

NORTH BELFAST HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2018



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 Chambre
Mrs Ursula Mayers (Secretary)	Mrs Sheila McClelland
Mr John Patterson	Mr Ian Graham
Mrs Anne Rice	Mr Tom Mervyn
Mrs Elaine Burns	Ms Jane Shaw (Treasurer) (Appointed 26/09/17)
Mrs Elizabeth Connolly (Resigned 22/02/18)	Mr Seamus Boyd (Appointed 26/09/17)

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 2018.

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 a 13 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 Corporate 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 third and last year of the 2015 - 2018 corporate plan. The plan recorded the key objectives set by the Board to improve the business performance across all areas of operation within the Association.

The operational plan is divided into 5 operational areas, listed below:

- ***Fit for Purpose*** – How we will manage our processes to reduce risk, increase efficiency and implement sound governance arrangements.
- ***First Class Quality Service*** – How we will meet the expectation of our customers, partners and funders. (Further subdivisions were created into operational areas, including, Property Management, Corporate Services, Financial Planning).
- ***Building for the Future*** – How we will expand our business and provide more social housing for those in need.
- ***Our People*** – How we will attract and retain motivated staff and how we will encourage our team to achieve the challenging targets contained within our plan.
- ***Housing Plus*** – How we will ensure that we continue to provide additional support and services for clients in receipt of Supporting People Services.

The plan contained a total of 134 business objectives, of which 115 were fully achieved, 8 partially achieved and 11 not achieved.

Tenant Views

All tenants were issued with the annual tenant satisfaction survey in August 2017. A total of 171 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	89%
2. Rent represents good value	79%
3. Accommodation	89%
4. Area /Location	88%
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 £15,480 on staff development and training, an investment of 953 training hours with 58 training sessions.

Board of Management

Our Board of Management at the 31st March 2018 was made up of 13 voluntary members, of which 7 were male and 6 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. We will continue to participate in the Northern Ireland Federation of Housing Associations' annual benchmarking service.

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 access to the internet
- Supported the Homeless World Cup by sponsoring a player
- Supported a local youth football team by sponsoring their football kit
- Provided community grants
- Assisted tenants and other partners complete community clean ups
- Held a number of welfare reform information events
- Completed a number of intergenerational events
- Completed Board members governance training

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 of 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:

- 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 £1,554,885.

The Association during the financial year 2018 completed purchases of 20 units of housing stock. It continues to assess its property investment strategy to react to identified need within its 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.

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 prepared 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 five 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

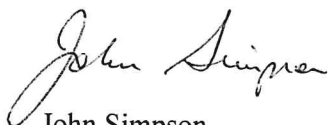
The law requires the Committee of Management to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the Association as at the end of each financial year and of the surplus or deficit for that period. In preparing those financial statements, 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

A resolution to reappoint Toner McDowell will be proposed at the annual general meeting.

On behalf of the committee



John Simpson
Chairperson

Belfast:

21 June 2018

NORTH BELFAST HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

YEAR ENDED 31 MARCH 2018

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 2018 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 2018; the association's Statement of Cashflows for the year ended 31st March 2018; 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 2018

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 2018

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

21 June 2018

NORTH BELFAST HOUSING ASSOCIATION LIMITED

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

YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
TURNOVER	2	6,106,905	5,892,483
Operating costs	2	(4,162,087)	(4,068,144)
		<hr/>	<hr/>
OPERATING SURPLUS	2	1,944,818	1,824,339
Interest receivable	5	1,676	5,519
Interest payable	6	(313,454)	(345,088)
Other income		-	-
Other finance (costs)/income	20	(104,000)	(38,000)
		<hr/>	<hr/>
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION	7	1,529,040	1,446,770
Tax on surplus on ordinary activities	8	-	-
		<hr/>	<hr/>
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION		1,529,040	1,446,770
Transfer (to)/from tenants' services fund		24,713	105
Transfer (to)/from support reserve	18	1,132	(2,879)
		<hr/>	<hr/>
SURPLUS FOR THE YEAR/PERIOD		<u>1,554,885</u>	<u>1,443,996</u>

