



Registered No. IP000306

**Ark Housing Association Northern Ireland Limited**  
**Annual Report and Financial Statements**  
**for the year ended 31 March 2019**

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## **BOARD OF MANAGEMENT & ADVISORS**

### **Board of Management**

Dr Deborah Donnelly (Chair)

Mr Ian McAvoy (Vice-Chair)

Mr Sean Fitzsimons (Vice-Chair)

*(Resigned 16/04/2018)*

Mr Seamus Mullan (Treasurer)

Ms Nicole Mulholland

Ms Deborah Reynolds

Ms Margaret Ritchie

Mr Tom Doran

Mrs Elizabeth Martin

*(Appointed 25/06/2018)*

Ms Joanne Carson

*(Appointed 25/06/2018)*

### **Chief Executive & Company Secretary**

Mr James P. McShane

### **Registered Office**

Hawthorn Office Park

37a Stockmans Way

Belfast

BT9 7ET

Registered under the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969 No IP000306

Registered with the Department for Communities (NI) R50

Registered with the Charity Commission for Northern Ireland NIC104546

### **Solicitors**

Edwards & Co

28 Hill Street

Belfast

BT1 2LA

### **Independent Auditors**

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Waterfront Plaza

8 Laganbank Road

Belfast

BT1 3LR

### **Bankers (Primary)**

Bank of Ireland

31 University Road

Belfast

BT7 1NA

Danske Bank

Donegall Square West

Belfast

BT1 6JS

Ulster Bank

Donegall Square East

Belfast

BT1 5UB

## REPORT OF THE BOARD OF MANAGEMENT

The Board of Management presents their strategic report and the audited financial statements for the year ended 31 March 2019 for Ark Housing Association Northern Ireland Limited (the “Association”). This report is also known as the Trustees’ report for Charity law purposes.

### Principle Activities

The Association is a non-profit making Housing Association providing a range of social housing and support services across Northern Ireland for those in need. Our principle activities include:

- Developing new build social housing in response to identified need;
- Providing housing management and tenancy support services;
- Undertaking response, cyclical and planned maintenance works;
- Assisting people to stay in their own homes through home adaptation services;
- Providing temporary accommodation and support services to homeless families;
- Partnering others in the delivery of specialist housing & support provision.

### Vision, Mission and Values

Our vision is *‘Making a positive difference by empowering people and communities’* and its mission is *‘In partnership, provide quality homes and support services to meet housing need and contribute to the well-being of communities’*.

Our core values, which have the acronym **PRIDE**, are:

Progressive	– <i>Forward thinking, supporting change and transformational</i>
Respect	- <i>Treat everyone with dignity &amp; esteem</i>
Integrity	- <i>Maintain the highest professional and personal standards</i>
Diversity & Equality	- <i>Value diversity and equality in everything we do</i>
Excellence	- <i>Strive to deliver the highest standards of quality and customer care</i>

We currently own 453 homes across a wide geographical area providing housing and associated services across a diverse spectrum including:

- General needs homes;
- Mobility and wheelchair bungalows;
- Sheltered Housing;
- Temporary Accommodation;
- Specialist homes for those living with mild to moderate dementia, learning difficulties and mental ill-health.

### Corporate Governance

In the opinion of the Board, the Association is compliant with the Best Practice issued by the NHF Code of Governance.



## **REPORT OF THE BOARD OF MANAGEMENT(CONTINUED)**

### **Board of Management**

The Association is governed by a voluntary Board, which during the year, consisted of 10 persons with a wide range of skills and experience. The gender balance of the Board during 2018/2019 was 60% female, 40% male.

The work of the Board was supported by its committees which include the Audit, Compliance and Risk committee, the Investment committee, the Governance committee and the Remuneration committee.

The Board met four times during the year, as did the Audit, Compliance and Risk committee and the Investment committee. The Governance committee and Remuneration committee each met once during the year.

### **Going Concern**

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

### **Internal Financial Control**

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

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

- The Board has adopted a formal schedule of matters reserved for its approval ensuring it maintains responsibility for overall strategy, approval of all property transactions and other major capital expenditure projects.
- There is an organisation structure with clearly defined lines of responsibility and delegation of authority.
- Detailed budgets are prepared covering the Association's business which are reviewed and approved by the Board. Actual results are compared against budget and appropriate action identified and initiated.
- The Board reviews matters relating to internal control and receives reports on a regular basis from the external and internal auditors and from Senior Management.
- The process for identifying, evaluating and managing the significant risks faced by the Association is ongoing, has been in place for the year and up to the date of approval of the annual report and accounts, and is regularly reviewed by the Board.

## REPORT OF THE BOARD OF MANAGEMENT(CONTINUED)

### Board Responsibilities

The Co-operative and Community Benefit Societies Act and registered housing association legislation require the members of the Board of Management to prepare financial statements for each financial year which give a true and fair view of the state of the Association's affairs and of its surplus or deficit for that period. In preparing these statements the Board is required to:

- Select suitable accounting policies and apply them consistently
- Make judgements and estimates that are reasonable and prudent
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue to operate.

The members of the Board of Management are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969 and the Registered Housing Associations (Accounting Requirements) Order (Northern Ireland) 1993. They have general responsibility for the taking of reasonable steps to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

### Statement of Disclosure of Information to Auditors

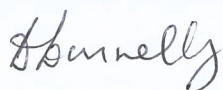
So far as each of the members of the Board is aware:

- There is no relevant information of which the Association's auditors are unaware
- They have taken all reasonable steps that they ought to have taken, as members of the Board, to make themselves aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

### Auditors

A resolution to appoint GMcG Group Limited will be proposed at the Annual General Meeting.

By order of the Board



Dr Deborah Donnelly  
**Chair of the Board of Management**

Belfast  
24 June 2019



## STRATEGIC REPORT OF THE BOARD OF MANAGEMENT

### Business Overview

During the year, the Board undertook an extensive programme of change to underpin and facilitate the implementation of its five-year plan. In November 2018, a strategic review day was held to approve our ambitious five-year growth plan, which when delivered, will see the Association achieve 1,000 units of accommodation under management.

Work undertaken included the transition to a new senior management and operational structure, the implementation of a revised scheme evaluation and appraisal approval process, and a fundamental review of existing governance and risk management structures and processes. A series of financial policy reforms were also completed which culminated in the decision to transfer the financial management of the Association in-house through the formation of a new Director of Finance role.

In respect to regulation, we were extremely pleased to receive the NI social housing regulator, (the Department for Communities) assessment of our business as “satisfactory” (the highest possible rating) across all core regulatory areas, including Governance, Finance and Consumer Standards.

