing stock also helped to boost turnover.

Operating costs of £6,188,080 represent 72% of turnover (2022: 73%). The Association generated a surplus for the year of £1,212,402 giving a net margin of 14% (2022: 12%), which is better than both sector average and the performance of the Association over the past two years.

The Association continuously invests in the maintenance of our existing stock of properties, ensuring our homes remain in great condition. To this end £912,010 was spent on planned maintenance (including capital) during the year. These works included 4 heating upgrades, 23 loft insulations, 60 window and door replacements, 3 kitchen replacements and 2 complete property refurbishments as well as internal redecoration to the communal areas of 2 apartment schemes.

A programme of health and safety inspections was also completed including boiler servicing, smoke and carbon monoxide alarms testing, asbestos monitoring, legionella testing and fire risk assessments.

The Board has a set number of key performance indicators monitoring the operations of the Association on regular basis.

Performance Indicator	Actual 22/23	Target 22/23
Emergency repairs carried out within 24 hours	95%	>85%
Urgent repairs carried out within 4 days	89%	>80%
Routine repairs carried out within 28 days	87%	>80%
Operating margin	28%	>30%
Net margin	14%	>10%
Gearing ratio	38%	<60%
Interest cover ratio	2	>1
Net debt per unit	£29,949	<£38,000
Voids as a % of Stock	0.8%	<4%
Board members attendance at Board meetings	93.25%	>75%

Housing management staff assisted tenants struggling on low incomes by offering welfare and general money management advice, including assistance with universal credit applications.

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Report of the Board of Management for the Year Ended 31 March 2023

Expected performance in the year ending 31 March 2024

The Association expects to maintain its level of operations and performance in 2023/24.

It is planned that 114 homes will be added to the development programme during the year made up of a number of schemes. We expect there will be approximately 59 properties completed from existing schemes on site and added to management during the year with the remainder completing in the years ending 31 March 2025 and 2026.

A cyclical and planned maintenance programme of approximately £1.1m of investment has been approved. This includes 5 heating upgrades, 50 window and door replacements, 6 complete property refurbishments, 15 HRU /Envirovent replacements, fixed wire testing at 400 properties and all health and safety inspections.

Corporate Governance

In the opinion of the Board of Management, the Association is in compliance with the Best Practice issued by the NHF Code of Governance and with the DfC Regulatory Standards.

Corporate Strategy

The Association launched a new strategic plan in April 2022 covering the five year period 2022 to 2027. Our business goals over this period focus on working together and recognising diversity; striving to be more environmentally aware throughout our business and activities; promoting kindness, resilience and community cohesion; being open and clear in our actions, rectifying mistakes and doing what we say we will do; connecting with tenants, engaging with stakeholders and buddying up with others to improve our services. We will be working on these goals in a tough financial environment under the burden of welfare reform, political uncertainty and economic recovery following a global pandemic. It has never been more important to make sure value for money is embedded in our business; to offer services that our tenants actually need and to look at the wider picture of challenging poverty, improving health and well-being and promoting inclusivity.

Our strategy to achieve this is to help our tenants to live in warm, safe, affordable homes; to provide added value through community initiatives, customer led service provision and reducing our negative impact on the environment and by being a viable, forward thinking, environmentally aware business.

We want to see houses become homes; safe and well-maintained homes that complement their environment. We want to help our tenants to live comfortably in these homes, so making them more energy efficient and affordable is very important. We also aim to deliver excellence across our core housing service activities such as routine repairs, investing in planned maintenance, rent collection and peaceful living.

Whilst striving for continuous improvement and service development we will be inclusive and mindful of the needs of our tenants.

Our development priorities will be to not only provide new affordable homes in thoughtfully designed developments that will stand the test of time, but also to consider alternative models for their delivery and tenure. We will have an active asset management and investment strategy to maintain our homes.

We will continue to enhance our customer engagement opportunities through collaborative partnership with tenants and key stakeholders as we work to innovate in delivery of services.

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Report of the Board of Management for the Year Ended 31 March 2023

Through information and practice we want to get involved in the sustainability agenda as we provide homes, enhance neighbourhoods and operate our business. Our tenants and employees will be encouraged to get involved in our efforts to reduce our carbon footprint.

We will signpost our tenants to fuel poverty initiatives and offer welfare benefit advice.

We want to be a great employer and an employer of choice. It is our people who make us great, they determine how we perform as an organisation and we want to empower them to be the best they can. We want to develop a staff team with skills, knowledge and motivation to deliver our goals. We want our team to feel valued and listened to; to provide them with a working environment that is agile and safe and to ensure they have resources to perform at their best.

As an organisation, we will meet, or exceed statutory and legal requirements, apply appropriate risk controls, develop and comply with internal policies and apply innovative thinking to develop service efficiencies and deliver excellent customer focused services.

Our business activities are underpinned by sustainability, regulation and collaborative working. We will assess a range of factors to ensure positive outcomes for all parts of our business including financial viability, value for money and environmental sustainability. We will raise staff awareness of energy efficiency and how to pass benefits on to tenants.

Digital transformation has never been more important and Connswater recognises that it is business critical. We will ensure that the appropriate infrastructure, applications and systems are available in order for staff to deliver services in an efficient, consistent and cost-effective manner whilst ensuring clear and transparent governance. We will focus on improving customer access to services and data. This will be driven further by developing our tenant portal and improving access to equipment for tenants through our tablet loan scheme.

Going Concern

After making enquiries, the Board of Management have a reasonable expectation that the Association has 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.

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Report of the Board of Management for the Year Ended 31 March 2023

Value for Money

Our strategy at Connswater Homes Limited is to operate our core activities as efficiently and effectively as possible.

