

Respond
(CLG – Company Limited by Guarantee)

Annual Report
Financial Period Ended 31 December 2017

CONTENTS

	Pages
DIRECTORS AND OTHER INFORMATION	2
DIRECTORS' REPORT	3 - 7
INDEPENDENT AUDITORS' REPORT	8 - 10
PROFIT AND LOSS ACCOUNT	11
BALANCE SHEET	12
STATEMENT OF CHANGES IN EQUITY	13
STATEMENT OF CASH FLOWS	14
NOTES TO THE FINANCIAL STATEMENTS	15 - 34

DIRECTORS AND OTHER INFORMATION

Board of Directors at 12 June 2018

June Anne Falconer
Noel Kelly
Joe O'Connor
John O'Connor
Michael Anglim
Daniel McCarthy

Solicitors

Beauchamps
Riverside Two
Sir John Rogerson's Quay
Dublin 2

William Fry
Fitzwilliam House
Wilton Place
Dublin 2

Secretary and Registered Office

J Jackman
Airmount
Dominick Place
Waterford

Registered Number: 90576

Bankers

Allied Irish Bank
The Quay
Waterford

Ulster Bank
The Quay
Waterford

The Housing Finance Agency
46 St. Stephen's Green
Dublin 2

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 18 month financial period 1 July 2016 to 31 December 2017.

Principal activities

The company is a charity engaged in the acquisition, construction and lease of housing schemes and providing these for rental to those who are deemed eligible for social housing.

Change of name

On 20 March 2018, the company changed its name from Respond! to Respond.

Corporate governance

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

Membership of the board was strengthened by the appointment of five new members in July 2016 and one new member in December 2016 and June 2017 respectively. Three members of the board completed their term of office in December 2016, one member resigned in February 2017 and December 2017 respectively.

The Board aims to meet formally at least ten times a year, and for this current reporting period the board met on 15 occasions. John O'Connor was appointed Chair of the Board in December 2016.

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. 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 period the Finance, Risk and Audit Committee comprised of four independent non-executive members, three of whom were non-executive Board members. The committee was chaired by Joe O'Connor a member of the Board. 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.

The Board has established three further sub-committees to assist it in carrying out its responsibilities, a Development Committee, a Remuneration, Succession & Nominations Committee and a Research, Advocacy and Evaluation Committee.

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 period that give a true and fair view of the company's assets, liabilities and financial position as at the end of the financial period and of the profit or loss of the company for the financial period. 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 period and the profit or loss of the company for the financial period.

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 35 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 4,329 (2016: 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". In addition to a significant ramping up and acceleration of work on new social housing projects in a range of locations across Ireland, Respond also opened up two Family Hubs in Dublin, with the assistance of funding from the Dublin Regional Homeless Executive which provide transitional accommodation for homeless families.

Financial performance for period

Respond delivered another strong operating and financial performance for the period to December 2017. Turnover for the 18 month period amounted to €23.8m compared to €12.9m for the year to June 2016 and profit for the financial period was €12m (2016: €9.7m).

Other Operating Income of €9.4m (2016: €6.45m) represents the net amortisation of government mortgages over the depreciation of social housing assets. The surplus for the current year was impacted by €Nil (2016: €2.7m surplus) arising from a realignment to the amortisation of CAS mortgages over the remaining term of the mortgages.

The company invested €19.4m (2016: €16.5m) in housing units during the period and delivered 74 (2016: 126) additional homes, which were funded primarily by the drawdown of additional CALF & HFA funding of €13m which now stands at €26.5m on the balance sheet.

The company has a healthy aggregate bank balance of €13.9m (2016: €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 €12m year on year and the overall reported equity figure is €120.6m.

Principal 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.

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.

DIRECTORS' REPORT - continued**Principal risks and uncertainties - continued**

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 Constitution.

Directors

The names of the persons who were directors of the company at any time during the financial period ended 31 December 2017 are set out below. Except where indicated, they served as directors for the entire financial period.

