

Respond
(CLG – Company Limited by Guarantee)

Directors' Report and Financial Statements
Financial Year Ended 31 December 2022

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
CASH FLOW STATEMENT	14
NOTES TO THE FINANCIAL STATEMENTS	15 - 34

DIRECTORS AND OTHER INFORMATION

Board of Directors at 25 April 2023

Noel Kelly (Chair)
John O'Connor
Michael Anglim
Cathleen Callanan
Brendan Cummins
Daniel McCarthy
Joseph O'Connor
Cathal O'Connell
Jennifer Maher (appointed 07/02/2023)
Aidan Skelly (appointed 28/03/2023)

Solicitors

Beauchamps
Riverside Two
Sir John Rogerson's Quay
Dublin 2

Secretary and Registered Office

Olivia McCann
Airmount
Dominick Place
Waterford

Bankers

Allied Irish Bank
The Quay
Waterford

Ulster Bank
The Quay
Waterford

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

Registered Number: 90576

Auditors

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Ballycar House
Newtown
Waterford

DIRECTORS' REPORT

The directors present their report and the financial statements of the company for the financial year ended 31 December 2022.

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. The Company also provides transitional short-term accommodation for families and individuals in our Family Hubs as they await more secure long-term accommodation. It is also undertaking the provision of affordable cost rental housing for households who are not eligible for social housing and for whom the private market is too expensive. In addition to housing and related work the Company currently provides quality Day Care services for older people, Early Education, Childcare, Family Support and Resettlement services.

Corporate governance

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

The Board aims to meet regularly throughout the year, and for this current reporting year the board met on 13 occasions. John O'Connor was appointed Chair of the Board in December 2016 and completed his second three year term on 31 December 2022. Noel Kelly was appointed Chair of the Board on 1 January 2023.

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.

The Board has established four sub-committees to assist it in carrying out its responsibilities:

- Finance, Risk and Audit Committee
- Development Committee
- Remuneration, Succession and Nominations Committee
- Community Support, Research and Advocacy Committee

Regulatory compliance

As a registered charity, Respond is regulated by the Charities Regulatory Authority and must comply with the Charities Governance Code for community, voluntary and charitable organisations in Ireland. Respond is also regulated by the Approved Housing Body Regulatory Authority (AHBRA) which was established under the Housing (Regulation of Approved Housing Bodies) Act 2019 to protect housing assets owned or managed by approved housing bodies. Respond must comply with the new AHBRA standards published in 2022. Respond is also regulated by Pobal, Tusla, HSE, and DRHE in relation to the services it offers its tenants and service users.

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 Head of Finance.

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.

DIRECTORS' REPORT - continued

Business review

Respond has been to the forefront in the provision of social housing in the Republic of Ireland for the last 40 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.

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, Department of Housing, Local Government and Heritage, 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, Cost Rental Equity Loan (CREL) and balance funding from the Housing Finance Agency (HFA) and other private finance institutions.

Respond has 7,084 housing units (2021: 6,503) 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 "Housing for All – A New Housing Plan for Ireland". The total Family Hubs in operation by Respond is 6 (2021: 6) at the balance sheet date, with the capacity to accommodate 91 families.

Ireland and the rest of the World have been impacted by the fall out of the Russian invasion of Ukraine. The economic environment within the EU has become more challenging with high inflation, increases in the cost of living and potential raw material shortages expected to have an adverse impact on utility costs, construction materials and maintenance costs. The Board expects that the war in Ukraine will have some impact on our results for the next financial year, but are of the view based on the information to hand at this point in time, that any impact will be manageable. The Company is currently well resourced in terms of personnel and finance and is ready to adapt to the challenges posed by this crisis.

Financial performance for year

Respond delivered another strong operating and financial performance for the year to December 2022. Turnover for the financial year amounted to €56.9m compared to €43.5m for the year ended 31 December 2021 and profit for the financial year was €8.9m (2021: €7.8m).

Other Operating expenses of €2.3m (2021: Other Operating Income of €0.4m) represents the net amortisation of government mortgages and grants and the depreciation of social housing assets.

