Respond!
(CLG – Company Limited by Guarantee)

Annual Report
Financial Year Ended 30 June 2016

CONTENTS

DIRECTORS AND OTHER INFORMATION

Board of Directors at 13 December 2016

Patrick Cogan ofm
Brian Hennebry
Michael O'Doherty
Tom Dilleen
June Ann Falconer (appointed 26 July 2016)
Noel Kelly (appointed 26 July 2016)
Katharine Larkin (appointed 26 July 2016)
Cathal O'Connell (appointed 26 July 2016)
Joe O'Connor (appointed 26 July 2016)

Solicitors

William Fry
Fitzwilliam House
Wilton Place
Dublin 2

P. J. O'Driscoll & Sons
73 South Mall
Cork

Advokat Compliance Limited
Merrythought House
Templeshannon
Enniscorthy
Co Wexford

Secretary and Registered Office

B Hennebry
Airmount
Dominick Place
Waterford

Registered Number: 90576

Bankers

Allied Irish Bank
The Quay
Waterford

Ulster Bank
The Quay
Waterford

Auditors

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Ballycar House
Newtown
Waterford

DIRECTORS' REPORT

The directors present their report and the financial statements of the company for the financial year ended 30 June 2016.

Principal activities

The company is a charity engaged in building housing schemes and providing these for rental.

Corporate governance

For the most part of the year the Board was comprised of eight non-executive members, who are drawn from a wide background, bringing together professional, commercial and local experience.

Three members of the board completed their term of office in May 2016 and one member resigned in the previous month. The board has since been strengthened by the appointment of five new members in July 2016.

The Board meets formally at least six times a year. Local operational policies are delegated subject to approved budgets.

While the Board is responsible for the overall strategy and policy of the organisation, the day-to-day management is delegated to the Chief Executive Officer, who is not a member of the Board.

On 1 June 2015, Fr Patrick Cogan, ofm, retired from the position of CEO of Respond!. He was a founding director of Respond! and CEO for more than 30 years and has continued to serve as a member of the Board. On the same date, 1 June 2015, Ned Brennan was appointed by the Board as acting CEO of Respond! for a period of one year, expiring 30 May 2016. On 1 June 2016, Fr Patrick Cogan took up the role of Acting Administrator for the company pending the recruitment of a new CEO. Declan Dunne was appointed as CEO in August 2016.

The CEO chairs regular management meetings throughout the year that deal with all major management issues and decisions of the organisation. Additional meetings are held to discuss corporate issues that do not fit with the scheduled meetings.

For the most part of the year the Finance, Risk and Audit Committee comprised of four independent non-executive members, one of whom was a non-executive Board member who chaired the Committee.

In July 2016 the Committee was re-constituted and it now comprises of five independent non-executive members, three of whom are non-executive Board members. The CEO and Company Treasurer also attend the meetings, by invitation. The Committee reviews financial performance, financial strategy, audit and risk policies and makes recommendations to the Board on these matters.

Respond! as a registered charity complies with the Governance Code for community, voluntary and charitable organisations in Ireland, and as an Approved Housing Body complies with the "Voluntary Regulation Code for Approved Housing Bodies in Ireland, Building for the Future" issued by the Department of Housing, Planning, Community, and Local Government.

Internal financial controls

The Board has overall responsibility for the organisation's system of internal financial control which comprises:

- a clear organisation structure and well defined management responsibilities
- comprehensive budgeting systems with an annual budget that is approved by the Board
- regular consideration of actual results compared to budgets
- defined capital investment control protocols and procedures approved by the Board
- regular reporting of legal and accounting developments to the Board.

The organisation's control systems address key business, treasury and financial risks which are monitored by the CEO and Company Treasurer.

The company engages a firm of Chartered Accountants independent of the external statutory auditor to conduct regular internal audit reviews of the company's activities under the direction of the Finance, Risk and Audit Committee.

DIRECTORS' REPORT - continued

Internal financial controls - continued

The external statutory auditors are engaged to express an opinion on the financial statements. They review and test the systems of internal financial control and the data contained in those statements to the extent necessary to express their audit opinion.

The Board wishes to emphasise that a system of internal financial control can only provide reasonable and not absolute assurance about material misstatement and loss.

Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with Irish law.

Irish law requires the directors to prepare financial statements for each financial year that give a true and fair view of the company's assets, liabilities and financial position as at the end of the financial year and of the profit or loss of the company for the financial year. Under that law the directors have prepared the financial statements in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "*The Financial Reporting Standard applicable in the UK and Republic of Ireland"* and promulgated by the Institute of Chartered Accountants in Ireland and Irish law).

Under Irish law, the directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the company's assets, liabilities and financial position as at the end of the financial year and the profit or loss of the company for the financial year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy; and
- enable the directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Accounting records

The measures taken by the directors to secure compliance with the company's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records are kept at Airmount, Dominick Place, Waterford.

Business review

Respond! has been to the forefront in the provision of social housing in the Republic of Ireland for the last 34 years and is one of the largest approved housing bodies in the country. We have continued to provide new units annually to meet the growing need for social housing for families, older persons, homeless persons, members of travelling community & people with special needs.

DIRECTORS' REPORT - continued

Business review - continued

We are committed to providing good quality homes that meets residents' needs and aspirations and strive to provide excellent support services. Respond! supports inclusive communities where individual talents and contributions are valued and we work in partnership with Local Authorities, Dept. of Housing, Planning, Community & Local Government, and lending institutions to enable delivery of new units.

We provide these homes with the assistance of Government funding in the form of Capital Assistance Subsidy (CAS), Capital Assisted Lease Finance (CALF) and Payment & Availability Agreement (PAA) monies, and balance funding from the Housing Finance Agency (HFA) and other private finance institutions.