We strive to improve the quality of our services to our tenants, continue building high quality homes and generate social value whenever we see the opportunity.

VFM Framework - 3 E's

The Association strives to achieve Value (i.e. be as effective as possible) for the money that is invested in the activities that we carry out.

We measure our VFM using a framework which examines our performance in terms of Economy, Efficiency and Effectiveness.

Treasury Management Policy

The Association's aim is to maintain loan balances at a level to support development while keeping loan interest charges to a minimum. This is achieved without comprising the Association's ability to meet its financial obligations at they fall due.

Financial Risk Management

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Report of the Board of Management for the Year Ended 31 March 2023

The Association's operations expose it to a variety of financial risks that include the effects of changes in credit risk, price risk and interest rate risk. The Association has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Association by regular review of activity levels against changing market conditions and adjustment to cashflow projections accordingly. The Association liaises with lenders on an ongoing basis to keep up to date with other products in the marketplace.

Interest rate risk

Exposure to fluctuating interest rates is managed by the composition of a balanced portfolio between fixed rate and variable rate loans. The Association's effective interest rate in 2022/23 was 3.07%. For the past number of years the Association's effective interest rate has been falling year on year as the Association agreed competitive terms on new loans. We recognise that we now find ourselves in a changed economic environment and that any new loans drawn down in future years are likely to be at considerably higher Interest rates. This will cause our effective interest rate to increase in future years. Higher interest rates will put a squeeze on Net Margins in years to come and our development plans will need to take account of this higher interest rate environment to ensure bank covenants are met. The Association runs stress testing scenarios each year to ensure our future plans are viable and we amend our plans where necessary.

Liquidity risk

The Association maintains a mixture of long-term and short-term loan finance that is designed to ensure there is sufficient funds to achieve business objectives and to facilitate planned growth.

Currency risk

The Association does not engage in foreign currency transactions and so is not exposed to exchange risk

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Report of the Board of Management for the Year Ended 31 March 2023

Regulation

The Association's principal regulator is the Department for Communities (DfC). Their regulatory judgement for the year 2020/21 gave the Association the highest rating of Level 1 assessing the 3 standards: Governance, Finance and Consumer. As a registered charity the Association is also subject to regulation by the Charity Commission for Northern Ireland.

Environmental matters

The Association recognises its corporate responsibility to carry out its operations and development programme whilst minimising environmental impacts. The Board's continued aim is to comply with all applicable environmental legislation, prevent pollution and reduce waste wherever possible.

Internal Financial Control

The Board of Management is responsible for establishing and overseeing a risk management framework in order to safeguard the assets of the Association and 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 over reasonable, and not absolute, assurance against material misstatement and loss.

The Board of Management have 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.
- The Audit Committee review matters relating to internal control and receives reports on a regular basis from the external and internal auditors and from senior management.

Connswater Homes Limited

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Report of the Board of Management for the Year Ended 31 March 2023

Statement of the Board's responsibilities in respect of the financial statements

The Co-operative and Community Benefit Societies Act (Northern Ireland) 1969 and Registered Housing Association legislation require the members of the Board of Management to prepare the financial statements for each financial year 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 these statements the Board is required to:

- select suitable accounting policies and 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue to operate.

The members of the Board of Management are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the financial statements comply with the Co-Operative and Community Benefit Societies Act (Northern Ireland) 1969 and the Registered Housing Associations (Accounting Requirements) Order (Northern Ireland) 1963. They have general responsibility for the taking of reasonable steps to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

Events after the Balance Sheet date

The Association has no post balance sheet date events to disclose.

Charitable donations

Donations totalling £3,555 (2022: £2,595) were made by the Association during the year. No donations for political purposes were made during the year (2022: £nil).

Financial sustainability

The Association has a robust framework of longer term financial planning in place. The Board regularly considers the longer term financial plan which covers a 30 year period. The financial plan is prepared in accordance with FRS102 using Brixx planning software. The Association remains profitable for each of the 30 years in the plan and both gross margin and net margin remain strong. Sensitivity analysis is carried out to see how the Association would cope financially under the following four stress factors: voids increase by 1%; bad debts increase by 1%; CPI increases by 1% and interest rates increase by 1%. In addition, to reflect the current economic environment, further stress testing was undertaken to assess the impact of 2% increases in CPI and interest rates. This allows the Board to consider whether the Association may need to amend or postpone future development plans should any of the above scenarios materialise.

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Report of the Board of Management for the Year Ended 31 March 2023

Statement of disclosure of information to auditors

So far as each of the members of the Board of Management at the date of approval of these financial statements is aware:

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

Independent Auditors

The auditors, RBCA Limited, have indicated their willingness to continue in office, and a resolution proposing their reappointment will be proposed at the Annual General Meeting.

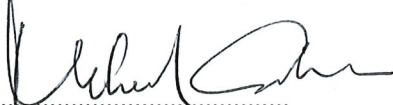
Approved and authorised by the Board on 15/6/23 and signed on its behalf by:



.....
Mr Robbie Davis (Chairman)



.....
Mr Alan Hill (Honorary Secretary)



.....
Mr Michael Graham (Honorary Treasurer)

Connswater Homes Limited
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Independent Auditor's Report to the Members of Connswater Homes Limited

Opinion

We have audited the financial statements of Connswater Homes Limited for the year ended 31 March 2023, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Resources, Statement of Cashflows and 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 FRS 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and the 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 company'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 prepared in accordance with the requirements of the requirements of the Co-operative and Community Benefits Societies Act (Northern Ireland) 1969 (formerly the Industrial and Provident Societies Act (Northern Ireland) 1969), the Charities Act (Northern Ireland) 2008, The Charities (Accounts and Reports) Regulations (Northern Ireland) 2015 and the Registered Housing Associations (Accounting Requirements) Order (Northern Ireland) 1993.