The company invested €190m (2021: €236m) in housing units during the year and increased the number of units under ownership/management by 581 (2021: 767), which were funded primarily by the drawdown of additional CALF, CREL & HFA funding of €162.3m which now stands at €900.9m on the balance sheet.

The company has a healthy aggregate bank balance of €31.3m (2021: €38.7m) 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 €8.9m year on year and the overall reported equity figure is €166.5m.

DIRECTORS' REPORT - continued

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 Board of the Company keeps under active review its risk appetite.

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.

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 year ended 31 December 2022 are set out below. Except where indicated, they served as directors for the entire financial year.

John O'Connor
Michael Anglim
Noel Kelly
Joe O'Connor
Cathal O'Connell
Brendan Cummins
Daniel McCarthy
Cathleen Callanan
Olivia McCann (resigned on 24/10/2022)

Directors' compliance statement

The directors acknowledge that they are responsible for securing the company's compliance with its relevant obligations as outlined in the Companies Act 2014.

DIRECTORS' REPORT - continued

Directors' compliance statement - continued

The directors confirm that;

- a compliance policy statement setting out the company's policies, that in our opinion are appropriate to the company, respecting compliance by the company with its relevant obligations has been drawn up;
- appropriate arrangements or structures that are designed to secure material compliance with the company's relevant obligations have been put in place;
- a review of the arrangements and structures referred to above was conducted during the financial year ended 31 December 2022.

The Charities Act 2009

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

Post balance sheet events

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

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 8 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

Director: Noel Kelly

Director: Michael Anglim

Date: 25 April 2023



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 2022 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 (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 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 Directors Report and Financial Statements, which comprise:

- the balance sheet as at 31 December 2022;
 - the profit and loss account for the year then ended;
 - the cash flow statement for the year then ended;
 - the statement of changes in equity for the year 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

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

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

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

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



Reporting on other information

The other information comprises all of the information in the Directors Report and Financial Statements 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 year ended 31 December 2022 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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.
-

Other 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
2 May 2023

PROFIT AND LOSS ACCOUNT
For the financial year ended 31 December 2022

	Note	Year ended 31 December 2022 €	Year ended 31 December 2021 €
Turnover	5	56,897,261	43,481,245
Cost of sales		-	-
Gross profit		<u>56,897,261</u>	<u>43,481,245</u>
Administrative expenses		(32,820,575)	(27,485,327)
Other operating (expense)/income	6	<u>(2,328,830)</u>	<u>417,591</u>
Operating profit	7	21,747,856	16,413,509
Interest payable and similar charges	8	<u>(12,818,745)</u>	<u>(8,655,468)</u>
Profit before taxation		8,929,111	7,758,041
Tax on profit	10	-	-
Profit for the financial year		<u>8,929,111</u>	<u>7,758,041</u>

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 31 December 2022

	Note	31 December 2022		31 December 2021	
		€	€	€	€
Fixed assets					
Intangible assets	12		96,900		71,909
Tangible assets	13		1,263,348,385		1,091,256,785
Current assets					
Debtors	14	9,915,663		10,527,296	
Investments	15 (a)	814,917		815,213	
Cash at bank and in hand	15 (b)	30,477,470		37,858,496	
		<u>41,208,050</u>		<u>49,201,005</u>	
Creditors: amounts falling due within one year	16		<u>(27,922,157)</u>		<u>(26,869,954)</u>
Net current assets			<u>13,285,893</u>		<u>22,331,051</u>
Total assets less current liabilities			<u>1,276,731,178</u>		<u>1,113,659,745</u>
Less:					
Creditors: amounts falling due after more than one year	17		<u>(1,110,282,942)</u>		<u>(956,140,620)</u>
Net assets			<u>166,448,236</u>		<u>157,519,125</u>
Capital and reserves					
Reserves	20		<u>166,448,236</u>		<u>157,519,125</u>
Total equity			<u>166,448,236</u>		<u>157,519,125</u>

