

CHOICE HOUSING IRELAND LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

Registered under the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969: IP000408

Registered Housing Association: R56

Registered Charity: NIC100095

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DIRECTORY

(Who served during the year)

BOARD OF MANGEMENT (DIRECTORS)

Mr C McAreavey (Chair)	Mr P Leonard
Mr J Higgins (Vice Chair)	Ms C Scales
Mr L Dempsey	Mr K Slattery (Retired Sept 21)
Ms J Donald (Appointed April 21)	Ms N Taggart (Retired March 21)
Mrs M Donnelly	Mr D Toner
Mrs C Gibson	Mrs V Watts (Resigned June 21)
Mrs H Harrison	Mrs C Young (Appointed April 21)
Ms J Hunter OBE	

COMPANY SECRETARY Mr L Jackson

GROUP SENIOR MANAGEMENT TEAM

Mr M McDonnell	(Group Chief Executive)
Mr M Rafferty	(Group Director of Finance & Resources)
Mr J Anderson	(Group Director of Development)
Mrs C Ervine	(Group Director of Tenant & Client Services)
Mr L Jackson	(Group Director of Corporate Services)
Ms S Cosgrove	(Chief Executive Oaklee Housing)
Mr W Farrelly	(Group Director of Asset Services)

REGISTERED OFFICE Leslie Morrell House, 37-41 May Street, Belfast BT1 4DN

BANKERS	AIB	31-35 High Street, Belfast BT1 2AL
	AIB	10 Molesworth Street, Dublin 2
	EIB	98-100 Boulevard Konrad Adenauer, Luxembourg
	Barclays Bank	Donegall Square North, Belfast BT1 5LU
	Ulster Bank	Donegall Square East, Belfast BT1 5UB
	Bank of Ireland	Donegall Square South, Belfast BT1 5LR
	Housing Finance Corp	107 Cannon Street, London EC4N 5AF
	Danske Bank	Donegall Square West, Belfast BT1 6JS
	Nord LB	One Wood Street, London, EC2V 7WT
	Nationwide	Kings Park Road, Northampton, NN3 6NW

EXTERNAL AUDITORS ASM, 4th Floor Glendinning House, 6 Murray Street, Belfast, BT1 6DN

INTERNAL AUDITORS TIAA, Artillery House, Fort Fareham, Newgate Lane, Fareham, PO14 1AH

SOLICITORS Elliott Duffy Garrett, 40 Linenhall Street, Belfast BT2 8BA

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DIRECTORY (continued)

At the date of signing these accounts the following individuals were serving on the various subsidiary boards and committees within the Group:

Oaklee Housing		Acorn Housing
J Buckley (Chair) D Owens (Vice Chair) E Hempenstall T Mackey E Breen R Headon C McAreavey	B McCormick S Cosgrove (Secretary)	E Hempenstall (Chair) J Buckley M Birmingham A Devlin A Ceillier (Secretary)
Choice Services (Ireland) Limited	Maple And May (Homes) Ltd.	Maple And May Ltd.
P Leonard (Chair) D Toner (Vice Chair) R Bell T Nelson L Jackson (Secretary)	C McAreavey (Chair) P Leonard (Vice Chair) T Bogoina-Seenan H Harrison R Hawe B Kennedy G Millar L Jackson (Secretary)	C McAreavey (Chair) P Leonard (Vice Chair) T Bogoina-Seenan H Harrison R Hawe B Kennedy G Millar L Jackson (Secretary)
Tenant & Client Services Committee	Development & Assets Committee	Finance Committee
C Young (Chair) C Gibson (Vice Chair) P Convery J Hunter OBE Ms J Donald R Murray L Jackson (Secretary)	C McAreavey (Chair) P Leonard (Vice Chair) T Begoina-Seenan H Harrison B Kennedy R Hawe G Millar L Jackson (Secretary)	J Higgins (Chair) L Dempsey (Vice Chair) D MacAteer S Elliott E Hartin L Jackson (Secretary)
Nominations & Governance Committee	Audit & Risk Committee	
J Higgins (Chair) C McAreavey (Vice Chair) M Donnelly M McDonnell (CEO) L Jackson (Secretary)	C Scales (Chair) J Higgins (Vice Chair) C Barlow M Donnelly C Staple D Tate D Toner L Jackson (Secretary)	

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STATEMENT OF BOARD OF MANAGEMENT'S RESPONSIBILITIES IN RESPECT OF THE REPORT OF THE BOARD OF MANAGEMENT, THE STRATEGIC REPORT AND THE FINANCIAL STATEMENTS

The Board of Management are responsible for preparing the Report of the Board of Management, the Strategic Report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Societies law requires the Board of Management to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under Co-operative and Community Benefit Societies law the Board of Management must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent and of the income and expenditure of the Group and Parent for that year. In preparing these financial statements, the Board of Management are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Parent's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or Parent or to cease operations or have no realistic alternative but to do so.

The Board of Management are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Parent's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent and enable them to ensure that the financial statements comply with the requirements of the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969, Article 19 of the Housing (Northern Ireland) Order 1992, Registered Housing Associations (Accounting Requirements) Order (Northern Ireland) 1993, the Charities Act (Northern Ireland) 2008 and Regulation 9 of the Charities (Accounts and Reports) Regulations (Northern Ireland) 2015. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Board of Management are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the board


Ciaran McAreavey, Director


Joe Higgins, Director

24th August 2022

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REPORT OF THE BOARD OF MANAGEMENT AND THE STRATEGIC REPORT

The Board of Management present their report and the audited financial statements of Choice Housing Ireland Limited (the “Association” or “Parent”) and its subsidiaries (together the “Group”) for the year ended 31 March 2022.

Principal Activity

The Association is a public benefit entity administered by a Board of Management and is involved in the development and management of affordable rented accommodation.

The Association is registered under the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969 (No. IP000408) and is a Registered Housing Association (R56), providing housing in Northern Ireland for people in need.

The Association is a registered charity under the Charities Act (NI) 2008 (Charity No. NIC100095).

The Group provides low-cost accommodation through its two registered housing associations: Choice Housing Ireland Limited (“CHI” or “the Parent”) and Oaklee Housing (“OH”) in the Republic of Ireland. Additionally, its subsidiaries provide the following services:

- Maple And May Ltd (“M&M”) provides accommodation in the private rented sector;
- Maple And May (Homes) Ltd (“MMH”) provides affordable home ownership;
- Choice Services (Ireland) Limited (“CSL”) provides maintenance services to the Group and to a joint venture Comhar Facilities Management Limited; and
- Acorn Housing (“Acorn”) provides social housing in the Republic of Ireland.

Board of Management, Shareholders and Officers

The members of the Board of Management and the officers of the Association are listed on page 2.

The Board of Management is a voluntary Committee who have responsibility for the strategic direction, general policy and management of the Group. The day-to-day management of operations is delegated to the Group Chief Executive and the Senior Management Team.

Each member of the Board of Management other than members co-opted during the year holds one share of £1 in the Association.

Our Vision, Mission and Values

The Group’s corporate plan to 2024, sets a clear vision for the organisation to make a real and lasting difference to the lives of our tenants and their communities.

- Our Mission is ‘to enrich lives through great homes, services and communities.’
- Our Vision to 2024 is ‘to be recognised as the leading housing association group in Northern Ireland.’
- Our Ambition is ‘to make a positive and sustainable difference by increasing the supply of decent and affordable homes, by ensuring access to excellent support services, by promoting inclusive and thriving communities, and by making best use of our resources.’

The Group should continue to leverage its skills and resources, working closely with other like-minded partners to deliver benefits for all communities. The Group will also play our part in addressing the strategic challenges that face society, including recovering from the impact of the global pandemic, climate change and promoting well-being.

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Business Plan 2022/23

The Group Business Plan for 2022/23 reflects four strategic goals, encompassing ‘Great Homes’, ‘Great Services’, ‘Great Communities’ and ‘Great Delivery.’

The ‘Headlines’ for 2022/23 encompass:

- Securing additional long-term funding for Group growth plans;
- Maintain comprehensive management of health and safety and compliance risks;
- Comprehensively plan for relocation to Carolan Road headquarters;
- Deliver Group strategic priorities across subsidiaries;
- Implement first year of new business improvement strategy;
- Conclude reorganisation of development and asset directorates;
- Recover effectively from impact of Covid-19 on core operating metrics; and
- Successful utilisation of bank loan funding through development programmes.

Strategic objective 1: Great Homes

- Deliver ambitious new build ‘starts’ and ‘completions’;
- Build pipeline through strategic site acquisitions;
- Progress mixed tenure ambitions through pilot projects;
- Assess impact of Department for Communities (‘DfC’) review of affordable/intermediate rental products;
- Contribute further to the Together: Building A United Community/‘Housing for All’ programme;
- Ensure alignment between development, housing management and financial imperatives; and
- Review parameters for a potential ‘modern methods of construction’ project.

Strategic objective 2: Great Services

- Deliver annual planned maintenance programme to include all compliance works;
- Complete all in-year stock condition surveys with validation;
- Retain ISO 9001 accreditation for Assets function;
- Launch new Asset Management Strategy;
- Renew Energy & Sustainable Development Strategy;
- Maintain ‘zero tolerance’ on health and safety and compliance management;
- Complete roll-out of ‘mobile inspector’;
- Implement updated fire safety strategy;
- Progress Victoria Housing Estates property refurbishment programme;
- Recover from Covid-19 pandemic with improvement in key operating metrics, including voids, change of tenancy, arrears;
- Improve management of anti-social behaviour with implementation of city centre safety pilot; and
- Disposal of College Court Central units with successful relocation of tenants.

Strategic objective 3: Great Communities

- Implement new Community Development Strategy;
- Implement third year of Financial Inclusion strategy;
- Review supported housing priorities & effectively manage key partner relationships;
- Review tenant engagement processes to address perceived gaps;
- Revisit and complete community investment strategy; and
- Review social value metrics for next annual report.

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Strategic objective 4: Great Delivery

- Long term financial plan review, including consideration of net zero carbon targets;
- Progress Choice sustainable transport plan;
- New risk management policy and procedures embedded across the business;
- Realise business benefits from the P2P project implementation;
- Implement actions arising from the recent rent and service charge review;
- Implement actions arising from the revised Procurement Strategy;
- Achieve further gains under the Value-for-Money strategy;
- Effectively manage anticipated increase in house sale applications;
- Ensure effective delivery of services to group companies and PPP project;
- Undertake a review of finance systems with a view to future demands;
- Undertake next bi-annual staff satisfaction survey;
- Implement new Diversity Strategy across Group;
- Launch 'Heads of' training programme to build talent;
- Conduct 5-year salary benchmarking & pay model review;
- Create 'Innovation Hubs' to support business improvement;
- Review of Choice brand and communications strategy;
- Develop 'Choice Position on...' statements for key sectoral issues;
- Complete Office 365 roll-out and 'agile' forms;
- Complete strategic review of IT hardware and core systems;
- Maintain group cyber security and data integrity; and
- Create a Data Strategy and pilot a business intelligence reporting tool.

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Operational performance during the year

This section describes the operational performance of the Parent during the year. Targets are set for key performance indicators and they are used in the managing of performance, and in setting the strategies for continuous improvement. Key performance indicators are also used by the Department for Communities to assess the performance of each association against its peer group and the sector in total.

Response maintenance service

The table below shows the Parent's performance in completing works orders within the target timescales:

Works order performance - % completed within target

Priority	2022	2021
Emergency (24 hrs)	96%	96%
Urgent (4 days)	97%	97%
Routine (20 days)	96%	96%

Overall works order performance at 96.0% has exceeded the 2021/22 Business Plan target of 90.0% and is in line with the 2020/21 out-turn which was 96.3%.

Planned maintenance programme

In 2021/2022, £10.3 million was spent by the Parent on the planned maintenance programme (capital expenditure) (2020/2021: £10.5 million). The most significant projects completed were fire alarm and/or communal lighting replacements, kitchen replacements, heating upgrades, lift installation and window/door replacements, warden call systems and internal re-decorating and carpeting over multiple schemes. There was also revenue planned maintenance expenditure of £0.7 million (2020/21 £1.3 million).

Arrears

A specialist income recovery team focuses on arrears management and performance and resources have been strengthened this year in the area of past tenant arrears. Whilst the timing and effect of Welfare Reform are still unknown, the income recovery team continue to dedicate their time to the collection of rents. The table below shows the arrears balances of the Parent after deduction of expected benefits, and the percentage of rental income. The level of the arrears has increased due to the wider impact of the Covid-19 pandemic.

	2022 £'000	2021 £'000
Current arrears of Parent (after deduction of expected benefits)	£2,106 (4.8%)	£1,667 (3.9%)
Past tenant arrears	£621 (1.4%)	£482 (1.1%)
Total arrears at year end	£2,727 (6.2%)	£2,149 (5.0%)

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Voids

The proactive management of voids is regarded as a key issue. A specialist allocations team aims to improve performance in this area. Included within its terms of reference is:

- Arrangements for offers of accommodation;
- Marketing;
- External liaison with agencies;
- Financial incentives;
- Strategic approach including voids toolkit; and
- Voids audits by housing managers.

Rent loss through voids by the Parent in the financial year was £1,153k representing 2.0% of gross rent receivable (2020/2021: £1,229k and 2.3%). A voids working group comprising senior management representatives has been established to oversee this area. A summary of the voids at the year-end are set out in the table below:

	Mar-22	Mar-21
Housing voids units	110	105
Maintenance voids units	102	96
Unlettable voids units	50	69
VHE voids units	95	76
Total	357	346

New developments

The numbers of homes and bed spaces of the Parent in new schemes are shown below:

	2022	2021
Units completed	201	208
Units started	442	225

The decrease in units completed was due to handover dates being delayed. The increase in units started was due to larger schemes going onsite in March 22 than in the previous year.

There was expenditure of £67.6m (2020/21: £38.5m) by the Association during the year on new developments. At 31 March 2022 there were 25 schemes “on site” comprising 855 units including, 146 units at Minorca Drive, Carrickfergus, 90 units at Park Avenue, Belfast and 81 units at Kings Hall, Belfast. The Association completed 198 units including 42 units at Kilwee, Upper Dunmurry Lane, 28 units at Belvedere, Upper Dunmurry Lane & 19 units at Willowfield, Belfast.