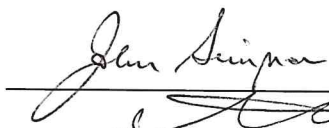
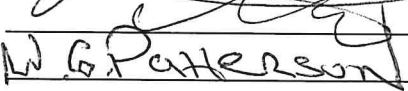
NORTH BELFAST HOUSING ASSOCIATION LIMITED**STATEMENT OF CHANGES IN EQUITY****YEAR ENDED 31 MARCH 2018**

	Note	2018 £	2017 £
Revenue reserves			
Opening reserves		15,539,940	14,251,944
Surplus for the year		1,554,885	1,443,996
Actuarial gain/(loss) on pension scheme	20	40,000	(156,000)
		<hr/>	<hr/>
Closing reserves		17,134,825	15,539,940
		<hr/>	<hr/>
Restricted reserves			
Opening reserves		14,845	11,966
Surplus/(deficit) for the year	18	(1,132)	2,879
		<hr/>	<hr/>
Closing reserves		13,713	14,485
		<hr/>	<hr/>
Share capital			
Opening share capital		12	9
Change in share capital	15	2	3
		<hr/>	<hr/>
Closing share capital		14	12
		<hr/>	<hr/>
Total Equity		<u><u>17,148,552</u></u>	<u><u>15,554,797</u></u>

NORTH BELFAST HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION (SoFP) - BALANCE SHEET

AT 31 MARCH 2018

	Notes	2018 £	2017 £
FIXED ASSETS			
Property net cost	9	65,824,797	63,568,352
Other fixed assets	11	973,440	1,008,108
Investments		250	250
		<hr/>	<hr/>
		66,798,487	64,576,710
CURRENT ASSETS		<hr/>	<hr/>
Debtors	12	718,743	911,706
Cash and bank balances		234,488	135,312
Investments		1,239,752	1,756,864
		<hr/>	<hr/>
		2,192,983	2,803,882
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	13	(1,805,952)	(1,991,542)
		<hr/>	<hr/>
NET CURRENT ASSETS/(LIABILITIES)		387,031	812,340
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		67,185,518	65,389,050
		<hr/>	<hr/>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Deferred Grant	10	44,097,534	43,127,459
Long term liabilities	13	5,199,070	6,030,432
		<hr/>	<hr/>
		49,296,604	49,157,891
PROVISIONS		<hr/>	<hr/>
Pension fund liability	20	740,362	676,362
		<hr/>	<hr/>
TOTAL NET ASSETS		17,148,552	15,554,797
		<hr/>	<hr/>
FINANCED BY:			
SHARE CAPITAL	15	14	12
REVENUE RESERVES	16	17,134,825	15,539,940
RESTRICTED RESERVES	18	13,713	14,845
		<hr/>	<hr/>
		17,148,552	15,554,797
		<hr/>	<hr/>
			
			

- CHAIRMAN

- SECRETARY

- COMMITTEE MEMBER

Belfast:
21 June 2018

NORTH BELFAST HOUSING ASSOCIATION LIMITED

CASHFLOW STATEMENT

YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	1	2,356,650	1,611,472
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	2	(311,778)	(339,569)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	2	(1,544,561)	(1,719,334)
		<hr/>	<hr/>
CASH INFLOW/(OUTFLOW) BEFORE USE OF LIQUID RESOURCES AND FINANCING		500,311	(447,431)
		<hr/>	<hr/>
FINANCING	2	(918,247)	(724,665)
		<hr/>	<hr/>
		(417,936)	(1,172,096)
		<hr/> <hr/>	<hr/> <hr/>

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

	£	£
Decrease in cash in year	(417,936)	
Cash outflow from decrease in debt	918,249	
	<hr/>	
Movement in net debt in the year		500,313
Net funds at 31 March 2017		(5,057,131)
		<hr/>
Net funds at 31 March 2018		(4,556,818)
		<hr/> <hr/>