On behalf of the board

Director: Noel Kelly

Director: Michael Anglim

Date: 25 April 2023

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2022

	Note	Total €
Balance at 31 December 2020		149,761,084
Profit for financial year		<u>7,758,041</u>
Balance at 31 December 2021	20	<u>157,519,125</u>
Balance at 1 January 2022		157,519,125
Profit for financial year		<u>8,929,111</u>
Balance at 31 December 2022	20	<u>166,448,236</u>

CASH FLOW STATEMENT

For the financial year ended 31 December 2022

	Note	Year ended 31 December 2022 €	Year ended 31 December 2021 €
Cash from operations	21	25,961,895	21,090,508
Income taxes paid		-	-
Net cash generated from operating activities		<u>25,961,895</u>	<u>21,090,508</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(183,969,780)	(234,840,630)
Purchase of intangible fixed assets		(66,728)	(31,915)
Decrease in investments		345	3,731
Net cash used in investing activities		<u>(184,036,163)</u>	<u>(234,868,814)</u>
Cash flows from financing activities			
Mortgages		5,900,000	3,221,543
CALF loans		24,552,970	49,458,080
CREL loans		7,710,772	-
HFA loans		130,108,908	169,411,198
Capital grants		499,280	2,338,462
Interest paid on HFA loans		(13,924,195)	(10,771,761)
Capital repayments of HFA loans		(4,154,445)	(3,256,338)
Net cash generated from financing activities		<u>150,693,290</u>	<u>210,401,184</u>
Net (decrease) in cash and cash equivalents		(7,380,978)	(3,377,122)
Cash and cash equivalents at beginning of financial year		37,862,780	41,239,902
Cash and cash equivalents at end of financial year		<u>30,481,802</u>	<u>37,862,780</u>
Cash and cash equivalents consists of:			
Cash at bank and in hand		30,477,470	4,225,500
Short-term deposits (included in current asset investments)		4,332	33,637,280
Cash and cash equivalents		<u>30,481,802</u>	<u>37,862,780</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's financial statements have been prepared on a going concern basis and in accordance with accounting standards issued by the UK Financial Reporting Council 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). 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 year 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 capitalized 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 amortized 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

Borrowing costs directly attributable to the acquisitions, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those qualifying assets, until such time as qualifying assets are substantially ready for their intended use.

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

NOTES TO THE FINANCIAL STATEMENTS - continued**3 Summary of significant accounting policies – continued****(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.

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.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies – continued

(m) Investments

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

(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 those 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 and loans from fellow group companies, 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.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies – continued

(p) Financial instruments - continued

(ii) *Financial liabilities - continued*

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.

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.

(q) 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.

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Critical accounting judgements and estimation uncertainty - continued

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 and useful economic life 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

5 Turnover

	Year ended 31 December 2022 €	Year ended 31 December 2021 €
Analysis of turnover by category:		
Rental income	20,299,505	17,029,511
Payment and availability income	27,741,645	18,525,771
Maintenance grant	1,247,601	1,167,536
Donations	46,253	66,012
Sundry income	1,575,610	1,392,043
Grant income (note 26)	5,986,647	5,300,372
	<u>56,897,261</u>	<u>43,481,245</u>
Analysis of turnover by geographical market:		
Republic of Ireland	<u>56,897,261</u>	<u>43,481,245</u>

6 Other operating (expense)/income

	Year ended 31 December 2022 €	Year ended 31 December 2021 €
Amortisation of capital funding		
Mortgage amortisation CLSS	8,539,945	8,547,827
Mortgage amortisation CAS	5,145,493	5,001,649
Amortisation of capital grants	858,816	823,496
	<u>14,544,254</u>	<u>14,372,972</u>
Depreciation of capital expenditure		
Depreciation – social housing	(16,873,084)	(13,955,381)
Amortisation of capital funding (net)	<u>(2,328,830)</u>	<u>417,591</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