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which 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 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 annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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Independent Auditor's Report to the Members of Connswater Homes Limited

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

We have nothing to report in this regard.

Responsibilities of the Board of Management

As explained more fully in the Board of Management responsibilities statement the Board of Management are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Management determines 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We identified areas of laws and regulations that could reasonably be expected have a material effect on the financial statements from our sector experiences through discussion the Board of Management and other management (as required by auditing standards).
- We had regard to laws and regulations in areas that directly affect the financial statements including financial reporting and taxation legislation. We considered the extent of compliance with those laws and regulations as apart of our procedures on the related financial statement items.
- With the exception of any known or possible non-compliance, and as required by auditing standards, our work in respect was limited to enquiry of the Board of Management.
- We communicated applicable laws and regulations throughout our audit team and remained alert to any indications of non-compliance throughout the audit.
- We addressed the risk of fraud through management override of controls, by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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Independent Auditor's Report to the Members of Connswater Homes Limited

- Our audit procedures were designed to respond to risks of material misstatement in the financial statements, 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other required reporting

Co-operative and Community Benefit Societies Act (Northern Ireland) 1969 exception reporting

Under the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969, we are required to report to you if, in our opinion:

- A satisfactory system of control over transactions has not been maintained; or
- We have not received all the information and explanations we require for our audit; or
- Proper accounting records have not been kept by the association; or
- The financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

Charities (Accounts and Reports) Regulations (Northern Ireland) 2015 exception reporting

Under the Charities (Accounts and Reports) Regulations (Northern Ireland) 2015 we are required to report to you if, in our opinion:

- Sufficient accounting records have not been kept; or
- The financial statements are not in agreement with the accounting records; or
- We have not received all the information and explanations we require for our audit.

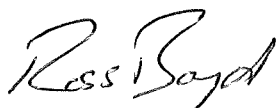
We have no exceptions to report arising from this responsibility.

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 we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Management and the Association as a body, for our audit work, for this report, or for the opinions we have formed.

Connswater Homes Limited
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Independent Auditor's Report to the Members of Connswater Homes Limited



.....
Ross Boyd (Senior Statutory Auditor)
For and on behalf of RBCA Limited,

Linenhall Exchange
26 Linenhall Street
Belfast
BT2 8BG

Date:.....*22/6/2023*

Connswater Homes Limited
Annual report and Financial statements for the year ended 31 March 2023

Statement of Comprehensive Income for the Year Ended 31 March 2023

	2023 £	2022 £
Turnover	8,555,856	8,243,854
Operating costs	<u>(6,188,080)</u>	<u>(6,036,095)</u>
Operating surplus for the year	2,367,776	2,207,759
Surplus arising from disposals of housing property	110,427	758,923
Miscellaneous income	36,595	23,550
Miscellaneous expenses	-	(26,554)
Transfer to disposal proceeds fund	(110,427)	(758,923)
Interest received	16,279	12,814
Interest payable and similar expenses	(1,183,248)	(1,231,660)
Other finance costs	<u>(25,000)</u>	<u>(27,000)</u>
Surplus for the financial year	<u>1,212,402</u>	<u>958,909</u>
Remeasurement gain on defined benefit pension schemes	<u>1,432,000</u>	<u>527,000</u>
Total comprehensive income for the year	2,644,402	1,485,909

The notes on pages 23 to 47 form an integral part of these financial statements.

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(Registration number: IP000166)
Statement of Financial Position as at 31 March 2023

	Note	2023 £	2022 £
Fixed assets			
Housing properties	13	141,660,372	133,302,582
Other tangible fixed assets	16	367,189	188,568
Investments	17	<u>2</u>	<u>2</u>
		<u>142,027,563</u>	<u>133,491,152</u>
Current assets			
Stocks	15	183,000	222,500
Debtors	18	677,520	727,691
Cash at bank and in hand		<u>3,460,345</u>	<u>4,578,950</u>
		4,320,865	5,529,141
Creditors: Amounts falling due within one year	19	<u>(2,451,361)</u>	<u>(5,121,386)</u>
Net current assets		<u>1,869,504</u>	<u>407,755</u>
Total assets less current liabilities		143,897,067	133,898,907
Creditors: Amounts falling due after more than one year	20	(122,716,797)	(114,147,039)
Pension surplus/(liability)		<u>148,000</u>	<u>(1,068,000)</u>
Net assets		<u><u>21,328,270</u></u>	<u><u>18,683,868</u></u>
Capital and reserves			
Called up share capital		12	14
Capital reserve		80	78
Revenue reserve		<u>21,328,178</u>	<u>18,683,776</u>
Total funds		<u><u>21,328,270</u></u>	<u><u>18,683,868</u></u>

Approved and authorised by the Board on 15/6/23 and signed on its behalf by:

The notes on pages 23 to 47 form an integral part of these financial statements.

Connswater Homes Limited
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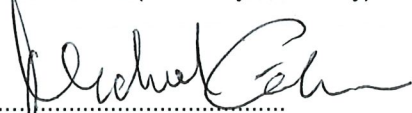
(Registration number: IP000166)
Statement of Financial Position as at 31 March 2023



.....
Mr Robbie Davis (Chairman)



.....
Mr Alan Hill (Honorary Secretary)



.....
Mr Michael Graham (Honorary Treasurer)

The notes on pages 23 to 47 form an integral part of these financial statements.