Respond! has 4,255 housing units under its ownership / management at the balance sheet date and continues to invest in housing through its development program. We have ambitions to deliver a significant number of additional units over the next 5 years in support of the Government Program "Rebuilding Ireland: Action Plan on Housing and Homelessness" which was launched in July 2016.

Financial performance for year

Respond! delivered another strong operating and financial performance for the year to June 2016. Annual turnover for the year of €12.9m increased by 6% on the previous year and profit for the financial year was €9.7m (2015: €11.8m). The surplus for the current year was impacted by €2.7m arising from a realignment to the amortisation of CAS mortgages over the remaining term of the mortgages.

Other Operating Income of €6.45m (2015: €9.36m) represents the net amortisation of government mortgages over the depreciation of social housing assets, and these figures have been impacted by the transition to FRS102, which is documented in note 29 to the accounts.

The company invested €16.5m in housing units during the year and delivered 126 additional homes, which were funded primarily by the drawdown of additional CALF & HFA funding of €13m which now stands at €14m on the balance sheet.

The company has a healthy aggregate bank balance of €14.2m held primarily in investments and short term deposits and these funds will be utilised to facilitate ongoing reinvestment in our existing stock and growth in the supply of new housing units over the coming years.

Reserves increased by €9.7m year on year and the overall reported equity figure of €108.6m was positively impacted by €45.6m arising from FRS102 adjustments, necessitated by a change in depreciation policy of our social housing assets to take account of component accounting and the amortisation of communal facilities over their estimated useful life.

Note, this is the first financial year that the company has presented financial statements complying with FRS102 and the comparative figures for the prior year have been adjusted appropriately. The last financial statements under Irish GAAP were for the financial year ended 30th June 2015. The company's date of transition to FRS102 is 1st July 2014. Set out in note 29 to the accounts are the changes in accounting policies which reconcile profit for the financial year ended 30 June 2015 and total equity as at 1 July 2014 and 30 June 2015 between Irish GAAP, as previously reported, and FRS102.

Principle risks and uncertainties

The company's activities expose to it a wide variety of operational, strategic, economic, market and environmental risks. Respond! is also conscious that as a registered charity it has both ethical and legal obligations to protect the assets of the company in the pursuit of its charitable objectives.

The company has developed a risk management framework and risk register as part of the ongoing process for the identification, evaluation and management of the significant risks faced by the company.
The principal risks identified by the company are:

Governance and the achievement of excellence in governance standards in adopting and complying with the principles outlined in The Governance Code for Community and Voluntary Organisations in Ireland.

Strategic risks in the achievement of our business objectives while keeping faith with the mission, ethos, values and charitable objectives of the company.

DIRECTORS' REPORT - continued

Financial risks in terms of treasury management, exposure to credit risk, interest rate risks, market rents, continued availability of loan finance at optimal rates, loan covenant compliance.

Operational risks in terms of human resource management and the company's capacity to deliver on its development plans. Health & Safety from a landlord and employer perspective in ensuring that the well being of our tenants and employees are safeguarded. Child Protection in terms of children and vulnerable adults. Tenancy management and the management of repairs and voids. Data Protection of the personal data of our employees and tenants.

Environmental in terms of minimising the adverse impact on society and the environment arising from our activities and the adoption and promotion of energy efficient sustainable solutions.

The board is assisted in the management of these and other risks through the engagement of an external firm of Chartered Accountants independent of the external statutory auditor who regularly conduct internal audits of the company's activities under the direction of the Finance, Risk and Audit Committee.

Dividends
No dividend is payable in accordance with the company's Memorandum of Association.

Directors
The names of the persons who were directors of the company at any time during the financial year ended 30 June 2016 are set out below. Except where indicated, they served as directors for the entire financial year.

Patrick Cogan, ofm	Niall Bradley	(resigned 10 May 2016)
Michael O'Doherty	Seán Dorgan	(resigned 10 May 2016)
Brian Hennebry	Jill Jackman	(resigned 10 May 2016)
Tom Dilleen	Heather Reynolds	(resigned 22 April 2016)

The Charities Act 2009
The directors acknowledge The Charities Act 2009 and support its objectives and are endeavouring to ensure compliance with same.

Events since the end of the financial year
There have been no significant events affecting the company since the end of the financial year.

Members
The company is registered as a company limited by guarantee not having a share capital. The members of the company have their liability limited to €1.27 each in the event of the company being wound up. There were 7 members at the date of the balance sheet.

Disclosure of information to auditors
The directors in office at the date of this report have each confirmed that:

- As far as he/she is aware, there is no relevant audit information of which the company's statutory auditors are unaware; and
- He/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's statutory auditors are aware of that information.

Statutory auditors
The statutory auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the Annual General Meeting.

On behalf of the board

P Cogan ofm

B Hennebry

Date: 13 December 2016

Independent auditors' report to the members of Respond!

Report on the financial statements

Our opinion

In our opinion, Respond!'s financial statements (the "financial statements"):

- give a true and fair view of the company's assets, liabilities and financial position as at 30 June 2016 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

What we have audited

The financial statements comprise:

- the balance sheet as at 30 June 2016;
- the profit and loss account for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland), including FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland".

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Matters on which we are required to report by the Companies Act 2014

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the Directors' Report is consistent with the financial statements.