NORTH BELFAST HOUSING ASSOCIATION LIMITED

NOTES TO CASHFLOW STATEMENT

YEAR ENDED 31 MARCH 2018

1. RECONCILIATION OF OPERATING SURPLUS TO OPERATING CASHFLOWS

	2018	2017
	£	£
Operating surplus	1,944,818	1,824,339
Depreciation/Amortisation	287,015	268,184
Movements in:-		
Rental debtors	(4,532)	(12,529)
Other debtors	197,495	(497,156)
Creditors less than one year	(68,146)	28,634
	<u>2,356,650</u>	<u>1,611,472</u>

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

	£	£
Returns on investment and servicing of financing		
Interest received	1,676	5,519
Interest paid	(313,454)	(345,088)
Net cash inflow/(outflow) for returns on investment and servicing of finance	<u>(311,778)</u>	<u>(339,969)</u>
Capital expenditure and financial investment		
Purchasing of housing properties	(3,568,924)	(3,494,068)
Capital grants received	2,036,058	1,800,204
Other fixed assets	(11,695)	(25,470)
Net proceeds on disposal of houses	-	-
HAG in advance	-	-
Net cash outflow for capital expenditure and financial investment	<u>(1,544,561)</u>	<u>(1,719,334)</u>
Financing		
Loan principal repayments	(918,249)	(724,668)
Share capital issued/released	2	3
New loan	-	-
Net cash outflow from financing	<u>(918,247)</u>	<u>(724,665)</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 01/04/17	Introduced Cashflows	Cashflows	At 31/03/18
	£	£	£	£
Cash in hand, at bank	135,312	-	99,176	234,488
Investment	1,756,864	-	(517,112)	1,239,752
Debt due within one year	(918,875)	-	86,887	(831,988)
Debt due after one year	(6,030,432)	-	831,362	(5,199,070)
	<u>(5,057,131)</u>	<u>-</u>	<u>500,313</u>	<u>(4,556,818)</u>

NORTH BELFAST HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2018

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 2018

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 2018

2.1 TURNOVER. OPERATING COSTS AND OPERATING SURPLUS

	Operating Turnover £	Operating Costs £	2018 Operating Surplus/Deficit £	2017 Operating Surplus/Deficit £
Social Housing Activities	5,970,920	(4,009,829)	1,961,091	1,832,550
Non-Social Housing Activities	135,985	(152,258)	(16,273)	(8,211)
Total Income	6,106,905	(4,162,087)	1,944,818	1,824,339

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

	2018 £	2017 £
Other Income		
Development	134,031	117,446
Other income	1,954	7,341
Total Other Income	135,985	124,787
Other Costs		
Development costs	152,258	132,998
Other	-	-
Total Other Costs	152,258	132,998
Operating Surplus/(Deficit)	(16,273)	(8,211)

2.3 HOUSING STOCK

	No.	No.
Number of units owned by the Association		
General Needs Housing	860	840
Sheltered Housing	64	64
Supported Housing	57	57
Total Owned and managed	981	961