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Staff

One of the key performance indicators in relation to staff management is the percentage of working days lost through sickness absence. In 2021/22 the Parent achieved a performance of 5.4% (2020/21: 3.0%) the increase due to Covid related absence.

Complaints

A total of 41 formal complaints were registered by tenants of the Parent during the year, compared to 11 for the previous year. A breakdown of complaints is analysed as follows:

	2022	2021
Maintenance/Repairs	23	5
Anti-Social Behaviour	3	2
Allocations	2	-
Car Parking Issues	2	-
Staff	2	1
Rent & Arrears	1	2
Other	8	1
Total	41	11

39 of the complaints were satisfactorily resolved at the first stage of the Parent's procedure. 2 of the complaints received progressed to the second stage (2020/21: none).

Choice Services Centre

Choice Services Centre is a specialist in-house contact centre tasked with providing a responsive and accessible service to tenants. The following table shows its performance levels:

	2022	2021
Total calls received	120,401	93,119
Resolved at first contact	74.9%	72.8%
Tasks resolved by officer grade staff	91.3%	90.5%
Advisor quality assessment	97.6%	97.4%

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Energy and emissions report

Details of the Parent's energy consumption and emissions for the period 1 April 2021 to 31 March 2022 were as follows:

		2022 UK & Offshore
Energy consumption used to calculate emissions (kWh)	Gas:	15,948,904
	LPG:	36,799
	Heating Oil:	2,216,181
	Company-owned vans:	559,160
	Electricity:	6,037,512
	Non Co. owned vehicles	<u>272,670</u>
	Total:	25,071,227
Emissions from combustion of gas (tCO ₂ e)	2,921.2	
Emissions from combustion of LPG (tCO ₂ e)	7.9	
Emissions from combustion of Heating Oil (tCO ₂ e)	546.9	
Emissions from business travel in company owned vehicles (tCO ₂ e)	139.6	
Emissions from purchased electricity (tCO ₂ e)	1,281.9	
Emissions from business travel in non-company owned vehicles	67.1	
Total gross (tCO₂e)	4,964.6	
Intensity ratio: tCO ₂ e gross figure based on mandatory fields above/ e.g. £100,000 revenue	Based on Properties owned: 0.47 tCO ₂ e /house owned Based on energy supply: 9.64 tCO ₂ e/supply	

The energy consumption and emissions data has been estimated based on source data held by Choice, following the 2019 HM Government Environmental Reporting Guidelines.

Energy efficient actions taken comprised:

- Maintain an Energy Management System – Audit successful in January 2022.
- Improve education and support for staff – Examples include intranet, 5 for Friday, Energy Week training, staff induction training and an annual training initiative.
- During the year the Association tendered for landlord electricity across our schemes which, while we cannot put an exact figure on it, we know that we have been able to achieve savings by securing prices in October 2021 given that domestic electricity prices have increased by considerable margins twice since then. The Association also entered the second year of their two year preferred electricity supplier contract, with an estimate that our customers could save around £18,000 over a year, if 400 homes were included annually.
- The Association commenced a project with Girona to install PV systems and battery storage in four properties with data being collected over a period of two years to 2023.
- Upgraded lighting at 5 schemes to LED lighting.

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- The Association supported NI Energy Week in November 2021. Daily information was provided on our intranet, website and via social media. Training was also provided to a number of staff on energy & renewables, new building standards and eco-driving. A competition was held to encourage colleagues to 'Switch & Save', with an estimated saving of round £39,000 if all staff took this step.
- Upgraded heating controls in a number of communal heating schemes, along with upgrading to more efficient boilers through our assets programme at various schemes and individual properties.
- The Association also operate a significant solar portfolio, managing some 400 solar PV systems, offsetting carbon emissions and making significant energy savings by supplying electricity to a number of housing schemes. Also, during this reporting period an estimated 240,000 kWh was exported to the grid.

Community Investment

As a social purpose organisation, Choice has a key role to play not only in providing homes, but also in creating vibrant and resilient communities, and supporting individuals and families through the provision of great services. We have a history of providing a variety of services for our tenants that can broadly be understood as 'Community Investment'. This is a key way that we, as a housing association, differentiate ourselves from other landlords, and is central to how we demonstrate our social purpose.

In order to bring greater focus to our work in this area we have aligned our Community Investment actions with our strategic objectives in providing:

- Great Homes;
- Great Services;
- Great Communities; and
- Great Delivery.

We are utilising the UK Social Value Bank ('UKSVB'), developed by HACT and Simetrica to measure the impact of our Community Investment activity. In 2021-22 there were seven initiatives for which we could clearly identify the costs of delivery, the impacted tenants and the appropriate impact measures. In the reporting year Choice spent £9,459,550 on the seven initiatives generating £19,419,842 of additional Social value.

The estimate Gross Value Added to the Northern Ireland economy through Choice's business activity is GVA £64,162,399 sustaining an estimated 1,182 jobs throughout the supply chain. Examples of the initiatives include our investment in Building Futures as set out below.

Building Futures

In 2021-22 Choice continued its partnership with Bryson Future Skills to deliver WorkChoice, a programme aimed at upskilling people to help them secure long-term employment. WorkChoice equips participants with practical training alongside OCN accreditations whilst enabling participants to earn a salary. The latest programme commenced in September 2021, offering the participants work experience in a range of disciplines across the organisation. During the year, Choice also continued to work with Queens University and Ulster University to provide financial support to students facing financial, social or logistical barriers to furthering their education through its scholarship programme. The scheme, now in its fourth year, will run for five years with each awardee receiving £1,000.

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Financial performance

Income and expenditure

The table below provides a summary of the Group Income and Expenditure account.

	2022	2021
	£m	£m
Turnover	86.6	81.7
EBITDA ¹	31.2	29.7
Surplus for the year	12.4	12.6

Group turnover has increased by 5.9% reflecting an increase in units let and rental increases of 3.1% applied during the year.

¹ EBITDA for the Group is calculated as follows:

	Ref	2022	2021
		£000	£000
Surplus for the year	<i>I&E</i>	12,362	12,555
Depreciation through I&E	<i>Note 6</i>	19,338	18,082
Amortisation through I&E	<i>Note 6</i>	(13,057)	(12,525)
Loss on disposal of major repairs	<i>Note 6</i>	946	536
Tax	<i>I&E</i>	367	285
Interest payable	<i>I&E</i>	11,283	10,833
Interest receivable	<i>I&E</i>	(25)	(108)
Adjusted EBITDA		31,214	29,658

Assets and liabilities

The Group is in a strong financial position at the year-end, as shown by the following summary:

	2022	2021
	£m	£m
Fixed assets	1,148.6	1,078.1
Net current assets/(liabilities)	(16.7)	(16.3)
	1,131.9	1,061.8
Non-current liabilities	973.1	923.7
Reserves	158.8	138.1
	1,131.9	1,061.8

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Total fixed assets have increased to £1,148.6m (2021: £1,078.1m) due to investment in various housing schemes by Choice Housing Ireland Limited, Oaklee Housing, Acorn Housing and Maple And May Ltd. There were 27 properties sold to tenants under the Statutory House Sales Scheme. Net current liabilities increased to £16.7m in 2022, although budgets clearly show the Group can pay its liabilities as they fall due for payment and has sufficient resources given current bank facilities. The Group closely monitors its liquidity position in line with its prudent treasury policy and holds sufficient cash and available banking facilities to meet all near-term liabilities. At the date of approval of the financial statements, the Group had committed, but undrawn facilities of £111.0m (2021: £64.0m).

Cashflows

During the year the business generated net cash-flow from operating activities of £30.1m (2021: £30.9m) and repaid existing borrowings of £2.0m (2021: £13.3m). The Group received loans of £48.1m (2021: £53.8m) which will be used to finance social housing in the coming year.

Loan covenants

External private finance is raised by the Parent and the financial covenants are in respect of the financial performance of the Parent for all loans except EIB where the covenants are in respect of the Group performance. The covenant ratios are as follows:

Ratio compliance	Requirement	Actual	Basis
Interest cover	>1.05:1	3.29 : 1	Parent
Interest cover	>1.10:1	2.68 : 1	Group
Interest cover (consecutive years)	>1.20:1	3.11 : 1	Parent
Interest cover (consecutive years)	>1.20:1	2.68 : 1	Group
Gearing	<50%	35%	Parent
Gearing	<60%	52%	Group

The Parent and Group were fully compliant with these covenants during the year, as shown below:

Interest cover	Parent		Group	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Adjusted EBITDA ²	21,476	20,316	30,211	28,775
Net Interest	6,531	6,264	11,258	10,725
Interest Cover ratio	3.29	3.24	2.68	2.68
Minimum required	1.05	1.05	1.10	1.10

² Adjusted EBITDA is calculated as follows:

	Ref	Parent		Group	
		2022	2021	2022	2021
		£'000	£'000	£'000	£'000
Operating Surplus	<i>I&E</i>	15,963	15,625	22,984	22,682
Depreciation through I&E	<i>Note 6</i>	15,816	14,978	19,338	18,082
Amortisation through I&E	<i>Note 6</i>	(11,249)	(10,823)	(13,057)	(12,525)
Loss on disposal of major repairs	<i>Note 6</i>	946	536	946	536
Adjusted EBITDA for loan covenant purposes		21,476	20,316	30,211	28,775

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Gearing	Parent		Group	
	2022	2021	2022	2021
	£m	£m	£m	£m
Gross debt	280	243	460	415
Reserves ³	808	776	888	850
Gearing (%)	35%	31%	52%	49%
Maximum Allowed	50%	50%	60%	60%

³ Parent and Group reserves are calculated by aggregating capital and reserves, Housing Association Grants ('HAG'), other capital grants, pension assets/liabilities and financial instruments measured at fair value.

Treasury policy and capital structure

The Group has a formal detailed treasury management policy which is approved by the Board. The policy sets out investment policies, borrowing policies, liquidity policies, interest rate management policies and treasury management procedures. The policy provides that no more than 50% of outstanding debt will be on a floating rate basis.

At the balance sheet date all drawn borrowings from EIB, Concessionary Loans, DfC and a substantial proportion from First Trust Bank are fixed rate borrowings. 75% of the borrowings from Barclays are hedged against interest rate volatility. All of the borrowings from Nord LB are hedged against interest rate volatility. The loan and bond with THFC are on a fixed rate basis. The majority of HFA borrowings are fixed rate borrowings.

Counterparty risk is mitigated by closely monitoring credit ratings and restricting deposits to £10m or to the corresponding level of debt with that counterparty. Revolving credit facilities are on a floating rate basis.

The Group has established and maintains strong relationships with a number of banks and financial institutions to facilitate future funding requirements and to ensure a balanced spread. At the balance sheet date, the Group had gross debt of £460m (2021: £415m), 13% (2021: 4%) of which is on a floating rate basis and cash (including cash deposit balances) of £17m (2021: £27m). This will meet current development funding requirements. The Group generated cash flows from operations of £30.1m (2021: £30.9m) and paid interest of £11.3m (2021: £10.8m).

Management of risk

Risk identification and assessment

As the Group's objectives are established and updated, any risks that may prevent their achievement are identified and assessed in terms of their impact on the organisation and their likelihood of occurrence. This activity is carried out at appropriate levels throughout the Group.

Major Risks

The main risk during the year continued to be the possible impact of Covid-19 on our tenants, staff and the effectiveness of the organisation. The impact of Covid was managed through a number of measures taken which included:

- Adhering to Government guidance at all times;
- Allowing staff to work from home as far as possible and providing the technology solutions to ensure this was feasible;

CHOICE HOUSING IRELAND LIMITED
Annual Report and Financial Statements
For the Year Ended 31 March 2022

REPORT OF THE BOARD OF MANAGEMENT AND THE STRATEGIC REPORT
(continued)

- Ensuring social distancing in offices through signage and clear instruction on which desks were to be used;
- Supplying hand sanitisers for all offices and providing PPE where required; and
- Introducing protocols for front line staff, including scheme co-ordinators, maintenance engineers and maintenance assistants.

Due to the measures taken and the proposed introduction of a hybrid working model from April 2022, the Covid risk was reassessed in February 2022. This led to the risk being reclassified as “Green” i.e. within our risk appetite. The current corporate risk register does not contain any “Red” residual risks. There were three “Amber” residual ratings and details of these risks with proposed mitigations are as follows:

- High construction material costs impede delivery of development and maintenance programmes. As a result of Government intervention on grant levels, the main impact of this risk is on the maintenance programme. We have introduced a range of controls including: fair pricing and indexation for suppliers and updated pre-tender estimates.
- Increased costs pre-handover (including as a result of contractor failure) leading to schemes becoming financially unviable. We are now using of Design and Build ‘package deals’ where the opportunity exists i.e. fixed price contract. We focus on the contractor/developer’s financial standing and protect ourselves with contract clauses e.g. back ended payments. We have improved our project management capabilities through the use of NEC accredited Project Managers and Quantity Surveyors.
- Failure to comply with Choice’s procedures relating to Health and Safety standards. This risk was elevated to “Amber” in December following the discovery of Asbestos at a property in Belfast. We identified other properties that might be at risk and carried out a series of surveys to confirm there was no Asbestos present.

For all Amber risks, a deep dive is presented to each Audit & Risk Committee which includes the detailed actions being taken to mitigate the risk.

Audit

The Board of Management has established an Audit and Risk Committee with clearly defined terms of reference. The main functions of the Audit and Risk Committee are to control and review the external and internal audit functions, the internal control systems and monitor the performance of the Association against the key business indicators. The Association’s internal auditors report directly to the Audit and Risk Committee on completion of each systems review and an annual summary report is produced by the internal auditors summarising the systems audit programme each year. The work of the external auditors also provides some internal control observations identified during the year-end audit.