7 Operating profit	Year ended 31 December 2022 €	Year ended 31 December 2021 €
The operating profit for the financial year is stated after charging:		
(a) Depreciation - Charity assets	<u>152,923</u>	<u>134,176</u>
(b) Amortisation of intangible fixed assets	<u>41,737</u>	<u>42,619</u>
(c) Loss on disposal of fixed assets	<u>328,171</u>	<u>428,757</u>
(d) Impairment charge – rental income	<u>193,427</u>	<u>304,638</u>
(e) Operating lease expense	<u>685,428</u>	<u>638,335</u>
(f) Covid-19 subsidy	<u>246,598</u>	<u>1,199,093</u>

8 Interest payable and similar charges	Year ended 31 December 2022 €	Year ended 31 December 2021 €
Interest on CALF loans	2,587,277	1,706,203
Interest on HFA loans	<u>10,231,468</u>	<u>6,949,265</u>
	<u>12,818,745</u>	<u>8,655,468</u>

9 Employees and directors**(i) Employees**

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

	Year ended 31 December 2022 Number	Year ended 31 December 2021 Number
Management	9	10
Operational	<u>303</u>	<u>282</u>
	<u>312</u>	<u>292</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

9 Employees and directors - continued

	2022 €	2021 €
Staff costs comprise:		
Wages and salaries	11,818,242	10,496,267
Social insurance costs	1,259,574	1,108,836
Other retirement benefit costs (note 23)	248,608	223,334
	<u>13,326,424</u>	<u>11,828,437</u>

Of the total staff costs €Nil (2021: €Nil) has been capitalised into tangible fixed assets and €13,326,424 (2021: €11,828,437) has been treated as an expense in the profit and loss account.

The wages and salaries are categorised into the following salary bands:

Salary Band	Number of employees 2022	Number of employees 2021
< €60,000	267	259
60,001 - 70,000	17	13
70,001 - 80,000	12	11
80,001 - 90,000	8	4
90,001 - 140,000	8	5
	<u>312</u>	<u>292</u>
	Year ended 31 December 2022 €	Year ended 31 December 2021 €

(ii) Directors

Emoluments	<u>-</u>	<u>-</u>
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Contributions to retirement benefit schemes:

- defined contribution	<u>-</u>	<u>-</u>
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(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 (2021: 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:

	Year ended 31 December 2022 €	Year ended 31 December 2021 €
Total key management compensation	<u>1,055,405</u>	<u>993,334</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

10 Taxation

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

11 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.

12 Intangible assets	Software €
Cost	
At 31 December 2021	2,816,687
Additions	66,728
At 31 December 2022	<u>2,883,415</u>
Amortisation	
At 1 January 2022	2,744,778
Charge for the financial year	41,737
At 31 December 2022	<u>2,786,515</u>
Net book value	
At 31 December 2022	<u>96,900</u>
At 31 December 2021	<u>71,909</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

13 Tangible fixed assets

	Social housing, land and buildings €	Other land and buildings €	Fittings and equipment €	Computers €	Motor vehicles €	Total €
Cost						
At 31 December 2021	1,234,941,931	521,036	1,613,954	2,335,808	132,337	1,239,545,066
Additions	189,568,397	-	15,681	83,433	-	189,667,511
Projects written off	(221,731)	-	-	-	-	(221,731)
Disposals	(1,729,851)	-	-	-	-	(1,729,851)
At 31 December 2022	<u>1,422,558,746</u>	<u>521,036</u>	<u>1,629,635</u>	<u>2,419,241</u>	<u>132,337</u>	<u>1,427,260,995</u>
Accumulated depreciation						
At 31 December 2021	144,281,020	252,413	1,544,119	2,156,725	54,004	148,288,281
Charge for the financial year	16,873,084	16,537	32,290	83,272	20,824	17,026,007
On disposal	(1,401,678)	-	-	-	-	(1,401,678)
At 31 December 2022	<u>159,752,426</u>	<u>268,950</u>	<u>1,576,409</u>	<u>2,239,997</u>	<u>74,828</u>	<u>163,912,610</u>
Net book value						
31 December 2022	<u>1,262,806,320</u>	<u>252,086</u>	<u>53,226</u>	<u>179,244</u>	<u>57,509</u>	<u>1,263,348,385</u>
31 December 2021	<u>1,090,660,911</u>	<u>268,623</u>	<u>69,835</u>	<u>179,083</u>	<u>78,333</u>	<u>1,091,256,785</u>

Included in additions are borrowing costs capitalised of €5,697,731 (2021: €6,035,936). The aggregate amount of borrowing costs capitalised in the cost of tangible fixed assets is €19,080,836 (2021: €13,383,105).

