

NORTH BELFAST HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2019



Toner Mc Dowell

The Mount
2 Woodstock Link
Belfast
BT6 8DD

NORTH BELFAST HOUSING ASSOCIATION LIMITED

COMMITTEE OF MANAGEMENT

Mr John Simpson (Chairman)	Mrs Janine Fullerton
Mr Bill Patterson (Vice Chairman)	Mr William Chambré
Mrs Ursula Mayers (Secretary)	Mrs Sheila McClelland
Ms Jane Shaw (Treasurer)	Mr Ian Graham
Mrs Anne Rice (Deceased 15/03/19)	Mr Tom Mervyn
Mrs Elaine Burns (Resigned 21/06/18)	Mr John Patterson (Resigned 21/06/18)
Mr Seamus Boyd	Mrs Sheila Davidson Appointed 19/07/18)

REGISTERED OFFICE

Gatelodge
8 Flax Street
Belfast
BT14 7EQ

Registered under the Industrial and Provident Societies
Act (Northern Ireland) 1969 No IP 406

Inland Revenue Charity No. NO00274

Charity Commission for Northern Ireland No. NIC100038

AUDITOR

Toner Mc Dowell
The Mount
2 Woodstock Link
Belfast
BT6 8DD

BANKERS

First Trust	Danske Bank	Ulster Bank
35 University Rd	Donegall Square West	Donegall Square East
Belfast	Belfast	Belfast
BT7 1ND	BT1 6JS	BT1 5UB

SOLICITORS

Edwards & Co
28 Hill Street
Belfast
BT1 2LA

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NORTH BELFAST HOUSING ASSOCIATION LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT

The committee present their report together with the financial statements for the year ended 31 March 2019.

PRINCIPAL ACTIVITIES

North Belfast Housing Association (NB Housing) is a registered non-profit making housing association providing general needs accommodation, purpose built accommodation for the elderly and supported housing solutions for those in need, including those with addictions, family issues and young homeless people.

The Association is governed by an 11 member voluntary Board of Management. The Board set the strategic objectives for the association and receive regular reports on the association's progress and performance.

NB Housing was registered as a charity on the 18th March 2014 with the Charity Commission for Northern Ireland, registration No. NIC 100038. The objects of the association shall be to carry on for the benefit of the community:

A2.1 The business of providing housing, accommodation, assistance to help house people and associated facilities and amenities for the prevention or relief of poverty or those in need by reason of youth, age, ill health, disability, financial hardship or other disadvantage.

A2.2 Any other charitable object that can be carried out by an industrial and provident society registered as a housing association by the Department.

As a registered charity, NB Housing is legally required to comply with the reporting requirements set out in the Charities Act and to prepare accounts in accordance with legal guidance set out in law.

NB Housing is regulated by the Department for Communities. NB Housing supports the Seven Principles of Public Life.

Strategic Imperatives

Our vision and mission detailed in our Strategic Plan is

Vision Statement

"To lead physical, social and economic regeneration through outstanding social housing".

Mission Statement

"NB Housing provides affordable rents and homes that build vibrant neighbourhoods and communities."

Supporting our Vision and Mission we have established a set of Values to influence and inform how we work together and provide a high quality service as a landlord.

Leadership – We will demonstrate our leadership through the excellence of our housing and services, and the professionalism of our team.

Aspiration – We encourage the aspirations of our employees in their own personal and professional development. In the same manner we encourage communities to aspire to better standards of housing and regeneration.

Personal – We build homes not houses. We will consider the needs of families, individuals, and the community and will consider them before anything else in our developments.

NORTH BELFAST HOUSING ASSOCIATION LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT

Esteem - We value more than the physical regeneration of housing stock, but the restoration of esteem that people have for themselves, for their home, and for their community.

Community/Togetherness – We will listen to and respect each other working together to achieve and a vibrant and prosperous community. We will act collectively as one team to support one another, working co-operatively, respecting one another's views, and making our work environment enjoyable.

Integrity – We will be accountable and transparent to our customers, respectful of our tenants, and proud of our service delivery.

BUSINESS PERFORMANCE

The Association has just completed the first year of the latest three year Strategic Plan 2018-2021. The plan recorded the key objectives set by the Board to improve the business performance across all areas of operation within the Association.

The strategic plan is divided into three business aims:

To be a good business

To provide a good service to our tenants and community

To build for the future

Each business aim is supported by a number of business objectives. These objectives are further supported by a number of business action detailed in our Annual Business Plan 2018/19.

The Annual Business plan contained a total of 124 business tasks, of which 108 were fully achieved, 9 partially achieved and 7 not achieved.

Tenant Views

All tenants were issued with the annual tenant satisfaction survey in August 2018. A total of 107 returns were received. NB Housing's latest annual tenant satisfaction survey results showed percentage of tenants satisfied with our service:

1. NB Housing Overall Service	97%
2. Rent represents good value	87%
3. Accommodation	91%
4. Area /Location	90%
5. Quality of repair work	92%

NORTH BELFAST HOUSING ASSOCIATION LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT

Staff Development

NB Housing was accredited Investors in People status in 2015/16, and continues to focus on leading staff to achieve their potential and contribution to the success of the Association.