Effectiveness of control mechanisms

For those risks which are identified as being the most significant for any part of the Group, the existing control environment is assessed to establish ways in which it can be improved. Areas identified for improvement will be regularly followed up until action points are fully addressed. Where a view is formed that the Group cannot exercise adequate control over the relevant risk (for example due to external influences) then the relevant strategic objective will be revisited to establish whether or not it can be amended to reduce risk and, if not, whether the level of risk is acceptable.

Results for the year

The Group’s surplus after tax for the year was £12.4m (2021: £12.6m).

CHOICE HOUSING IRELAND LIMITED
Annual Report and Financial Statements
For the Year Ended 31 March 2022

REPORT OF THE BOARD OF MANAGEMENT AND THE STRATEGIC REPORT
(continued)

Donations

The Group and Parent made charitable donations of £10k during the year (2021: £6k). The Group and Parent made no political donations nor incurred any political expenditure during the year (2021: nil).

Employee Involvement

The Group continues to regard communication with its employees as a key aspect of its policies. Information is given to employees about employment matters and about the financial and economic factors affecting the Group's performance through management channels, quarterly in-house magazines and attendance at internal seminars and training programmes.

Employment of Disabled People

The Group is committed to providing equal opportunities to employees. The employment of the disabled is included in this commitment and the recruitment, training, development and promotion of disabled people are based on the aptitudes and abilities of the individual. Should employees become disabled during their employment, every effort will be made to continue their employment and, if necessary, appropriate training will be provided.

Supplier Payment Policy

The Group follows the Better Payment Practice Code for all suppliers. The four principles of the code are: to agree payment terms at the outset and stick to them; to explain payment procedures to suppliers; to pay bills in accordance with any contract agreed with the supplier (or as required by law); and to tell suppliers without delay when an invoice is contested and then settle disputes quickly.

Future Performance

The Group's future performance and financial risks will be affected by government policy, the economic environment, internal growth and efficiency initiatives. The Group has adapted its strategy to deal with the effects of Covid-19, which can be evidenced through updated business plans and stress-testing. The Board consider the Group to have strong potential future opportunities.

Disclosure of Information to Auditors

The Directors who held office at the date of approval of this Report of the Board confirm that, so far as they are each aware, there is no relevant information of which the Group's auditors are unaware; and each Director has taken all the steps necessary that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Auditor

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

By order of the Board



Ciaran McAreavey (Chair)

24 August 2022

CHOICE HOUSING IRELAND LIMITED
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BOARD OF MANAGEMENT'S STATEMENT OF INTERNAL FINANCIAL CONTROLS

The Board acknowledges that it has the ultimate responsibility for ensuring that the Group has in place a system of controls, appropriate for the various business environments in which it operates. These controls are designed to give reasonable assurance about:

- The reliability of any financial information that is published by, or is used within, the Group;
- The maintenance of proper accounting records; and
- The protection of the Group's assets against their unauthorised use or disposition.

It is the Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable (and not absolute) assurance against material financial misstatement or loss. The key elements of these systems include ensuring that:

- There are formal policies and procedures in place (including the documentation of key systems and rules that relate to the delegation of authorities) which allow the monitoring of controls and which seek to prevent the unauthorised use of the Group's assets;
- Experienced staff, who are suitably qualified, are responsible for important business functions, and are subject to annual appraisal procedures set up to maintain high standards of performance;
- Regular management accounts are prepared promptly which provide relevant, reliable and up-to-date financial information, and significant variances from budgets are investigated as appropriate;
- All significant initiatives, major commitments and investment projects are subject to formal authorisation procedures, through relevant committees that are controlled by Board members;
- The Board's Audit & Risk Committee reviews reports (from management, and from both internal and external auditors) so that it may have reasonable assurance that control procedures are in place and are being followed. These reviews include a general review of the major risks facing the Group;
- The Audit & Risk Committee makes regular reports to the Board; and
- Formal procedures have been established for instituting action needed to correct weaknesses identified in the above reports.

The Board is satisfied that there have been no material losses, contingencies or uncertainties that require disclosure in the financial statements as a result of weakness in the internal financial controls.

By order of the Board



Ciaran McAreavey (Chair)

24 August 2022

Independent auditors' report to the members of Choice Housing Ireland Limited

Opinion

We have audited the financial statements of Choice Housing Ireland Limited ("the Association") and its consolidated undertakings ("the Group") for the year ended 31 March 2022 which comprise: the Consolidated and Association Income and Expenditure Accounts, the Consolidated and Association Statements of Other Comprehensive Income, the Consolidated and Association Balance Sheets, the Consolidated and Association Statements of Changes in Equity and the Consolidated Cash Flow Statement and the related notes, which include a description of the significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and the Housing SORP – Statement of Recommended Practice for Social Housing Providers.

In our opinion, the Consolidated and Association financial statements:

- give a true and fair view of the state of the affairs of the Group and of the Association as at 31 March 2022 and of the income and expenditure of the Group and of the Association for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act (Northern Ireland) 2016 (formerly the Industrial and Provident Societies Act (Northern Ireland) 1969), the Housing (Northern Ireland) Order 1992, the Registered Housing Associations (Accounting Requirements) Order (Northern Ireland) 1993, the Charities Act (Northern Ireland) 2008 and Regulation 9 of the Charities (Accounts and Reports) Regulations (Northern Ireland) 2015.

Basis 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' responsibility for the audit of the financial statements section of our report.

We are independent of the Group and the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHOICE HOUSING IRELAND LIMITED *(continued)*

Our responsibilities and the responsibilities of the Board of Management with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditors' report thereon. The Board of Management is responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Charities (Northern Ireland) Act 2008 and Regulation 9 of the Charities (Accounts and Reports) Regulations (Northern Ireland) 2015 require us to report to you if, in our opinion:

- the information given in the Report of the Board of Management and the Strategic Report is inconsistent in any material respect;
- sufficient accounting records have not been kept;
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations required to complete our audit.

We have nothing to report in this regard.

Under the Co-operative and Community Benefit Societies Act (Northern Ireland) 2016 (formerly the Industrial and Provident Societies Act (Northern Ireland) 1969) are required to report to you if, in our opinion:

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHOICE HOUSING IRELAND LIMITED *(continued)*

Responsibilities of the Board of Management

As explained more fully in the Board of Management's Statement of Responsibilities on page 4, the Board of Management 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 of Management 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 of Management is responsible for assessing the Group's and 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 they either intend to liquidate the Group and the Association or to cease operations, or have 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.

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

We considered the opportunities and incentives that may exist within the Group and the Association for fraud and identified the greatest potential for fraud in the following areas: recognition of income relating to grant amortisation and management override of controls relating to posting of journals. To address those risks we discussed the risks with client management and designed audit procedures to test grant amortisation revenue recognition and tested a sample of journals to confirm they were appropriate.

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

Use of our report

This report is made solely to the Board of Management in accordance with section 43 of the Co-operative and Community Benefit Societies Act (Northern Ireland) 2016 (formerly the Industrial and Provident Societies Act (Northern Ireland) 1969) and article 19 of The Housing (Northern Ireland) Order 1992. Our audit work has been undertaken so that we might state to the Board of Management those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Board of Management, for our audit work, for this report, or for the opinions we have formed.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHOICE HOUSING
IRELAND LIMITED** *(continued)*



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

24 August 2022

CHOICE HOUSING IRELAND LIMITED
Annual Report and Financial Statements
For the Year Ended 31 March 2022

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2022

	Note	GROUP		PARENT	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
Turnover	2.1	86,551	81,676	67,416	64,492
Operating costs	2.1	(63,567)	(58,994)	(51,453)	(48,867)
Operating surplus		22,984	22,682	15,963	15,625
Gain on disposal of tangible fixed assets		2,085	1,007	2,085	1,007
Interest receivable and similar income	4	25	108	315	542
Interest payable and similar charges	5	(11,283)	(10,833)	(6,846)	(6,806)
Net finance charges relating to pension scheme	5/19.1	(33)	(61)	(33)	(61)
Fair value change in investment properties	10	691	682	-	(28)
Impairment of financial assets		-	-	-	-
Transfer to disposal proceeds fund	18	(1,999)	(812)	(1,999)	(812)
Movement in fair value of financial instruments	26.1	259	67	72	(89)
Surplus before tax		12,729	12,840	9,557	9,378
Taxation	7	(367)	(285)	-	-
Surplus for the year		12,362	12,555	9,557	9,378

The results relate wholly to continuing activities.

The notes on pages 29 to 72 form part of these financial statements.

CHOICE HOUSING IRELAND LIMITED
Annual Report and Financial Statements
For the Year Ended 31 March 2022

STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022

		GROUP		PARENT	
	Note	2022	2021	2022	2021
		£'000	£'000	£'000	£'000
Surplus for the year		12,362	12,555	9,557	9,378
<i>Other comprehensive income</i>					
Re-measurement of net defined benefit liability	19.1	1,463	667	1,463	667
Foreign exchange differences on translation of foreign operations		44	(214)	-	-
Effective portion of changes in fair value of cash flow hedges	26.1	6,831	2,557	2,665	1,862
Total other comprehensive income for the year		8,338	3,010	4,128	2,529
Total comprehensive income for the year		20,700	15,565	13,685	11,907

The notes on pages 29 to 72 form part of these financial statements.

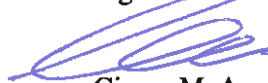
CHOICE HOUSING IRELAND LIMITED
Annual Report and Financial Statements
For the Year Ended 31 March 2022

BALANCE SHEET
AS AT 31 MARCH 2022

	Note	GROUP		PARENT	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
Fixed assets					
Tangible fixed assets- Housing Properties	8	1,114,922	1,044,191	888,191	825,810
Other tangible fixed assets	9	5,110	5,006	5,100	5,003
Investment properties	10	28,584	28,947	324	324
Financial assets	11	-	-	13,200	13,200
		1,148,616	1,078,144	906,815	844,337
Current assets					
Stock	12	846	272	15	15
Trade and other debtors	13	42,965	14,463	51,152	23,155
Cash investments	24.1	2,827	2,980	2,827	2,980
Cash and cash equivalents		13,871	24,463	2,509	16,530
		60,509	42,178	56,503	42,680
Creditors: amounts falling due within one year	14	(77,187)	(58,495)	(66,548)	(45,933)
Net current (liabilities)/assets		(16,678)	(16,317)	(10,045)	(3,253)
Total assets less current liabilities		1,131,938	1,061,827	896,770	841,084
Creditors: amounts falling due after more than one year	15	(973,132)	(922,075)	(753,144)	(709,497)
Provisions for liabilities					
Defined benefit pension liability	19.1	-	(1,646)	-	(1,646)
Net assets		158,806	138,106	143,626	129,941
Capital and reserves					
Share capital	20	-	-	-	-
Foreign exchange translation reserve		253	209	-	-
Cash-flow hedge reserve		(3,155)	(9,986)	(5,064)	(7,729)
Revenue reserve		161,708	147,883	148,690	137,670
Total reserves		158,806	138,106	143,626	129,941

The Group meets the definition of a Public Benefit Entity (PBE) as defined by FRS102. These financial statements were approved by the board of directors on 24 August 2022.

Signed on behalf of the Board of Management:


Ciaran McAreavey
Chair


Joe Higgins
Board Member


Lawrence Jackson
Secretary

The notes on pages 29 to 72 form part of these financial statements.

Registered Housing Association number: R56

Co-operative and Community Benefit Societies Act (Northern Ireland) 1969: IP000408

CHOICE HOUSING IRELAND LIMITED
Annual Report and Financial Statements
For the Year Ended 31 March 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Revenue Reserve	Foreign Currency Translation Reserve	Cash Flow Hedge Reserve	Total Equity
	£'000	£'000	£'000	£'000
Balance at 1 April 2020	134,661	423	(12,543)	122,541
Total comprehensive income for the year				
Surplus for the year	12,555	-	-	12,555
<i>Other comprehensive income for the year</i>				
Foreign exchange differences on translation of foreign operations	-	(214)	-	(214)
Effective portion of changes in fair value of cash flow hedges	-	-	2,557	2,557
Re-measurement of net defined benefit liability	667	-	-	667
<i>Total comprehensive income for the year</i>	13,222	(214)	2,557	15,565
Balance at 31 March 2021	147,883	209	(9,986)	138,106
Balance at 1 April 2021	147,883	209	(9,986)	138,106
Total comprehensive income for the year				
Surplus for the year	12,362	-	-	12,362
<i>Other comprehensive income for the year</i>				
Foreign exchange differences on translation of foreign operations	-	44	-	44
Effective portion of changes in fair value of cash flow hedges	-	-	6,831	6,831
Re-measurement of net defined benefit liability	1,463	-	-	1,463
<i>Total comprehensive income for the year</i>	13,825	44	6,831	20,700
Balance at 31 March 2022	161,708	253	(3,155)	158,806

The notes on pages 29 to 72 form part of these financial statements.

CHOICE HOUSING IRELAND LIMITED
Annual Report and Financial Statements
For the Year Ended 31 March 2022

**PARENT STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Revenue Reserve	Cash Flow Hedge Reserve	Total Equity
	£'000	£'000	£'000
Balance at 1 April 2020	127,625	(9,591)	118,034
Total comprehensive income for the year			
Surplus for the year	9,378	-	9,378
<i>Other comprehensive income for the year</i>			
Effective portion of changes in fair value of cash flow hedges	-	1,862	1,862
Re-measurement of net defined benefit liability	667	-	667
<i>Total comprehensive income for the year</i>	<u>10,045</u>	<u>1,862</u>	<u>11,907</u>
Balance at 31 March 2021	<u>137,670</u>	<u>(7,729)</u>	<u>129,941</u>
 Balance at 1 April 2021	 137,670	 (7,729)	 129,941
Total comprehensive income for the year			
Surplus for the year	9,557	-	9,557
<i>Other comprehensive income for the year</i>			
Effective portion of changes in fair value of cash flow hedges	-	2,665	2,665
Re-measurement of net defined benefit liability	1,463	-	1,463
<i>Total comprehensive income for the year</i>	<u>11,020</u>	<u>2,665</u>	<u>13,685</u>
Balance at 31 March 2022	<u>148,690</u>	<u>(5,064)</u>	<u>143,626</u>

The notes on pages 29 to 72 form part of these financial statements.