The Board’s revised policy and framework for managing risks has ensured a continuous review of the risks affecting our business and we have been proactive in monitoring and acting in mitigating those risks.

Our risk register not only considers risks that are unique to Ark Housing but also those risks that affect the wider housing sector due to economic, policy and political influences. Each risk is continually assessed in respect of the likelihood of something happening and the impact it would have on our business if it did happen and, on the action taken to mitigate those.

The Board are committed to embedding risk management throughout the organisation and its systems and controls are designed to ensure that any exposure to significant risk is properly managed. Risks identified and managed throughout 2018/2019 include:

- Welfare Reform;
- Supporting People Reform and Grant Reductions;
- Reclassification of Housing Associations as Public Bodies
- Health & Safety Compliance
- Maintaining Regulatory Compliance
- Financial Viability including Interest Rate Risk
- Cyber Fraud or major systems failure
- Safeguarding of vulnerable service users and tenants

We completed a series of internal audits throughout the year to provide further assurances on our internal systems, processes and controls and these included an assessment of the effectiveness of our Audit Committee, an assessment of our preparations in respect to business continuity and disaster recovery, and a review of our core housing management services. All internal audit reports returned satisfactory outcomes across all of those business areas examined.



## STRATEGIC REPORT OF THE BOARD OF MANAGEMENT (CONTINUED)

### Financial Performance

Our turnover for the year increased to £3.0m compared to £2.8m in 2017/18. The total movement in equity for the year was £365k which was a £150k increase on 2017/18. Our surplus is used to fund loan capital repayments and to fund our long-term home improvement plans. Our budget has been well managed, and the performance this year was strong exceeding budget expectations. We achieved a gross margin of 34% and a net margin of 20%. However, we have recognised in our long-term financial business plan that greater surpluses are required in future years to ensure we achieve our long-term objectives, which include an ambitious growth strategy and long-term asset management strategy.

We have a strong Balance Sheet with property fixed assets increasing by almost £4.7m from the 2017/18 financial year to over £39m at March 2019. This increase is due to our investment in new homes and expenditure in major improvements to our existing homes.

The liquidity position of the Association is closely monitored in line with our Treasury policy, to ensure the availability of cash to meet its short-term liabilities. The ratio of current assets to current liabilities (not including short term HAG) of 2:1 is a very strong current ratio.

Our bank loans increased by almost £2m during the year due to a draw down from our Revolving Credit Facility (RCF). We actively negotiated a revised gearing covenant during the year with our funders which is now measured as loan debt to property assets providing a strong platform for us to move forward with our future investment plans.

Our gearing ratio of 26% is well within our 50% maximum range with less than 1% of our loans remaining under a less favourable gearing ratio of loan debt to equity and HAG.

Loan Interest is the one of our largest areas of expenditure and therefore even small increases can have significant impact on the Association's overall performance. We manage this risk in line with our Treasury policy by adhering to a mix of fixed and variable rates in order to balance risk whilst benefiting from more favourable variable rates. Our average interest rate is currently 3.84% and the indicative terms we have negotiated with the bank to secure additional funding for next year will reduce this further.

### Safeguarding

We are committed to a practice which promotes the welfare of adults at risk and safeguards them from harm. We have developed robust adult safeguarding policies and procedures for raising awareness of and responding to safeguarding issues. All staff have received training in line with these policies and procedures and all new staff are provided with an overview during induction. The Association has appointed an Adult Safeguarding Champion, who is responsible for investigating and reporting safeguarding issues to the Association's Board, Charities Commission and Supporting People. During 2018/2019, the Board reports a NIL position in respect to its Safeguarding reporting obligations. The Board also confirms that its safeguarding policy and processes remain up to date and are compliant with the Northern Ireland Safeguarding requirements having been last reviewed in November 2018.



## STRATEGIC REPORT OF THE BOARD OF MANAGEMENT (CONTINUED)

### Fraud

The Board are concerned with ensuring that the assets of the Association are protected from the risk of theft, misappropriation, or other such unauthorised disposal, from wherever the source, including through fraudulent actions.

The Association's fraud policy was reviewed during the financial year and applies to everyone engaged in activities on behalf of the Association, including board members, staff, tenants, members of the public, contractors, agents and others.

This policy sets out the responsibilities of all staff regarding the prevention of fraud and the actions to be taken where a fraud is suspected or detected.

The Association completed the four quarterly DfC Fraud returns for the financial year, which were all 'NIL' returns for newly identified cases of fraud.

### Value for Money

We define Value for Money (VFM) as 'obtaining the maximum benefit from our assets'. It is not simply the cheapest way of doing something. It is about finding the best combination between:

- Keeping the cost to a minimum
- Achieving more with our resources to deliver a greater level of service
- Achieving the best outcomes for our tenants

We are committed to providing the best value for money services for our tenants. Demand for services is always increasing and resources are limited, therefore we constantly review our services and how we manage resources to ensure that we can continue to re-invest savings into meeting our tenants' needs, increasing the number of homes we provide and mitigating risks.

Our strategic approach to achieving VFM is driven by our corporate plan and our other strategies which complement the plan. We continually examine our plans and results across the entire organisation, all of which have the common theme in mind of maximising efficiencies and opportunities to achieve the maximum for our tenants.

### Procurement

The procurement of goods and services is a large expense area and therefore we have robust procurement policy and procedures in place to ensure when awarding supplier contracts, we achieve VFM in every contract. The whole organisation is encouraged to drive value for money improvements, however big or small.

During the year we made an accumulation of some small savings in our administration overheads. Our management costs were £659 per unit against a budget of £673 per unit. We made a total saving of almost £17k in our administration costs. We moved office cleaning services in-house from an external contractor which also made a saving. We also procured a new ICT contract and a new stationery provider for the incoming 2019/20 year which we anticipate will lead to further central administration savings.

A fundamental review of service charges was undertaken during the year and plans are in place to introduce a series of reviews against all service charge headings during the 2019/20 financial year.



## **STRATEGIC REPORT OF THE BOARD OF MANAGEMENT (CONTINUED)**

New contracts were entered into for the servicing and maintenance of both fire protection systems and passengers lift. Both Contracts were jointly procured with several other housing associations to achieve optimal value for money through collaborative procurement. Within the terms of the existing contract our measured term contract for response maintenance was extended for a further two years providing continuity of service and performance at competitive rates.