NORTH BELFAST HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2018

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

SOCIAL HOUSING ACTIVITIES	General Needs £	Sheltered £	Care £	Supported £	2018 Total £	2017 Total £
Operating Income						
Rent receivable	3,588,054	206,282	-	213,077	4,007,413	3,830,255
Service charges receivable	121,957	85,962	-	71,789	279,708	276,323
Rates receivable	439,194	25,402	-	-	464,596	442,358
Support income	-	19,364	-	268,124	287,488	287,958
Gross Income	<u>4,149,205</u>	<u>337,010</u>	<u>-</u>	<u>552,990</u>	<u>5,039,205</u>	<u>4,836,894</u>
Less voids	(33,038)	(3,073)	-	(17,735)	(53,846)	(43,232)
Net Income from rents and service charges	<u>4,116,167</u>	<u>333,937</u>	<u>-</u>	<u>535,255</u>	<u>4,985,359</u>	<u>4,793,662</u>
Income from SHG/HAG	898,793	31,722	-	55,046	985,561	974,034
Total Social Housing Income	<u>5,014,960</u>	<u>365,659</u>	<u>-</u>	<u>590,301</u>	<u>5,970,920</u>	<u>5,767,696</u>
Operating Costs						
Service Costs	147,082	78,136	-	70,423	295,641	268,195
Supporting People Costs	-	23,999	-	264,529	288,528	284,882
Management Costs	392,009	29,173	-	25,982	447,164	460,823
Rates payable	447,656	25,927	-	-	473,583	442,467
Maintenance Administration Costs	276,658	20,588	-	18,337	315,583	345,518
Planned and cyclical maintenance	273,117	12,372	-	11,098	296,587	337,961
Reactive maintenance	341,077	13,848	-	33,020	387,945	366,382
Major repairs	274,489	7,449	-	2,127	284,065	221,399
Bad debts (rent and service charges)	(4,805)	(358)	-	(318)	(5,481)	11,279
Depreciation of social housing	1,074,806	72,623	-	71,091	1,218,520	1,187,182
(Profit)/loss on sale of fixed assets	6,745	502	-	447	7,694	9,058
Total Social Housing Expenditure	<u>3,228,834</u>	<u>284,259</u>	<u>-</u>	<u>496,736</u>	<u>4,009,829</u>	<u>3,935,146</u>
Operating Surplus/(Deficit)	<u>1,784,126</u>	<u>81,400</u>	<u>-</u>	<u>93,565</u>	<u>1,961,091</u>	<u>1,832,550</u>

NORTH BELFAST HOUSING ASSOCIATION LIMITED

YEAR ENDED 31 MARCH 2018

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

	General Needs £	Sheltered £	Care £	Supported £	2018 Total £	2017 Total £
DfC Allowances						
Management Allowances	340,560	25,344	-	22,572	388,476	380,556
Management Costs	(392,009)	(29,173)	-	(25,982)	(447,164)	(460,823)
Surplus / (Deficit)	(51,449)	(3,829)	-	(3,410)	(58,688)	(80,267)
Maintenance Allowances						
Planned and cyclical maintenance	481,221	29,696	-	26,448	537,365	521,265
Reactive maintenance	(273,117)	(12,372)	-	(11,098)	(296,587)	(337,961)
	(341,077)	(13,848)	-	(33,020)	(387,945)	(366,382)
Surplus / (Deficit)	(132,973)	3,476	-	(17,670)	(147,167)	(183,078)
Gross Income from Rents and service charges						
Technical	3,347,393	312,385	-	462,908	4,122,686	3,927,466
Non Technical	768,774	21,552	-	72,347	862,673	866,196
Total (To add to total detailed above)	4,116,167	333,937	-	535,255	4,985,359	4,793,662

NORTH BELFAST HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2018

3. DIRECTORS' EMOLUMENTS

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

	2018	2017
	£	£
Aggregate emoluments	69,000	64,437
Social security costs	8,396	7,771
Pension	12,420	12,887
	<u>89,816</u>	<u>85,095</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	<u>39</u>	<u>40</u>

	£	£
Staff costs:		
Gross salaries	753,041	755,693
Employers NIC	68,515	67,374
Employers Pension	113,267	121,164
	<u>934,823</u>	<u>944,231</u>

5. INTEREST RECEIVABLE

Interest receivable from unlisted investments	<u>1,676</u>	<u>5,519</u>
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6. INTEREST PAYABLE

On bank loans, overdrafts and other loans:

Repayable within 5 years	2,963	2,839
Repayable wholly or partly in more than 5 years	310,491	342,249
	<u>313,454</u>	<u>345,088</u>

7. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

Surplus on ordinary activities before taxation is stated after charging:

Depreciation – owned tangible fixed assets	1,264,887	1,233,159
Amortisation	(985,561)	(974,034)
Auditors' remuneration – external	5,400	5,400
- internal	7,440	7,440
- other services	654	888
	<u>292,820</u>	<u>272,853</u>