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Annual report and Financial statements for the year ended 31 March 2023

Statement of Changes in Reserves for the year ended 31 March 2023

	Note	2023 £	2022 £
Total comprehensive income for the year		2,644,402	1,485,909
Net addition to revenue reserves		2,644,402	1,485,909
Opening total revenue reserves		18,683,776	17,197,867
Closing total revenue reserves		21,328,178	18,683,776

The notes on pages 23 to 47 form an integral part of these financial statements.

Connswater Homes Limited
Annual report and Financial statements for the year ended 31 March 2023

Statement of Cash Flows for the Year Ended 31 March 2023

	Note	2023 £	2022 £
Net cash inflow/outflow from operating activities	A	2,491,523	958,564
Returns on investments and servicing of finance	B	(1,166,969)	(1,218,846)
Capital expenditure and financial investment	B	(3,092,485)	(1,967,445)
Cash inflow/outflow before use of liquid resources and financing		(1,767,931)	(2,227,727)
Financing	B	649,326	(1,336,929)
Increase/(decrease) in cash in period		(1,118,605)	(3,564,656)
		2023 £	2022 £
Reconciliation of net cash flow			
Increase/(decrease) in cash in period		(1,118,605)	(3,564,656)
Net cash at 1 April		4,578,950	8,143,606
Net cash at 31 March		3,460,345	4,578,950

The notes on pages 23 to 47 form an integral part of these financial statements.

Connswater Homes Limited
Annual report and Financial statements for the year ended 31 March 2023

Notes to Statement of Cash Flows for the Year Ended 31 March 2023

	2023	2022
	£	£
Note A - Reconciliation of surplus for the year to operating cashflows		
Surplus for the year	1,212,402	958,908
Depreciation	2,067,384	2,104,830
Amortisation of grant	(1,560,170)	(1,553,232)
Movements:		
- Stock	39,500	(222,500)
- Debtors	50,171	(174,277)
- Creditors	2,334,694	(1,414,090)
(Surplus)/deficit arising from disposals of housing property	(110,427)	(758,923)
Difference in pension charge and cash contributions	(2,734,000)	772,000
Other finance costs	25,000	27,000
Interest received	(16,279)	(12,814)
Interest payable	1,183,248	1,231,660
	2,491,523	958,564

The notes on pages 23 to 47 form an integral part of these financial statements.

Connswater Homes Limited
Annual report and Financial statements for the year ended 31 March 2023

Notes to Statement of Cash Flows for the Year Ended 31 March 2023

	2023	2022
	£	£
Note B - Analysis of cash flows for headings netted in the cash flow statement		
Returns on investment and servicing of finance		
Interest received	16,279	12,814
Interest payable	(1,183,248)	(1,231,660)
Net cash inflow/ (outflow) for returns on investment and servicing of finance	(1,166,969)	(1,218,846)
	2023	2022
	£	£
Capital expenditure and financial investment		
Other fixed assets	(230,999)	(78,765)
Housing, land and buildings	(10,916,389)	(9,935,915)
Capital grant received	7,224,983	7,178,948
Sales proceeds	829,920	868,287
Net cash inflow/ (outflow) for capital expenditure and financial investment	(3,092,485)	(1,967,445)
	2023	2022
	£	£
Financing		
Loan principal payments	(1,350,674)	(1,337,220)
Loan redemptions	-	-
Draw-downs	2,000,000	-
Net cash inflow/ (outflow) for capital expenditure and financial investment	649,326	(1,337,220)

The notes on pages 23 to 47 form an integral part of these financial statements.

Connswater Homes Limited
Annual report and Financial statements for the year ended 31 March 2023

Notes to Statement of Cash Flows for the Year Ended 31 March 2023

	At 1 April 2022	Cashflows	Other Changes	At 31 March 2023
	£	£	£	£
Note C - Analysis of changes in net funds				
Cash in hand and at bank	4,578,950	(1,118,605)	-	3,460,345
Debt due within one year	(1,355,299)	(9,456)	-	(1,364,755)
Debt due after more than one year	(37,394,532)	(639,869)	-	(38,034,401)
	(34,170,881)	(1,767,930)	-	(35,938,811)

The notes on pages 23 to 47 form an integral part of these financial statements.

Connswater Homes Limited
Annual report and Financial statements for the year ended 31 March 2023

Notes to the Financial Statements for the Year Ended 31 March 2023

1 General information

The association's principal activity during the financial year was providing high quality, affordable homes for rent throughout Northern Ireland. The association is registered under the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969 and domiciled in the UK.

The address of its registered office is:

Unit 5 Citylink Business Park
Albert Street
Belfast
BT12 4HQ

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements of Connswater Homes Limited have been prepared on the going concern basis in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") under the historical cost convention, and in accordance with the applicable accounting standards in the United Kingdom and Statement of Recommended Practice for Accounting by Registered Social Landlords. The principal accounting policies, which have been applied consistently throughout the year, are set out below. The presentation of the financial statements complies with the Registered Housing Associations (Accounting Requirements) Order (Northern Ireland) 1993.

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention. The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the association accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Foreign currency transactions and balances

Transactions and non-monetary assets, denominated in foreign currencies, are translated at the exchange rate at the date of the transaction. Monetary assets and liabilities are denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of the financial position date or the exchange rate of a related foreign exchange contract where relevant. The resulting exchange gains or losses are dealt with in the income and expenditure account.

Connswater Homes Limited
Annual report and Financial statements for the year ended 31 March 2023

Notes to the Financial Statements for the Year Ended 31 March 2023

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the association and value added taxes. The association bases its estimate of returns on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Where the consideration receivable in cash and cash equivalents is deferred and the arrangement constitutes a financing transaction, the fair value of the consideration is measured at the present value of all future receipts using the imputed rate of interest. The association recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the association retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow through the association and (e) when the specific criteria relating to each of the associations' sales channels have been met, as described below and in note 4.