### **Our People**

Investing in our people is crucial to achieving VFM. One of our five strategic themes is to be a leading employer and during the year we introduced a full suite of revised personnel policies to reflect that commitment.

We are committed to maintaining our 'Living Wage Employer' status, and in recognising, rewarding and retaining highly motivated staff. We encourage staff engagement and regularly measure staff satisfaction. Staff feedback is instrumental in striving to continually improve workforce performance leading to service improvement and in our most recent staff survey 88% reported that they were satisfied in their employment with 96% proud to work for us.

We also introduced a Performance and Coaching scheme, a central component to our vision of delivering high performance through our staff, and during the year we invested £24k in staff training and development.

We undertook a range of initiatives and team building exercises to promote good relations across the Association. We had a team building day in September and a half day staff conference in December. We continually ensure that we meet our equality statutory requirements under section 75 of the Northern Ireland Act and staff training was delivered on diversity awareness.

During the year we employed an average of 40 people. The gender balance was 66% female, 34% male and the Senior Executive Team comprised of 75% female, 25% male. Staff retention for the year was 86% at year end and sickness absence levels were measured at 4%.

### **Growth & Investment - Development**

Setting our challenging and ambitious growth strategy to reach 1,000 units by 2024 drives a very clear and strong VFM message. The enhanced income combined with economies of scale cost savings in administration costs will generate cash to assist with our long-term capacity for growth.

Our growth strategy also underpins our core corporate aim of providing quality social housing and to contribute to the Department for Communities (DfC) social housing development targets. We obtain value from our properties, by not just using them as homes, but as assets to provide security to raise further capital for future investment.

Our target in the financial year ending March 2019 was to have achieved 26 completed units and we completed 28 units, thus exceeding our target, giving a total of 453 units under management by the end of the year. In addition to these 28 units, by year end we had an additional 22 in the construction stage. We invested almost £4.7m on these new properties and unit growth equated to 7% for the year.



## **STRATEGIC REPORT OF THE BOARD OF MANAGEMENT (CONTINUED)**

The average cost per new property for the year was £137,454 with an average loan requirement of £56,258. Throughout 18/19 we embarked on a number of land, design and build competitions and as a result of these exercises we now have one scheme on site and six schemes totaling 88 units programmed to start during 19/20 with a number of other proposals under consideration for future years.

We expect to complete 58 additional units in 2019/20 financial year, with a further estimate of 230 units being in various stages of development by year end.

In funding our development programme, we secured a new loan of £3m during the financial year. As part of the deal, we negotiated the same more favourable terms for four older loans which were restructured into a new combined £3.25m facility. The restructuring of these loans considerably reduced interest rates and improved cashflows.

### **Growth and Investment – Planned Maintenance**

An annual budget is also set for major upgrades to our stock in accordance with our asset management strategy and stock condition surveys. We recognize that it is more cost effective to invest in maintaining our properties through a comprehensive planned component replacement programme, which will not only give our properties a longer life but will over the long term produce savings in routine maintenance spend.

This year we invested £326k in planned and component replacements, which included a heating replacement in a scheme of 57 units, 4 additional boiler replacements, 2 fire alarm system upgrades and a new nurse call system installation in our residential care home.

We also undertook a number of home adaptations to enable our residents to live safely and more independently within their homes as their physical needs change. During the year we completed 21 home adaptations at a cost of £18.5k.

### **Health and Safety**

We demonstrated compliance in Health and Safety through our Cyclical Servicing Compliance Monitor. Performance was presented to the Investment Committee in relation to gas servicing, fire protection, lift, legionella testing and others. 99% of gas servicing was completed, with 100% of all other servicing completed in year.

We also commissioned a review of all our Health and Safety policies and procedures to ensure our processes remain compliant with legislation and best practice.

### **Achieving Affordable Rents & Maximising Rental Income**

We aim to set rents that are affordable for our tenants however it is equally vital that rents are set at an adequate level to cover the costs of maintaining our properties to a high standard and to service the debt. During 2018/19 we applied a rent increase of 2%, which was very close to the Consumer Price Index in March 2019 at 1.9%.

The overall average rent for a self-contained property was £81.49, compared to the 2017/18 financial year which was £79.32



## **STRATEGIC REPORT OF THE BOARD OF MANAGEMENT (CONTINUED)**

We operate in an increasingly challenging financial environment, and so minimising our rental losses through effective arrears management is also vital. Without a reliable income stream, service delivery may be jeopardised, loan commitments may not be met, thus making further funding more difficult and there will be a detrimental effect to the Association's reputation.

Thus, we have a robust arrears management policy and procedural action plans in place to promote a 'rent payment culture.' We aim to address losses from arrears and to recover debt as cost effectively as possible. There is continual reporting and monitoring in the monthly finance report and KPI framework to ensure timely reaction to growing arrears. We provide advice and assistance to tenants, promote money advice services and debt reduction strategies and intervene early to avoid unmanageable debts building up.

The total amount of arrears for the 2018/2019 financial year was 4.41% which was just above our KPI target of 4%. Of these, 3.6% were accrued by current tenants and 0.8% former tenants. This is a slight increase from 2017/2018 where the total arrears were 3.68% (3.07% current and 0.61% former).

The introduction of Universal Credit has had an impact on our overall arrears position for this financial year. To date there are 30 tenants (9.9% general needs tenants) who are claiming Universal Credit. The Association has seen delays and inconsistencies in relation to payments. The main issue has been that the Universal Credit system isn't set up for the default arrangement to ensure that payments are being made directly to the Association, meaning that direct payment must be set up manually, and in some instances initial housing payments have been paid directly to tenants, thus causing an arrear in their account. The Association has been taking measures to ensure that these issues are effectively managed, by reviewing arrears policies and procedures and ensuring early intervention and continual engagement with tenants who have made Universal Credit claims.

The turnover of housing stock is an integral part of social housing provision that inevitably results in periods where properties are void. Good void management has a huge economic and social benefit in maximising rental income and meeting housing need. We continually report and review losses from void properties both in our finance reporting and our KPI framework and constantly aim to reduce void periods in our properties.

Our rental loss through voids was just under 3% against a budget of 3.1%. The number of permanent social housing allocations made during the year was 42 and the net average time for re-let a void property was 20 working days which continues to meet our KPI target.

### **Housing Services and Engaged Communities**

We continually monitor the quality of services delivered to our tenants. Our repairs service is paramount to achieving high levels of tenant satisfaction and VFM and during the year we completed a total of 2,027 repairs with 1609 (79%) of those being completed within our published timescales.