CHOICE HOUSING IRELAND LIMITED
Annual Report and Financial Statements
For the Year Ended 31 March 2022

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 £'000	2021 £'000
Net cash from operating activities	24	30,120	30,940
Cash flows from investing activities			
Acquisition of tangible fixed assets		(95,662)	(99,634)
Expenditure on investment property		(52)	(9,694)
Cash investments withdrawn/(invested)		153	14,151
Proceeds from sale of tangible fixed assets		3,191	1,138
Proceeds from the receipt of grants		16,785	19,959
Interest received		25	108
Net cash used in investing activities		(75,560)	(73,972)
Cash flow from financing activities			
Interest paid		(11,351)	(10,854)
Proceeds from new loans		48,162	53,822
Repayments of borrowings		(2,025)	(13,342)
Net cash generated from financing activities		34,786	29,626
Net (decrease)/increase in cash and cash equivalents		(10,654)	(13,406)
Cash and cash equivalents at 1 April		24,463	37,843
Effect of exchange rate fluctuations on cash held		62	26
Cash and cash equivalents at 31 March		13,871	24,463

The notes on pages 29 to 72 form part of these financial statements.

CHOICE HOUSING IRELAND LIMITED
Annual Report and Financial Statements
For the Year Ended 31 March 2022

NOTES

(forming part of the financial statements)

1 ACCOUNTING POLICIES

1.1 Legal Status

Choice Housing Ireland Limited (the 'Association' or 'Parent') is established and registered under the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969 and is domiciled in Northern Ireland. Its registration number is IP000408. It is registered with the Department for Communities ('DfC') as number R56. The registered office is located at 37-41 May St, Belfast, County Antrim BT1 4DN.

1.2 Basis of Accounting

These Group and Parent financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102") and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers. These financial statements comply with the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969, Article 19 of the Housing (Northern Ireland) Order 1992, the Registered Housing Associations (Accounting Requirements) Order (Northern Ireland) 1993.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to material items for all periods presented in these financial statements.

The Association is included in the consolidated financial statements and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the Parent financial statements have been applied:

- No separate parent company Cash Flow Statement with related notes is included;
- Key Management Personnel compensation has not been included a second time; and
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1.25.

1.3 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, and investment property.

CHOICE HOUSING IRELAND LIMITED
Annual Report and Financial Statements
For the Year Ended 31 March 2022

NOTES (continued)

1 ACCOUNTING POLICIES (continued)

1.4 Basis of consolidation

The consolidated financial statements include the financial statements of the Association and its subsidiary undertakings made up to 31 March 2022. A subsidiary is an entity that is controlled by the Parent undertaking. The results of subsidiary undertakings are included in the Group income and expenditure account from the date that control commences until the date that control ceases. Control is established when the Association has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

A joint venture is a contractual arrangement undertaking in which the Group exercise joint control over the operating and financial policies of the entity. Where the joint venture is carried out through an entity, it is treated as a jointly controlled entity. The Group's share of the profits less losses of associates and of jointly controlled entities is included in the Group income and expenditure account and its interest in their net assets is recorded on the Group balance sheet using the equity method.

In the Parent undertaking financial statements, investments in subsidiaries and joint ventures are carried at cost less impairment.

1.5 Foreign currency

Transactions in foreign currencies are translated into the functional currency of the Group companies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in income and expenditure.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

1.6 Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Group and Association prepares a 3-year business plan which is updated and approved on an annual basis. The most recent 3-year strategy (FY22-24) was approved in June 2021 by the Board. In order to ensure delivery against these strategic goals, the Association will commit to key targets for achievement by 2024; bring forward annual business plans and budgets with detailed objectives and KPIs; formally monitor strategic progress every six months with Board & Committee members; and report regularly to our stakeholders on achievements and intentions.

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NOTES (continued)

1 ACCOUNTING POLICIES (continued)

1.6 Going concern (continued)

The Board, after reviewing the Group and Association's budgets for 2022/23 and the Group and Association's medium term financial position as detailed in the 2022/23 business plan, is of the opinion that, taking account of severe but plausible downsides, the Group and Association has adequate resources to continue in business for the foreseeable future. The Directors note that the Group and Association balance sheets includes an excess of current liabilities over current assets. They have prepared financial and cash flow projections which indicate that the Group and Association will generate profits and positive cash flows over their forecast period to 2050 which will be sufficient to ensure that all liabilities can be discharged in the ordinary course as they fall due for payment and that the Group and Association will have adequate liquid funds available. In order to reach this conclusion, the Board have considered:

- the property market – budget and business plan scenarios have taken account of delays in handovers, lower numbers of property sales, reductions in sales values and potential conversion of market sale to social homes;
- Maintenance costs – budget and business plan scenarios have been modelled to take account of cost increases and delays in maintenance expenditure, with major works being phased into future years;
- Rent and service charge receivable – arrears and bad debts have been increased to allow for customer difficulties in making payments and budget and business plan scenarios to take account of potential future reductions in rents;
- Liquidity – current available cash together with unutilised loan facilities of £111.0m which provides significant headroom for committed spend and other forecast cash flows that arise;
- The Group's ability to withstand other adverse scenarios such as higher interest rates and number of void properties.
- For the continuing delivery of its development programme the Parent is dependent on grant funding from the Department for Communities, and bank financing.

The Board believe the Group and Association has sufficient funding in place and expect the Group and Association to be in compliance with its debt covenants even in severe but plausible downside scenarios. In discussions with the Group and Association's bankers about its borrowing needs, there has been nothing to suggest that renewal of existing short-term facilities may not be forthcoming on acceptable terms. Further undrawn long-term facilities will meet development programme funding requirements into the foreseeable future.

Consequently, the directors have a reasonable expectation that the Group and Association has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1.7 Classification of financial instruments issued by the Group

In accordance with FRS 102.22, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- (b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

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NOTES (continued)

1 ACCOUNTING POLICIES (continued)

1.8 Basic financial instruments

Rental debtors and other debtors

Rental debtors and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

1.9 Other financial instruments

Financial instruments not considered to be basic financial instruments (Other financial instruments).

Other financial instruments not meeting the definition of basic financial instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in income and expenditure except hedging instruments in a designated hedging relationship shall be recognised as set out below.

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in income and expenditure. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. Any ineffective portion of the hedge is recognised immediately in income and expenditure.

For cash flow hedges, where the forecast transactions resulted in the recognition of a non-financial asset or non-financial liability, the hedging gain or loss recognised in other comprehensive income is included in the initial cost or other carrying amount of the asset or liability. Alternatively, when the hedged item is recognised in income and expenditure the hedging gain or loss is reclassified to the income and expenditure.

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NOTES (continued)

1 ACCOUNTING POLICIES (continued)

1.9 Other financial instruments (continued)

When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in income and expenditure immediately.

1.10 Tangible fixed assets

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period. In instances where acquisition accounting is applied, the Group recognises the acquired housing assets at the Existing Use Value for Social Housing at the date of acquisition.

Other tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Housing properties are split between land, structure and major components which require periodic replacement. Replacement or refurbishment of these components is capitalised and depreciated over their estimated useful life, which has been set taking into account professional guidance and the Group's asset management strategy. The related replaced asset is written off. In determining the remaining useful lives for the housing stock, the Group has taken account of views from both internal and external professional sources. The expected useful lives are reviewed on a regular basis.

Freehold and long leasehold land is not depreciated. In all other cases depreciation is provided to write off the cost of fixed assets, less their estimated residual values on a straight-line basis over the expected useful lives of the assets concerned. The estimates of the useful lives of the major classes of asset are:

Asset Category	Useful Life (Years)	Asset Category	Useful Life (Years)
<i>Housing properties</i>		<i>Other assets</i>	
Main fabric (new build)	100	The Group's office buildings	50
Main fabric (rehabilitated properties)	60	Office furniture and equipment	3-5
Roof structure and covering	50	Computer and telephone hardware	2-5
Windows and external doors	40	Computer software	2-3
Gas boilers/fires	15	Furniture in schemes	3-5
Kitchen	18	Fixtures and fittings in schemes	3-10
Bathrooms/WCs	30	Motor vehicles	4
Mechanical systems	20	Tools	2-5
Electrics	30		
Lift	30		
Defects insurance	10		

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

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NOTES (continued)

1 ACCOUNTING POLICIES (continued)

1.10 Tangible fixed assets (continued)

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

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

Development costs

Development costs are capitalised where they are directly attributable to bringing the properties into working condition for their intended use. Such costs generally include the labour costs of our own employees arising directly from the acquisition or development of the property and incremental costs that would only have been avoided if the property concerned had not been acquired or constructed.

1.11 Government grants

Government grants are included within creditors in the Balance Sheet and credited to income and expenditure over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred. The accruals model is adopted and grants are classified as grants relating to assets.

Government grants received for housing properties are recognised in income over the useful life of the housing property structure and its individual components (excluding land) on a pro rata basis. Grants received specifically for components of a housing property (e.g. funding for replacement of boilers) are recognised in income over the expected useful life of the component.

On disposal of an asset for which a government grant was received and where there is no obligation to repay the grant, any unamortised grant remaining within liabilities in the Balance Sheet relating to this asset is derecognised as a liability and recognised as revenue in income and expenditure.

Where there is a requirement to either repay or recycle a grant received for an asset that has been disposed of, a liability is included in the Balance Sheet to recognise this obligation, measured at best estimate.

Property received at below market value is treated as a non-exchange transaction as described more fully in note 1.21.

Grants and contributions receivable relating to both completed schemes and schemes being built are shown separately within debtors. Those received in advance of the related expenditure are shown separately within creditors.

Choice Housing Ireland Limited - In certain circumstances any grant or contribution may be repayable in part or in full, but any such amounts will rank as subordinated or unsecured debt on the relevant property.

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NOTES (continued)

1 ACCOUNTING POLICIES (continued)

1.11 Government grants (continued)

Oaklee Housing - Amounts due in respect of mortgages on assets vested in the company under the Capital Loan and Subsidy Scheme and Capital Assistance Scheme ("financial assistance") are shown as liabilities in the Balance Sheet and disclosed as deferred grants income within the creditors note. The financial assistance is provided towards the costs incurred in providing rental dwellings and the provision of a service in accordance with the Capital Loan and Subsidy Scheme and Capital Assistance Scheme, over a 30-year period. The financial assistance is recognised in income and expenditure so as to match them with the expenditure towards which they are intended to contribute. They are classified as grants relating to revenue. Amounts received from local authorities in relation to the Capital Loan and Subsidy Scheme are recognised when the facility is drawn down, and amortised over a 30 year period in line with the effective interest rate method. The finance cost of the mortgage is allocated to periods over the 30-year term of the mortgage at a constant rate on the carrying amount.

The amount of the twice yearly mortgage repayment and interest charges due in respect of the borrowings advanced by the Housing Finance Agency to fund the loans paid by the local authority under the Capital Loan and Subsidy Scheme will be recouped by the Department of Housing Planning and Local Government, thereby relieving the company of this charge provided that a number of service conditions are met by the company.

All subsidies provided to meet the mortgage repayment during the year are included within turnover in income and expenditure. The subsidy in relation to the notional interest charge on the financial assistance is netted off against that interest charge, with the offsetting amounts being disclosed in the notes to these financial statements. Amounts received from local authorities in relation to the Capital Assistance Scheme are recognised when the facility is drawn down, and amortised over a 30 year period in line with the effective interest rate method. The finance cost of the mortgage is allocated to periods over the 30 year term of the mortgage at a constant rate on the carrying amount.

The repayments and interest charges due from the approved housing body to the local authority may be fully waived, provided the company continues to comply with the service conditions of the scheme and the mortgage deed contract. All subsidies provided to meet the mortgage repayment during the year are included within turnover in income and expenditure. The subsidy in relation to the notional interest charge on the financial assistance is netted off against that interest charge, with the offsetting amounts being disclosed in the notes to these financial statements.

1.12 Investment property

Investment properties are properties not held for social benefit which are held together to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost. Subsequent to initial recognition, investment properties are held at fair value. Any gains or losses arising from changes in the fair value are recognised in income and expenditure in the period they arise. No depreciation is provided in respect of investment properties.

1.13 Stocks - properties held for sale and work in progress

Completed properties and properties under construction for open market sales are recognised at the lower of cost and estimated selling price less costs to complete. Cost comprises materials, direct labour and direct development overheads. Assessing net realisable value requires use of the estimation techniques. In making this assessment, management considers publicly available information and internal forecasts on future sales activity. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

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NOTES (continued)

1 ACCOUNTING POLICIES (continued)

1.14 Impairment excluding stocks, investments and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through income and expenditure is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Group would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in Income and Expenditure Account. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through income and expenditure.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, and stocks, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or housing scheme is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

An impairment loss is recognised if the carrying amount of an asset or its Cash Generating Unit (CGU) exceeds its estimated recoverable amount. Impairment losses are recognised in Income and Expenditure Account. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.15 Employee benefits

Defined contribution plans and other long-term employee benefits

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in income and expenditure in the periods during which services are rendered by employees.

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NOTES (continued)

1 ACCOUNTING POLICIES (continued)

1.15 Employee benefits (continued)

Defined benefit plans

The Group participates in the Northern Ireland Local Government Officers Pension Scheme, which is a funded defined benefit scheme.

The Group takes no part in the administration of this fund. Contributions to it are in accordance with the instructions of the Trustees of the scheme, which follows actuarial advice given to them.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior year; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the year by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the Balance Sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the Group's obligations. A valuation is performed every three years by a qualified actuary using the projected unit credit method. The Group recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the year are recognised in income and expenditure.

Re-measurement of the net defined benefit liability / asset is recognised in other comprehensive income in the year in which it occurs.

Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

1.16 Provisions

A provision is recognised in the Balance Sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

1.17 Turnover

Turnover excludes value-added tax and represents rental and service charge income receivable (net of void losses), fees receivable, and amortisation of grants. Rental income is recognised on the execution of tenancy agreements. Other income is recognised as receivable on the delivery of services provided.