NOTES TO THE FINANCIAL STATEMENTS - continued

14 Debtors	Year ended 31 December 2022 €	Year ended 31 December 2021 €
Amounts falling due within one year:		
Trade debtors	3,777,959	2,806,654
Prepayments and accrued income	<u>6,137,704</u>	<u>7,720,642</u>
	<u>9,915,663</u>	<u>10,527,296</u>
15(a) Investments	Year ended 31 December 2022 €	Year ended 31 December 2021 €
Deposits	<u>814,917</u>	<u>815,213</u>
	<u>814,917</u>	<u>815,213</u>
15(b) Cash at bank and on hand	Year ended 31 December 2022 €	Year ended 31 December 2021 €
Current account cash	30,477,470	4,225,495
Deposits	<u>-</u>	<u>33,633,001</u>
	<u>30,477,470</u>	<u>37,858,496</u>
16 Creditors - amounts falling due within one year	Year ended 31 December 2022 €	Year ended 31 December 2021 €
HFA loans (note 17 (ii) and (iii))	4,911,203	4,388,014
Trade creditors	1,973,879	2,021,925
Accruals	14,806,810	14,289,984
PAYE and social insurance	396,377	340,653
Value added tax	4,388,031	4,598,570
Relevant contractors tax	344,043	281,295
Deferred income (i)	<u>1,101,814</u>	<u>949,513</u>
	<u>27,922,157</u>	<u>26,869,954</u>

- (i) Deferred income comprises donations of €389,712 (2021: €435,563) and grant funding of €712,102 (2021: €513,950) (note 26). Included within deferred income are restricted funds amounting to €170,743 (2021: €174,219).

NOTES TO THE FINANCIAL STATEMENTS - continued

16 Creditors - amounts falling due within one year – continued

Trade creditors at 31 December 2022 and 31 December 2021 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.

17 Creditors - amounts falling due after more than one year	31 December 2022 €	31 December 2021 €
CALF loans (i)	258,344,130	229,202,210
CREL loans (ii)	7,714,104	-
HFA loans (iii) and (iv)	629,913,456	504,482,184
Capital grants (note 18)	26,893,095	27,252,631
Mortgages (note 19)	187,418,157	195,203,595
	<u>1,110,282,942</u>	<u>956,140,620</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 for terms up to 30 years. 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 €12,353,606 (2021: €7,764,658).
- (ii) CREL loans represent loans received under the Cost Rental Equity Loan scheme. The CREL loans are secured by way of second charge over the properties ranking after the HFA and are subject to simple interest at a rate of 1% per annum for terms up to 40 years. The capital advance and interest is repayable on demand in the event that the properties are no longer used for the designated purpose, however notwithstanding the demand nature of the loan the capital and all other amounts outstanding are to be repaid after more than 5 years. Cumulative accrued interest included within the balance above amounts to €3,332 (2021: €nil).
- (iii) 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 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 31 December 2022 and hence there is no accrued interest within the above balance at year end.

	Year ended 31 December 2022 €	Year ended 31 December 2021 €
(iv) HFA Loans		
Not later than one year	4,911,203	4,388,014
Later than one year and not later than five years	63,714,064	103,950,980
Later than five years	566,199,392	400,531,204
	<u>634,824,659</u>	<u>508,870,198</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