## STRATEGIC REPORT OF THE BOARD OF MANAGEMENT (CONTINUED)

Our year end repair response times are further broken down below categorised by urgency group:

Urgency Indicator	% response time
Immediate	86%
Emergency	84%
Urgent	67%
Routine	81%

We recognise that tenants have a right to feel safe and live in peace in their community and therefore we adopt a robust approach to tackling instances of Anti-Social Behaviour. During the year 100% of Anti-Social Behaviour cases that had been closed had been successfully resolved and our staff continue to tackle ongoing cases in line with policies and procedures. However, when surveyed, 94% of tenants reported that ASB was not an issue in their area.

Tenant participation is extremely important to us and through our Tenant Participation Strategy, a total of 154 community and social engagement events were held across our schemes with a reported 18% of all tenants attending at least one or more of those events. In addition to this, we carried out 3 Service Charge engagement sessions within our sheltered and supported accommodation and as an outcome of these engagements, have now organised regular quarterly meetings with residents and their family members at one of our Supported schemes.

As part of the strategy, we developed a Tenant Participation Action Plan which outlines the key milestones in the delivery of the Tenant Participation Strategy. The Action Plan is reviewed annually, revised where necessary and reported regularly to the Senior Management Team and Board. Additionally, we have developed a number of Key Performance Indicators, which align with the Association's operational and strategic objectives.

In 2018/2019 we appointed Empowering Communities (independent tenant organisation) to carry out an exercise to ascertain interest in engaging with the Association and at what level. We have now received the feedback from this exercise and will be incorporating the key recommendations into the Action Plan for 2019/2020.

We continually use feedback from tenant surveys and learnings from our complaints procedure to increase levels of satisfaction and the results of our 2018 tenants survey indicate high levels of satisfaction across several areas:

- 91% of tenants satisfied with the overall service provided by the Association
- 97% satisfied with the standard of accommodation
- 86% believe rent to be value for money
- 91% are satisfied with how staff dealt with their queries
- 93% are satisfied with repairs and maintenance
- 94% are satisfied that they are kept informed

## **STRATEGIC REPORT OF THE BOARD OF MANAGEMENT (CONTINUED)**

### **Complaints**

In 2018/2019, we undertook a review of the Complaints Policy and Procedure and delivered training to all staff on the key areas of this policy. In 2018/2019 there were 9 complaints reported to the Association. These complaints focused mainly on contractor performance in relation to response and planned maintenance. All complaints were resolved satisfactorily, with 90% being resolved at stage 1 and 10% at stage 2.

### **Homeless Services**

We have been providing family homeless services in partnership with NIHE and Social Services for 16 years.

We continue to work against the backdrop of strategic and financial challenges, particularly in relation to the reduction in supporting people funding, and we have provided housing related support to 100 homeless families in this financial year.

During 2018/2019, Supporting People introduced the new Quality Monitoring Tool (QMT) to replace the previous regulatory model (QAF). The QMT focusses on the client's journey through the service. We formed part of the pilot exercise in testing the new QMT model, and the service was confirmed as at a high standard within the QMT framework.

### **Key Performance Indicators (KPIs)**

We measure our key performances throughout all areas of the Association with a range of indicators which are deemed to be the most essential to organisational success and which link directly to our corporate themes.

We use the traffic light system to demonstrate those areas where we are meeting our targets and to alert us to those areas of underperformance that require our attention. Key Performance Indicators are reported quarterly to the Board and Investment Committee so that they can be reviewed and monitored, thus embedding our VFM strategy into our processes. This framework ensures that performance improvement is a priority.

By order of the Board



Mr. James McShane  
**Company Secretary**

Belfast  
24 June 2019



## **Independent auditors' Report to the members of Ark Housing Association Northern Ireland Limited**

### **Report on the audit of the financial statements**

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#### **Opinion**

In our opinion, Ark Housing Association Northern Ireland Limited's financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2019 and of the its surplus and of cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law) ;
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969, the Charities Act (Northern Ireland) 2008, the Charities (Accounts and Reports) Regulations (Northern Ireland) 2015 and the Registered Housing Associations (Accounting Requirements) Order (Northern Ireland) 1993.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the statement of comprehensive income; the statement of changes in reserves; and the statement of cash flows for the year ended 31 March 2019; the statement of financial position as at 31 March 2019; and the notes to the financial statements, which include a description of the significant accounting policies.

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#### **Basis for opinion**

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

#### **Independence**

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

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#### **Conclusions relating to going concern**

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

- the board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the association's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the association's trade, customers, suppliers and the wider economy.



## **Independent auditors' report to the members of Ark Housing Association Northern Ireland Limited (continued)**

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### **Reporting on other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### ***Trustees' Report***

Under the Charities (Accounts and Reports) Regulations (Northern Ireland) 2015 we are required to report to you if, in our opinion the information contained in the financial statements is inconsistent in any material respect with the Trustees' Report. We have no exceptions to report arising from this responsibility.

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### **Responsibilities for the financial statements and the audit**

#### ***Responsibilities of the board for the financial statements***

As explained more fully in the Statement of Board Responsibilities set out on page 4, the board is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The board is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board is responsible for assessing the association's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

#### ***Auditors' responsibilities for the audit of the financial statements***

We are eligible to act and have been appointed as auditors under section 65(2) of the Charities Act (Northern Ireland) 2008 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

### ***Use of this report***

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



## **Independent auditors' report to the members of Ark Housing Association Northern Ireland Limited (continued)**

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### **Other required reporting**

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

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

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

We have no exceptions to report arising from this responsibility.

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

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

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

We have no exceptions to report arising from this responsibility.



PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Belfast  
24 June 2019

## Statement of Comprehensive Income for the year ended 31 March 2019

	Note	2019 £	2018 £
<b>Turnover</b>	2	<b>3,038,269</b>	2,838,082
<b>Operating costs</b>	2	<b>(2,297,996)</b>	(2,225,982)
<b>Operating surplus</b>	7	<b>740,273</b>	612,100
Interest receivable and similar income	5	1,739	1,571
Interest payable and similar charges	6	(394,101)	(334,565)
Other finance (costs)/income	16	(17,000)	(16,000)
Additional Pension Service Cost		(92,000)	(75,000)
Exceptional Costs	25	-	(31,382)
Gain on Property Disposal		121,951	-
<b>Surplus on ordinary activities</b>		<b>360,862</b>	156,724
Actuarial gain on Pension scheme		108,000	54,000
<b>Total comprehensive income for the year</b>		<b>468,862</b>	210,724

All amounts above relate to continuing operations.

There is no material difference between the surplus for the year end and their historical cost equivalent.