Independent auditors' report to the members of Respond! - continued

Matter on which we are required to report by exception

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 391 of the Companies Act 2014 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.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

Independent auditors' report to the members of Respond! - continued

What an audit of financial statements involves - continued

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Brendan O'Neill
For and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Ballycar House
Newtown
Waterford

Date: 13 December 2016

PROFIT AND LOSS ACCOUNT
For the financial year ended 30 June 2016

	Notes	2016	2015
		€	€
Turnover	5	12,943,452	12,228,667
Cost of sales		-	-
Gross profit		12,943,452	12,228,667
Administrative expenses		(10,710,532)	(10,316,010)
Other operating income	6	6,453,716	9,362,098
Operating profit	7	8,686,636	11,274,755
Interest receivable and similar income		384,164	573,459
Interest payable and similar charges	8	(125,461)	(12,489)
Exceptional item	9	725,953	-
Profit on ordinary activities before taxation		9,671,292	11,835,725
Tax on profit on ordinary activities	11	-	-
Profit for the financial year		9,671,292	11,835,725

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 30 June 2016

The company had no recognised gains or losses in the financial year other than those included in the profit and loss account above and therefore no separate statement of comprehensive income has been presented.

BALANCE SHEET
As at 30 June 2016

	Notes	2016		2015	
		€	€	€	€
Fixed assets					
Intangible assets	13		391,138		560,307
Tangible assets	14		380,820,178		373,124,752
Current assets					
Debtors	15	8,323,173		7,769,103	
Investments	16	13,578,904		10,473,196	
Cash at bank and in hand		647,125		1,485,733	
		22,549,202		19,728,032	
Creditors: amounts falling due within one year	17	(3,887,614)		(4,537,637)	
		(3,887,614)		(4,537,637)	
Net current assets			18,661,588		15,190,395
Total assets less current liabilities			399,872,904		388,875,454
Less:					
Creditors: amounts falling due after more than one year	18		(291,291,357)		(289,965,199)
Net assets			108,581,547		98,910,255
Capital and reserves					
Reserves	21		108,581,547		98,910,255
Total equity			108,581,547		98,910,255

On behalf of the board

P Cogan ofm

B Hennebry

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 30 June 2016

	Notes	Absorbed deficit €	Mortgage amortisation reserve €	Total €
Balance at 1 July 2014		(56,934,675)	144,009,205	87,074,530
Profit for financial year		11,835,725	-	11,835,725
Transfer to mortgage amortisation reserve		(16,049,162)	16,049,162	-
Balance at 30 June 2015	21	(61,148,112)	160,058,367	98,910,255
Balance at 1 July 2015		(61,148,112)	160,058,367	98,910,255
Profit for financial year		9,671,292	-	9,671,292
Transfer to mortgage amortisation reserve		(13,648,798)	13,648,798	-
Balance at 30 June 2016	21	(65,125,618)	173,707,165	108,581,547

STATEMENT OF CASH FLOWS
For the financial year ended 30 June 2016

	Notes	2016 €	2015 €
Cash from operations	23	1,751,927	4,777,368
Income taxes paid		-	-
Net cash generated from operating activities		1,751,927	4,777,368
Cash flows from investing activities			
Purchase of tangible fixed assets		(16,504,315)	(13,794,935)
Purchase of intangible fixed assets		(69,143)	(207,369)
Proceeds from disposal of tangible fixed assets		-	1,000
Decrease/(increase) in investments		5,227,563	3,930,906
Interest received and similar income		384,164	573,459
Net cash used in investing activities		(10,961,731)	(9,496,939)
Cash flows from financing activities			
Mortgages		1,841,101	4,626,718
CALF loans		2,198,055	1,104,425
HFA loans		10,707,968	-
Capital grants		1,336,787	527,939
Interest paid on HFA loans		(84,670)	-
Net cash generated in financing activities		15,999,241	6,259,082
Net increase in cash and cash equivalents		6,789,437	1,539,511
Cash and cash equivalents at beginning of financial year		2,487,557	948,046
On transfer from East Wall Housing Association Limited (note 9)		130,054	-
Cash and cash equivalents at end of financial year		9,407,048	2,487,557
Cash and cash equivalents consists of:			
Cash at bank and in hand		647,125	1,485,733
Short-term deposits (included in current asset investments)		8,759,923	1,001,824
Cash and cash equivalents		9,407,048	2,487,557

NOTES TO THE FINANCIAL STATEMENTS

1 General information

Respond! ('the company') is a registered charity with the Charities Regulator (registered charity no. 20012625) and has been granted charitable tax exemption by the Revenue Commissioners. The company is engaged in building housing schemes and providing these for rental.

The company is incorporated as a company limited by guarantee in the Republic of Ireland. The address of its registered office is Airmount, Dominick Place, Waterford.

2 Statement of compliance

The entity financial statements have been prepared on a going concern basis and in accordance with Irish GAAP (accounting standards issued by the Financial Reporting Council of the UK and promulgated by the Institute of Chartered Accountants in Ireland and the Companies Act 2014). The entity financial statements comply with Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Companies Act 2014. In preparing the financial statements the company has referred to guidance included in the Statement of Recommended Practice (SORP): Accounting by registered social housing providers. Although the company is not required to comply with the SORP, it has adopted many of the recommendations in these financial statements where applicable.

3 Summary of significant accounting policies

The significant accounting policies used in the preparation of the entity financial statements are set out below. These policies have been consistently applied to all financial years presented, unless otherwise stated. The company has adopted FRS 102 for the first time in these entity financial statements. Details of the transition to FRS 102 are disclosed in note 29.

(a) Basis of preparation
The entity financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date. It also requires the directors to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in note 4.

(b) Foreign currency

(i) *Functional and presentation currency*
The company's functional and presentation currency is the euro, denominated by the symbol "€".

(ii) *Transactions and balances*
Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At the end of each financial year foreign currency monetary items are translated to euro using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at exchange rates at the end of the financial year of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Foreign exchange gains and losses are presented in the profit and loss account within 'administrative expenses'.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(c) Revenue recognition

(i) Turnover

Turnover is the amount of revenue derived from the provision of goods and services falling within the company's ordinary activities. For Respond!, turnover comprises rental income, payment and availability income, maintenance grant income and sundry income, which are accounted for in the financial year to which they relate.

Turnover is measured at the fair value of the consideration received or receivable.

Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest.

(ii) Other revenue

Interest income is recognised using the effective interest rate method. Interest income is presented as 'interest receivable and similar income' in the profit and loss account. Income from third party donations and fund raising is credited to the profit and loss account in the period in which it is received. Donations of assets other than cash are valued at date of receipt, and the value is included in assets in the balance sheet.

(d) Employee benefits

The company provides a range of benefits to employees, including paid holiday arrangements and post-employment benefits (in the form of defined contribution pension plans).

(i) Short term employee benefits

Short term employee benefits, including paid holiday arrangements and other similar non-monetary benefits, are recognised as an expense in the financial year in which the employees render the related service.

(ii) Post-employment benefits

Defined contribution plan

The company operates defined contribution plans for certain employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further contributions or to make direct benefit payments to employees if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The assets of the plan are held separately from the company in independently administered funds. The contributions to the defined contribution plan are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet.

(e) Income tax

The company has been granted charitable tax exemption by the Revenue Commissioners.

(f) Value added tax

The company is registered for VAT in compliance with RCT and Reverse Charge VAT regulations, however, the company is not entitled to reclaim VAT on operational activities and accordingly all receipts and expenditure in the accounts are shown inclusive of any VAT which may apply.

(g) Intangible fixed assets

Intangible assets (computer software) are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised over their estimated useful lives, of four years, on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies – continued

(g) Intangible fixed assets - continued

Where factors, such as technological advancement or changes in market prices, indicate that the intangible's useful life has changed, the useful life is amended prospectively to reflect the new circumstances.

Intangible fixed assets are reviewed for impairment if there is an indication that the intangible fixed asset may be impaired.

(h) Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to the location and condition necessary for its intended use, applicable dismantling, removal and restoration costs.

(i) Capital expenditure on building programmes

All certified expenditure (including any retention) paid for by the company is capitalised and shown in the balance sheet in respect of assets created, the beneficial ownership of which remains vested with the company. Liabilities in respect of local authority mortgages on these properties are shown in the balance sheet. These mortgages can be either in respect of buildings erected or acquired under the capital assistance scheme or under the capital loan and subsidy scheme. In the case of buildings erected or acquired under the capital assistance scheme, and under the capital loan and subsidy scheme, repayments of mortgage amounts (together with interest on the mortgages) are met entirely by Government sources. Accordingly the capital sums due are amortised on a straight line basis over the life of the mortgage and a corresponding credit made to the profit and loss account. As the company does not pay interest in respect of these mortgages, they are treated as interest free.

All certified expenditure (including any retention) paid for by the company in respect of assets created, where the beneficial ownership is not expected to remain with the company is reflected in the profit and loss account in the period to which it relates.

Development expenditure which cannot be attributed to approved schemes or does not specifically relate to the acquisition or development of the land and buildings is written off in the period to which it relates.

(ii) Depreciation and residual values

Land is not depreciated.

Depreciation on other assets is calculated, using the straight-line method over their estimated useful lives, as follows:

	Years
- Buildings – social housing	Refer note 4
- Buildings – other	30
- Fittings and equipment	5
- Computer equipment	4
- Motor vehicles	5

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each financial year. The effect of any change in either residual values or useful lives is accounted for prospectively.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies – continued

(h) Tangible assets - continued

(iii) Subsequent additions and major components
Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the company and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

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

(iv) Assets in the course of construction
Assets in the course of construction are stated at cost. These assets are not depreciated until it is available for use.

(v) Derecognition
Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(i) Government grants

Government grants, including non-monetary grants are recognised when there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received. The company recognises grants on the accrual model and measures grants at the fair value of the asset received or receivable. Where a grant becomes repayable it is recognised as a liability when the repayment meets the definition of a liability.

The company classifies grants either as a grant relating to revenue or a grant relating to assets.

(i) Revenue grants
Grants relating to revenue are recognised in the profit and loss account on a systematic basis over the periods in which the entity recognises the related costs for which the grant is intended to compensate. A grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the company with no future related costs is recognised in the profit and loss account in the period in which it becomes receivable.

(ii) Capital grants
Grants relating to capital projects including communal facilities are recognised in the profit and loss account on a systematic basis over the expected useful life of the asset.

(j) Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

(k) Leased assets

(i) Finance leases
Finance leases transfer substantially all the risks and rewards incidental to ownership to the lessee.

At the commencement of the finance lease term the company recognises its right of use and obligation under a finance lease as an asset and a liability at the amount equal to the fair value of the leased asset, or if lower, at the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the company's incremental borrowing rate is used. Incremental and directly attributable costs incurred in negotiating and arranging a finance lease are included in the cost of the asset.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies – continued

(k) Leased assets - continued

(i) Finance leases – continued

Assets under finance leases are depreciated over the estimated useful life of the asset. Assets are assessed for impairment at the end of each financial year.

The minimum lease payments are apportioned between the outstanding liability and finance charges, using the effective interest method, to produce a constant periodic rate of interest on the remaining balance of the liability.

(ii) Operating leased assets

Operating leases do not transfer substantially all the risks and rewards of ownership to the lessee. Payments under operating leases are recognised in the profit and loss account on a straight-line basis over the period of the lease.

(l) Impairment of non-financial assets

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

The recoverable amount of the asset (or cash-generating unit) is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from continuing use of the asset (or cash-generating unit) and from its ultimate disposal. In measuring value in use pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current risk-free market rate and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the recoverable amount of the asset (or cash-generating unit) is less than the carrying amount of the asset (or cash-generating unit) the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in profit or loss, unless the asset has been revalued. If the asset has been revalued the impairment loss is recognised in other comprehensive income to the extent of the revaluation gains accumulated in equity in respect of that asset. Thereafter any excess is recognised in profit or loss.