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NOTES (continued)

1 ACCOUNTING POLICIES (continued)

1.17 Turnover (continued)

Donations received under the Gift Aid scheme to the Parent, from its subsidiaries are recognised as turnover upon receipt as it relates to the principal activities of the Association and is eliminated on consolidation.

1.18 Expenses

Interest receivable and interest payable

Interest is capitalised on borrowings to finance the development of qualifying assets to the extent that it accrues in respect of the period of development if it represents:

(a) interest on borrowings specifically financing the development programme after deduction of related grants received in advance; or

(b) a fair amount of interest on borrowings of the association as a whole after deduction of Housing Association Grant (HAG) received in advance to the extent that they can be deemed to be financing the development programme.

A qualifying asset is one which necessarily takes a substantial period of time to get ready for its intended use or sale. Other interest payable is charged to income and expenditure in the year.

Other interest receivable and similar income include interest receivable on funds invested. Interest income and interest payable are recognised in income and expenditure as they accrue, using the effective interest method.

Operating Lease

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

1.19 Taxation

Certain activities of the Group are not taxable as the entities have charitable status.

Current tax is recognised for the amount of income tax payable in respect of the taxable surplus for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference. Deferred tax is measured on an undiscounted basis.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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NOTES (continued)

1 ACCOUNTING POLICIES (continued)

1.20 Properties managed by agents

Most of the Group's special needs stock is managed by agents with the relevant skills and expertise to support the tenants in these schemes. Some of these schemes receive a revenue grant, which is passed to the managing agent. Where the financial risk in these schemes falls primarily on the managing agents, the related income and expenditure arising from day-to-day operations have been excluded from these financial statements whilst the property rental income arising and related direct costs of management and maintenance are included.

1.21 Non exchange transactions

Property received at below market value is treated as a non-exchange transaction. The difference between the fair value of the asset donated or acquired and the consideration paid for the asset is recognised as a government grant and included in the Balance Sheet as a liability. The terms of the donation or acquisition are considered to be performance-related conditions and the grant is amortised to turnover in the year of performance of the conditions.

1.22 Disposal proceeds fund

Surpluses arising from the sale of property to tenants are transferred to the Disposal Proceeds Fund, along with any related Housing Association Grant. The net surpluses can be used by the Group to fund works on property that would not be eligible for housing association grant or (in certain circumstances) attract loan finance. If the surpluses are not used within two years of their receipt they may be payable in part or in full to the Department for Communities and the amounts potentially repayable are included within creditors.

1.23 Tenant services fund ('TSF')

Surpluses or deficits arising from a difference between tenant service and support charges and the related cost of service provision are held on the Balance Sheet as debtors or creditors, with the balance being recovered from or released to future income streams. The TSF movements are included within operating costs on the face of the income statement.

1.24 Concessionary loans

The Group has taken the public benefit entity exemptions within FRS 102 PBE 34.89 – 34.97 in respect of concessionary loans. These are loans made and received within the Group and externally at below the prevailing market rate of interest that are not repayable on demand and are for the purposes of furthering the objectives of the Group. These loans are initially measured at the amount received or paid and recognised in the Balance Sheet. In subsequent years the carrying amount of concessionary loans in the financial statements is adjusted to reflect any accrued interest payable or receivable. To the extent that a loan that has been made is irrecoverable, an impairment loss is recognised in income and expenditure.

CHOICE HOUSING IRELAND LIMITED
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NOTES (continued)

1 ACCOUNTING POLICIES (continued)

1.25 Critical accounting estimates

The Board of Management makes estimates and assumptions concerning the future in the process of preparing the Group financial statements. The estimates and assumptions made in the preparation of these financial statements are as follows:

- **Impairment-** As part of the Group's and Association's continuous review of the performance of their assets, management identify any homes, or schemes, that have increasing void losses, are impacted by policy changes or where the decision has been made to dispose of the properties. These factors are considered to be an indication of impairment. Where there is evidence of impairment, the fixed assets are written down to the recoverable amount and any impairment losses are charged to operating surpluses.
- **Defined benefit obligation-** Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses (as analysed in Note 19). The net defined benefit pension liability at 31 March 2022 was £Nil.

Management have assessed that there are no judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognised in the financial statements.

2 PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS – PARENT

	2022		2021	
	Turnover	Operating costs	Operating surplus/ (deficit)	Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000
Social housing activities	67,389	(50,897)	16,492	16,002
Non-social housing activities	27	(556)	(529)	(377)
Total per income and expenditure account	67,416	(51,453)	15,963	15,625

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NOTES (continued)

**2.1 TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT
FROM SOCIAL HOUSING ACTIVITIES**

Parent	2022						2021
	General needs	Sheltered	Supported	Agents	Admin	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income from lettings:							
Rent	33,195	6,480	2,813	2,627	27	45,142	43,077
Rates	4,717	922	181	90	-	5,910	5,851
Services	1,642	1,521	421	7	-	3,591	3,997
Services – Heat	37	425	27	-	-	489	536
Supporting people	33	987	18	-	-	1,038	1,038
Other income	1,139	27	11	1	-	1,178	444
Amortisation of grant	8,323	828	853	1,217	-	11,221	10,778
Gross income	49,086	11,190	4,324	3,942	27	68,569	65,721
Less: void losses	(647)	(290)	(187)	(29)	-	(1,153)	(1,229)
Net income	48,439	10,900	4,137	3,913	27	67,416	64,492
Services	2,092	1,900	518	129	159	4,798	3,948
Heat	37	420	43	-	-	500	496
Supporting people	38	1,454	1	2	-	1,495	1,433
Management	9,731	(110)	209	122	-	9,952	9,924
Rates payable	4,568	831	133	67	-	5,599	5,216
Maintenance administration	1,777	493	232	246	-	2,748	2,395
Planned and cyclical maintenance	2,059	408	237	186	-	2,890	3,116
Reactive maintenance	4,115	1,140	479	484	-	6,218	5,926
Major repairs	563	96	32	255	-	946	536
Property lease charges	2	-	-	-	9	11	15
Bad debts	194	-	-	-	-	194	386
Exchange movement	-	-	-	-	15	15	68
Impairment	647	-	-	-	-	647	32
Depreciation – social housing	10,977	2,073	1,122	1,251	-	15,423	14,620
Depreciation – non-social housing	1	-	-	-	373	374	319
Transfer to Tenants' Services Fund	-	(357)	-	-	-	(357)	437
Operating costs	36,801	8,348	3,006	2,742	556	51,453	48,867
Operating surplus/ (deficit)	11,638	2,552	1,131	1,171	(529)	15,963	15,625

Other income includes £901k (2021: £120k) of donations received under the gift aid scheme from Group entities.

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NOTES (continued)

**2.1 TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT
FROM SOCIAL HOUSING ACTIVITIES (Continued)**

Parent	2022						2021
	General needs £'000	Sheltered £'000	Supported £'000	Agents £'000	Admin £'000	Total £'000	Total £'000
DfC management allowances							
Management allowances	2,940	807	294	418	-	4,459	4,392
Management costs	(9,731)	110	(209)	(122)	-	(9,952)	(9,924)
(Deficit)/surplus	(6,791)	917	85	296	-	(5,493)	(5,532)
DfC maintenance allowances							
Maintenance allowances	3,777	945	374	534	-	5,630	5,552
Planned and cyclical Maintenance	(2,370)	(602)	(328)	(193)	-	(3,493)	(3,745)
Reactive maintenance	(4,324)	(1,317)	(590)	(558)	-	(6,789)	(6,233)
Deficit	(2,917)	(974)	(544)	(217)	-	(4,652)	(4,426)

Turnover excluding other income and amortisation of grant

Parent	2022	2021
	Total	Total
	£'000	£'000
Technical	38,206	36,697
Non-technical	16,811	16,573
Total	55,017	53,270

Group

The addition of the turnover of Oaklee Housing, Acorn Housing, Maple And May Ltd, Maple And May (Homes) Ltd and Choice Services (Ireland) Limited (net of consolidation adjustments) of £19,135k (2021: £17,184k) resulted in a Group turnover of £86,551k (2021: £81,676k).

The addition of the operating costs of Oaklee Housing, Acorn Housing, Maple And May Ltd, Maple And May (Homes) Ltd and Choice Services (Ireland) Limited (net of consolidation adjustments) of £12,114k (2021: £10,127k) resulted in Group operating costs of £63,567k (2021: £58,994k).

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NOTES (continued)

3 EMPLOYEES

The average number of persons employed (including the Group Senior Executives) during the year, analysed by category was:

	Group		Parent	
	2022	2021	2022	2021
	No.	No.	No.	No.
Corporate Services	92	89	81	80
Development and Growth	30	34	24	28
Housing	174	172	156	155
Maintenance	136	122	70	68
	432	417	331	331

The costs incurred in respect of these employees were:

	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Wages and salaries	12,171	11,458	8,824	8,545
Social security costs	1,215	1,121	866	824
Other pension costs	1,899	1,667	1,754	1,546
	15,285	14,246	11,444	10,915

No redundancy costs were incurred during the year (2021: £Nil). Included in the above are employee costs capitalised of £2,624k (2021: £2,475k).

3.1 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Remuneration of Group Senior Executives

The remuneration paid to seven (2021: eight) Group Senior Executives (defined for the purposes of emoluments as members of the Group Senior Management Team of the Association) was as follows:

	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Aggregate emoluments (including benefits in kind)	815	834	630	645
Pension contributions	140	162	117	138
	955	996	747	783

The emoluments to the highest paid Director (currently included within the above table) are as follows:

Aggregate emoluments (including benefits in kind)	128	135	128	135
Pension contributions	15	15	15	15
	143	150	143	150
Total expenses reimbursed to the Group Senior Executives and not chargeable to income tax	1	-	1	-

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NOTES (continued)

3.1 INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

Remuneration of Group Senior Executives by Salary Band

The numbers of Group Senior Executives whose emoluments (including pension contributions but excluding redundancy related payments) fell within the following ranges were:

Band	Group		Parent	
	2022 No.	2021 No.	2022 No.	2021 No.
£100,001 - £105,000	-	1	-	-
£105,001 - £110,000	1	1	1	1
£110,001 - £115,000	3	3	2	2
£115,001 - £120,000	-	-	-	-
£120,001 - £125,000	-	-	-	-
£125,001 - £130,000	-	-	-	-
£130,001 - £135,000	1	-	1	-
£135,001 - £140,000	-	1	-	1
£140,001 - £145,000	2	1	2	1
£145,001 - £150,000	-	-	-	-
£150,001 - £155,000	-	1	-	1
Total	7	8	6	6

Those Group Senior Executives who are members of the NILGOSC Pension Scheme are on the same terms as all other members.

Remuneration of staff by Salary Band

The number of staff who received remuneration greater than £60,000 (excluding directors and Group Senior Executives):

Band	Group	
	2022 No.	2021 No.
£60,001 - £70,000	7	3
£70,001 - £80,000	3	2
£80,001 - £90,000	1	1
£90,001 - £100,000	-	1
Total	11	7

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NOTES (continued)

3.1 INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

Remuneration of Board Members - Parent

The members of the Board are not remunerated.

The total expenses paid to members of the Board were £nil for the year ended 31 March 2022 (2021: £114).

4 INTEREST RECEIVABLE AND SIMILAR INCOME

	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Interest receivable from bank deposits	25	108	24	99
Interest receivable from Group companies	-	-	291	443
	25	108	315	542

The subsidy received by Oaklee Housing in relation to the notional interest charge on the financial assistance of £2,233k (2021: £2,277k) has been netted off against the notional interest charge of £2,233k (2021: £2,277k).

5 INTEREST PAYABLE AND SIMILAR CHARGES

	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Interest payable on financial liabilities at amortised cost	11,283	10,833	6,846	6,806
Net interest expense on net defined benefit liabilities	33	61	33	61
	11,316	10,894	6,879	6,867

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NOTES (continued)

6 SURPLUS ON ORDINARY ACTIVITIES

Included in income/expenditure are the following:

	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Depreciation on housing and other fixed assets	19,338	18,082	15,816	14,978
Write-off of major repairs on owned tangible fixed assets	946	536	946	536
Amortisation of grants and contributions	(13,057)	(12,525)	(11,249)	(10,823)
Surplus on sale of housing assets	(2,085)	(1,007)	(2,085)	(1,007)
Change in fair value of investment property	(691)	(682)	-	28
Change in fair value of derivatives recognised in income and expenditure	(259)	(67)	(72)	89
Impairment loss on schemes being built	647	32	647	32
Internal audit services	39	40	39	40
Capitalisation of own labour and overhead	<u>(2,624)</u>	<u>(2,475)</u>	<u>(2,240)</u>	<u>(2,138)</u>

	Group	
	2022	2021
	£'000	£'000
Auditor's Remuneration:		
Fees payable to the Association's auditors for the audit of the parent and Group financial statements	95	108
Fees payable to the Association's auditors for other services:		
- Tax compliance services	4	5
- Tax advisory services	10	13
- All other services	8	2
Total amounts payable to the Association's auditors	<u>117</u>	<u>128</u>

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NOTES (continued)

7 TAXATION

The Association is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Association is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Oaklee Housing and Acorn Housing have charitable status in the Republic of Ireland and no liability to Irish Corporation Tax arises, again to the extent that their income or gains are applied solely towards the promotion of their main charitable object as set out in its Governing Instrument.

Maple And May Ltd, Maple And May (Homes) Ltd and Choice Services (Ireland) Limited, as subsidiaries of the Association, can gift their taxable profits to the Parent under a gift aid arrangement, thereby reducing their taxable profits to £Nil. All of the taxable profits of the company must be gifted to the Parent, in cash, on or before 1 January following the accounting period end to meet this arrangement. A current tax charge of £257k (2021: £145k) has been recognised in respect of these entities.

A deferred tax charge of £110k (2021: £140k) has been recognised relating to Maple And May Ltd, arising on investment properties- total deferred tax liability recognised of £575k (2021: £465k). Additionally, due to the uncertainty of the recoverability of the tax losses, a deferred tax asset of £244k (2021: £244k) relating to Maple And May Ltd has not been recognised.