18 Government grants toward capital projects	Year ended 31 December 2022 €	Year ended 31 December 2021 €
Received and receivable		
At beginning of year	39,344,866	37,006,404
Additions	499,280	2,338,462
At year end	<u>39,844,146</u>	<u>39,344,866</u>
Amortisation		
At beginning of year	12,092,235	11,268,739
Amortised to profit and loss account	858,816	823,496
At year end	<u>12,951,051</u>	<u>12,092,235</u>
Net book value year end	<u>26,893,095</u>	<u>27,252,631</u>
19 Mortgage liabilities	Year ended 31 December 2022 €	Year ended 31 December 2021 €
(a) Capital Assistance Scheme ('CAS')		
Received and receivable		
At beginning of year	182,531,997	179,310,454
Received	5,900,000	3,221,543
At year end	<u>188,431,997</u>	<u>182,531,997</u>
Amortisation		
At beginning of year	94,498,301	89,496,652
Amortised to profit and loss account	5,145,493	5,001,649
At year end	<u>99,643,794</u>	<u>94,498,301</u>
Net book value at year end	<u>88,788,203</u>	<u>88,033,696</u>
(b) Capital Loan & Subsidy Scheme ('CLSS')		
Received and receivable		
At beginning of year	260,523,965	260,523,965
Received/adjustments	-	-
At year end	<u>260,523,965</u>	<u>260,523,965</u>
Amortisation		
At beginning of year	153,354,066	144,806,239
Amortised to profit and loss account	8,539,945	8,547,827
At year end	<u>161,894,011</u>	<u>153,354,066</u>
Net book value at year end	<u>98,629,954</u>	<u>107,169,899</u>
Total net book value at year end	<u>187,418,157</u>	<u>195,203,595</u>

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

NOTES TO THE FINANCIAL STATEMENTS - continued

20 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.

21 Note to the statement of cash flows

	Year ended 31 December 2022 €	Year ended 31 December 2021 €
Profit for the financial year	8,929,111	7,758,041
Tax on profit	-	-
Interest payable and similar charges	12,818,745	8,655,468
Operating profit	21,747,856	16,413,509
Depreciation of tangible fixed assets	17,026,007	14,089,557
Amortisation of intangible fixed assets	41,737	42,619
Amortisation of capital grants	(858,816)	(823,496)
Amortisation of mortgages	(13,685,438)	(13,549,476)
Project assets written off	221,731	259,262
Loss on disposal of tangible fixed assets	328,171	428,757
Working capital movements:		
- Decrease/(increase) in debtors	611,633	(384,310)
- Increase in creditors	529,014	4,614,086
Cash flow from operating activities	<u>25,961,895</u>	<u>21,090,508</u>

22 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 €248,608 (2021: €223,334). Accrued costs at year end amounted to €Nil (2021: €Nil).

23 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.

NOTES TO THE FINANCIAL STATEMENTS - continued

24 Bank security and guarantees

The company's bankers hold a letter of lien, in the amount of €750,000 in relation to its overdraft facility (2020: €750,000). No element of the facility had been drawn down at year end.

In 2021, the company entered into a collaboration arrangement with Tuath Housing Association and Dun Laoghaire-Rathdown County Council for the provision of social and affordable housing units at a site at Enniskerry Road, Stepside, Dublin 18. The company have entered into a joint and several guarantee with Tuath Housing Association for the funding facility of €19.6 million provided to them by the Housing & Finance Agency for the construction of this scheme.

25 Operating lease commitments

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

	Year ended 31 December 2022 €	Year ended 31 December 2021 €
Payments due:		
Not later than one year	713,760	636,444
Later than one year and not later than five years	2,855,040	2,545,776
Later than five years	7,492,100	7,422,848
	<u>11,060,900</u>	<u>10,605,068</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

26 Grants

Grant income recognised in the profit and loss account for the year arises from the following agencies:-