	Appointed	Resigned
Patrick Cogan		31 December 2016
Michael O'Doherty		31 December 2016
Tom Dilleen		31 December 2016
Brian Hennebry		31 December 2017
June Anne Falconer	26 July 2016	
Katharine Larkin	26 July 2016	14 February 2017
Noel Kelly	26 July 2016	
Joe O'Connor	26 July 2016	
Cathal O'Connell	26 July 2016	20 March 2018
John O'Connor	13 December 2016	
Michael Anglim	13 June 2017	

Daniel McCarthy was appointed as director of the company on 16 February 2018.

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 period.

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 9 members at the date of the balance sheet.

DIRECTORS' REPORT - continued

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

John O'Connor

Joe O'Connor

Date: 12 June 2018



Independent auditors' report to the members of Respond

Report on the audit of the financial statements

Opinion

In our opinion, Respond's financial statements:

- give a true and fair view of the company's assets, liabilities and financial position as at 31 December 2017 and of its profit and cash flows for the 18 month period (the "period") then ended;
- have been properly prepared 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); and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the Annual Report, which comprise:

- the Balance Sheet as at 31 December 2017;
 - the Profit and Loss Account for the period then ended;
 - the Statement of Cash Flows for the period then ended;
 - the Statement of Changes in Equity for the period then ended; and
 - the notes to the financial statements, which include a description of the significant accounting policies.
-

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company'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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.



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 directors are 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, except to the extent otherwise explicitly stated in this report, 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.

With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the period ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.
- Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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 in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

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 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.



Other required reporting

Companies Act 2014 opinions on other matters

- 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.

Companies Act 2014 exception reporting

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.

Brendan O'Neill
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Waterford
12 June 2018

PROFIT AND LOSS ACCOUNT
For the financial period ended 31 December 2017

	Note	18 months ended 31 December 2017 €	Year ended 30 June 2016 €
Turnover	5	23,841,345	12,943,452
Cost of sales		-	-
Gross profit		<u>23,841,345</u>	<u>12,943,452</u>
Administrative expenses		(21,418,608)	(10,710,532)
Other operating income	6	<u>9,425,110</u>	<u>6,453,716</u>
Operating profit	7	11,847,847	8,686,636
Interest receivable and similar income		140,310	384,164
Interest payable and similar charges	8	(721,991)	(125,461)
Exceptional item	9	<u>781,537</u>	<u>725,953</u>
Profit on ordinary activities before taxation		12,047,703	9,671,292
Tax on profit on ordinary activities	11	-	-
Profit for the financial period / year		<u>12,047,703</u>	<u>9,671,292</u>

The company had no recognised gains or losses in the financial period 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 31 December 2017

	Note	31 December 2017		30 June 2016	
		€	€	€	€
Fixed assets					
Intangible assets	13		176,014		391,138
Tangible assets	14		388,832,549		380,820,178
Current assets					
Debtors	15	9,718,967		8,323,173	
Investments	16	13,385,167		13,578,904	
Cash at bank and in hand		514,878		647,125	
		<u>23,619,012</u>		<u>22,549,202</u>	
Creditors: amounts falling due within one year					
	17	<u>(6,143,914)</u>		<u>(3,887,614)</u>	
		<u>(6,143,914)</u>		<u>(3,887,614)</u>	
Net current assets					
			<u>17,475,098</u>		<u>18,661,588</u>
Total assets less current liabilities					
			<u>406,483,661</u>		<u>399,872,904</u>
Less:					
Creditors: amounts falling due after more than one year					
	18		<u>(285,854,411)</u>		<u>(291,291,357)</u>
Net assets					
			<u>120,629,250</u>		<u>108,581,547</u>
Capital and reserves					
Reserves	21		<u>120,629,250</u>		<u>108,581,547</u>
Total equity					
			<u>120,629,250</u>		<u>108,581,547</u>

On behalf of the board

John O'Connor

Joe O'Connor

STATEMENT OF CHANGES IN EQUITY
For the financial period ended 31 December 2017

	Note	Absorbed deficit €	Mortgage amortisation reserve €	Total €
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		<u>(13,648,798)</u>	<u>13,648,798</u>	<u>-</u>
Balance at 30 June 2016	21	<u>(65,125,618)</u>	<u>173,707,165</u>	<u>108,581,547</u>
Balance at 1 July 2016		(65,125,618)	173,707,165	108,581,547
Profit for financial period		12,047,703	-	12,047,703
Transfer to mortgage amortisation reserve		<u>(20,303,995)</u>	<u>20,303,995</u>	<u>-</u>
Balance at 31 December 2017	21	<u>(73,381,910)</u>	<u>194,011,160</u>	<u>120,629,250</u>