	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
<i>Current tax</i>				
UK corporation tax on surplus for the year	257	145	-	-
<i>Deferred tax</i>				
Deferred tax charged to the SoCI in arriving at the surplus for the year	110	140	-	-
Total tax on results	367	285	-	-

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NOTES (continued)

8 FIXED ASSETS – HOUSING PROPERTIES

Group

	Housing	Schemes being built	Total
	£'000	£'000	£'000
Cost			
At 31 March 2021	1,168,656	68,315	1,236,971
Additions	15,852	79,330	95,182
Transfers	25,884	(25,884)	-
Impairment	-	(647)	(647)
Disposals	(6,455)	-	(6,455)
Foreign exchange	(1,550)	(30)	(1,580)
At 31 March 2022	1,202,387	121,084	1,323,471
Depreciation			
At 31 March 2021	(192,781)	-	(192,781)
Charge for the year	(18,962)	-	(18,962)
Disposals	3,071	-	3,071
Foreign exchange	123	-	123
At 31 March 2022	(208,549)	-	(208,549)
Net Book Value			
At 31 March 2022	993,838	121,084	1,114,922
At 31 March 2021	975,875	68,316	1,044,191

The tenure for these properties at cost is:

	Freehold	Long leasehold	Total
	£'000	£'000	£'000
At 31 March 2022	1,164,860	158,611	1,323,471
At 31 March 2021	1,083,711	153,504	1,237,215

No fixed assets are held under finance leases.

Schemes being built

The amount of borrowing costs capitalised during the period was £520k (2021: £360k) with a capitalisation rate of 4.9% (2021: 3.6%).

Included in the cost of housing properties is £2,866k (2021: £2,346k) in respect of capitalised finance costs.

Security

Bank loans and HFA loans are secured by specific charges on some of the Group's properties. See note 16.

The Net Book Value of assets held for sale at the year-end is £1.2M

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NOTES (continued)

8 FIXED ASSETS – HOUSING PROPERTIES (continued)

Parent

	Housing	Schemes Being Built	Total
	£'000	£'000	£'000
Cost			
At 31 March 2021	937,306	62,941	1,000,247
Additions	14,203	67,267	81,470
Transfers	18,757	(18,757)	-
Impairment		(647)	(647)
Disposals	(5,731)	-	(5,731)
At 31 March 2022	964,535	110,804	1,075,339
Depreciation			
At 31 March 2021	(174,437)	-	(174,437)
Charge for the year	(15,442)	-	(15,442)
Disposals	2,731	-	2,731
At 31 March 2022	(187,148)	-	(187,148)
Net Book Value			
At 31 March 2022	777,387	110,804	888,191
At 31 March 2021	762,869	62,941	825,810

The tenure for these properties at cost is:

	Freehold	Long Leasehold	Total
	£'000	£'000	£'000
At 31 March 2022	994,378	80,961	1,075,339
At 31 March 2021	920,213	80,276	1,000,489

No fixed assets leased are held under finance leases.

Schemes being built

The amount of borrowing costs capitalised during the period was £491k (2021: £331k) with a capitalisation rate of 6.7% (2021: 4.1%).

Included in the cost of housing properties is £2,439k (2021: £2,108k) in respect of capitalised finance costs.

Security

Bank loans and HFA loans are secured by specific charges on some of the Parent's properties. See note 16.

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NOTES (continued)

9 OTHER TANGIBLE FIXED ASSETS

Group	Office Land * and Buildings £'000	Vehicles £'000	Office Furniture & Equipment £'000	Computers £'000	Software £'000	Tools £'000	Total £'000
Cost							
At 31 March 2021	7,690	85	1,349	2,114	2,144	35	13,417
Additions	189	-	-	198	84	9	480
At 31 March 2022	7,879	85	1,349	2,312	2,228	44	13,897
Depreciation							
At 31 March 2021	(3,275)	(84)	(1,302)	(1,759)	(1,957)	(34)	(8,411)
Charge for the year	(71)	-	(23)	(178)	(102)	(2)	(376)
At 31 March 2022	(3,346)	(84)	(1,325)	(1,937)	(2,059)	(36)	(8,787)
Net book value							
At 31 March 2022	4,533	1	24	375	169	8	5,110
At 31 March 2021	4,415	1	47	355	187	1	5,006

* Office land is held freehold.

No fixed assets are held under finance leases.

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NOTES (continued)

9 OTHER TANGIBLE FIXED ASSETS (continued)

Parent	Office Land* and Buildings £'000	Vehicles £'000	Office Furniture & Equipment £'000	Computers £'000	Software £'000	Total £'000
Cost						
At 31 March 2021	7,690	81	1,332	2,098	2,144	13,345
Additions	189	-	-	198	84	471
At 31 March 2022	7,879	81	1,332	2,296	2,228	13,816
Depreciation						
At 31 March 2021	(3,275)	(81)	(1,286)	(1,743)	(1,957)	(8,342)
Charge for the year	(71)	-	(23)	(178)	(102)	(374)
At 31 March 2022	(3,346)	(81)	(1,309)	(1,921)	(2,059)	(8,716)
Net book value						
At 31 March 2022	4,532	-	23	375	169	5,100
At 31 March 2021	4,415	-	46	355	187	5,003

* Office land is held freehold.

No fixed assets are held under finance leases.

10 INVESTMENT PROPERTY

	Group £'000	Parent £'000
At 1 April 2021	28,947	324
Additions	52	-
Disposals	(1,106)	-
Revaluation gain/(loss)	691	-
At 31 March 2022	28,584	324

Investment properties consist of domestic properties in Maple And May Ltd and commercial properties in Choice Housing Ireland Limited, held for rental.

Any gain or loss arising from a change in fair value is recognised in income and expenditure. Rental income from investment property is accounted for as described in the turnover accounting policy.

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NOTES (continued)

10 INVESTMENT PROPERTY (continued)

Group

The investment property fair value is predominately based on a valuation by an external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and class of the properties being valued. The valuation exercise for £28,354k of the properties held was performed with a valuation date of 31 March 2022.

The valuations, which are supported by previous market evidence, are prepared by considering the aggregate of the net annual rents' receivable from the properties and where relevant, associated costs.

The directors have not obtained a valuation report as at 31 March 2022 in respect of the portion of Leslie Morrell House carried as an investment property with an assessed value of £324k. The directors have assessed the fair value as at 31 March 2022.

Any gain or loss arising from a change in fair value is recognised in profit and loss. Rental income from investment property is accounted for as described in the turnover accounting policy.

The historical cost of the investment properties at 31 March 2022 was £25,354k (2021: £26,408k).

Company

Leslie Morrell House (a portion of the property is carried as an investment property and the remainder is used in the business): The directors have not obtained a valuation report as at 31 March 2022 in respect of this investment property with an assessed fair value of £324k. The directors have assessed the fair value as at 31 March 2022 cognisant of a valuation performed by an external, independent valuer in March 2021.

The historical cost of the investment properties at 31 March 2022 was £230k (2021: £230k).

11 FINANCIAL ASSETS

	Group £'000	Parent £'000
At 1 April 2021	-	13,200
Additions	-	-
At 31 March 2022	-	13,200

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NOTES (continued)

11 FINANCIAL ASSETS (continued)

The undertakings in which the Group and Association's interest at the year-end is more than 20% are as follows:

	Registered office	Nature of Business	Class of shares held	Ownership
<i>Subsidiary undertakings</i>				
Oaklee Housing	Republic of Ireland	Registered Housing Association		
Maple And May Ltd	Northern Ireland	Provision of property rental and related services	Ordinary & Preference shares ³	100%
Choice Services (Ireland) Limited	Northern Ireland	Maintenance services	Ordinary shares	100%
Maple And May (Homes) Ltd	Northern Ireland	Development of affordable housing	Ordinary shares	100%
Acorn Housing ⁴	Republic of Ireland	Provision of property rental and related services	Ordinary shares	100%
<i>Joint venture</i>				
Comhar Facilities Management Limited	Republic of Ireland	Provision of facilities management services	A shares	99% ²

¹ Oaklee Housing is a company limited by guarantee and without share capital. The financial statements of Oaklee Housing are consolidated in the group financial statements of the Parent on the basis that as a member of Oaklee Housing, it is entitled to appoint up to seven Directors in the Organisation. This entitlement applies only as long as there are amounts owing to Choice Housing Ireland Limited.

² Comhar Facilities Management Limited is accounted for as a Joint Venture within the Group financial statements; carried at cost plus a share of the profit and loss. The investment at 31 March 2022 was £172 (2021: £172).

³ Maple & May Ltd- The Association holds 13,000,000 Preference shares of £1 each which are redeemable at any time on request at the option of the issuer. The premium on redemption is £Nil.

⁴ Acorn Housing is a subsidiary of Oaklee Housing.

12 STOCK

	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Work-in-progress	674	101	-	-
Stock – materials	157	156	-	-
Fuel	15	15	15	15
	846	272	15	15

Work in progress recognised in operating costs in the year amounted to £125k (2021: £786k).

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NOTES (continued)

13 DEBTORS

	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Rental debtors gross – technical	1,898	1,982	1,898	1,982
Rental debtors gross – non-technical	2,933	2,426	2,727	2,149
Less provision for bad and doubtful debts	(1,962)	(1,862)	(1,800)	(1,724)
Net Rental Debtors	2,869	2,546	2,825	2,407
Housing asset grant receivable	31,156	4,414	31,156	4,408
Other debtors	4,484	5,270	2,011	2,411
Financial instruments	1,938	-	-	-
Amounts due from group undertakings	-	-	14,281	13,128
Amounts due from joint venture	733	323	29	-
Prepayments and accrued income	1,785	1,910	850	801
	42,965	14,463	51,152	23,155
Due within one year	41,027	14,463	36,948	11,802
Due after one year	1,938	-	14,204	11,353
	42,965	14,463	51,152	23,155

The term “technical” refers to the portion of the rental debt which will be paid out of expected Housing Benefit and Supporting People payments. Parent- Amounts due from group undertakings are interest free and unsecured. £12,266k due from group undertakings is due after more than one year (2021: £11,353k), with £2,015k repayable on demand (2021: £1,775k).

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Debt (note 16)	14,152	12,287	10,725	5,949
Trade creditors	4,022	6,612	2,873	5,684
Accruals	10,403	8,085	7,127	5,372
Other creditors	85	26	-	-
Corporation tax payable	380	157	-	-
Due to contractors for certified work and retentions	3,793	3,574	3,793	3,574
Rental and service charge paid in advance	1,447	1,203	1,448	1,204
Other tax and social security	37	162	-	15
Amounts due to group undertakings	-	-	208	-
Amounts due to joint venture companies	32	-	-	-
Housing grant received in advance	29,035	12,330	29,035	12,330
Tenant services fund	79	352	79	352
Deferred tax liability	575	465	-	-
Disposal proceeds fund (note 18)	829	963	829	963
Deferred grant income (note 17.1)	12,318	12,279	10,431	10,490
	77,187	58,495	66,548	45,933

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NOTES (continued)

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

Amounts due to group undertakings are interest free, unsecured and repayable on demand.

15 CREDITORS: AMOUNTS FALLING AFTER MORE THAN ONE YEAR

	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Debt (note 16)	446,051	402,890	269,321	236,677
Disposal proceeds fund (note 18)	2,072	812	2,072	812
Financial instruments (note 26)	5,223	10,376	5,223	7,960
Deferred grant income (note 17.1)	519,786	507,997	476,528	464,048
	973,132	922,075	753,144	709,497

16 DEBT ANALYSIS

	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Due within one year				
Banks and other loans	14,036	10,920	10,609	4,582
Concessionary loans	-	1,184	-	1,184
DfC loans	116	183	116	183
	14,152	12,287	10,725	5,949
Due greater than one year				
Banks and other loans	401,542	355,922	269,251	234,448
Concessionary loans	44,439	46,782	-	2,043
DfC loans	70	186	70	186
	446,051	402,890	269,321	236,677
Total borrowings	460,203	415,177	280,046	242,626

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NOTES (continued)

16 DEBT ANALYSIS (continued)

Terms of repayment and interest rates

Group	Currency	Nominal interest rate	Year of maturity	Repayment schedule	31 March 2022	31 March 2021
		Range	Range		£'000	£'000
Bank loans	GBP and Euro	0.8% to 6.2% (Variable and Fixed)	2022 to 2044	Monthly and quarterly	299,673	253,774
DfC loan	GBP	9.63% to 12.32% (Fixed)	2022 to 2024	Bi-annually	186	369
Concessionary loans	Euro	0% to 2% (Fixed)	2023 to 2048	Bullet repayment on maturity	44,439	47,966
The Housing Finance Corporation ("THFC") loans	GBP	4.42% to 6.35% (Fixed)	2026 to 2043	Quarterly and bi-annually	46,353	46,560
Housing Finance Agency (HFA)	Euro	3 months EURIBOR + 2.75% to 3.85% (Variable and Fixed)	2040 to 2050	Bi-annually	69,552	66,508
Total					460,203	415,177

At 31 March 2022 the Group had undrawn loan facilities of £77,278k (2021: £44,135k).

Parent	Currency	Nominal interest rate	Year of maturity	Repayment schedule	31 March 2022	31 March 2021
		Range	Range		£'000	£'000
Bank loans	GBP	0.82% to 6.1% (Variable and Fixed)	2022 to 2042	Monthly and quarterly	233,507	192,470
DfC loan	GBP	9.63% to 12.32% (Fixed)	2022 to 2024	Bi-annually	186	369
Concessionary loans	GBP	0% (Fixed)	2022	Fixed instalments	-	3,227
THFC loans	GBP	4.03% to 6.35% (Fixed)	2030 to 2043	Quarterly and bi-annually	46,353	46,560
Total					280,046	242,626

At 31 March 2022 the Parent had undrawn loan facilities of £75,157k (2021: £42,000k).

Hedging

- £30m of bank loans included in Parent and Group above have been hedged using interest rate swaps to fix the interest payable (5.35% Swap £20m 2040 and £10m Interest rate collar).
- €46.9m of bank loans included in Group above have been hedged using interest rate swaps to fix the interest payable (EURIBOR Floor 2044).