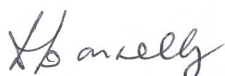
## Statement of Changes in Reserves for the year ended 31 March 2019

		2019 £	2018 £
Surplus for the financial year		360,862	156,724
Actuarial gain on Pension scheme	16	108,000	54,000
Transfer to DPF		(115,793)	-
Transfer from tenants' fund		12,299	-
Transfer from designated reserves		-	4,172
Issued share capital in year	17	2	4
Net changes in capital and reserve		365,370	214,900
Opening revenue reserve		3,753,454	3,538,558
Opening restricted reserve		-	-
Opening Capital	17,18	40	36
<b>Closing total capital and reserves</b>		<b>4,118,864</b>	<b>3,753,494</b>

## Statement of financial position as at 31 March 2019

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Housing properties - depreciated cost	8	34,212,940	29,939,972
Other tangible fixed assets	9	146,717	118,100
Investments	10	-	1
		<b>34,359,657</b>	<b>30,058,073</b>
<b>Current assets</b>			
Debtors	11	2,350,102	195,566
Cash at bank and in hand		715,625	1,863,262
		<b>3,065,727</b>	<b>2,058,828</b>
<b>Creditors: amounts falling due within one year</b>	12	<b>(1,438,346)</b>	<b>(1,251,133)</b>
<b>Net current Assets</b>		<b>1,627,381</b>	<b>807,695</b>
<b>Total Assets Less Current Liabilities</b>		<b>35,987,038</b>	<b>30,865,768</b>
<b>Creditors: amounts falling due after more than one year</b>			
Creditors	13	31,158,174	26,403,274
Pension deficit	16	710,000	709,000
		<b>31,868,174</b>	<b>27,112,274</b>
<b>Capital and Reserves</b>			
Called up share capital	17	20	25
Capital reserve	18	22	15
Designated reserves	20	-	-
Revenue reserve	19	4,118,822	3,753,454
<b>Total funds</b>		<b>4,118,864</b>	<b>3,753,494</b>
		<b>35,987,038</b>	<b>30,865,768</b>

The financial statements on page 16 to 37 were approved by the Board of Management on 24 June 2019 and were signed on its behalf by:



Chair of the Board of Management



Board Member



## Statement of Cash Flow for the year ended 31 March 2019

	Note	2019 £	2018 £
<b>Net cash generated from operating activities</b>	24	<b>1,070,584</b>	658,396
<b>Cash flow from Investing activities</b>			
Purchase of housing properties		(4,847,892)	(3,028,315)
Purchase of other fixed assets		(81,096)	(41,345)
House Sale		157,016	-
Capital grants received		1,238,770	604,226
		<b>(3,533,202)</b>	(2,465,434)
<b>Cash flow from financing activities</b>			
Loan principal repayments		(263,038)	(622,634)
Loan advances received		1,970,378	3,580,000
Shares		2	-
Interest paid		(394,101)	(334,565)
Interest received		1,740	1,571
<b>Net cash from financing activities</b>		<b>1,314,981</b>	2,624,372
<b>Net (decrease)/increase in cash and cash</b>		<b>(1,147,637)</b>	817,334
Cash and cash equivalents at the beginning of		1,863,262	1,045,928
<b>Cash and cash equivalents at the end of the</b>		<b>715,625</b>	1,863,262

## Notes to the financial statements for the year ended 31 March 2019

### 1 Accounting Policies

#### 1.1 Basis of Accounting

The financial statements have been prepared on the historical cost basis and in compliance with FRS 102, The Financial Reporting Standard applicable in the UK and the Housing SORP 2014: Statement of Recommended Practice for Social Housing Providers.

The financial statements are prepared in sterling, which is the functional currency of the entity. Monetary amounts are rounded to the nearest £.

The Association is a company limited by shares incorporated in Northern Ireland. The registered office is situated at 37a Stockmans Way, Belfast, BT9 7ET.

#### 1.2 Turnover

Turnover represents rental income, service charges receivable net of voids and the release of capital grants, and is recognised in the period to which it relates.

#### 1.3 Other Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected useful economic lives of the assets at the following annual rates:

Furniture and equipment	10% - 33.3%
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#### 1.4 Housing Properties

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

Expenditure on improvements to existing properties, which enhances the economic benefits of the property or extends its useful life, is capitalised as part of the cost of the property. Other maintenance expenditure is written off to the Income and Expenditure Account as it is incurred.

Depreciation is charged on a straight-line basis over varying timescales, depending on the estimated useful life of the individual components. The major components and their estimated useful lives are listed below. Depreciation charged in the accounts is based on properties in management on the 1st April each year.



## Notes to the financial statements for the year ended 31 March 2019 (continued)

### 1 Accounting Policies (continued)

Land	Not depreciated
Structure (including roof)	100 years
Kitchen	20 years
Bathroom	25 years
Heating boiler	10 years
Heating system	30 years
Windows and doors	35 years
Electrics	35 years

Where there is evidence of impairment, the fixed assets are written down to the recoverable amount and any write down charged to operating surplus.

#### Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

### 1.5 Housing Association Grant

Grant received for property has been included under long term liabilities and is amortised over the estimated useful life of the component to which it relates on the same basis as the depreciation charge listed above under the accruals model. Such grants may be repayable under certain circumstances, primarily following the sale of housing property, but any amount repayable would be restricted to the net proceeds of the sale.

## Notes to the financial statements for the year ended 31 March 2019 (continued)

### 1 Accounting Policies (continued)

#### 1.6 Investments

Investments are recorded at cost.

#### 1.7 Restricted Reserves

The Association sets aside money raised for a specific purpose into a restricted reserve.

#### 1.8 Retirement Benefits

The Association participates in the NILGOSC defined benefit pension scheme. The underlying assets and liabilities of the scheme attributable to Ark Housing are held separately from those of the Association. Pension scheme liabilities are measured on an actuarial basis using a projected unit method and are discounted to their present value. Assets are measured at market value at the balance sheet date. As a result the Association either recognises the scheme deficit on the balance sheet at the year end, or in the case of an asset position, does not recognise this on the balance sheet, on the grounds of prudence. Actuarial gains and losses are included in the statement of comprehensive income. Current and past service costs, curtailments and settlements are recognised within operating surplus. Returns on scheme assets and interest on obligations are recognised as other finance costs.

#### 1.9 Disposal Proceeds Fund

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

#### 1.10 Tenants' Services Fund

For certain schemes the Association is required to charge the tenants for additional services provided, over and above those of the normal management and maintenance services. The Association levies an additional charge to the tenants for this. Annual surpluses are transferred to a fund to equalise the financial position over a period of time and deficits are written off in the year in which they occur.