STATEMENT OF CASH FLOWS
For the financial period ended 31 December 2017

	Note	18 months ended 31 December 2017 €	Year ended 30 June 2016 €
Cash from operations	22	4,495,138	1,751,927
Income taxes paid		-	-
Net cash generated from operating activities		<u>4,495,138</u>	<u>1,751,927</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(19,551,600)	(16,504,315)
Purchase of intangible fixed assets		(112,772)	(69,143)
Proceeds from disposal of tangible fixed assets		-	-
Decrease in investments		497,521	5,227,563
Interest received and similar income		140,310	384,164
Net cash used in investing activities		<u>(19,026,541)</u>	<u>(10,961,731)</u>
Cash flows from financing activities			
Mortgages		2,909,542	1,841,101
CALF loans		2,514,629	2,198,055
HFA loans		10,590,977	10,707,968
Capital grants		250,755	1,336,787
Interest paid on HFA loans		(615,088)	(84,670)
Capital repayments of HFA loans		(804,371)	-
Payment for mortgage redemption		(243,504)	-
Net cash generated in financing activities		<u>14,602,940</u>	<u>15,999,241</u>
Net increase in cash and cash equivalents		71,537	6,789,437
Cash and cash equivalents at beginning of financial period / year		9,407,048	2,487,557
Exceptional item (note 9)		100,000	130,054
Cash and cash equivalents at end of financial year		<u>9,578,585</u>	<u>9,407,048</u>
Cash and cash equivalents consists of:			
Cash at bank and in hand		514,878	647,125
Short-term deposits (included in current asset investments)		9,063,707	8,759,923
Cash and cash equivalents		<u>9,578,585</u>	<u>9,407,048</u>

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.

(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, revenue 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

(i) 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.

(j) 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.

(k) Borrowing costs

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

(l) 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.

(m) 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.

(n) Investments

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

(o) 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.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies – continued

(p) 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.

(q) 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.

NOTES TO THE FINANCIAL STATEMENTS - continued**3 Summary of significant accounting policies – continued****(p) Financial instruments - continued***(i) Financial assets - continued*

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.

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.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies – continued

(p) Financial instruments – continued

(ii) *Financial liabilities - continued*

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.

(r) Exceptional items

The company has adopted a profit and loss account format that seeks to highlight significant items. Such items include assets and liabilities taken over by the company from other housing associations or other entities. Judgement is used by the directors in assessing the particular items which by virtue of their scale and nature should be disclosed in the profit and loss account and notes as exceptional items.

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

(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.

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Critical accounting judgements and estimation uncertainty - continued

(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:

	18 months ended 31 December 2017 €	Year ended 30 June 2016 €
Rental income	17,300,074	10,471,363
Payment and availability income	1,845,954	509,730
Maintenance grant	1,758,984	1,209,240
Sundry income	1,066,634	753,119
Grant income	1,869,699	-
	<u>23,841,345</u>	<u>12,943,452</u>

Analysis of turnover by geographical market:

Republic of Ireland	<u>23,841,345</u>	<u>12,943,452</u>
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6 Other operating income

	18 months ended 31 December 2017 €	Year ended 30 June 2016 €
Amortisation of capital funding		
Mortgage amortisation CLSS	12,823,378	8,557,402
Mortgage amortisation adjustment on redemption of CLSS	(82,614)	-
Mortgage amortisation CAS	7,677,261	5,091,396
Amortisation of capital grants	1,043,037	654,024
	<u>21,461,062</u>	<u>14,302,822</u>
Depreciation of capital expenditure		
Depreciation – social housing	<u>(12,035,952)</u>	<u>(7,849,106)</u>
Amortisation of capital funding (net)	<u>9,425,110</u>	<u>6,453,716</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

7 Operating profit

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

	18 months ended 31 December 2017 €	Year ended 30 June 2016 €
(a) Depreciation - Charity assets	<u>233,191</u>	<u>171,388</u>
(b) Amortisation of intangible fixed assets	<u>327,896</u>	<u>238,312</u>
(c) Loss on disposal of fixed assets	<u>271,897</u>	<u>396,382</u>
(d) Impairment charge – trade debtors	<u>185,350</u>	<u>125,171</u>
(e) Operating lease expense	<u>407,503</u>	<u>25,162</u>