If an impairment loss reverses (the reasons for the impairment loss have ceased to apply), the carrying amount of the asset (or asset's cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior financial years. A reversal of an impairment loss is recognised in the profit and loss account, unless the asset is carried at a revalued amount.

(m) Investments

Investments are stated at cost less provision if necessary for any permanent diminution in value.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies – continued

(n) Cash and cash equivalents

Cash at bank and in hand includes cash in hand, cash held in bank current accounts, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities. Cash at bank and in hand are initially measured at transaction price and subsequently measured at amortised cost.

Bank deposits which have original maturities of more than three months are presented as current asset investments.

(o) Provisions and contingencies

(i) Provisions

Provisions are liabilities of uncertain timing or amount.

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the best estimate of the amount required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are reviewed at the end of each financial year and adjusted to reflect the current best estimate of the amount required to settle the obligation. The unwinding of the discount is recognised as a finance cost in profit or loss, presented as part of ‘interest payable and similar charges’ in the financial year in which it arises.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

In particular:

a) Restructuring provisions are recognised when the company has a legal or constructive obligation at the end of the financial year to carry out the restructuring. The company has a constructive obligation to carry out a restructuring when there is a detailed, formal plan for the restructuring and the company has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected; and
b) Provision is not made for future operating losses.

(ii) Contingencies

Contingent liabilities, arising as a result of past events, are not recognised as a liability because it is not probable that the company will be required to transfer economic benefits in settlement of the obligation or the amount cannot be reliably measured at the end of the financial year. Possible but uncertain obligations are not recognised as liabilities but are contingent liabilities. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies – continued

(p) Financial instruments

The company has chosen to apply the provisions of Sections 11 and 12 of FRS 102 to account for all of its financial instruments.

(i) Financial assets

Basic financial assets, including trade and other debtors, cash and cash equivalents, short-term deposits and investments in corporate bonds, are initially recognised at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial asset is initially measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

Trade and other debtors, cash and cash equivalents, investments in corporate bonds and financial assets from arrangements which constitute financing transactions are subsequently measured at amortised cost using the effective interest method.

At the end of each financial year financial assets measured at amortised cost are assessed for objective evidence of impairment. If there is objective evidence that a financial asset measured at amortised cost is impaired an impairment loss is recognised in profit or loss. The impairment loss is the difference between the financial asset's carrying amount and the present value of the financial asset's estimated cash inflows discounted at the asset's original effective interest rate.

If, in a subsequent financial year, the amount of an impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised the previously recognised impairment loss is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment loss not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such financial assets are subsequently measured at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are subsequently measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of ownership of the financial asset are transferred to another party or (c) control of the financial asset has been transferred to another party who has the practical ability to unilaterally sell the financial asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial liability is initially measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Trade and other creditors, bank loans, loans from fellow group companies, preference shares and financial liability from arrangements which constitute financing transactions are subsequently carried at amortised cost, using the effective interest method.

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

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies – continued

(p) Financial instruments - continued

(ii) Financial liabilities - continued

Preference shares, which result in fixed returns to the holder or are mandatorily redeemable on a specific date, are classified as financial liabilities. The dividends on these preference shares are recognised in profit or loss within ‘interest payable and similar charges’.

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

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an 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.

4 Critical accounting judgements and estimation uncertainty

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

The directors make estimates and assumptions concerning the future in the process of preparing the entity financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Major components of social housing buildings

Major components of social housing buildings are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life. The company has made a number of assumptions in determining the cost of each major component, which are set out below.

Component	Cost as %	Useful economic lives
Bathroom	2%	30 years
Boundaries	3%	20 years
Windows/doors	6%	25 years
Electrics	2%	30 years
Heating	2%	20 years
Kitchen	1%	20 years
Roof	6%	50 years
Structure	78%	75 years

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Critical accounting judgements and estimation uncertainty - continued

(ii) Useful economic lives of tangible assets

The annual depreciation on tangible fixed assets and amortisation of capital grants are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reviewed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 14 for the carrying amount of the tangible fixed assets, and note 3(h) for the useful economic lives for each class of tangible fixed assets.

(iii) Impairment of debtors

The directors make an assessment at the end of each financial year of whether there is objective evidence that a trade or other debtor is impaired. When assessing impairment of trade and other debtors, the directors consider factors including the age profile of outstanding debt, recent correspondence and historical experience of cash collections from the debtor. See note 15 for the net carrying amount of the debtors.

5 Turnover

Analysis of turnover by category:

	2016	2015
	€	€
Rental income	10,471,363	10,190,534
Payment and availability income	509,730	320,559
Maintenance grant	1,209,240	1,184,788
Sundry income	753,119	532,786
	12,943,452	12,228,667

Analysis of turnover by geographical market:

	2016	2015
	€	€
Republic of Ireland	12,943,452	12,228,667

6 Other operating income

	2016	2015
	€	€
Amortisation of capital funding		
Mortgage amortisation CLSS	8,557,402	8,579,802
Mortgage amortisation CAS	5,091,396	7,469,360
Amortisation of capital grants	654,024	602,422
	14,302,822	16,651,584
Depreciation of capital expenditure		
Depreciation – social housing	(7,849,106)	(7,289,486)
Amortisation of capital funding (net)	6,453,716	9,362,098

NOTES TO THE FINANCIAL STATEMENTS - continued

7 Operating profit

The operating profit for the financial year is stated after charging or (crediting):-

	2016	2015
	€	€
(a) Depreciation - Charity assets	171,388	163,900
(b) Amortisation of intangible fixed assets	238,312	237,618
(c) Loss on disposal of fixed assets	396,382	186,574
(d) Impairment charge – trade debtors	125,171	121,471
(e) Operating lease expense	25,162	-