The Corporate Services team have created an employee focus group who meet regularly throughout the year to review processes and engagement.

The Association invested £14,034 on staff development and training, an investment of 1,177 training hours with 55 training sessions.

Board of Management

Our Board of Management at the 31st March 2019 was made up of 11 voluntary members, of which 6 were male and 5 female.

Value for Money

NB Housing is committed to providing a high quality affordable service. We appreciate the need to monitor the cost of our service against other providers and ensure that our product is priced at a level that will encourage demand.

Return on social investment

NB Housing realises the contribution it can make when delivering its service and the social advantages this can provide. During the year we have:

- Held tenant meetings
- Completed tenant led property inspections
- Provided tenants access to the internet
- Supported a number of local groups through our donations scheme
- Assisted tenants and other partners to complete community clean ups
- Held a number of welfare reform information events
- Completed a number of intergenerational events
- Staff fundraised for a number of charities including local food banks, supported housing schemes and the chest heart and stroke foundation.

Risk Management

It is acknowledged in providing our service there are challenges and risks associated, despite rigorous standards of accountability and corporate governance. Our aim therefore is to manage risks better and to ensure effective risk management is integral in the way we think and conduct our business.

Our Risk Management Strategy articulates how we manage risk and is reviewed quarterly. The Strategy takes into account the principles and concepts contained within the revised Orange Book published by HM Treasury in 2004.

NORTH BELFAST HOUSING ASSOCIATION LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT

A register of risk is maintained and regularly reviewed throughout the year. The risk register includes potential risks from the list below:

- Governance standards
- Introduction of Welfare Reform
- NI Assembly
- Brexit
- Reclassification
- Potential pressure on association's ability to raise revenue
- Pressure on capital programmes
- Changes to procurement and contract requirements
- Loss of reputation
- Poor control environment
- Restricted ability to raise private finance

RESULTS

The surplus for the year before transfers to designated reserves was £1,456,017.

The Association during the financial year ending March 2019 completed purchases of 22 units of housing stock and commenced 42 new build properties. It continues to assess its property investment strategy to react to identified need within its expanded area of operation.

Continuing investment in its existing property portfolio has been identified through a commissioned stock condition survey with planned and costed programmes for works. A total investment of £2.1m was made during the year on repairs and planned works to ensure our properties met modern standards.

GOING CONCERN

After making enquiries, the Committee of Management has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. The financial statements have therefore been prepared on the going concern basis.

MEMBERS OF THE COMMITTEE OF MANAGEMENT

The members of the Committee of Management are listed on page 1. Each member of the Committee holds a fully paid share of £1 in the Association and no financial benefit is derived from such membership. Executive Officers of the Association hold no interest in the Association's share capital and although not holding the legal status of directors they act as executives within the authority delegated by the Committee.

EQUALITY POLICY

The Association is committed to equality of opportunity in all its activities and has endorsed policies to that effect.

CORPORATE GOVERNANCE

In the opinion of the Committee of Management, the Association is in full compliance with the Code of Best Practice issued by the Cadbury Committee.

NORTH BELFAST HOUSING ASSOCIATION LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT

FUTURE PLANS

NB Housing have developed a robust business planning process that focuses on our ambitions to provide a high quality service, while expanding our property portfolio and financial capability.

We have completed year one of our next three year Strategic Plan and the Board have approved the business objectives for the incoming year. The objectives support our mission, vision and values and concentrates all departments on business efficiency and effectiveness.

REGULATION

The Association's principal regulator is the Department for Communities. In its first departmental inspection by DfC under the new regulatory framework, the association received a score of Level One.

Where following submission of the Regulatory Standard Annual Return (RSAR) and Required Financial information, we are content there is sufficient assurance and little additional contact is required unless other matters arise.

LIQUIDITY RISK

The Association maintains a mixture of long-term and short-term loan finance to ensure development and operational objectives are facilitated. A managed cashflow predicts need and also ensures that the Association operates within its banking covenant commitments.

COMMITTEE OF MANAGEMENT

The Committee of Management meets regularly throughout the year with specific responsibilities for housing management, development and property management, finance, audit, risk and human resources.

The Committee of Management has delegated authority to the following subcommittee:

- Housing
- Development and Property Management
- Audit, Risk & Human Resources
- Finance

Each subcommittee operates within defined Terms of Reference. Subcommittee meetings are held each quarter and receive performance reports and take necessary decisions within the delegated authority of the main Committee of Management.

FINANCE COMMITTEE

The Association has a Finance Committee, which comprises of three members and meets quarterly during the year. The Finance Committee monitors financial reporting and accounting policies, along with the adequacy of the Association's internal finance control and provides a forum through which the Association's external auditors report to the Committee of Management.