Net rental income

Income includes rent and service charge income arising from the provision of housing accommodation and the amortisation of Housing Association Grant. Income is recognised in the period to which it relates.

Employee benefits

The association provides a range of benefits to employees, including paid holiday arrangements and defined benefit pension plans.

i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

ii) Multi-employer pension plan

Retirement benefits to employees of the Association are provided by the Northern Ireland Local Government Officers Superannuation Committee (NILGOSC) defined benefit scheme which is externally funded.

The assets of the NILGOSC scheme are held separately from those of the Association. The Association has adopted FRS 102 section 28 "Employee benefits" in these financial statements. Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term to the liability. The increase in the present value of the liabilities of the Association's defined benefit pension scheme arising from employee service in the year is charged to operating surplus. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of the plan assets. This cost is recognised in the Statement of Comprehensive Income as "Other finance costs."

Stock

Housing properties held for sale are measured at the lower of cost and estimated selling price less costs to complete and sell.

Connswater Homes Limited
Annual report and Financial statements for the year ended 31 March 2023

Notes to the Financial Statements for the Year Ended 31 March 2023

Tangible fixed assets

Housing properties

The association operates a full component accounting policy in relation to the capitalisation and depreciation of its completed housing stock.

Housing Association Grant and other grants

Housing Association Grant and other grants received as a contribution towards the capital costs of housing properties of the Association were set against the capital cost of these properties in the prior years. Housing Association Grant is disclosed as "Creditors: amounts falling due after more than one year" rather than set against the capital cost and are amortised to the Statement of Comprehensive Income as per the turnover policy. Housing Association Grant received against revenue expenditure is credited to revenue in the period in which the related expenditure is charged.

Such grants, although treated as a grant for accounting purposes, may be repayable under certain circumstances, primarily following the sale of housing property, but any amount repayable would be restricted to the net proceeds of the sale.

Depreciation and impairment

Housing properties

Housing properties are split between land, structure and major components which require periodic replacement. Replacement or refurbishment of such major components is capitalised and depreciated over the estimated useful life which has been set taking into account professional guidance and the association's asset management strategy. In determining the remaining useful lives for the housing stock, the association has taken account of views provided by both internal and external professional sources.

Freehold land is not subject to depreciation. Depreciation is charged so as to write down the cost or valuation of the freehold housing properties and major components on a straight-line basis over their expected useful economic lives.

Major components are treated as separable assets and depreciated over their expected useful economic lives or the lives of the structure to which they relate, if shorter, over the following periods:

Asset class	Depreciation method and rate
Land	Not depreciated
Structure (including roof)	100 years
Kitchen	20 years
Bathroom	25 years
Heating system	15 years
Windows and doors	35 years
Electrics	30 years

Connswater Homes Limited
Annual report and Financial statements for the year ended 31 March 2023

Notes to the Financial Statements for the Year Ended 31 March 2023

Housing assets are depreciated in the month of acquisition, or in the case of a larger project, from the month of completion. Where there is evidence of impairment, the fixed assets are written down to the recoverable amount and any write down would be charged to the operating surplus.

Other fixed assets

Ground rents are depreciated. Depreciation of other fixed assets is charged on a straight-line basis over the estimated useful economic lives of the assets at the following annual rates:

Office premises 2%

Office furniture and equipment 25%

Motor vehicles 14%

Subsequent additions and major components

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the association and the cost can be measured reliably. The carrying amount of any replaced component is de-recognised.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Derecognition

Tangible assets are de-recognised on disposal or when no future economic benefits are expected. On disposal the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Comprehensive Income.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Connswater Homes Limited
Annual report and Financial statements for the year ended 31 March 2023

Notes to the Financial Statements for the Year Ended 31 March 2023

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of one month or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Impairment of non-financial assets

At each Statement of financial position date non-financial assets are not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows discontinued using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the assets.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Comprehensive Income and Retained Earnings, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the Statement of Comprehensive Income and Retained Earnings.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Statement of Comprehensive Income and Retained Earnings.

i) Provisions

Provisions are recognised when the Association has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligations can be estimated reliably. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance costs.

ii) Contingencies

Contingent liabilities, arising as a result of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence of uncertain future events not wholly within the Association's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Connswater Homes Limited
Annual report and Financial statements for the year ended 31 March 2023

Notes to the Financial Statements for the Year Ended 31 March 2023

Financial instruments

The association has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

i) Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in Statement of Comprehensive Income and Retained Earnings.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in Statement of Comprehensive Income and Retained Earnings.

Financial assets are de-recognised when (a) the contractual rights to the cash flows from the asset to expire or are settled, (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or, (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions. Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in the Statement of Comprehensive Income and Retained Earnings, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Connswater Homes Limited
Annual report and Financial statements for the year ended 31 March 2023

Notes to the Financial Statements for the Year Ended 31 March 2023

ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow association companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate of method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occur. The extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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 used by the Association to fund works on property that would not be eligible for housing association grant or in certain circumstances, attract loan finance.

If the surpluses are not used within two years of their receipt they may be payable in part or in full to the Department of Communities.

Revenue reserves

The Association's policy is to retain a level of revenue reserves which reflects its needs at the current time and in the foreseeable future. The reserves required are sufficient to meet committed running costs for a period equivalent to nine months budgeted future expenditure. The Board of Management reviews the adequacy of the revenue reserves level on an annual basis.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Going concern

After making appropriate enquires, the Board of Management 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.