8 Interest payable and similar charges

	18 months ended 31 December 2017 €	Year ended 30 June 2016 €
Interest on CALF loans	106,903	40,791
Interest on HFA loans	<u>615,088</u>	<u>84,670</u>
	<u>721,991</u>	<u>125,461</u>

9 Exceptional item

During the period ended 31 December 2017, the company took over the activities and certain assets and liabilities of Athlone & District Housing Association Company Limited by Guarantee and Sonas Ballina for no consideration.

In the prior year, 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 transactions were as follows:-

	18 months ended 31 December 2017 €	Year ended 30 June 2016 €
Tangible fixed assets	1,464,000	12,654
Debtors	-	42,508
Investments	-	575,172
Cash and bank balances	100,000	130,054
Creditors and accruals	<u>(782,463)</u>	<u>(34,435)</u>
	<u>781,537</u>	<u>725,953</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

10 Employees and directors

(i) Employees

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

	18 months ended 31 December 2017 Number	Year ended 30 June 2016 Number
Management	15	16
Operational	100	83
	<u>115</u>	<u>99</u>

Staff costs comprise:

	2017 €	2016 €
Wages and salaries	6,554,423	3,569,616
Social insurance costs	679,018	373,793
Other retirement benefit costs (note 23)	175,295	103,332
	<u>7,408,736</u>	<u>4,046,741</u>

Of the total staff costs €474,630 (2016: €276,114) has been capitalised into tangible fixed assets and €6,801,639 (2016: €3,770,627) has been treated as an expense in the profit and loss account.

(ii) Directors

	18 months ended 31 December 2017	Year ended 30 June 2016
Emoluments	<u>-</u>	<u>21,759</u>
Contributions to retirement benefit schemes:		
- Defined contribution	<u>-</u>	<u>1,123</u>

(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 11 persons (2016:9). The compensation paid or payable to key management for employee services is shown below and includes employers contribution to social insurance and pension scheme:

	18 months ended 31 December 2017	Year ended 30 June 2016
Total key management compensation	<u>1,316,592</u>	<u>673,543</u>

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 2015	2,462,763
Additions	69,143
Disposals	-
At 30 June 2016	<u>2,531,906</u>
At 1 July 2016	2,531,906
Additions	112,772
Disposals	-
At 31 December 2017	<u>2,644,678</u>
Amortisation	
At 1 July 2015	1,902,456
Charge for the financial year	238,312
On disposals	-
At 30 June 2016	<u>2,140,768</u>
At 1 July 2016	2,140,768
Charge for the financial period	327,896
On disposals	-
At 31 December 2017	<u>2,468,664</u>
Net book value	
At 30 June 2015	<u>560,307</u>
At 30 June 2016	<u>391,138</u>
At 31 December 2017	<u>176,014</u>

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 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	<u>473,301,591</u>	<u>525,765</u>	<u>1,400,568</u>	<u>1,995,628</u>	<u>28,217</u>	<u>477,251,769</u>
At 1 July 2016	473,301,591	525,765	1,400,568	1,995,628	28,217	477,251,769
Additions	19,421,623	-	91,460	38,517	-	19,551,600
Disposals	(1,646,906)	-	-	-	-	(1,646,906)
Projects written off	(299,221)	-	-	-	-	(299,221)
Transfer (a)	<u>1,464,000</u>	-	-	-	-	<u>1,464,000</u>
At 31 December 2017	<u>492,241,087</u>	<u>525,765</u>	<u>1,492,028</u>	<u>2,034,145</u>	<u>28,217</u>	<u>496,321,242</u>
Accumulated depreciation						
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	<u>93,139,824</u>	<u>156,290</u>	<u>1,252,824</u>	<u>1,866,167</u>	<u>16,486</u>	<u>96,431,591</u>
At 1 July 2016	93,139,824	156,290	1,252,824	1,866,167	16,486	96,431,591
Charge for the financial period	12,035,952	26,262	93,467	104,998	8,464	12,269,143
Impairment	162,968	-	-	-	-	162,968
On disposal	(1,375,009)	-	-	-	-	(1,375,009)
At 31 December 2017	<u>103,963,735</u>	<u>182,552</u>	<u>1,346,291</u>	<u>1,971,165</u>	<u>24,950</u>	<u>107,488,693</u>
Net book value						
At 30 June 2015	<u>372,347,724</u>	<u>386,983</u>	<u>178,359</u>	<u>190,698</u>	<u>20,988</u>	<u>373,124,752</u>
At 30 June 2016	<u>380,161,767</u>	<u>369,475</u>	<u>147,744</u>	<u>129,461</u>	<u>11,731</u>	<u>380,820,178</u>
At 30 December 2017	<u>388,277,352</u>	<u>343,213</u>	<u>145,737</u>	<u>62,980</u>	<u>3,267</u>	<u>388,832,549</u>