Operationally, budgets are developed and reviewed prior to financial year commencement and are monitored by the Finance Committee quarterly. These are measured against actual performance with the budget review process taking place quarterly to account for any material fluctuation from plan.

Short and medium term cashflows are completed to ensure the Association has sufficiency in working capital to carry forward its operational and development commitments. Forecasting is used to project long term to assess the impact of future stock investment strategy.

NORTH BELFAST HOUSING ASSOCIATION LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT

The Committee of Management 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 reporting procedures. The system of internal financial control can provide only reasonable, but not absolute, assurance against material misstatement and loss.

The Committee has reviewed the effectiveness of the Association's system of internal financial control for the year and reviews are ongoing. This included a detailed review of the business risks facing the Association and of the existing internal financial control procedures.

INTERNAL FINANCIAL CONTROL

The key elements of the control system operation are:-

- The Committee maintains responsibility for overall strategy, approval and 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 business, which are reviewed and approved by the Committee. Actual results are compared against budget and appropriate action identified and initiated.
- The Audit, Risk & Human Resources Committee review matters relating to internal control and receives reports from the DfC monitoring visits, external auditors, internal auditors and from senior management on a regular basis to enable it to make an assessment of the effectiveness of the Association's internal control system.

COMPLIANCE WITH CODE OF BEST PRACTICE

The auditors have confirmed that in their opinion, with respect to the Committee'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 Committee's statement below appropriately reflects the company'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.

NORTH BELFAST HOUSING ASSOCIATION LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT

COMMITTEE OF MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The law requires the Committee of Management to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the Association as at the end of each financial year and of the surplus or deficit for that period. In preparing those financial statements, the Committee is required to select appropriate accounting policies and to apply them consistently, making judgements and estimates that are reasonable and prudent. They should 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 not continue in business.

The Committee 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 requirements of Industrial and Provident Societies Acts (Northern Ireland) 1969 to 2006, the Registered Housing Associations (Accounting Requirements) Order (Northern Ireland) 1993, the Statement of Recommended Practice for registered social housing providers 2014 (Housing SORP) and the Financial Reporting Standard (102) applicable in the UK and Republic of Ireland (FRS 102). They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

AUDITORS

The external audit service will be subjected to a tendering exercise during the next financial year.

On behalf of the committee



John Simpson
Chairperson

Belfast:

20 June 2019

NORTH BELFAST HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

YEAR ENDED 31 MARCH 2019

Opinion

In our opinion, North Belfast Housing Association Limited's financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2019 and of the association's surplus, and of the association's cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law) ';
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969 and the Registered Housing Associations (Accounting Requirements) Order (Northern Ireland) 1993.

We have audited the financial statements, included within the Annual Statement of Accounts (the "Annual Report"), which comprise: the association's Statement of Income – Income & Expenditure Account; the association's Statement of Comprehensive Income and Retained Earnings; the association's Statement of Financial Position as at 31st March 2019; the association's Statement of Cashflows for the year ended 31st March 2019; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Going Concern

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

- the board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the board has 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.

Reporting on other Information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The board is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

NORTH BELFAST HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

YEAR ENDED 31 MARCH 2019

Reporting on other Information (continued)

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Responsibilities for the Financial Statements and the Audit

Board Responsibility for the Financial Statements

As explained more fully in the Statement of Board's Responsibilities set out on page 8, the board is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The board is also responsible for such internal control as it 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 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 either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (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.

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 this Report

This report, including the opinions, has been prepared for and only for the private registered provider's members as a body in accordance with section 43 of the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969 and article 19 of The Housing (Northern Ireland) Order 1992 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

NORTH BELFAST HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

YEAR ENDED 31 MARCH 2019

Matters on which we are required to report on by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.



M P Toner (Senior Statutory Auditor)

For and on behalf of

TONER MC DOWELL

Chartered Accountants
& Registered Auditors

2 Woodstock Link
Belfast
BT6 8DD

20 June 2019

NORTH BELFAST HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME (SoCI) - INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2018 £
TURNOVER	2	6,382,072	6,106,905
Operating costs	2	(4,550,582)	(4,162,087)
		<hr/>	<hr/>
OPERATING SURPLUS	2	1,831,490	1,944,818
Interest receivable	5	3,696	1,676
Interest payable	6	(291,267)	(313,454)
Other income		-	-
Other finance (costs)/income	20	(109,000)	(104,000)
		<hr/>	<hr/>
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION	7	1,434,919	1,529,040
Tax on surplus on ordinary activities	8	-	-
		<hr/>	<hr/>
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION		1,434,919	1,529,040
Transfer (to)/from tenants' services fund		21,098	24,713
Transfer (to)/from support reserve	18	-	1,132
		<hr/>	<hr/>
SURPLUS FOR THE YEAR/PERIOD		1,456,017	1,554,885
		<hr/> <hr/>	<hr/> <hr/>