Connswater Homes Limited
Annual report and Financial statements for the year ended 31 March 2023

Notes to the Financial Statements for the Year Ended 31 March 2023

3 Critical accounting judgements and estimation uncertainty

Estimates and judgements made in the process of preparing the association financial statements are continually evaluated and are based on historical expenses and other factors, including expectations of future events that believed to be reasonable under the circumstances.

(a) Critical judgement in applying the entity's accounting policies

There are no critical judgements in applying the entity's accounting policies.

(b) Critical accounting estimates and assumptions

The Board of Management makes estimates and assumptions concerning the future in the process of preparing the association financial statements. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of housing properties

The annual depreciation on housing properties is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reviewed annually. They are amended when necessary to reflect current estimates, based on future investments, economic utilisation and the physical condition of the assets.

(ii) Defined benefit pension scheme

The Association has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

There are no other critical accounting estimates and assumptions.

Connswater Homes Limited
Annual report and Financial statements for the year ended 31 March 2023

Notes to the Financial Statements for the Year Ended 31 March 2023

4 Analysis of turnover

Turnover and results relate to the association's main activities which are carried out in the United Kingdom. Turnover represents rental and service charge income and residential charges for housing with care, net of voids. It also includes amortisation of grants received from the Northern Ireland Housing Executive.

5 Operating costs

	2023 £	2022 £
Direct costs	4,283,608	4,303,531
Administrative expenses	1,904,472	1,732,564
	6,188,080	6,036,095

6 Operating surplus

	2023 £	2022 £
This is stated after charging/(crediting):		
Staff costs (Note 7)		
Wages and salaries	1,747,479	1,635,472
Depreciation		
- Housing properties	2,014,989	2,067,469
- Other tangible fixed assets	52,395	37,361
Amortisation of grants	(1,560,170)	(1,553,232)
Auditors' remuneration		
- Audit services	8,100	8,100

Connswater Homes Limited
Annual report and Financial statements for the year ended 31 March 2023

Notes to the Financial Statements for the Year Ended 31 March 2023

7 Employee information

	2023 £	2022 £
Staff costs		
Wages and salaries	1,354,206	1,279,067
Social security costs	146,121	126,405
Other pension costs	247,152	230,000
	1,747,479	1,635,472
	2023 Number	2022 Number
Average monthly number of persons employed during the year by activity:		
Administration	33	32

8 Directors' emoluments

The aggregate remuneration of key management personnel of the Association during the year was:

	2023 £	2022 £
Aggregate emoluments (including pension contributions)	356,599	331,289
Emoluments payable to the highest paid director (excluding pension contributions)	123,028	114,296

The number of directors to whom emoluments were paid during the year falls within each of the following bands:

Connswater Homes Limited
Annual report and Financial statements for the year ended 31 March 2023

Notes to the Financial Statements for the Year Ended 31 March 2023

	2023	2022
Salary Band	No.	No.
£120,000 - £130,000	1	-
£110,000 - £120,000	-	1
£100,000 - £110,000	-	-
£90,000 - £100,000	-	-
£80,000 - £90,000	1	1
£70,000 - £80,000	1	1
	3	3

Members of the Board of Management serve in a voluntary capacity and none (2022: none) were in receipt of emoluments during the year.

The Board and Committee members were reimbursed for expenses totalling £Nil (2022: £Nil) during the year.

9 Transfer of disposal proceeds fund

	2023	2022
	£	£
Proceeds of disposal	830,920	868,287
Asset original costs/legal fees	(305,773)	(336,028)
Voluntary grant payable	164,281	226,664
Transfer to disposal proceeds fund (note 19)	689,428	758,923

10 Interest receivable and similar income

	2023	2022
	£	£
Interest receivable	16,279	12,814
	16,279	12,814

Connswater Homes Limited
Annual report and Financial statements for the year ended 31 March 2023

Notes to the Financial Statements for the Year Ended 31 March 2023

11 Interest payable and similar expenses

	2023 £	2022 £
Housing property loans	1,179,138	1,227,852
Bank interest and charges	4,110	3,807
	1,183,248	1,231,660

12 Other finance costs

	2023 £	2022 £
Defined benefit pension scheme net interest cost	25,000	27,000
	25,000	27,000

Connswater Homes Limited
Annual report and Financial statements for the year ended 31 March 2023

Notes to the Financial Statements for the Year Ended 31 March 2023

13 Tangible fixed assets - housing properties and housing association grants

	2023	2022
Housing Properties	£	£
Cost		
At 1 April 2022	149,545,851	142,095,855
Additions	11,453,944	9,935,915
Disposals	(1,322,243)	(2,033,945)
Transfers	-	(302,153)
At 31 March 2023	159,677,552	149,695,672
Accumulated depreciation		
At 1 April 2022	16,362,417	15,066,500
Charge for the year	2,014,989	2,067,469
Disposals	(360,225)	(687,780)
Transfers	-	(53,098)
At 31 March 2023	18,017,181	16,393,090
Net book value		
At 31 March 2023	141,660,372	133,302,582
Net book amount comprises:		
- Freehold property	141,660,372	133,302,582
Net book amount comprises:		
- Completed scheme	127,508,388	126,138,642
- Properties under construction	14,151,984	7,163,940
At 31 March 2023	141,660,372	133,302,582

Included in the above is a figure of £393,425 for capitalised component replacements (2022: £589,247).