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 2018

	2018 £	2017 £
9. FIXED ASSETS – HOUSING LAND AND BUILDINGS		
COST		
At start of period	77,173,317	73,811,877
Additions	3,568,924	3,494,068
Eliminated on disposals	(538,518)	(132,628)
	<hr/>	<hr/>
At end of period	80,203,723	77,173,317
	<hr/>	<hr/>
DEPRECIATION		
At start of period	13,604,965	12,513,105
Charge for the period	1,218,520	1,187,182
Eliminated on disposals	(444,559)	(95,322)
	<hr/>	<hr/>
At end of period	14,378,926	13,604,965
	<hr/>	<hr/>
NET BOOK VALUE		
At end of period	65,824,797	63,568,352
	<hr/> <hr/>	<hr/> <hr/>
10. GRANTS		
At start of period	54,815,999	52,825,768
Received	2,036,058	1,800,204
Recycled HAG	5,844	301,771
Eliminated on disposals	(465,110)	(111,744)
	<hr/>	<hr/>
At end of period	56,392,791	54,815,999
	<hr/>	<hr/>
AMORTISATION		
At start of period	11,688,540	10,798,002
Charge for the period	985,561	974,034
Eliminated on disposals	(378,844)	(83,496)
	<hr/>	<hr/>
At end of period	12,295,257	11,688,540
	<hr/>	<hr/>
NET BOOK VALUE		
At end of period	44,097,534	43,127,459
	<hr/> <hr/>	<hr/> <hr/>
Long leasehold land and buildings	80,203,723	77,173,317
	<hr/> <hr/>	<hr/> <hr/>

NORTH BELFAST HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2018

11. FIXED ASSETS – OTHER

	Motor Vehicles £	Office Premises' £	Office Furniture and fittings £	Total £
COST				
At beginning of period	14,703	1,193,874	245,943	1,454,520
Additions	-	-	11,695	11,695
Eliminated on disposal	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	14,703	1,193,874	257,638	1,466,215
	<hr/>	<hr/>	<hr/>	<hr/>
DEPRECIATION				
At beginning of period	14,703	253,107	178,602	446,412
Charge for period	-	21,831	24,532	46,363
Eliminated on disposal	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	14,703	274,938	203,134	492,775
	<hr/>	<hr/>	<hr/>	<hr/>
NET BOOK VALUE				
At end of period	-	918,936	54,504	973,440
	<hr/>	<hr/>	<hr/>	<hr/>
At beginning of period	-	940,767	67,341	1,008,108
	<hr/>	<hr/>	<hr/>	<hr/>

	2018 £	2017 £
12. DEBTORS		
Rental Debtors – Technical	147,129	142,597
Rental Debtors – Non Technical	124,750	139,261
	<hr/>	<hr/>
Gross Rental Debtors	271,879	281,858
Less: provision for bad and doubtful debts	(124,750)	(139,261)
	<hr/>	<hr/>
Net Rental Debtors	147,129	142,597
Other debtors	161	7,738
Prepayments and accrued income	57,687	63,432
Housing Association Grant Receivable	513,766	697,939
	<hr/>	<hr/>
	718,743	911,706
	<hr/>	<hr/>

NORTH BELFAST HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31 MARCH 2018

	2018 £	2017 £
13. CREDITORS		
Amounts falling due within one year:		
Housing loans	831,992	918,879
Trade creditors	72,184	49,455
Rental and Services charges received in advance	16,994	12,762
Accruals and deferred income	846,697	942,228
Housing Association Grant in advance	-	-
Tenants services account	37,400	62,113
Other creditors	685	261
Disposal Proceeds Fund (note 1.7)	-	5,844
	<hr/> 1,805,952 <hr/> <hr/>	<hr/> 1,991,542 <hr/> <hr/>
Amounts falling due after more than one year:		
Housing loans	5,199,070	6,030,432
Disposal Proceeds Fund (note 1.7)	-	-
	<hr/> 5,199,070 <hr/> <hr/>	<hr/> 6,030,432 <hr/> <hr/>
Disposal Proceeds Fund		
Opening balance	5,844	307,615
Surplus on disposal	-	-
Recycled HAG	(5,844)	(301,771)
	<hr/> - <hr/> <hr/>	<hr/> 5,844 <hr/> <hr/>

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	831,992	918,879
Between one and two years	576,625	834,455
Between two and five years	1,433,347	1,622,656
In five years or more	3,189,098	3,573,321
	<hr/> 6,031,062 <hr/> <hr/>	<hr/> 6,949,311 <hr/> <hr/>