Name of Agency	Type of Funding/ Grant programme	Term of Grant	Use of Grant	Year ended 31 December 2022 €	Year ended 31 December 2021 €
Local Authorities	Maintenance grants	Annual	Maintenance of property	1,247,601	1,167,536
Dublin Regional Homeless Executive (i)	S.10 funding	Annual	Delivery of Services	3,122,655	2,960,442
Pobal (ii)	CCSP/NCS Childcare Grants	Annual	Delivery of Services	1,262,038	853,670
Health Service Executive	S.39 funding	Annual	Delivery of Services	741,079	671,723
Dept. of Children & Youth Affairs (iii)	ECCE Childcare Grants	Annual	Delivery of Services	529,145	475,747
Limerick City Council	S.10 funding	Annual	Delivery of Services	200,694	200,694
Pobal	Childcare Ventilation Funding/Playing Outside	One-off	Delivery of Services	27,647	-
Health Service Executive(iv)	Food Grants Childcare	Annual	Delivery of Services	18,964	15,363
TUSLA (v)	Charleville Afterschool Project	Annual	Delivery of Services	-	705
HSE	Amenity Funding Blackpool	One-off	Delivery of Services	7,380	8,305
Community Foundation of Ireland	Match Funding	One-off	Property upgrade	-	72,026
UNITE	Misc Grant	One-off	Delivery of Services	1,000	-
Wexford Co Co	Misc Grant	One-off	Delivery of Services	1,000	-
Local Authorities	Adaption grant	One-off	Property Upgrade	-	5,000
TUSLA	Family Hub Grant Firhouse	One Off	Delivery of Services	-	350
Cork City Childcare/TUSLA	Equipment funding Mallow Childcare	One-off	Delivery of Services	-	3,000
National Lottery (vi)	Lottery Grant Family Support	Annual	Delivery of Services	-	2,000
HSE	Lottery	One off	Delivery of Services	-	2,200
HSE	Childcare Capital Funding	One off	Delivery of Services	-	29,147
Community Foundation Ireland	Operational Funding	One-off	Delivery of Services	37,282	-
Waterford Childcare Project	Misc Grant	One-off	Delivery of Services	1,250	-
Cork City Partners	Misc Grant	One-off	Delivery of Services	1,490	-
Education & Training Board	Misc Grant	One-off	Delivery of Services	9,301	-
TUSLA (v)	Operational Funding	One-off	Delivery of Services	12,920	-
HSE	Resettlement Programmes Grants	One-off	Delivery of Services	12,802	-
Total				5,986,647	5,300,372

NOTES TO THE FINANCIAL STATEMENTS - continued

26 Grants - continued

At year end the following funding received from the agencies listed below were deferred, to be disbursed in 2023:

	Deferred 2022 €	Deferred 2021 €
Dublin Regional Homeless Executive	465,013	336,362
Pobal	87,401	77,394
Dept. of Children & Youth Affairs	-	308
Health Service Executive	99,892	67,416
Tusla	-	2,650
National Lottery	927	927
Community Foundation of Ireland	41,969	9,253
Other agencies	16,900	19,640
	<u>712,102</u>	<u>513,950</u>

27 Post balance sheet events

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

28 Approval of financial statements

The financial statements were approved by the directors on 25 April 2023.

DETAILED PROFIT AND LOSS ACCOUNT
For the financial year ended 31 December 2022

	Notes	Year ended 31 December 2022 €	Year ended 31 December 2021 €
Income			
Payment and availability income		27,741,645	18,525,771
Maintenance grant		1,247,601	1,167,536
Rental income		20,299,505	17,029,511
Donations		46,253	66,012
Sundry income		1,575,610	1,392,043
Grant income		5,986,647	5,300,372
		<u>56,897,261</u>	<u>43,481,245</u>
Less:			
Expenditure			
Administration, estate management and community development costs	1	23,241,325	19,179,119
Estate maintenance costs	2	9,056,420	7,700,668
Depreciation - charity assets		152,922	134,164
Amortisation - software		41,737	42,619
		<u>(32,492,404)</u>	<u>(27,056,570)</u>
Operating surplus for the year		24,404,857	16,424,675
Interest payable and similar charges		(12,818,745)	(8,655,468)
Loss on disposal of fixed assets		(328,171)	(428,757)
		<u>11,257,941</u>	<u>7,340,450</u>
Surplus for the year before amortisation		11,257,941	7,340,450
Amortisation of capital funding (net)		(2,328,830)	417,591
		<u>8,929,111</u>	<u>7,758,041</u>
Surplus for the year		<u>8,929,111</u>	<u>7,758,041</u>