Connswater Homes Limited
Annual report and Financial statements for the year ended 31 March 2023

Notes to the Financial Statements for the Year Ended 31 March 2023

14 Housing Association Grants

	2023	2022
Housing Association Grants	£	£
Cost		
At 1 April 2022	91,492,175	86,809,816
Additions	8,542,674	6,087,291
Disposals	(981,998)	(1,404,932)
At 31 March 2023	99,052,850	91,492,175
Accumulated amortisation		
At 1 April 2022	14,279,783	13,188,704
Charge for the year	1,462,428	1,481,199
Disposals	(547,999)	(390,120)
At 31 March 2023	15,194,212	14,279,743
Net book value		
At 31 March 2023	83,858,638	77,212,392

Connswater Homes Limited
Annual report and Financial statements for the year ended 31 March 2023

Notes to the Financial Statements for the Year Ended 31 March 2023

15 Stock

	2023	2022
	£	£
Houses held for sale	183,000	222,500
	183,000	222,500

16 Other tangible assets

	Ground Rents £	Office Building £	Office Equipment £	Motor Vehicles £	Total £
Cost					
At 1 April 2022	839	238,572	417,949	-	657,360
Additions	-	160,372	12,422	58,223	231,000
At 31 March 2023	839	398,944	430,371	58,223	888,377
Accumulated amortisation					
At 1 April 2022	-	116,224	352,568	-	468,792
Charge for the year	-	17,523	26,555	8,318	52,396
At 31 March 2023	-	133,747	379,123	8,318	521,188
Net book value					
At 31 March 2023	839	265,180	51,248	49,905	367,189
At 31 March 2022	839	122,348	65,381	-	188,568

Connswater Homes Limited
Annual report and Financial statements for the year ended 31 March 2023

Notes to the Financial Statements for the Year Ended 31 March 2023

17 Investments

	Investments £
Cost and net book value	
At 1 April 2022 and 31 March 2023	2

Investments Detailed	
Name	EPIC Clean Limited
Principal Activity	Dormant Company
Country of Incorporation	Northern Ireland
Registered Address	Unit 5 Citylink, Business Park, Albert Street, Belfast BT12 4HQ
Holding	100%
Class of Share	Ordinary

18 Debtors

	2023 £	2022 £
Rental Debtors Gross - Technical	200,389	197,136
Rental Debtors Gross - Non Technical	207,307	200,998
Provision for Bad Debts	(140,808)	(140,808)
Net rental (including rates, service charges) debtors	266,888	257,326
Other Debtors	276,018	326,678
Prepayments and accrued income	84,856	89,374
Housing Association Grant receivable	49,758	54,313
	677,520	727,691

Connswater Homes Limited
Annual report and Financial statements for the year ended 31 March 2023

Notes to the Financial Statements for the Year Ended 31 March 2023

19 Creditors: amounts falling due within one year

	2023	2022
	£	£
Bank loans	1,349,039	1,339,583
THFC premium	15,716	15,716
Housing Association grants	-	1,481,199
Rent, rates and service charges received in advance	30,747	42,230
Disposal proceeds fund	321,322	331,933
Other creditors	123,101	497,391
HAG in advance	278,580	1,091,657
Accruals and deferred income	332,856	321,677
	2,451,361	5,121,386

20 Creditors: amounts falling due after more than one year

	2023	2022
	£	£
Bank loans	33,785,131	33,130,177
THFC premium	4,249,271	4,264,354
Disposal proceeds fund	659,059	758,875
Housing Association grants	83,858,638	75,731,193
Other grants	164,698	262,440
	122,716,797	114,147,039

The surplus on the disposal proceeds fund must be used within two years of the sale of the property.

Connswater Homes Limited
Annual report and Financial statements for the year ended 31 March 2023

Notes to the Financial Statements for the Year Ended 31 March 2023

21 Loans

	2023	2022
	£	£
Bank loans - Housing property and other loans		
Less than one year, or on demand (Note 18)	1,364,755	1,355,299
Between one and two years	6,543,719	1,372,719
Between two and five years	11,475,575	8,124,384
After more than five years	20,015,107	27,897,428
	39,399,157	38,749,831

Security

Loans are secured by way of mortgages upon the deeds of the related housing properties.

Connswater Homes Limited
Annual report and Financial statements for the year ended 31 March 2023

Notes to the Financial Statements for the Year Ended 31 March 2023

22 Other grants

	£
As at 1 April 2022	262,440
Grant received during financial year	-
Grant amortisation	97,742
As at 31 March 2023	164,698

23 Called up share capital

	£
Ordinary shares of £1 each, fully paid	
As at 1 April 2022	14
Allotted during the year	-
Transfer to capital reserve	2
As at 31 March 2023	12

Connswater Homes Limited
Annual report and Financial statements for the year ended 31 March 2023

Notes to the Financial Statements for the Year Ended 31 March 2023

24 Turnover, operating costs and operating surplus

	2023			2022
	Operating Turnover	Operating Costs	Operating Surplus	Operating Surplus
	£	£	£	£
Social Housing Activities	8,555,856	6,181,906	2,373,950	2,215,744
Non-Social Housing Activities	-	6,174	(6,174)	(7,985)
	8,555,856	6,188,080	2,367,776	2,207,759

25 Housing stock

Number of units owned on 31 March

	2023 Number	2022 Number
Self-contained		
General needs housing	1,205	1,175
	1,205	1,175

26 Turnover, operating costs and operating surplus or deficit from social and non-social housing activities - Association

	2023 £	2022 £
Social Housing Activities		
Operating income		
Rent and rates receivable	6,948,461	6,649,226
Service charges receivable	90,425	88,416
Income from Housing Association grant	1,557,079	1,481,199
Income from other grants	-	72,033
Other income	-	6,000
Voids	(40,108)	(47,020)
Total social housing income	8,555,856	8,243,854