8 Interest payable and similar charges

	2016	2015
	€	€
Interest on CALF loans	40,791	12,489
Interest on HFA loans	84,670	-
	125,461	12,489

9 Exceptional item

On 9 December 2015, the company took over the activities and certain assets and liabilities of East Wall Housing Association Limited, for no consideration. The assets and liabilities arising from the transaction were as follows:-

	2016	2015
	€	€
Tangible fixed assets	12,654	-
Debtors	42,508	-
Investments	575,172	-
Cash and bank balances	130,054	-
Creditors and accruals	(34,435)	-
	725,953	-

NOTES TO THE FINANCIAL STATEMENTS - continued

10 Employees and directors

(i) Employees

The average number of persons employed by the company during the financial year was:

	2016 Number	2015 Number
Management	16	17
Operational	83	87
	99	104

Staff costs comprise:

	2016 €	2015 €
Wages and salaries	3,569,616	3,957,533
Social insurance costs	373,793	398,007
Other retirement benefit costs (note 24)	103,332	99,180
	4,046,741	4,454,720

Of the total staff costs €276,114 (2015: €334,377) has been capitalised into tangible fixed assets and €3,770,627 (2015: €4,120,343) has been treated as an expense in the profit and loss account.

(ii) Directors

	2016 €	2015 €
Emoluments	21,759	25,951
Contributions to retirement benefit schemes:		
- Defined contribution	1,123	1,300

(iii) Key management compensation

Key management includes the directors, CEO and members of the senior management team who report directly to the CEO, which at the balance sheet date comprised of 9 persons (2015:11). The compensation paid or payable to key management for employee services is shown below and includes employers contribution to social insurance and pension scheme:

	2016 €	2015 €
Total key management compensation	673,543	737,734

NOTES TO THE FINANCIAL STATEMENTS - continued

11 Taxation

No liability to corporation tax arises as the company has been granted charitable tax exemption by the Revenue Commissioners.

12 Work in progress

In accordance with the accounting policy for Capital Expenditure on Building Programmes the cost of uncertified work at the balance sheet date is not regarded as a liability of the company. The fixed asset and corresponding mortgage liability is recognised in the accounts at the time that the work is certified.

13 Intangible assets

	Software €
Cost	
At 1 July 2014	2,255,394
Additions	207,369
Disposals	-
At 30 June 2015	2,462,763
At 1 July 2015	2,462,763
Additions	69,143
Disposals	-
At 30 June 2016	2,531,906
Amortisation	
At 1 July 2014	1,664,838
Charge for the financial year	237,618
On disposals	-
At 30 June 2015	1,902,456
At 1 July 2015	1,902,456
Charge for the financial year	238,312
On disposals	-
At 30 June 2016	2,140,768
Net book value	
At 1 July 2014	590,556
At 30 June 2015	560,307
At 30 June 2016	391,138

NOTES TO THE FINANCIAL STATEMENTS - continued

14 Tangible fixed assets

	Social housing land and buildings €	Other land and buildings €	Fittings and equipment €	Computers €	Motor vehicles €	Total €
Cost						
At 1 July 2014	445,934,342	521,036	1,298,188	1,955,771	31,218	449,740,555
Additions	13,710,914	4,729	45,224	22,419	11,649	13,794,935
Disposals	(825,654)	-	-	-	(10,000)	(835,654)
At 30 June 2015	458,819,602	525,765	1,343,412	1,978,190	32,867	462,699,836
At 1 July 2015	458,819,602	525,765	1,343,412	1,978,190	32,867	462,699,836
Additions	16,461,359	-	25,518	17,438	-	16,504,315
Disposals	(1,574,703)	-	-	-	(4,650)	(1,579,353)
Projects written off	(404,667)	-	-	-	-	(404,667)
Transfer (a)	-	-	31,638	-	-	31,638
At 30 June 2016	473,301,591	525,765	1,400,568	1,995,628	28,217	477,251,769
Accumulated depreciation						
At 1 July 2014	79,820,472	121,431	1,102,872	1,708,637	16,366	82,769,778
Charge for the financial year	7,289,486	17,351	62,181	78,855	5,513	7,453,386
On disposal	(638,080)	-	-	-	(10,000)	(648,080)
At 30 June 2015	86,471,878	138,782	1,165,053	1,787,492	11,879	89,575,084
At 1 July 2015	86,471,878	138,782	1,165,053	1,787,492	11,879	89,575,084
Charge for the financial year	7,849,106	17,508	68,787	78,675	6,418	8,020,494
On disposal	(1,181,160)	-	-	-	(1,811)	(1,182,971)
Transfer (a)	-	-	18,984	-	-	18,984
At 30 June 2016	93,139,824	156,290	1,252,824	1,866,167	16,486	96,431,591
Net book value						
At 1 July 2014	366,113,870	399,605	195,316	247,134	14,852	366,970,777
At 30 June 2015	372,347,724	386,983	178,359	190,698	20,988	373,124,752
At 30 June 2016	380,161,767	369,475	147,744	129,461	11,731	380,820,178

(a) Represents the cost and accumulated depreciation of assets transferred from East Wall Housing Association Limited (note 9).

NOTES TO THE FINANCIAL STATEMENTS - continued

15 Debtors

	2016	2015
	€	€
Amounts falling due within one year:		
Trade debtors	3,723,755	3,501,955
Amounts due from related company (note 22)	114,091	30,947
Prepayments and accrued income	4,485,327	4,236,201
	8,323,173	7,769,103

16 Investments

	2016	2015
	€	€
Investment funds (i)	4,000,000	8,400,000
Deposits	9,578,904	2,073,196
	13,578,904	10,473,196

(i) All investment funds are fixed for a period. These investments are capital guaranteed if held to maturity, which is the intention of the directors.