(a) Represents the fair value of assets transferred into the company during the period (note 9).

NOTES TO THE FINANCIAL STATEMENTS - continued

15 Debtors

	31 December 2017 €	30 June 2016 €
Amounts falling due within one year:		
Trade debtors	4,782,801	3,723,755
Prepayments and accrued income	4,936,166	4,599,418
	<u>9,718,967</u>	<u>8,323,173</u>

16 Investments

	31 December 2017 €	30 June 2016 €
Investment funds (i)	3,500,000	4,000,000
Deposits	9,885,167	9,578,904
	<u>13,385,167</u>	<u>13,578,904</u>

- (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

	31 December 2017 €	30 June 2016 €
HFA loans (note 18 (ii) and (iii))	579,000	495,722
Trade creditors	812,745	477,359
Accruals	4,432,876	2,593,026
PAYE and social insurance	144,128	91,410
Value added tax	151,617	213,977
Relevant contractors tax	23,548	16,120
	<u>6,143,914</u>	<u>3,887,614</u>

Trade creditors at 31 December 2017 and 30 June 2016 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

	31 December 2017 €	30 June 2016 €
CALF loans (i)	5,977,292	3,355,760
HFA loans (ii) and (iii))	19,915,574	10,212,246
Capital grants (note 19)	22,693,424	23,485,706
Mortgages (note 20)	<u>237,268,121</u>	<u>254,237,645</u>
	<u>285,854,411</u>	<u>291,291,357</u>

- (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. Cumulative accrued interest included within the balance above amounts to €160,183 (2016: €53,280).
- (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 December 2017 and hence there is no accrued interest within the above balance at year end.

(iii) HFA Loans

	31 December 2017 €	30 June 2016 €
Not later than one year	579,000	495,722
Later than one year and not later than five years	2,540,000	2,149,027
Later than five years	<u>17,375,574</u>	<u>8,063,219</u>
	<u>20,494,574</u>	<u>10,707,968</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

19 Government grants toward capital projects

	31 December 2017 €	30 June 2016 €
Received and receivable		
At 1 July	31,405,052	30,068,265
Additions during period/year	<u>250,755</u>	<u>1,336,787</u>
At 31 December / 30 June	<u>31,655,807</u>	<u>31,405,052</u>
Amortisation		
At 1 July	7,919,346	7,265,322
Amortised to profit and loss account	<u>1,043,037</u>	<u>654,024</u>
At 31 December / 30 June	<u>8,962,383</u>	<u>7,919,346</u>
Net book value at 31 December / 30 June	<u>22,693,424</u>	<u>23,485,706</u>

20 Mortgage liabilities

	31 December 2017 €	30 June 2016 €
(a) Capital Assistance Scheme ('CAS')		
Received and receivable		
At 1 July	167,049,523	161,639,077
Reclassification from CLSS	-	2,999,223
Received during period/year	2,909,542	2,411,223
Transfers	<u>782,463</u>	<u>-</u>
At 31 December / 30 June	<u>170,741,528</u>	<u>167,049,523</u>
Amortisation		
At 1 July	66,481,373	61,389,977
Amortised to profit and loss account	<u>7,677,261</u>	<u>5,091,396</u>
At 31 December / 30 June	<u>74,158,634</u>	<u>66,481,373</u>
Net book value at 31 December / 30 June	<u>96,582,894</u>	<u>100,568,150</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