#### 1.11 Operating Leases

Costs under operating leases are charged to the income and expenditure account in the period to which they relate. Outstanding commitments are disclosed in the notes to the financial statements.

#### 1.12 Group Accounts

The financial statements present information about the association as an individual undertaking and not about its group. The association and its subsidiary undertaking comprise as a small sized group and therefore has taken advantage of exemptions provided not to prepare group accounts.



## Notes to the financial statements for the year ended 31 March 2019 (continued)

### 1 Accounting Policies (continued)

#### 1.13 Employee Benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.14 Judgement and Key Sources of Estimation Uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The association has recognised a defined benefit pension scheme liability in the balance sheet, the value of which has been prepared by an independent qualified actuary. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.

#### 1.15 Cash and Cash Equivalents

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

#### 1.16 Financial Instruments

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### *Basic financial assets*

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



## Notes to the financial statements for the year ended 31 March 2019 (continued)

### 1 Accounting Policies (continued)

#### *Impairment of financial assets*

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### *Derecognition of financial assets*

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### *Classification of financial liabilities*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### *Basic financial liabilities*

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### *Derecognition of financial liabilities*

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.



## Notes to the financial statements for the year ended 31 March 2019 (continued)

### 2 Turnover, operating costs and operating surplus

	Operating Turnover	2019 Operating Costs	Operating Surplus/ (deficit)	Operating Turnover	2018 Operating Costs	Operating Surplus/ (deficit)
	£	£	£	£	£	£
Social Housing Activities	2,824,206	2,066,709	757,497	2,616,266	1,960,274	655,992
Non-Social Housing Activities	214,063	231,287	(17,224)	221,816	265,708	(43,892)
<b>Total</b>	<b>3,038,269</b>	<b>2,297,996</b>	<b>740,273</b>	<b>2,838,082</b>	<b>2,225,982</b>	<b>612,100</b>

#### Turnover, operating costs and operating surplus from social housing activities

Income from Social Housing	Property Revenue	Sheltered	Supported	2019 Total Social Housing
	£	£	£	£
Rent receivable	1,495,809	251,492	258,717	2,006,018
Service Charges Receivable	17,437	72,920	133,055	223,412
Support Charges and other	-	28,190	282,325	310,515
Gross Income	1,513,246	352,602	674,097	2,539,945
Voids	(15,821)	(36,887)	(15,278)	(67,986)
Net Income	1,497,425	315,715	658,819	2,471,959
Grant released	207,434	30,306	114,507	352,247
Total Income	1,704,859	346,021	773,326	2,824,206
<b>Operating Costs</b>				
Services	25,744	89,862	101,098	216,704
Support	-	33,612	282,657	316,269
Rates Payable	208,282	37,779	-	246,061
Management Costs	150,002	26,270	49,490	225,762
Maintenance Administration Costs	177,944	-	-	177,944
Planned and Cyclical Maintenance	56,629	5,274	6,529	68,432
Reactive Maintenance	108,591	23,139	37,181	168,911
Insurance	48,199	8,731	10,556	67,486
Depreciation	355,115	51,166	133,577	539,858
Gardening	25,994	-	6,780	32,774
Bad Debts	2,802	2,289	1,417	6,508
Total Operating Costs	1,159,302	278,122	629,285	2,066,709
<b>Operating Surplus</b>				<b>757,497</b>

## Notes to the financial statements for the year ended 31 March 2019 (continued)

### 2 Turnover, operating costs and operating surplus (continued)

#### Turnover, operating costs and operating surplus from social housing activities (continued)

Income from Social Housing	Property Revenue	Sheltered	Supported	2018 Total Social Housing
	£	£	£	£
Rent receivable	1,477,781	220,695	153,035	1,851,511
Service Charges Receivable	35,124	86,836	78,719	200,679
Support Charges and other	140	4,049	295,618	299,807
Gross Income	1,513,045	311,580	527,372	2,351,997
Voids	(6,351)	(36,009)	(5,675)	(48,035)
Net Income	1,506,694	275,571	521,697	2,303,962
Grant released	189,492	60,146	62,666	312,304
Total Income	1,696,186	335,717	584,363	2,616,266
<b>Operating Costs</b>				
Services	64,097	62,615	79,306	206,018
Supporting People	-	-	272,976	272,976
Rates Payable	187,133	32,853	-	219,986
Management Costs	153,340	36,794	35,445	225,579
Maintenance Administration Costs	126,633	35,930	-	162,563
Planned and Cyclical Maintenance	111,139	49,025	36,225	196,389
Reactive Maintenance	135,602	18,310	38,571	192,483
Depreciation	324,285	67,620	77,843	469,748
Bad Debts	12,000	-	2,532	14,532
Total Operating Costs	1,114,229	303,147	542,898	1,960,274
Operating Surplus				655,992

#### Gross income from rents and service charges

	Property Revenue	Sheltered	Supported	2019 Total Social Housing
	£	£	£	£
Technical	1,013,875	245,546	544,812	1,804,233
Non-technical	499,371	107,056	129,285	735,712
Total	1,513,246	352,602	674,097	2,539,945

	Property Revenue	Sheltered	Supported	2018 Total Social Housing
	£	£	£	£
Technical	983,479	202,527	342,792	1,528,798
Non-technical	529,566	109,053	184,580	823,199
Total	1,513,045	311,580	527,372	2,351,997



## Notes to the financial statements for the year ended 31 March 2019 (continued)

### 2 Turnover, operating costs and operating surplus (continued)

DFC Allowances	2019 £	2018 £
Management Allowances	121,572	119,196
Management Costs	(152,804)	(153,340)
<b>Deficit</b>	<b>(31,232)</b>	<b>(34,144)</b>
Maintenance Allowances	142,448	139,664
Planned and cyclical maintenance	(56,629)	(111,139)
Reactive maintenance	(108,591)	(135,602)
<b>Deficit</b>	<b>(22,772)</b>	<b>(107,077)</b>

#### Turnover, operating costs and operating surplus from non-social housing activities

Income	2019 £	2018 £
Management Services	214,063	221,816
Total	214,063	221,816
Operating Costs		
Management Services	231,287	242,174
Aborted Development Costs	-	23,534
Total	231,287	265,708
<b>Operating deficit</b>	<b>(17,224)</b>	<b>(43,892)</b>

### Housing Stock

Number of units owned on 31 March	2019	2018
General needs housing	307	277
Supported Housing (including housing with care)	72	72
Sheltered Housing	50	50
Homeless	24	24
	<b>453</b>	<b>425</b>

### 3 Board Members' emoluments

Board members act in a voluntary capacity and as such, none were in receipt of emoluments during the year.