NORTH BELFAST HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY

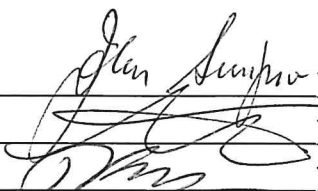

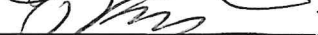
YEAR ENDED 31 MARCH 2019

	Note	2019 £	2018 £
Revenue reserves			
Opening reserves		17,134,825	15,539,940
Surplus for the year		1,456,017	1,554,885
Actuarial gain/(loss) on pension scheme	20	86,000	40,000
		<hr/>	<hr/>
Closing reserves		18,676,842	17,134,825
		<hr/>	<hr/>
Restricted reserves			
Opening reserves		13,713	14,845
Surplus/(deficit) for the year	18	-	(1,132)
		<hr/>	<hr/>
Closing reserves		13,713	13,713
		<hr/>	<hr/>
Share capital			
Opening share capital		14	12
Change in share capital	15	1	2
		<hr/>	<hr/>
Closing share capital		15	14
		<hr/>	<hr/>
Total Equity		18,690,570	17,148,552
		=====	=====

NORTH BELFAST HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION (SoFP) - BALANCE SHEET

AT 31 MARCH 2019

	Notes	2019 £	2018 £
FIXED ASSETS			
Property net cost	9	71,528,225	65,824,797
Other fixed assets	11	932,720	973,440
Investments		250	250
		<hr/>	<hr/>
		72,461,195	66,798,487
		<hr/>	<hr/>
CURRENT ASSETS			
Debtors	12	917,508	718,743
Cash and bank balances		630,906	234,488
Investments		1,764,730	1,239,752
		<hr/>	<hr/>
		3,313,144	2,192,983
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	13	(3,359,459)	(1,805,952)
		<hr/>	<hr/>
NET CURRENT ASSETS/(LIABILITIES)		(46,315)	387,031
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		72,414,880	67,185,518
		<hr/>	<hr/>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Deferred Grant	10	45,850,637	44,097,534
Long term liabilities	13	7,110,311	5,199,070
		<hr/>	<hr/>
		52,960,948	49,296,604
		<hr/>	<hr/>
PROVISIONS			
Pension fund liability	20	763,362	740,362
		<hr/>	<hr/>
TOTAL NET ASSETS		18,690,570	17,148,552
		<hr/>	<hr/>
FINANCED BY:			
SHARE CAPITAL	15	15	14
REVENUE RESERVES	16	18,676,842	17,134,825
RESTRICTED RESERVES	18	13,713	13,713
		<hr/>	<hr/>
		18,690,570	17,148,552
		<hr/>	<hr/>
 - CHAIRMAN			
 - SECRETARY			
 - COMMITTEE MEMBER			

Belfast:
20 June 2019

NORTH BELFAST HOUSING ASSOCIATION LIMITED

CASHFLOW STATEMENT

YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2018 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	1	2,725,317	2,356,650
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	2	(287,571)	(311,778)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	2	(3,185,930)	(1,544,561)
		<hr/>	<hr/>
CASH INFLOW/(OUTFLOW) BEFORE USE OF LIQUID RESOURCES AND FINANCING		(748,184)	500,311
		<hr/>	<hr/>
FINANCING	2	1,669,580	(918,247)
		<hr/>	<hr/>
		921,396	(417,936)
		<hr/>	<hr/>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS (Note 3)

	£	£
Decrease in cash in year	921,396	
Cash outflow from decrease in debt	(1,669,579)	
	<hr/>	
Movement in net debt in the year		(748,183)
Net funds at 31 March 2018		(4,556,822)
		<hr/>
Net funds at 31 March 2019		(5,305,005)
		<hr/>

NORTH BELFAST HOUSING ASSOCIATION LIMITED

NOTES TO CASHFLOW STATEMENT

YEAR ENDED 31 MARCH 2019

1. RECONCILIATION OF OPERATING SURPLUS TO OPERATING CASHFLOWS

	2019	2018
	£	£
Operating surplus	1,831,490	1,944,818
Depreciation/Amortisation	383,127	287,015
Movements in:-		
Rental debtors	11,694	(4,532)
Other debtors	(210,459)	197,495
Creditors less than one year	709,465	(68,146)
	<hr/>	<hr/>
	2,725,317	2,356,650
	<hr/>	<hr/>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	£	£
Returns on investment and servicing of financing		
Interest received	3,696	1,676
Interest paid	(291,267)	(313,454)
	<hr/>	<hr/>
Net cash inflow/(outflow) for returns on investment and servicing of finance	(287,571)	(311,778)
	<hr/>	<hr/>
Capital expenditure and financial investment		
Purchasing of housing properties	(7,099,518)	(3,568,924)
Capital grants received	3,801,199	2,036,058
Other fixed assets	(3,497)	(11,695)
Net proceeds on disposal of houses	115,886	-
HAG in advance	-	-
	<hr/>	<hr/>
Net cash outflow for capital expenditure and financial investment	(3,185,930)	(1,544,561)
	<hr/>	<hr/>
Financing		
Loan principal repayments	(830,421)	(918,249)
Share capital issued/released	1	2
New loan	2,500,000	-
	<hr/>	<hr/>
Net cash outflow from financing	1,669,580	(918,247)
	<hr/>	<hr/>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 01/04/18	Introduced	Cashflows	At 31/03/19
	£	Cashflows	£	£
Cash in hand, at bank	234,488	-	396,418	630,906
Investment	1,239,752	-	524,978	1,764,730
Debt due within one year	(831,992)	-	125,776	(706,216)
Debt due after one year	(5,199,070)	-	(1,795,355)	(6,994,425)
	<hr/>	<hr/>	<hr/>	<hr/>
	(4,556,822)	-	(748,183)	(5,305,005)
	<hr/>	<hr/>	<hr/>	<hr/>