Operating costs

Services	110,135	105,037
Management costs	1,279,554	1,211,227

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Rates	813,987	763,684
Maintenance and administration costs	903,403	819,011
Planned and cyclical maintenance	518,585	530,370
Reactive maintenance	528,136	517,297
Depreciation of social housing	2,014,989	2,067,469
Bad debts (rent and service charges)	13,117	14,015
Total social housing expenditure	6,181,906	6,028,110
Operating surplus on social housing	2,373,950	2,215,474

	2023	2022
	£	£
<i>DfC Allowances</i>		
Management allowances	471,240	465,300
Management costs	(1,097,821)	(907,553)
Deficit	(626,581)	(442,253)

<i>Maintenance Allowances</i>		-
Maintenance Allowances	543,083	545,200
Planned and cyclical maintenance	(518,585)	(530,370)
Reactive maintenance	(528,136)	(517,297)
Deficit	(503,638)	(593,467)

<i>Technical and Non - Technical Income</i>		
Technical	5,254,526	5,029,649
Non-Technical	1,784,357	1,707,993
Total	7,038,884	6,737,642

	2023	2022
	£	£
Non-Social Housing Activities		
Operating costs		
Development costs written off	6,174	7,985
Total non-social housing expenditure	6,174	7,985
Operating loss on non-social housing	(6,174)	(7,985)

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27 Pension commitments

The net pension deficit shown below under section 28 of FRS 102 deals with the accounting for employee benefits does not represent a shortfall which requires short term cash funding. The amount shown below is calculated below to comply with the Financial Reporting Standard, the specific requirements of which differ from the basis on which pension liabilities are actuarially calculated for the purpose of the ongoing funding of the scheme. The Financial Reporting Standard requires:

- actuarial deficiencies to be recognised immediately as a liability in the financial statements rather than being spread forward over employee's remaining service lives; and
- the actuary, in valuing the scheme's liabilities, is required to use a bond yield as the discount rate for valuing future liabilities, rather than a rate that reflects the expected return on the scheme's particular asset portfolio, with the result of an apparent increase in the present value of future longer term liabilities.

The below is in relation to employees and ex-employees who are members of the NILGOSC pension scheme.

NILGOSC pension scheme is considered a related party of the Association. The most recent valuation was conducted as at 31 March 2023 by a qualified actuary for the purpose of the disclosures below:

The major assumptions used by the actuary were:

	2023	2022	2021	2020
Rate of increase in salaries	4.10%	4.18%	3.8%	2.85%
Rate of increase in pensions in payment	2.60%	2.28%	2.0%	1.35%
Pension accounts revaluation date	2.60%	2.28%	2.0%	-
Discount rate	4.60%	2.70%	2.25%	2.25%
Inflation assumption	2.60%	2.28%	2.0%	2.45%

The mortality assumptions used were as follows:

	2023 Years	2022 Years	2021 Years	2020 Years
Longevity at age 65 for current pensioners:				
- Men	22.2	21.8	21.9	21.6
- Women	25.0	25.0	25.1	25.0
Longevity at age 65 for future pensioners:				
- Men	23.2	23.2	23.3	23.2
- Women	26.0	26.4	26.5	26.4

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Notes to the Financial Statements for the Year Ended 31 March 2023

Pension Commitments (continued)

	Value at 31 March 2023 %	Value at 31 March 2022 %
<i>The assets in the scheme and the expected rate of return were:</i>		
Equities	40.0%	42.9%
Property	11.2%	10.0%
Bonds	23.6%	26.9%
Gilts	25.2%	20.2%
	100%	100%
	2023	2022
	£	£
Reconciliation of present value of scheme liabilities		
At 1 April	7,117,000	6,769,000
Current service cost	440,000	475,000
Interest cost	193,000	153,000
Member contributions	95,000	87,000
Actuarial losses/(gains)	(2,369,000)	(336,000)
Benefits paid	(29,000)	(31,000)
At 31 March	5,447,000	7,117,000

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Notes to the Financial Statements for the Year Ended 31 March 2023

	2023 £	2022 £
Reconciliation of fair value of scheme assets		
At 1 April	6,049,000	5,446,000
Interest income on assets	168,000	126,000
Remeasurement gains on assets	(93,700)	191,000
Contributions by the employer	249,000	230,000
Contributions by participants	95,000	87,000
Net benefits paid out	(29,000)	(31,000)
At 31 March	5,595,000	6,049,000

	2023 £'000	2022 £'000
Analysis of amount charged to income or expenditure are as follows:		
Current service costs	440,000	475,000
Interest on pension scheme liabilities	25,000	27,000
Loss/(gain) on plan introductions, changes, curtailments and settlements		-
	465,000	502,000

	2023 £'000	2022 £'000
Amounts recognised in other comprehensive income		
Return on plan assets excluding interest income	937,000	(191,000)
Actuarial losses/(gains)	(2,369,000)	(336,000)
	(1,432,000)	(527,000)

Amounts for current and previous three years:

	2023 £	2022 £	2021 £	2020 £
Fair value of employer assets	5,595,000	6,049,000	5,446,000	4,108,000
Present value of defined benefit obligation	(5,447,000)	(7,117,000)	(6,769,000)	(5,072,000)
Surplus/(deficit)	148,000	(1,068,000)	(1,323,000)	(964,000)

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28 Capital Commitments

	2023	2022
	£	£
Capital expenditure		
Contracted for but not provided for in the financial statements	6,921,882	5,819,704

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

29 Contingent liabilities

There exists a contingent liability on the Association of the possibility of having to repay grants received on properties if any properties are sold. This also includes any grants written off through the implementation of component accounting.

30 Related party disclosures

Connswater Homes Limited is an admitted body to the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) and make contributions on behalf of those of its employees whom are in the scheme.

31 Ultimate controlling party

The ultimate controlling party is the Board of Management.