## Notes to the financial statements for the year ended 31 March 2019 (continued)

### 4 Employee information

	2019	2018
<b>Average monthly number of persons employed during the financial year by activity:</b>		
Office	12	11
Support Staff	28	32
	<b>40</b>	<b>43</b>

	2019 £	2018 £
<b>Staff costs</b>		
Wages and salaries	708,422	650,900
Social security costs	57,707	50,007
Other pension costs	113,359	90,690
	<b>879,488</b>	<b>791,597</b>

<b>Directors' Emoluments</b>	2019 £	2018 £
Aggregate emoluments	130,932	135,033
Pension contributions	24,250	21,495
Total emoluments	<b>155,182</b>	<b>156,528</b>

<b>CEO's Emoluments</b>	2019 £	2018 £
Aggregate emoluments	72,109	69,180
Pension contributions	12,245	11,118
Total emoluments	<b>84,354</b>	<b>80,298</b>

<b>Total Directors' Emoluments per Salary</b>	<b>Number</b>	<b>Number</b>
£80,000 - £85,000	1	1
£55,000 - £60,000	1	1
£45,000 - £50,000	2	-
£15,000 - £20,000	-	1
	<b>4</b>	<b>4</b>

### 5 Interest receivable and similar income

	2019 £	2018 £
Interest receivable	1,739	1,571



## Notes to the financial statements for the year ended 31 March 2019 (continued)

### 6 Interest payable and similar charges

	2019	2018
	£	£
On bank loans, overdrafts and other loans		
Bank overdrafts	-	729
Loans repayable after 5 years by instalments	394,101	333,836
	<b>394,101</b>	<b>334,565</b>

### 7 Operating surplus

	2019	2018
	£	£
<b>This is stated after</b>		
Depreciation	592,338	475,585
Amortisation of grant	(352,247)	(296,082)
Components written off	-	1,131
Operating Lease Rentals – land & buildings	36,000	36,000
Auditors' remuneration;		
– audit services	6,500	6,500
– non-audit services	-	-

### 8 Tangible fixed assets - housing properties (land & buildings)

	2019	2018
	£	£
<b>Cost</b>		
At 1 April	34,819,103	31,846,008
Additions	4,847,892	3,028,315
Disposals	(178,423)	(55,220)
<b>At 31 March</b>	<b>39,488,572</b>	<b>34,819,103</b>
<b>Accumulated depreciation</b>		
At 1 April 2017	4,879,131	4,467,445
Charge for the year	539,859	449,553
Disposals	(143,358)	(37,867)
<b>At 31 March</b>	<b>5,275,632</b>	<b>4,879,131</b>
<b>Net book value</b>		
<b>At 31 March</b>	<b>34,212,940</b>	<b>29,939,972</b>
<b>Net book amount comprises:</b>		
- Completed schemes	33,572,472	29,838,501
- Schemes in progress	640,468	101,471
	<b>34,212,940</b>	<b>29,939,972</b>

## Notes to the financial statements for the year ended 31 March 2019 (continued)

### 9 Other Tangible Fixed Assets

	House Furniture	Office	Total
<b>Cost</b>			
At 1 April 2018	245,708	457,877	703,585
Additions	19,600	61,496	81,096
Disposals	-	(261,852)	(261,852)
<b>At 31 March 2019</b>	<b>265,308</b>	<b>257,521</b>	<b>522,829</b>
<b>Accumulated depreciation</b>			
At 1 April 2018	221,782	363,703	585,485
Charge for the year	22,684	29,795	52,479
Disposals	-	(261,852)	(261,852)
<b>At 31 March 2019</b>	<b>244,466</b>	<b>131,646</b>	<b>376,112</b>
<b>Net book value</b>			
<b>At 31 March 2019</b>	<b>20,842</b>	<b>125,875</b>	<b>146,717</b>
<b>At 1 April 2018</b>	<b>23,926</b>	<b>94,174</b>	<b>118,100</b>

### 10 Investments

	2019	2018
	£	£
<b>At 1 April</b>	1	1
<b>At 31 March</b>	-	1

The investment represents the Association's holding of 100% of the ordinary share capital in a dormant company, 'Ark Homes Property Services Limited'. The country of incorporation is Northern Ireland. This company was officially dissolved during the year, on 2 October 2018.



## Notes to the financial statements for the year ended 31 March 2019 (continued)

### 11 Debtors

	2019 £	2018 £
Rental Debtors Gross – Technical	88,499	38,895
Rental Debtors Gross – Non-technical	45,530	64,884
Provision for bad debts	(53,630)	(53,630)
Net rental (including rates, service charges)	80,399	50,149
Other Debtors	23,227	53
Prepayments and accrued income	47,129	145,364
Housing Association Grant receivable	2,199,347	-
	<b>2,350,102</b>	<b>195,566</b>

### 12 Creditors: amounts falling due within one year

	2019 £	2018 £
Bank loans (Note 15)	220,126	298,545
Rent, rates and service charges received in advance	47,459	39,458
Deferred Grant (Note 14)	431,959	338,102
Contractors	82,334	348,000
Other creditors	1,267	543
Accruals and deferred income	510,773	226,485
Payroll cost and pension fund	28,635	-
Disposal proceeds fund	115,793	-
	<b>1,438,346</b>	<b>1,251,133</b>

### 13 Creditors: amounts falling due after more than one year

	2019 £	2018 £
Bank loans (Note 15)	9,992,208	8,206,449
Housing Association Grant (Note 14)	21,165,966	18,196,825
	<b>31,158,174</b>	<b>26,403,274</b>

## Notes to the financial statements for the year ended 31 March 2019 (continued)

### 14 Deferred Grant – Housing Association Grant

	2019 £	2018 £
<b>Housing Association Grant</b>		
At 1 April 2018	22,090,165	21,537,554
Additions	3,438,117	604,226
Disposals	(131,435)	(51,615)
	<b>25,396,847</b>	<b>22,090,165</b>
<b>Amortisation</b>		
At 1 April 2018	3,555,238	3,294,549
Released in year	352,247	296,082
Disposals	(108,563)	(35,393)
<b>At 31 March 2019</b>	<b>3,798,922</b>	<b>3,555,238</b>
<b>Net book value</b>		
<b>At 31 March 2019</b>	<b>21,597,925</b>	<b>18,534,927</b>
<b>Released within one year</b>	<b>431,959</b>	<b>338,102</b>
<b>Released after more than one year</b>	<b>21,165,966</b>	<b>18,196,825</b>
	<b>21,597,925</b>	<b>18,534,927</b>

### 15 Loans

Loans are secured on individual assets of the Association and are repayable as follows:

	2019 £	2018 £
<b>Bank loans - Housing property and other loans</b>		
Less than one year	220,126	298,545
Between one and two years	231,149	316,953
Between two and five years	856,469	996,655
After more than five years	8,904,590	6,892,841
	<b>10,212,334</b>	<b>8,504,994</b>

Bank debt is secured by way of mortgages upon the deeds of the related properties financed by loans and bear interest at fixed and variable rates.