17 Creditors - amounts falling due within one year

	2016	2015
	€	€
HFA loans (note 18 (ii) and (iii))	495,722	-
Trade creditors	477,359	1,540,906
Accruals	2,593,026	2,460,781
PAYE and social insurance	91,410	90,386
Value added tax	213,977	435,365
Relevant contractors tax	16,120	10,199
	3,887,614	4,537,637

Trade creditors at 30 June 2016 and 30 June 2015 include amounts owing to suppliers who include reservation of title conditions in their conditions of sale. Due to legal interpretation involved it was not practical to quantify same.

Trade and other creditors are payable at various dates in accordance with the suppliers usual and customary credit terms.

Tax and social insurance are repayable at various dates over the coming months in accordance with the applicable statutory provisions.

NOTES TO THE FINANCIAL STATEMENTS - continued

18 Creditors - amounts falling due after more than one year

	2016	2015
	€	€
CALF loans (i)	3,355,760	1,116,914
HFA loans (ii) and (iii))	10,212,246	-
Capital grants (note 19)	23,485,706	22,802,943
Mortgages (note 20)	254,237,645	266,045,342
	291,291,357	289,965,199

(i) CALF loans represent loans received under the Capital Advance Leasing Facility scheme. The CALF loans are unsecured and are subject to simple interest at a rate of 2% per annum. The capital advance and interest is repayable on demand in the absence of a payment and availability agreement for the properties for which the capital advance was provided, however notwithstanding the demand nature of the loan the capital and all other amounts outstanding are to be repaid after more than 5 years. The company has payment and availability agreements in place relating to the above loans. Accrued interest included within the balance above amounts to €53,280 (2015: €12,489).

(ii) HFA loans represent loans received from the Housing Finance Agency. The loans were received for financing Sustainable Energy Authority of Ireland (SEAI) approved energy efficiency upgrades and for the purchase of housing units. The SEAI related loan is secured by a charge over bank deposits. The housing unit loans are secured by a fixed charge over the housing units and assignment of the related payment and availability agreements. The repayment schedule of the loans is set out in (iii) below. Interest on the loans was charged and paid on 30 June 2016 and hence there is no accrued interest within the above balance at year end.

(iii) HFA Loans

	2016	2015
	€	€
Not later than one year	495,722	-
Later than one year and not later than five years	2,149,027	-
Later than five years	8,063,219	-
	10,707,968	-

19 Government grants toward capital projects

	2016	2015
	€	€
Received and receivable		
At 1 July	30,068,265	29,540,326
Additions during year	1,336,787	527,939
Redeemed	-	-
At 30 June	31,405,052	30,068,265
Amortisation		
At 1 July	7,265,322	6,662,900
Amortised to profit and loss account	654,024	602,422
Redeemed	-	-
At 30 June	7,919,346	7,265,322
Net book value at 30 June	23,485,706	22,802,943

NOTES TO THE FINANCIAL STATEMENTS - continued

20 Mortgage liabilities

	2016	2015
	€	€
(a) Capital assistance scheme		
Received and receivable		
At 1 July	161,639,077	157,032,123
Reclassification from CLSS	2,999,223	-
Received/adjustments during year	2,411,223	4,606,954
At 30 June	167,049,523	161,639,077
Amortisation		
At 1 July	61,389,977	53,920,617
Amortised to profit and loss account	5,091,396	7,469,360
At 30 June	66,481,373	61,389,977
Net book value at 30 June	100,568,150	100,249,100
(b) Capital loan on subsidy scheme		
Received and receivable		
At 1 July	264,464,632	264,444,868
Reclassification to CAS	(2,999,223)	-
Received/adjustments during year	(570,122)	19,764
At 30 June	260,895,287	264,464,632
Amortisation		
At 1 July	98,668,390	90,088,588
Amortised to profit and loss account	8,557,402	8,579,802
At 30 June	107,225,792	98,668,390
Net book value at 30 June	153,669,495	165,796,242
Total net book value at 30 June	254,237,645	266,045,342

The mortgages are secured by fixed charges over the company's land and buildings.

21 Reserves

A description of each reserve is outlined below:

Absorbed deficit
Absorbed deficit represents accumulated comprehensive income for the financial year and prior financial years, less amounts transferred to mortgage amortisation reserve.

Mortgage amortisation reserve
The amount transferred to the Mortgage Amortisation Reserve Fund is based on the amortisation of the capital advances, over the life of the mortgage. The Local Authorities from whom the mortgages were received are not in a position to provide confirmation of the year-end balance and the company is therefore relying on the information given by the Department of the Environment and Local Government in establishing the amortisation policy.

NOTES TO THE FINANCIAL STATEMENTS - continued

22 Related party transactions

During the year the company effectively managed, through the use of an inter company account, the administration of Respond (Support) Limited, a company which is a charity engaged in the management of social and community initiatives which are carried out in Respond! housing schemes. Expenses recharged to Respond (Support) Limited for the year amounted to €575,334 (2015: €98,056). The balance owed by that company at 30 June 2016 was €114,091 (2015: €30,947).

23 Note to the statement of cash flows

	2016	2015
	€	€
Profit for the financial year	9,671,292	11,835,725
Tax on profit on ordinary activities	-	-
Interest receivable and similar income	(384,164)	(573,459)
Interest payable and similar charges	125,461	12,489
Exceptional item	(725,953)	-
Operating profit	8,686,636	11,274,755
Depreciation of tangible fixed assets	8,020,494	7,453,386
Amortisation of intangible fixed assets	238,312	237,618
Amortisation of capital grants	(654,024)	(602,422)
Amortisation of mortgages	(13,648,798)	(16,049,162)
Project assets written off	404,667	-
Loss on disposal of tangible fixed assets	396,382	186,574
Working capital movements:		
- (Increase)/decrease in debtors	(511,562)	1,029,815
- (Decrease)/increase in creditors	(1,180,180)	1,246,804
Cash flow from operating activities	1,751,927	4,777,368

24 Retirement benefit costs and similar obligations

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to €103,332 (2015: €99,180). Accrued costs at year end amounted to €Nil (2015: €Nil).