NORTH BELFAST HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2018

	2018	2017
	£	£
14. LONG TERM LOANS		
Movement on long term loans:		
Opening balance	6,949,311	7,673,979
Repaid	(918,249)	(724,668)
	<hr/>	<hr/>
Closing balance	<u>6,031,062</u>	<u>6,949,311</u>
15. SHARE CAPITAL		
Ordinary shares of £1 each fully paid:		
At beginning of period	12	9
Issued/(released) during the year	2	5
Repaid	-	(2)
	<hr/>	<hr/>
	<u>14</u>	<u>12</u>
16. REVENUE RESERVES		
Balance brought forward	15,539,940	14,251,944
Surplus for period	1,554,885	1,443,996
FRS 102 Actuarial gain/loss	40,000	(156,000)
	<hr/>	<hr/>
Balance carried forward	<u>17,134,825</u>	<u>15,539,940</u>
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 2018

18. RESTRICTED RESERVES

	2018	2017
	£	£
Support reserve		
Balance brought forward	14,845	11,966
Surplus/(deficit) for period	(1,132)	2,879
	<hr/>	<hr/>
Balance carried forward	13,713	14,845
	<hr/> <hr/>	<hr/> <hr/>

19. CAPITAL COMMITMENTS

There are capital commitments amounting to £2,465,000 (2017 £NIL). This amount will be part financed housing association grant from the DfC.

NORTH BELFAST HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2018

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 2018.

	2018	2017
Assumptions		
Rate of salary increase	3.50%	3.50%
Pension increases in payment	2.00%	2.00%
Discount rate	2.60%	2.60%
Rate of inflation (RPI)	3.10%	3.10%

DEFINED BENEFIT SECTION

Assets of the scheme and the expected rate of return:

	£	£
Equities	1,654,794	1,538,155
Property	231,764	216,787
Government bonds	120,517	111,490
Corporate bonds	166,870	125,943
Cash	104,293	53,681
Other	39,400	18,582
Total assets	<u>2,317,638</u>	<u>2,064,638</u>
Actuarial liabilities	(3,058,000)	(2,741,000)
Surplus/(deficit)	<u>(740,362)</u>	<u>(676,362)</u>
Related deferred tax liability	-	-
Net pension liability	<u><u>(740,362)</u></u>	<u><u>(676,362)</u></u>

NORTH BELFAST HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2018

20. RETIREMENT BENEFITS (contd.)

The following amounts have been recognised in the performance statements for the period to 31 March 2018.

	2018	2017
	£	£
Analysis of the amount charged to operating profit		
Service cost	(208,000)	(145,000)
Past service cost	-	-
Settlements and curtailments	-	-
Total operating charge	<u>(208,000)</u>	<u>(145,000)</u>
Analysis of the amount credited to financing of Provisions		
Expected return	56,000	62,000
Interest on pension liabilities	(72,000)	(77,000)
Net return	<u>(16,000)</u>	<u>(15,000)</u>
Amount recognised in the statement of total recognised gains and losses (STRGL)		
Actuarial gains/(losses)	(13,000)	(301,000)
Opening actuarial adjustment	53,000	145,000
Actuarial gain or loss in STRGL	<u>40,000</u>	<u>(156,000)</u>
Movement in surplus/(deficit) during the period		
Opening liability	(676,362)	(482,362)
Total operating charge	(208,000)	(145,000)
Contributions	120,000	122,000
Net return	(16,000)	(15,000)
Actuarial gain or loss in STRGL	40,000	(156,000)
Surplus/(deficit) at 31 March	<u>(740,362)</u>	<u>(676,362)</u>
History of experience gains and losses		
Difference between actual and expected return on assets	109,000	207,000
Percentage of scheme assets	4.7%	10.0%
Experience gains and losses on liabilities	(104,000)	(38,000)
Percentage of scheme liabilities	(3.4)%	(1.4)%
Total amount recognised in STRGL	40,000	(156,000)
Percentage of scheme liabilities	1.3%	(5.7)%

NORTH BELFAST HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2018

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.