Security

- Bank loans are secured by way of mortgages upon the deeds of the related properties financed by the loans and charges over the assets of the entity.
- The Housing Finance Corporation Limited (THFC) loans are secured by way of a fixed charge over the Association's housing assets.
- HFA Loans are secured by way of mortgages upon the deeds of the related properties financed by the loans.
- Concessionary and DfC loans are unsecured.

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NOTES (continued)

16 DEBT ANALYSIS (continued)

Repayment schedule

Based on the lender's earliest repayment date, borrowings are repayable as follows:

	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Within one year or on demand	14,152	12,287	10,725	5,948
One year or more but less than two years	7,261	14,508	4,763	12,218
Two years or more but less than five years	62,273	33,919	47,550	19,917
Five years or more	376,517	354,463	217,008	204,543
Total borrowings	460,203	415,177	280,046	242,626

Changes in net debt

Net debt represents the amount of borrowings less cash. The changes in net debt arising during the year ended 31 March 2022 were as follows:

Group	Net cash and cash equivalents £'000	Debt within one year £'000	Debt greater than one year £'000	Total £'000
At 1 April 2021	24,463	(12,287)	(402,890)	(390,714)
Cashflow	(10,654)	12,287	(49,194)	(47,561)
Other non-cash movements	62	(14,152)	6,033	(8,057)
At 31 March 2022	13,871	(14,152)	(446,051)	(446,332)

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NOTES (continued)

17 DEFERRED GRANT INCOME

17.1 GRANT RECONCILIATION - NET

	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
At 1 April	520,276	512,539	474,538	474,538
Additions	26,505	22,981	24,985	20,743
Released to income in year	(13,057)	(12,525)	(11,249)	(10,823)
Disposals	(1,315)	(855)	(1,315)	(855)
Foreign exchange	(305)	(1,864)	-	-
At 31 March	532,104	520,276	486,959	474,538
Amounts to be released within one year	12,318	12,279	10,431	10,490
Amounts to be released in more than one year	519,786	507,997	476,528	464,048
	532,104	520,276	486,959	474,538

17.2 GRANT RECONCILIATION - GROSS

	Parent			Group
	HAG	Other	Total	Total
	£'000	£'000	£'000	£'000
Gross				
At 1 April 2021	630,956	5,343	636,299	699,438
Additions	24,427	558	24,985	26,505
Disposals	(1,828)	-	(1,828)	(1,828)
Foreign exchange	-	-	-	(448)
At 31 March 2022	653,555	5,901	659,456	723,667
Amortisation				
At 1 April 2021	(159,658)	(2,103)	(161,761)	(179,162)
Released to income in year	(11,082)	(167)	(11,249)	(13,057)
Disposals	513	-	513	513
Foreign exchange	-	-	-	143
At 31 March 2022	(170,227)	(2,270)	(172,497)	(191,563)
Net book value				
At 31 March 2022	483,328	3,631	486,959	532,104
At 1 April 2021	471,298	3,240	474,538	520,276

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NOTES (continued)

18 DISPOSAL PROCEEDS FUND

The movements in the disposal proceeds fund during the year were:

	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
At 1 April	1,775	2,110	1,775	2,110
House sales	1,999	812	1,999	812
Expenditure	(873)	(1,147)	(873)	(1,147)
At 31 March	2,901	1,775	2,901	1,775

The disposal funds surpluses must be used as follows:

Within the next year (note 14)	829	963	829	963
Within the next two years (note 15)	2,072	812	2,072	812
	2,901	1,775	2,901	1,775

19 EMPLOYEE BENEFITS

19.1 Pensions

Group and Parent

The Parent contributes to the Northern Ireland Local Government Officers Superannuation Committee (NILGOSC). This is a defined benefit scheme and the benefits currently provided are on a Career Average Revaluated Earnings ('CARE') basis, based on an accrual rate of 1/49. Death in service benefits include three times pensionable salary, and spouse pension paid to a qualifying spouse.

The most recent formal actuarial valuation was completed as at 31 March 2019 and rolled forward, allowing for the different financial assumptions required under FRS 102, to 31 March 2022 by a qualified independent actuary. A full actuarial valuation is carried out every three years. Pension scheme assets were stated at their estimated market value at 31 March 2022.

At the 31st March 2022 the pension valuation reports a net pension asset of £3,116k before consideration of a surplus restriction. In line with FRS 102 para 28.22 the Association has not recognised this surplus, as it is uncertain as to whether this surplus (calculated for Financial Reporting purposes) will be recoverable via reduced future contributions (calculated for pension funding purposes). As such we have recognised a nil balance in the Pension Asset/ (Liability) Account.

Net pension liability

	2022	2021
	£'000	£'000
Defined benefit obligation	(55,781)	(57,112)
Plan assets	58,897	55,466
Restriction on pension asset	(3,116)	-
Net pension liability	-	(1,646)

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NOTES (continued)

19.1 Pensions (continued)

Movements in present value of defined benefits obligation

	2022	2021
	£'000	£'000
At 1 April	57,112	46,180
Current service cost	1,349	1,148
Interest expense	1,265	1,139
Re-measurement: actuarial gains/(losses)	(3,409)	9,142
Member contributions	200	219
Benefits paid	(736)	(716)
At 31 March	<u>55,781</u>	<u>57,112</u>

Movements in fair value of plan assets

	2022	2021
	£'000	£'000
At 1 April	55,466	43,429
Interest income	1,232	1,078
Re-measurement gains on assets	1,170	9,809
Contributions by employer	1,565	1,647
Contributions by members	200	219
Benefits paid	(736)	(716)
At 31 March	<u>58,897</u>	<u>55,466</u>

Re-measurement of net defined liability

	2022	2021
	£'000	£'000
Re-measurement: actuarial gains/(losses)	3,512	(9,523)
Re-measurement gains on assets	1,170	9,809
Actuarial gains from experience	(103)	381
Restriction on pension asset	(3,116)	-
Net re-measurement – recognised in other comprehensive income	<u>1,463</u>	<u>667</u>

Expense recognised in the income and expenditure account

	2022	2021
	£'000	£'000
Operating costs: - current service cost	1,335	1,132
- administration costs	14	16
Amounts charged to operating costs	<u>1,349</u>	<u>1,148</u>
Net interest on net defined benefit liability	33	61
Amounts charged to interest expense	<u>33</u>	<u>61</u>

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NOTES (continued)

19.1 Pensions (continued)

The fair value of the plan assets and the return on those assets were as follows:

	2022	2022	2021	2021
	Fair	Fair	Fair	Fair
	value	value	value	value
	£'000	%	£'000	%
Equities	23,559	40.0	25,625	46.2
Bonds	15,195	25.8	19,857	35.8
Multi-asset credit	7,657	13.0	-	-
Property	6,420	10.9	4,936	8.9
Cash	6,066	10.3	5,048	9.1
	58,897		55,466	
Actual return on plan assets	2,402		10,887	

Principal actuarial assumptions: Financial assumptions

The principal actuarial assumptions used by the actuary (expressed as weighted averages) at the year-end were as follows:

Assumptions used for calculations	2022	2021
Discount rate	2.85%	2.20%
Future increase in retail price index	3.60%	3.25%
Future increase in consumer price index	3.15%	2.80%
Future rate of salary increase	4.65%	4.30%
Average future rate of pension increases	3.15%	2.80%

The main assumptions relating to member longevity underlying the pension liabilities at the balance sheet date are as follows:

Average expected future life expectancy after 65 for:	2022	2021
	Years	Years
Male staff currently aged 65	21.8	21.7
Female staff currently aged 65	25.1	25.0
Male currently aged 45	23.1	23.1
Female currently aged 45	26.5	26.5

Defined contributions plan

The Association operates a defined contribution pension plan. The total expense relating to these plans in the current year was £419k (2021: £363k).

19.2 Holiday Pay Entitlement

The employees of the Group have unused holiday entitlements at 31 March 2022 amounting to a liability of £211k (2021: £160k). These have been reported within staff costs and accruals.

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NOTES (continued)

20 SHARE CAPITAL

	Parent and Group	
	2022	2021
	(Figures are in single pounds)	
	£	£
<i>Ordinary shares of £1 each, fully paid</i>		
At 1 April	68	68
Share capital issued, fully paid	-	-
Transfer to capital reserve	(1)	-
At 31 March	67	68

The Parent's share capital is classified as equity and the shares are not entitled to a dividend, are never redeemable, and will not be repaid if the Parent is wound up.

Every Board member has owned one share since their election to the Board. The names of all Board members who held office during the year are listed on page 2 and 3.

No Board member holds or exercised an option to buy shares in or debentures of the Parent.

21 RESERVES

Capital reserve

Capital reserve represents the value of shares surrendered on cessation of membership.

	Parent and Group	
	2022	2021
	(Figures are in single pounds)	
	£	£
At 1 April	136	136
Transfer from share capital	1	-
At 31 March	137	136

Foreign currency translation reserve

In the group financial statements, the foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations into GBP, the presentational currency of the Parent and Group.

Cash flow hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

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NOTES (continued)

22 CAPITAL COMMITMENTS

	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Authorised and contracted for	102,091	44,503	89,995	35,438

The figures above are gross expenditure before offsetting attributable grants. The Group operates a prudent Treasury policy and has funding in place to meet these capital commitments.

23 RELATED PARTY TRANSACTIONS

Details of transactions with related parties during the financial year ended 31 March 2022 are shown below:

Nature of transaction	Amount Dr/(Cr)	Balance due from/(to) related party	Amount Dr/(Cr)	Balance due from/(to) related party
	2022	2022	2021	2021
	£'000	£'000	£'000	£'000
Oaklee Housing				
Recharges of Labour/other costs	(291)	2,895	(408)	2,630
Interest	(68)		(68)	
Inter Company Funding				
Exchange Movement	14		46	
Other repayments	89		458	
Acorn Housing				
Recharge of costs	-	68	20	68
Comhar Facilities Management¹				
Services provided by Parent	(29)	29	-	-
Services provided by Group	(1,670)	703	(913)	323
Skainos²				
Service charges		-	68	-
Mullach Allainn Managenent Co³				
Service charges	2	-	2	-

The Group have availed of the exemption in FRS102 to not report related party transactions for 100% owned subsidiaries. The exemption has been adopted for Maple And May Ltd, Maple And May (Homes) Ltd and Choice Services (Ireland) Limited.

¹ Comhar Facilities Management Limited is a joint venture of the Parent.

² Skainos Limited is a property development partner and is considered to be a related party because the Parent has representation on its Board.

³ Mullach Allainn Management Company Limited is a management company of a housing scheme and is considered to be a related party because the Parent has representation on its Board.

All transactions with related parties are on an arms-length basis. There are no provisions against any balance with related parties at the year-end (2021: £nil).

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NOTES (continued)

24 CASHFLOW FROM OPERATING ACTIVITIES

	2022	2021
	£'000	£'000
Surplus for the year	12,362	12,555
Gain on disposal of tangible fixed assets	(2,085)	(1,007)
Interest receivable and similar income	(25)	(108)
Interest payable and similar charges	11,283	10,833
Net finance charges relating to pension scheme	33	61
Gain on property valuation	(691)	(682)
Reversal of impairment of financial assets	-	-
Transfer to disposal proceeds fund	1,999	812
Movement in fair value of financial instruments	(259)	(67)
Taxation	367	285
Depreciation, impairment and write-off of major repairs on owned tangible fixed assets	20,868	19,418
Amortisation of capital grants and contributions	(13,057)	(12,525)
Pension costs less contributions payable	(216)	(499)
Decrease in stock and trading properties	(574)	663
Decrease/(increase) in trade and other debtors	81	555
Increase in trade and other creditors	34	646
Net cash inflow from operating activities	<u>30,120</u>	<u>30,940</u>

24.1 CASH INVESTMENTS

	2022	2021
	£'000	£'000
Cash Investments	<u>2,827</u>	<u>2,980</u>

Cash investments includes cash on deposit for more than 90 days.

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NOTES (continued)

25 HOMES AND BEDSPACES IN MANAGEMENT AND IN DEVELOPMENT

The number of homes and bed-spaces in management and in development in Northern Ireland as at 31 March 2022 was 12,382 (2021: 11,915). In the Republic of Ireland there were 2,039 units in management and in development as at 31 March 2022 (2021: 1,740). This is analysed in the table below:

Number of units owned by the Parent	2022	2021
Self-contained	Properties	Properties
General needs housing- Social Rent	7,472	7,323
Sheltered housing	1,911	1,911
Supported housing	798	775
Shared ownership	1	2
	<u>10,182</u>	<u>10,011</u>
Non self-contained	Bedspaces	Bedspaces
General needs housing- Social rent	21	23
Supported housing	1,055	1,056
	<u>1,076</u>	<u>1,079</u>
Total units owned at year end	<u><u>11,258</u></u>	<u><u>11,090</u></u>
Number of units managed but not owned by the Parent		
Self-contained	Properties	Properties
General Needs Housing- Social rent	16	19
Sheltered Housing	-	-
Total units managed at year end	<u><u>16</u></u>	<u><u>19</u></u>
Total units owned and managed by the Parent	11,274	11,109
Oaklee Housing	1,288	1,188
Oaklee Housing- PPP	534	335
Maple And May Ltd	253	261
Acorn Housing Ltd	217	217
Total units managed by the Group	<u><u>13,566</u></u>	<u><u>13,110</u></u>
Units in development at the year end	<u><u>855</u></u>	<u><u>545</u></u>

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NOTES (continued)

26 FINANCIAL INSTRUMENTS

Carrying amounts of financial instruments held at other than fair value:

	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Assets measured at amortised cost				
Cash and cash equivalents	13,871	24,463	2,509	16,530
Cash investments	2,827	2,980	2,827	2,980
Trade and other debtors	41,700	13,214	50,302	22,354
Liabilities measured at amortised cost				
Debt	(460,203)	(415,177)	(280,046)	(242,626)
Trade and other payables	(19,131)	(18,649)	(13,714)	(14,981)
	<u>(420,936)</u>	<u>(393,169)</u>	<u>(238,122)</u>	<u>(215,743)</u>

Financial instruments measured at fair value:

	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
<i>Derivatives- Level 2</i>				
Interest rate swap	(1,403)	(7,417)	(3,340)	(5,001)
Interest rate collar	(1,884)	(2,962)	(1,884)	(2,962)
Forward exchange contract	1	3	1	3
Carrying value	<u>(3,286)</u>	<u>(10,376)</u>	<u>(5,223)</u>	<u>(7,960)</u>

The Group has the following derivative financial instruments which have been measured at fair value:

- Barclays £20m interest rate swap
- Barclays £10m interest rate collar
- Barclays forward foreign exchange contract
- Nord LB €5.9m interest rate floating to fixed swap and floor (Feb-18)
- Nord LB €5.3m interest rate floating to fixed swap and floor (Jul-18)
- Nord LB €5.6m interest rate floating to fixed swap and floor (Dec-18)
- Nord LB €5.1m interest rate floating to fixed swap and floor (Aug-19)
- Nord LB €7.1m interest rate floating to fixed swap and floor (Dec-19)
- Nord LB €9.6m interest rate floating to fixed swap and floor (May-20)
- Nord LB €8.4m interest rate floating to fixed swap and floor (Jun-20)

The fair values of the interest rate swaps and collars is based on discounting estimated cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

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NOTES (continued)

26 FINANCIAL INSTRUMENTS (continued)

The fair value of the forward exchange contract is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

26.1 HEDGE ACCOUNTING

The following table indicates the periods in which the cash flows associated with cash flow hedging instruments are expected to occur as required by FRS 102.29(a) for the cash flow hedge accounting models.