NORTH BELFAST HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES

- 1.1** The financial statements have been prepared in accordance with the Statement of Recommended Practice for registered social housing providers 2014 (Housing SORP), the Financial Reporting Standard (102) applicable in the UK and Republic of Ireland (FRS 102) and the Industrial and Provident Societies Act (Northern Ireland) 1969 to 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

1.2 Turnover

Turnover represents rental income, service charges receivable and development allowances.

1.3 Fixed Assets and Depreciation

Tangible fixed assets, except housing properties, are stated at cost less accumulated depreciation. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Office premises	: 2% p.a. straight line
Office furniture and equipment	: 20% p.a. reducing balance
Computer equipment	: 20% p.a. straight line

1.4 Housing Properties

Housing properties are stated at cost. Cost includes the cost of acquiring land and buildings, development costs and expenditure incurred in respect of improvements. All development costs directly attributable to bringing properties into management are identified and capitalised to schemes in construction during the year.

Expenditure on improvements to existing properties, which enhances the economic benefits of the property or extends its useful life, is capitalised as part of the cost of the property.

Other maintenance expenditure is written off to the Income and Expenditure Account as it is incurred. Depreciation is charged on a straight-line basis over varying timescales, depending on the estimated useful life of the individual components. The major components and their estimated useful lives are listed below. Depreciation charged in the accounts is based on properties in management on the 1st April each year.

Land	Not depreciated
Structure	100 years
Kitchen	15 years
Bathroom	25 years
Heating boiler	15 years
Heating system	25 years
Windows and doors	25 years
Electrics	30 years
Lift	30 years
Roof	50 years

NORTH BELFAST HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES (*contd.*)

1.5 Housing Association Grant

Where the cost of properties have been financed by the Housing Association Grant (HAG), paid by the Department for Communities. The amounts of the grants received are shown separately on the balance sheet.

Housing Association Grant (HAG) is shown on the face of the balance sheet under creditors due after more than one year and amortised over the useful economic life of its related asset.

HAG may be repayable under certain circumstances, primarily following the sale of a property. Provision for repayment is made where applicable in the balance sheet when properties which have had HAG funding are sold.

1.6 Disposal Proceeds Fund

Surpluses from disposal of housing properties, including the related Voluntary Purchase Grant, are transferred to the Disposal Proceeds Fund. The association is required to apply these surpluses within a specified period to housing projects as Recycled Housing Association Grant.

1.7 Tenants Services Fund

The surplus / deficit generated in this fund is transferred to a reserve, held within creditors, on an annual basis.

1.8 Pension benefits

The Association participates in an industry wide defined benefit final salary pension scheme. The underlying assets and liabilities of the scheme attributable to NB Housing have been identified by actuaries. As a result the Association recognises the scheme deficit on the balance sheet at the year end. Actuarial gains and losses are included in the statement of recognised gains and losses. Current and past service costs, curtailments and settlements are recognised within operating surplus. Returns on scheme assets and interest on obligations are recognised as other finance costs and income.

1.9 Preparation of the accounts on a going concern basis

Having reviewed the potential income and commitments for the next 12-18 month period the Committee of Management are of the view that there are no material uncertainties about the Association's ability to continue as a going concern.

1.10 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.

NORTH BELFAST HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2019

2.1 TURNOVER. OPERATING COSTS AND OPERATING SURPLUS

	Operating Turnover £	Operating Costs £	2019 Operating Surplus/Deficit £	2018 Operating Surplus/Deficit £
Social Housing Activities	6,179,229	(4,317,151)	1,862,078	1,961,091
Non-Social Housing Activities	202,843	(233,431)	(30,588)	(16,273)
Total Income	<u>6,382,072</u> =====	<u>(4,550,582)</u> =====	<u>1,831,490</u> =====	<u>1,944,818</u> =====

2.2 TURNOVER. OPERATING COSTS AND OPERATING SURPLUS FROM NON-SOCIAL HOUSING ACTIVITIES

	2019 £	2018 £
Other Income		
Development	198,604	134,031
Other income	4,239	1,954
Total Other Income	<u>202,843</u>	<u>135,985</u>
Other Costs		
Development costs	233,431	152,258
Other	-	-
Total Other Costs	<u>233,431</u>	<u>152,258</u>
Operating Surplus/(Deficit)	<u>(30,588)</u> =====	<u>(16,273)</u> =====