20 Mortgage liabilities – continued

	31 December 2017 €	30 June 2016 €
(b) Capital Loan & Subsidy Scheme ('CLSS')		
Received and receivable		
At 1 July	260,895,287	264,464,632
Reclassification to CAS	-	(2,999,223)
Received/adjustments during year	-	(570,122)
Redemption	(357,534)	-
At 31 December / 30 June	<u>260,537,753</u>	<u>260,895,287</u>
Amortisation		
At 1 July	107,225,792	98,668,390
Amortised to profit and loss account	12,823,378	8,557,402
Redemption	(196,644)	-
At 31 December / 30 June	<u>119,852,526</u>	<u>107,225,792</u>
Net book value at 31 December / 30 June	<u>140,685,227</u>	<u>153,669,495</u>
Total net book value at 31 December / 30 June	<u>237,268,121</u>	<u>254,237,645</u>

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 period 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 Note to the statement of cash flows

	18 months ended 31 December 2017 €	Year ended 30 June 2016 €
Profit for the financial year	12,047,703	9,671,292
Tax on profit on ordinary activities	-	-
Interest receivable and similar income	(140,310)	(384,164)
Interest payable and similar charges	721,991	125,461
Exceptional item	(781,537)	(725,953)
Operating profit	11,847,847	8,686,636
Depreciation of tangible fixed assets	12,269,143	8,020,494
Amortisation of intangible fixed assets	327,896	238,312
Amortisation of capital grants	(1,043,037)	(654,024)
Amortisation of mortgages	(20,500,639)	(13,648,798)
Project assets written off	299,221	404,667
Loss on disposal of tangible fixed assets	271,897	396,382
Amortisation of mortgages adjustment on redemption of CLSS	82,614	-
Working capital movements:		
- (Increase) in debtors	(1,395,794)	(511,562)
- Increase/(decrease) in creditors	2,335,990	(1,180,180)
Cash flow from operating activities	4,495,138	1,751,927

23 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 €175,295 (2016: €103,332). Accrued costs at year end amounted to €Nil (2016: €Nil).

24 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.

25 Bank security

The company's bankers hold a letter of lien, in the amount of €750,000 in relation to its overdraft facility (2016: €750,000). No element of the facility had been drawn down at year end.

NOTES TO THE FINANCIAL STATEMENTS - continued

26 Financial instruments

The company has the following financial instruments:

	31 December 2017 €	30 June 2016 €
Financial assets at fair value through profit or loss	-	-
Financial assets that are debt instruments measured at amortised cost		
- Trade debtors	4,782,801	3,723,755
- Investment in short-term deposits	13,385,167	13,578,904
	<u>18,167,968</u>	<u>17,302,659</u>
Cash at bank and in hand	<u>514,878</u>	<u>647,125</u>
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	812,745	477,359
- Accruals	4,432,876	2,593,026
- CALF loans	5,977,292	3,355,760
- HFA loans	20,494,574	10,707,968
- Mortgages	237,268,121	254,237,645
	<u>268,985,608</u>	<u>271,371,758</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

27 Operating lease commitments

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

	31 December 2017 €	30 June 2016 €
Payments due:		
Not later than one year	317,724	208,164
Later than one year and not later than five years	1,270,896	832,656
Later than five years	4,571,632	3,253,421
	<u>6,160,252</u>	<u>4,294,241</u>

28 Grants

Grant income in the profit and loss account for the period arises from the following bodies:-

Name of Agency	Type of Funding/ Grant programme	Term of Grant	Use of Grant	18 months ended 31 December 2017 €	Year ended 30 June 2016 €
Local Authorities	Maintenance grants	Annual	Maintenance of property	1,758,984	1,209,240
Dublin Regional Homeless Executive	S.10 funding	Annual	Delivery of Services	1,295,342	-
Limerick City Council Health Service Executive	S.10 funding	Annual	Delivery of Services	301,041	-
Other	S.39 funding	Annual	Delivery of Services	267,200	-
	Miscellaneous	Monthly	Delivery of Services	6,116	-
Total				<u>1,869,699</u>	<u>-</u>

29 Approval of financial statements

The financial statements were approved by the directors on 12 June 2018.