25 Contingent liabilities

The company has received grants which may become repayable if certain circumstances set out in the agreements occur. The directors are of the opinion that these contingencies will not result in any material loss for the company.

26 Bank security

The company's bankers hold a letter of lien, in the amount of €750,000 in relation to its overdraft facility (2015: €750,000). No element of the facility had been drawn down at year end.

NOTES TO THE FINANCIAL STATEMENTS - continued

27 Financial instruments

The company has the following financial instruments:

	2016 €	2015 €
Financial assets at fair value through profit or loss	-	-
Financial assets that are debt instruments measured at amortised cost		
- Trade debtors	3,723,755	3,501,955
- Amount due from related company	114,091	30,947
- Investment in short-term deposits	13,578,904	10,473,196
	17,416,750	14,006,098
Cash at bank and in hand	647,125	1,485,733
Financial assets that are equity instruments measured at cost less impairment	-	-
Financial liabilities measured at fair value through profit or loss		
- Derivative financial instruments	-	-
Financial liabilities measured at amortised cost		
- Trade creditors	477,359	1,540,906
- Accruals	2,593,026	2,460,781
- Capital Grants	23,485,706	22,802,943
- CALF loans	3,355,760	1,116,914
- HFA loans	10,707,968	-
- Mortgages	254,237,645	266,045,342
	294,857,464	293,966,886

28 Operating lease commitments

Future minimum lease payments under non-cancellable operating leases at the end of the financial year were:

	2016 €	2015 €
Payments due:		
Not later than one year	208,164	-
Later than one year and not later than five years	832,656	-
Later than five years	3,253,421	-
	4,294,241	-

NOTES TO THE FINANCIAL STATEMENTS - continued

29 Transition to FRS 102

This is the first financial year that the company has presented financial statements complying with FRS 102. The last financial statements under Irish GAAP were for the financial year ended 30 June 2015. The company's date of transition to FRS 102 is 1 July 2014. Set out below are the changes in accounting policies which reconcile profit for the financial year ended 30 June 2015 and total equity as at 1 July 2014 and 30 June 2015 between Irish GAAP as previously reported and FRS 102.

	Notes	30 June 2015 €
Profit for the financial year		
Irish GAAP – As previously reported		6,272,334
Adjustments:		
Holiday pay liability	(a)	(10,224)
Rental security	(b)	(78,150)
Social housing components – depreciation	(c)	6,231,176
Social housing components – loss on disposal	(c)	(187,574)
Social housing components – capital grant amortisation	(c)	(391,837)
Total adjustment to profit for the financial year		5,563,391
FRS 102		11,835,725

	Notes	1 July 2014 €	30 June 2015 €
Total equity			
Irish GAAP – As previously reported		47,008,392	53,280,726
Adjustments:			
Holiday pay liability	(a)	(102,194)	(112,418)
Rental security deposit	(b)	(831,860)	(910,010)
Social housing components – depreciation	(c)	44,035,338	50,266,514
Social housing components – loss on disposal	(c)	-	(187,574)
Social housing components – capital grant amortisation	(c)	(3,035,146)	(3,426,983)
		87,074,530	98,910,255

(a) Holiday pay liability

Prior to applying FRS 102 Respond! did not make provision for holiday pay earned but not taken at the end of the financial year. The cost of holiday pay was recognised as an expense in the profit and loss account as and when employees used their holiday entitlement.

FRS 102 requires short-term employee benefits to be recognised as an expense in the profit and loss account as the employees render service.

On transition to FRS 102 a liability for holiday pay of €102,194 was recognised at 1 July 2014. The holiday pay liability at 30 June 2015 was €112,418.

DETAILED PROFIT AND LOSS ACCOUNT
Financial Year Ended 30 June 2016

29 Transition to FRS 102 - continued

(b) Rental security deposit

Prior to applying FRS 102 Respond! did not make provision for rental security deposits at the end of the financial year. The rental security deposit was recognised within income in the profit and loss account as and when they were received or refunded.

On transition to FRS 102 a liability of €831,860 was recognised at 1 July 2014. The liability at 30 June 2015 was €910,010.

(c) Social housing components

Prior to applying FRS 102 Respond! depreciated social housing and communal facilities over 30 years and related capital grants were amortised to the profit and loss account over the same period.

FRS 102 and the SORP for registered social housing providers requires major components of social housing buildings to be treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life. Details in relation to the assumptions made by the company are set out in note 4.

On transition to FRS 102 a write back on accumulated depreciation of €44,035,338 and a write back on capital grant amortisation by €3,035,146 was recognised at 1 July 2014. In the financial year ended 30 June 2015 a reduction in the depreciation expense of €6,231,176 and a reduction in the capital grant amortisation of €391,837 were recognised in the profit and loss account.

Related to this adjustment, assets with a cost of €825,654 and accumulated depreciation of €638,080 were disposed of and recognised in the profit and loss account.

(d) Statement of cash flows

The statement of cash flows reflects the presentation requirements of FRS 102, which differ to FRS 1. In addition the statement of cash flows under FRS 102 reconciles profit for the financial year to cash and cash equivalents at the end of the financial year whereas under previous Irish GAAP the cash flow statement reconciled profit for the financial year to cash at the end of the financial year. Cash and cash equivalents are defined in FRS 102 as ‘cash on hand and demand deposits and short term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value’ whereas cash is defined in FRS 1 as ‘cash in hand and deposits repayable on demand with any qualifying institution, less overdrafts from any qualifying institution repayable on demand.’

30 Approval of financial statements

The financial statements were approved by the directors on 13 December 2016.