2.3 HOUSING STOCK

	No.	No.
Number of units owned by the Association		
General Needs Housing	883	860
Sheltered Housing	64	64
Supported Housing	57	57
Total Owned and managed	<u>1,004</u> =====	<u>981</u> =====

NORTH BELFAST HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2019

2.4 TURNOVER, OPERATING COSTS AND OPERATING SURPLUS FROM SOCIAL HOUSING ACTIVITIES

SOCIAL HOUSING ACTIVITIES	General Needs £	Sheltered £	Care £	Supported £	2019 Total £	2018 Total £
Operating Income						
Rent receivable	3,798,353	214,625	-	217,286	4,230,264	4,007,413
Service charges receivable	124,941	87,149	-	73,751	285,841	279,708
Rates receivable	468,405	26,450	-	-	494,855	464,596
Support income	-	18,424	-	255,173	273,597	287,488
Gross Income	4,391,699	346,648		546,210	5,284,557	5,039,205
Less voids	(60,842)	(8,363)	-	(26,621)	(95,826)	(53,846)
Net Income from rents and service charges	4,330,857	338,285		519,589	5,188,731	4,985,359
Income from SHG/HAG	902,394	33,071	-	55,033	990,498	985,561
Total Social Housing Income	5,233,251	371,356		574,622	6,179,229	5,970,920
Operating Costs						
Service Costs	144,018	90,772	-	57,650	292,440	295,641
Supporting People Costs	-	20,604	-	254,383	274,987	288,528
Management Costs	437,746	31,728	-	28,258	497,732	447,164
Rates payable	471,204	27,026	-	-	498,230	473,583
Maintenance Administration Costs	303,843	22,023	-	19,614	345,480	315,583
Planned and cyclical maintenance	199,976	54,852	-	23,548	278,376	296,587
Reactive maintenance	313,696	12,807	-	33,412	359,915	387,945
Major repairs	208,095	210,537	-	7,691	426,323	284,065
Bad debts (rent and service charges)	44,568	3,230	-	2,877	50,675	(5,481)
Depreciation of social housing	1,135,052	73,867	-	71,104	1,280,023	1,218,520
(Profit)/loss on sale of fixed assets	11,407	827	-	736	12,970	7,694
Total Social Housing Expenditure	3,269,605	548,273		499,273	4,317,151	4,009,829
Operating Surplus/(Deficit)	1,963,646	(176,917)		75,349	1,862,078	1,961,091

NORTH BELFAST HOUSING ASSOCIATION LIMITED

YEAR ENDED 31 MARCH 2019

2.4 TURNOVER, OPERATING COSTS AND OPERATING SURPLUS FROM SOCIAL HOUSING ACTIVITIES- CONT'D

	General Needs £	Sheltered £	Care £	Supported £	2019 Total £	2018 Total £
DfC Allowances						
Management Allowances	349,668	25,344	-	22,572	397,584	388,476
Management Costs	(437,746)	(31,728)	-	(28,258)	(497,732)	(447,164)
Surplus / (Deficit)	(88,078)	(6,384)	-	(5,686)	(100,148)	(58,688)
Maintenance Allowances						
Planned and cyclical maintenance	499,395	29,696	-	26,448	555,539	537,365
Reactive maintenance	(199,976)	(54,852)	-	(23,549)	(278,377)	(296,587)
	(313,696)	(12,807)	-	(33,413)	(359,916)	(387,945)
Surplus / (Deficit)	(14,277)	(37,963)	-	(30,514)	(82,754)	(147,167)
Gross Income from Rents and service charges						
Technical	3,433,848	319,812	-	450,163	4,203,823	4,122,686
Non Technical	897,009	18,473	-	69,427	984,909	862,673
Total (To add to total detailed above)	4,330,857	338,285	-	519,590	5,188,732	4,985,359

NORTH BELFAST HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2019

3. DIRECTORS' EMOLUMENTS

The remuneration paid to the Chief Executive Officer of the Association was:

	2019	2018
	£	£
Aggregate emoluments	70,000	69,000
Social security costs	8,497	8,396
Pension	13,300	12,420
	<u>91,797</u>	<u>89,816</u>
	=====	=====

The Committee of Management act voluntarily and are unpaid.