Hedging Cash Flows

Group

Derivatives	Carrying amount £'000	Expected cash flows £'000	1 year or less £'000	1 to < 2 years £'000	2 to < 5 years £'000	5 years and over £'000
2022						
Inflows		20,236	722	1,271	3,911	14,332
Outflows		(25,225)	(1,848)	(1,745)	(5,055)	(16,577)
	(3,286)	(4,989)	(1,126)	(474)	(1,144)	(2,245)
2021						
Inflows		15,878	469	504	1,966	12,939
Outflows		(27,741)	(2,016)	(1,955)	(5,438)	(18,332)
	(10,376)	(11,863)	(1,547)	(1,451)	(3,472)	(5,393)

Company

Derivatives	Carrying amount £'000	Expected cash flows £'000	1 year or less £'000	1 to < 2 years £'000	2 to < 5 years £'000	5 years and over £'000
2022						
Inflows		14,149	851	937	2,550	9,810
Outflows		(20,878)	(1,533)	(1,437)	(4,178)	(13,730)
	(5,224)	(6,730)	(682)	(500)	(1,628)	(3,919)
2021						
Inflows		14,057	676	690	2,226	10,465
Outflows		(23,040)	(1,691)	(1,638)	(4,530)	(15,181)
	(7,963)	(8,983)	(1,015)	(948)	(2,304)	(4,716)

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NOTES (continued)

26 FINANCIAL INSTRUMENTS (continued)

26.1 HEDGE ACCOUNTING (continued)

Reconciliation of fair value measurements of financial liabilities

Group	Interest rate swap	Interest rate collar	Forward exchange contract	Acorn interest rate swap	2022 Total	2021 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Fair value liability at 1 April	5,001	2,962	(3)	2,416	10,376	13,000
<i>Movements recognised in Income and Expenditure</i>						
Ineffective portion of (gains)/losses on derivatives treated as cash-flow hedges	27	(101)	-	(187)	(261)	(58)
Fair value movement on derivative contracts which are not in a hedging relationship	-	-	2	-	2	(9)
<i>Movements recognised in other comprehensive income</i>						
Effective portion of changes in fair value of cash-flow hedges	(1,688)	(977)	-	(4,166)	(6,831)	(2,557)
Fair value liability at 31 March	3,340	1,884	(1)	(1,937)	3,286	10,376

The interest rate swaps, interest rate collar and Nord interest rate swaps are hedge accounted; the foreign exchange contract is not hedge accounted.

Parent	Interest rate swap	Interest rate collar	Forward exchange contract	2022 Total	2021 Total
	£'000	£'000	£'000	£'000	£'000
Fair value liability at 1 April	5,001	2,962	(3)	7,960	9,733
<i>Movements recognised in Income and Expenditure</i>					
Ineffective portion of (gains)/losses on derivatives treated as cash-flow hedges	27	(101)	-	(74)	98
Fair value movement on derivative contracts which are not in a hedging relationship	-	-	2	2	(9)
<i>Movements recognised in other comprehensive income</i>					
Effective portion of changes in fair value of cash-flow hedges	(1,688)	(977)	-	(2,665)	(1,862)
Fair value liability at 31 March	3,340	1,884	(1)	5,223	7,960

The interest rate swaps, interest rate collar are hedge accounted; the foreign exchange contract is not hedge accounted.

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NOTES (continued)

26 FINANCIAL INSTRUMENTS (continued)

26.1 HEDGE ACCOUNTING (continued)

Summary of hedges

Financial instrument - Barclays £20m interest rate swap

- Hedge description- The objective of the hedge is to mitigate the variability of the cash flows stemming from the floating rate interest payments related to the Barclays floating rate loan £20m (2040) against unfavourable movements in the 1 month LIBOR rate. The swap pays fixed interest of 5.35% and receives 1 month LIBOR.
- Risk being hedged- The cash flows stemming from the interest payments of the Barclays floating rate loan £20m (2040) is linked to 1 month LIBOR. The interest payments are highly expected to occur as the loan has already been drawn. The hedged documentation takes into account the "critical terms matching". Quantitative analysis on hedge effectiveness is calculated using the hypothetical derivative method, to ensure that no over-hedging is taking place.

Financial instrument - Barclays £10m interest rate collar

- Hedge description- The objective of the hedge is to mitigate the variability of the cash flows stemming from the floating rate interest payments related to the Barclays floating loan £10m (2040), against unfavourable movements in the 1 month LIBOR rate. The instrument includes a cap at 6% and floor of 4.5%.
- Risk being hedged- The cash flows stemming from the interest payments of the Barclays floating loan £10m (2040) is linked to 1 month LIBOR. The interest payments are highly expected to occur as the loan has already been drawn. The hedged documentation takes into account the "critical terms matching". Quantitative analysis on hedge effectiveness is calculated using the hypothetical derivative method, to ensure that no over-hedging is taking place.

Financial instrument - Nord LB €5.9m interest rate swap (Feb-18)

- Hedge description- The objective of the hedge is to mitigate the variability of the cash flows stemming from the floating rate interest payments due on the bank loan of €5.9m, with a term to 2044, against movements in the 1 to 6 month EURIBOR rate. The hedging instrument, which is a floating to fixed interest rate swap, fixes the interest rate payable at between 1.5% and 2%, and includes a EURIBOR floor of minus1.5%.
- Risk being hedged- The cash flows stemming from the interest payments of the Nord loan €5.9m (2044) is linked to the 1 to 6 month EURIBOR. The interest payments are highly expected to occur as the loan has been drawn down (with future purchases identified for the utilisation of the undrawn facility). The hedged documentation takes into account the "critical terms matching". Quantitative analysis on hedge effectiveness is calculated using the hypothetical derivative method, to ensure that no over-hedging is taking place.

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NOTES (continued)

26 FINANCIAL INSTRUMENTS (continued)

26.1 HEDGE ACCOUNTING (continued)

Financial instrument - Nord LB €5.3m interest rate swap (Jul-18)

- Hedge description- The objective of the hedge is to mitigate the variability of the cash flows stemming from the floating rate interest payments due on the bank loan of €5.3m, with a term to 2044, against movements in the 1 to 6 month EURIBOR rate. The hedging instrument which is a floating to fixed interest rate swap, fixes the interest rate payable at between 1% and 2%, and includes a EURIBOR floor of minus 1.5%.
- Risk being hedged- The cash flows stemming from the interest payments of the Nord loan €5.3m (2044) is linked to the 1 to 6 month EURIBOR. The interest payments are highly expected to occur as the loan has been drawn down (with future purchases identified for the utilisation of the undrawn facility). The hedged documentation takes into account the "critical terms matching". Quantitative analysis on hedge effectiveness is calculated using the hypothetical derivative method, to ensure that no over-hedging is taking place.

Financial instrument - Nord LB €5.6m interest rate swap (Dec-18)

- Hedge description- The objective of the hedge is to mitigate the variability of the cash flows stemming from the floating rate interest payments due on the bank loan of €5.6m, with a term to 2044, against movements in the 1 to 6 month EURIBOR rate. The hedging instrument, which is a floating to fixed interest rate swap, fixes the interest rate payable at between 1% and 2%, and includes a EURIBOR floor of minus 1.5%.
- Risk being hedged- The cash flows stemming from the interest payments of the Nord loan €5.6m (2044) is linked to the 1 to 6 month EURIBOR. The interest payments are highly expected to occur as the loan has been drawn down (with future purchases identified for the utilisation of the undrawn facility). The hedged documentation takes into account the "critical terms matching". Quantitative analysis on hedge effectiveness is calculated using the hypothetical derivative method, to ensure that no over-hedging is taking place.

Financial instrument - Nord LB €5.1m interest rate swap (Aug-19)

- Hedge description- The objective of the hedge is to mitigate the variability of the cash flows stemming from the floating rate interest payments due on the bank loan of €5.1m, with a term to 2044, against movements in the 1 to 6 month EURIBOR rate. The hedging instrument, which is a floating to fixed interest rate swap, fixes the interest rate payable at 0.513%, and includes a EURIBOR floor of minus 1.5%. The time value of the floor option on the hedging instrument is excluded from the hedge relationship and expensed to the Income and Expenditure Account.
- Risk being hedged- The cash flows stemming from the interest payments of the Nord loan €5.1m (2044) is linked to the 1 to 6 month EURIBOR. The interest payments are highly expected to occur as the loan has been drawn down (with future purchases identified for the utilisation of the undrawn facility). The hedged documentation takes into account the "critical terms matching". Quantitative analysis on hedge effectiveness is calculated using the hypothetical derivative method, to ensure that no over-hedging is taking place.

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NOTES (continued)

26 FINANCIAL INSTRUMENTS (continued)

26.1 HEDGE ACCOUNTING (continued)

Financial instrument - Nord LB €7.1m interest rate swap (Dec-19)

- Hedge description- The objective of the hedge is to mitigate the variability of the cash flows stemming from the floating rate interest payments due on the bank loan of €7.1m, with a term to 2044, against movements in the 1 to 6 months EURIBOR rate. The hedging instrument, which is a floating to fixed interest rate swap, fixes the interest rate payable at 0.658%, and includes a EURIBOR floor of minus 1.5%. The time value of the floor option on the hedging instrument is excluded from the hedge relationship and expensed to the Income and Expenditure Account.
- Risk being hedged- The cash flows stemming from the interest payments of the Nord loan €7.1m (2044) is linked to the 1 to 6 Month EURIBOR. The interest payments are highly expected to occur as the loan has been drawn down (with future purchases identified for the utilisation of the undrawn facility). The hedged documentation takes into account the "critical terms matching". Quantitative analysis on hedge effectiveness is calculated using the hypothetical derivative method, to ensure that no over-hedging is taking place.

Financial instrument - Nord LB €9.6m interest rate swap (May-20)

- Hedge description- The objective of the hedge is to mitigate the variability of the cash flows stemming from the floating rate interest payments due on the bank loan of €9.6m, with a term to 2044, against movements in the 1 to 6 months EURIBOR rate. The hedging instrument, which is a floating to fixed interest rate swap, fixes the interest rate payable at 0.286%, and includes a EURIBOR floor of minus 1.5%. The time value of the floor option on the hedging instrument is excluded from the hedge relationship and expensed to the Income and Expenditure Account.
- Risk being hedged- The cash flows stemming from the interest payments of the Nord loan €9.6m (2044) is linked to the 1 to 6 Month EURIBOR. The interest payments are highly expected to occur as the loan has been drawn down (with future purchases identified for the utilisation of the undrawn facility). The hedged documentation takes into account the "critical terms matching". Quantitative analysis on hedge effectiveness is calculated using the hypothetical derivative method, to ensure that no over-hedging is taking place.

Financial instrument - Nord LB €8.4m interest rate swap (Jun-20)

- Hedge description- The objective of the hedge is to mitigate the variability of the cash flows stemming from the floating rate interest payments due on the bank loan of €8.4m, with a term to 2044, against movements in the 1 to 6 months EURIBOR rate. The hedging instrument, which is a floating to fixed interest rate swap, fixes the interest rate payable at 0.273%, and includes a EURIBOR floor of minus 2.5%. The time value of the floor option on the hedging instrument is excluded from the hedge relationship and expensed to the Income and Expenditure Account.
- Risk being hedged- The cash flows stemming from the interest payments of the Nord loan €8.4m (2044) is linked to the 1 to 6 Month EURIBOR. The interest payments are highly expected to occur as the loan has been drawn down (with future purchases identified for the utilisation of the undrawn facility). The hedged documentation takes into account the "critical terms matching". Quantitative analysis on hedge effectiveness is calculated using the hypothetical derivative method, to ensure that no over-hedging is taking place.

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NOTES (continued)

27 LEASING COMMITMENTS

Non-cancellable operating lease rentals are payable as follows:

	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Less than one year	550	491	273	185
Between one and five years	2,388	1,223	1,280	-
More than five years	2,853	3,114	-	-
	<u>5,791</u>	<u>4,828</u>	<u>1,553</u>	<u>185</u>

During the year £185k (2021: £191k) was recognised as an expense in the income and expenditure account in respect of operating leases.

28 CONTINGENT LIABILITIES

There is a contingent liability in respect of grants and contributions if the Group does not comply with the terms of the letter of grant award. The Housing Association Grant for Eligible Housing Activities General (Northern Ireland) Determination 1992, known as the 'General Determination', gives details of a number of relevant events that trigger grant recovery. The possibility of any reimbursement is considered to be remote.

29 POST BALANCE SHEET EVENTS

There have been no significant events subsequent to year end that would require adjustment or disclosure in these financial statements.