Unamortised finance costs of £188,166 (2018: £nil) associated with the secured loan are held against the outstanding balance measured at amortised cost using the effective interest method in accordance with FRS 102 Section 11.



## Notes to the financial statements for the year ended 31 March 2019 (continued)

### 16 Retirement Benefits

The Association's pension scheme forms part of the total fund administered by NILGOSC. Ark has contributed at a rate of 18% of pensionable salaries, this rate increases to 19% in the next financial year. Members have paid contributions at varying rates up to 8.50%.

Formal valuations are carried out at regular intervals by independent professionally qualified actuaries. The last formal valuation was carried out as at 31 March 2016.

#### Assumptions

	2019	2018	2017
Rate of salary increase	3.60%	3.50%	3.50%
Pension increases in payment	2.10%	2.00%	2.00%
Discount rate	2.50%	2.60%	2.60%
Pension accounts revaluation rate	2.10%	2.00%	2.00%

#### Mortality Rates

	2019 (Years)	2018 (Years)
Male – current pensioners	22.6	23.3
Male – future pensioners	24.3	25.5
Female – current pensioners	24.9	25.9
Female – future pensioners	26.7	28.2

#### The assets in the scheme and the expected rate of return were:

	2019 (£000s)	2018 (£000s)
Equities	1,828	1,942
Government bonds	507	141
Property	344	272
Corporate bonds	215	196
Other	95	46
Cash	84	123

#### Reconciliation of funded status to balance sheet

	2019 (£000s)	2018 (£000s)
Fair value of assets	3,073	2,720
Present value of scheme liabilities	(3,783)	(3,429)
Deficit in scheme	(710)	(709)
Related deferred tax liability	-	-
Net pension deficit	(710)	(709)

## Notes to the financial statements for the year ended 31 March 2019 (continued)

### 16 Retirement Benefits (continued)

#### Income and expenditure impact

The following amounts have been recognised in the statements of comprehensive income:

	2019 (£000s)	2018 (£000s)
Current service cost	211	164
Interest on net liability	17	16
Income Statement Total	228	180
Asset gains arising in the period	128	63
Liability losses arising in the period	(20)	(9)
Other Comprehensive Income Statement Total	108	54

#### Changes to the present value of obligations

	31 March 2019 (£000s)	31 March 2018 (£000s)
Opening obligation	3,429	3,150
Current service cost	211	164
Interest expense on obligations	90	82
Contributions by participants	40	30
Actuarial loss on liabilities	20	9
Net benefits paid out	(7)	(6)
Closing obligation	3,783	3,429

#### Changes to the fair value of assets

	31 March 2019 (£000s)	31 March 2018 (£000s)
Opening fair value of assets	2,720	2,478
Interest income on assets	73	66
Remeasurement gains	128	63
Contributions by employer	119	89
Contributions by participants	40	30
Net benefits paid out	(7)	(6)
Closing fair value of assets	3,073	2,720



## Notes to the financial statements for the year ended 31 March 2019 (continued)

### 16 Retirement Benefits (continued)

#### Actual return on assets

	31 March 2019 (£000s)	31 March 2018 (£000s)
Interest income on assets	73	66
Remeasurement gains	128	63
Actual return on assets	201	129

### 17 Called up share capital

	2019 £	2018 £
<b>Ordinary shares of £1 each, fully paid</b>		
At 1 April 2018	25	21
Allotted during the year	2	4
Transfer to capital reserve	(7)	-
<b>At 31 March 2019</b>	<b>20</b>	<b>25</b>

### 18 Capital reserve

	2019 £	2018 £
At 1 April 2018	15	15
Transfer from share capital	7	-
<b>At 31 March 2019</b>	<b>22</b>	<b>15</b>

### 19 Revenue Reserve

	2019 £	2018 £
At 1 April 2018	3,753,454	3,538,558
Surplus for the year	360,862	160,896
Actuarial gain	108,000	54,000
Transfer to DPF	(115,793)	-
Transfer from tenants' fund	12,299	-
Transfer from designated reserves	-	4,172
<b>At 31 March 2019</b>	<b>4,118,822</b>	<b>3,753,454</b>

## Notes to the financial statements for the year ended 31 March 2019 (continued)

### 20 Restricted Reserve

	2019 £	2018 £
At 1 April 2018	-	4,172
Transferred in year	-	(4,172)
<b>At 31 March 2019</b>	<b>-</b>	<b>-</b>

The restricted reserves are funds donated by voluntary subscribers for specific purposes relating to homeless services. There was no transfer to the reserve in the current year as there was a deficit in the Supporting People account.

### 21 Contingent liabilities

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

### 22 Commitments

#### *Capital Commitments*

Capital commitments amounting to £1,849,645 have been contracted for as at 31 March 2019. These commitments will be financed through a combination of HAG, loans and the Association's reserves.

#### *Operating Lease Commitments*

At the year end the Association had total commitments under operating leases expiring in less than 5 years of £58,500 (2018 £94,500).

### 23 Related party disclosures

No transactions with related parties were undertaken such as are required to be disclosed under UK GAAP.



## Notes to the financial statements for the year ended 31 March 2019 (continued)

### 24 Notes to the Cash Flow Statement

	2019	2018
	£	£
<b>Net cash inflow from operating activities</b>		
Operating surplus for the year	740,273	612,100
Exceptional Costs	-	(31,382)
Depreciation of tangible fixed assets	592,338	475,585
Amortisation of grant	(352,247)	(296,082)
Components written off	-	1,131
Movement in debtors	57,110	(51,945)
Movement in creditors less than one year	33,110	(51,011)
	<b>1,070,584</b>	<b>658,396</b>

### 25 Exceptional Costs

These were costs relating to a staff restructuring exercise carried out during the prior year.