4. EMPLOYEE INFORMATION

The average weekly number of persons employed during the period was:

	No.	No.
Office	42	39
	=====	=====

	£	£
Staff costs:		
Gross salaries	826,869	753,041
Employers NIC	76,461	68,515
Employers Pension	133,698	113,267
	<u>1,037,028</u>	<u>934,823</u>
	=====	=====

5. INTEREST RECEIVABLE

Interest receivable from unlisted investments	3,696	1,676
	=====	=====

6. INTEREST PAYABLE

On bank loans, overdrafts and other loans:

Repayable within 5 years	2,889	2,963
Repayable wholly or partly in more than 5 years	288,378	310,491
	<u>291,267</u>	<u>313,454</u>
	=====	=====

7. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

Surplus on ordinary activities before taxation is stated after charging:

Depreciation – owned tangible fixed assets	1,324,241	1,264,887
Amortisation	(990,498)	(985,561)
Auditors' remuneration – external	5,400	5,400
- internal	7,440	7,440
- other services	744	654
	=====	=====

8. TAXATION

No provision for current or deferred taxation is necessary due to the charitable status of the association.

NORTH BELFAST HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2019

	2019	2018
	£	£
9. FIXED ASSETS – HOUSING LAND AND BUILDINGS		
COST		
At start of period	80,203,723	77,173,317
Additions	7,099,518	3,568,924
Eliminated on disposals	(216,855)	(538,518)
	<hr/>	<hr/>
At end of period	87,086,386	80,203,723
	<hr/>	<hr/>
DEPRECIATION		
At start of period	14,378,926	13,604,965
Charge for the period	1,280,023	1,218,520
Eliminated on disposals	(100,788)	(444,559)
	<hr/>	<hr/>
At end of period	15,558,161	14,378,926
	<hr/>	<hr/>
NET BOOK VALUE		
At end of period	71,528,225	65,824,797
	<hr/> <hr/>	<hr/> <hr/>
10. GRANTS		
At start of period	56,392,791	54,815,999
Received	3,801,199	2,036,058
Recycled HAG	-	5,844
Eliminated on disposals	(148,358)	(465,110)
	<hr/>	<hr/>
At end of period	60,045,632	56,392,791
	<hr/>	<hr/>
AMORTISATION		
At start of period	12,295,257	11,688,540
Charge for the period	990,498	985,561
Eliminated on disposals	(81,676)	(378,844)
	<hr/>	<hr/>
At end of period	13,204,079	12,295,257
	<hr/>	<hr/>
NET BOOK VALUE		
At end of period	46,841,553	44,097,534
	<hr/> <hr/>	<hr/> <hr/>
Long leasehold land and buildings	87,086,386	80,203,723
	<hr/> <hr/>	<hr/> <hr/>

NORTH BELFAST HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2019

11. FIXED ASSETS – OTHER

	Motor Vehicles £	Office Premises' £	Office Furniture and fittings £	Total £
COST				
At beginning of period	14,703	1,193,874	257,638	1,466,215
Additions	-	-	3,497	3,497
Eliminated on disposal	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	14,703	1,193,874	261,135	1,469,712
	<hr/>	<hr/>	<hr/>	<hr/>
DEPRECIATION				
At beginning of period	14,703	274,938	203,134	492,775
Charge for period	-	21,832	22,385	44,217
Eliminated on disposal	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	14,703	296,770	225,519	536,992
	<hr/>	<hr/>	<hr/>	<hr/>
NET BOOK VALUE				
At end of period	-	897,104	35,616	932,720
	=====	=====	=====	=====
At beginning of period	-	918,936	54,504	973,440
	=====	=====	=====	=====

12. DEBTORS

	2019 £	2018 £
Rental Debtors – Technical	135,435	147,129
Rental Debtors – Non Technical	168,936	124,750
	<hr/>	<hr/>
Gross Rental Debtors	304,371	271,879
Less: provision for bad and doubtful debts	(168,936)	(124,750)
	<hr/>	<hr/>
Net Rental Debtors	135,435	147,129
Other debtors	1,995	161
Prepayments and accrued income	52,866	57,687
Housing Association Grant Receivable	727,212	513,766
	<hr/>	<hr/>
	917,508	718,743
	=====	=====

NORTH BELFAST HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31 MARCH 2019

	2019 £	2018 £
13. CREDITORS		
Amounts falling due within one year:		
Housing loans	706,216	831,992
Trade creditors	21,156	72,184
Rental and Services charges received in advance	28,022	16,994
Accruals and deferred income	1,596,396	846,697
Housing Association Grant deferred	990,916	-
Tenants services account	16,302	37,400
Other creditors	451	685
Disposal Proceeds Fund (note 1.7)	-	-
	<hr/>	<hr/>
	3,359,459	1,805,952
	=====	=====
Amounts falling due after more than one year:		
Housing loans	6,994,425	5,199,070
Disposal Proceeds Fund (note 1.7)	115,886	-
	<hr/>	<hr/>
	7,110,311	5,199,070
	=====	=====
Disposal Proceeds Fund		
Opening balance	-	5,844
Surplus on disposal	115,886	-
Recycled HAG	-	(5,844)
	<hr/>	<hr/>
	115,886	-
	=====	=====

Housing loans

Housing loans are secured by specific charges on the Association's properties and are repayable at varying rates of interest in instalments due as follows:

	£	£
In one year or less	706,216	831,992
Between one and two years	714,955	576,625
Between two and five years	1,789,677	1,433,347
In five years or more	4,489,793	3,189,098
	<hr/>	<hr/>
	7,700,641	6,031,062
	=====	=====

NORTH BELFAST HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2019

	2019	2018
	£	£
14. LONG TERM LOANS		
Movement on long term loans:		
Opening balance	6,031,062	6,949,311
New loan drawdowns	2,500,000	-
Repaid	(830,421)	(918,249)
	<hr/>	<hr/>
Closing balance	7,700,641	6,031,062
	<hr/> <hr/>	<hr/> <hr/>
15. SHARE CAPITAL		
Ordinary shares of £1 each fully paid:		
At beginning of period	14	12
Issued/(released) during the year	1	2
Repaid	-	-
	<hr/>	<hr/>
	15	14
	<hr/> <hr/>	<hr/> <hr/>
16. REVENUE RESERVES		
Balance brought forward	17,134,825	15,539,940
Surplus for period	1,456,017	1,554,885
FRS 102 Actuarial gain/loss	86,000	40,000
	<hr/>	<hr/>
Balance carried forward	18,676,842	17,134,825
	<hr/> <hr/>	<hr/> <hr/>

17. CONTINGENT LIABILITY

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

NORTH BELFAST HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2019

18. RESTRICTED RESERVES

	2019	2018
	£	£
Support reserve		
Balance brought forward	13,713	14,845
Surplus/(deficit) for period	-	(1,132)
	<hr/>	<hr/>
Balance carried forward	13,713	13,713
	<hr/> <hr/>	<hr/> <hr/>

19. CAPITAL COMMITMENTS

There are capital commitments amounting to £5,282,775 (2018 £2,465,000). This amount will be part financed by housing association grant from the DfC.

NORTH BELFAST HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2019

20. RETIREMENT BENEFITS

The Association's pension scheme forms part of the total fund administered by NILGOSC. NB Housing has contributed at a rate of 20% of pensionable salaries. Formal valuations are carried out at regular intervals by independent professionally qualified actuaries. The last formal valuation was carried out as at 31 March 2019.

	2019	2018
Assumptions		
Rate of salary increase	3.60%	3.50%
Pension increases in payment	2.10%	2.00%
Discount rate	2.50%	2.60%
Rate of inflation (RPI)	3.20%	3.10%

DEFINED BENEFIT SECTION

Assets of the scheme and the expected rate of return:

	£	£
Equities	1,579,510	1,654,794
Property	297,319	231,764
Government bonds	438,015	120,517
Corporate bonds	185,825	166,870
Cash	71,675	104,293
Other	82,294	39,400
Total assets	2,654,638	2,317,638
Actuarial liabilities	(3,418,000)	(3,058,000)
Surplus/(deficit)	(763,362)	(740,362)
Related deferred tax liability	-	-
Net pension liability	(763,362)	(740,362)
	=====	=====

NORTH BELFAST HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2019

20. RETIREMENT BENEFITS (contd.)

The following amounts have been recognised in the performance statements for the period to 31 March 2019.

	2019	2018
	£	£
Analysis of the amount charged to operating profit		
Service cost	(228,000)	(208,000)
Past service cost	-	-
Settlements and curtailments	-	-
	<hr/>	<hr/>
Total operating charge	(228,000)	(208,000)
	<hr/>	<hr/>
Analysis of the amount credited to financing of		
Provisions		
Expected return	62,000	56,000
Interest on pension liabilities	(80,000)	(72,000)
	<hr/>	<hr/>
Net return	(18,000)	(16,000)
	<hr/>	<hr/>
Amount recognised in the statement of total		
recognised gains and losses (STRGL)		
Actuarial gains/(losses)	(25,000)	(13,000)
Opening actuarial adjustment	111,000	53,000
	<hr/>	<hr/>
Actuarial gain or loss in STRGL	86,000	40,000
	<hr/>	<hr/>
Movement in surplus/(deficit) during the period		
Opening liability	(740,362)	(676,362)
Total operating charge	(228,000)	(208,000)
Contributions	137,000	120,000
Net return	(18,000)	(16,000)
Actuarial gain or loss in STRGL	86,000	40,000
	<hr/>	<hr/>
Surplus/(deficit) at 31 March	(763,362)	(740,362)
	<hr/>	<hr/>
History of experience gains and losses		
Difference between actual and expected return on assets	173,000	109,000
Percentage of scheme assets	6.5%	4.7%
Experience gains and losses on liabilities	(109,000)	(104,000)
Percentage of scheme liabilities	(3.2)%	(3.4)%
Total amount recognised in STRGL	86,000	40,000
Percentage of scheme liabilities	2.5%	1.3%

NORTH BELFAST HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2019

21. APPENDICES

Appendices 1 to 4 are not required by the Order but have been provided as additional information for the committee members.

22. RELATED PARTIES

No members of the Management Committee received any remuneration in the year. No member of the Committee or other person related to the Association had any personal interest in any contract or transaction entered into by the Association during the year.

