



FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

Rural Housing Association
2 Killyclogher Road, Omagh, County Tyrone, BT79 0AX

Association Information

<i>Board of Management</i>	John Waddell (Chair) Carol Follis BA (Hons) (Vice Chair) Rory O'Brien BSc (Hons) (Secretary) Alistair McKane BA, Dip TP, MRTPI (Treasurer) Thomas Gallagher B Ed. Tom Potter Michaela McCusker Margaret Rafferty John Moss
<i>Chief Executive</i>	Mr Stephen Fisher PGDip, MSc, CIHCM
<i>Registered Office</i>	2 Killyclogher Road, Omagh, County Tyrone, BT79 0AX
<i>Head Office</i>	2 Killyclogher Road, Omagh, County Tyrone, BT79 0AX
<i>Bankers</i>	Danske Bank 5-7 Market Street, Omagh, County Tyrone BT78 1BN AIB 1-4 East Bridge Street, Enniskillen, County Fermanagh, BT74 7BT
<i>Solicitors</i>	McCaffrey & Co 8-10 Church Hill Omagh Co Tyrone BT78 1DQ
<i>Statutory Auditors</i>	McAleer Jackson Ltd Chartered Accountants & Registered Auditors Church House 24 Dublin Road Omagh Co Tyrone BT78 1HE
<i>Internal Auditors</i>	Wylie and Bissett Chartered Accountants & Registered Auditors 168 Bath Street Glasgow G2 4TP

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Report of the Board of Management

The Board present their report together with the audited financial statements for the year ended 31 March 2023.

Principal activities

Rural Housing Association was registered under the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969 on 2 March 1992. The Association is a registered non-profit making housing association with the Department for Communities providing housing accommodation for those in need and is recognised as a charity with The Charity Commission for Northern Ireland and has charitable status with HMRC (HM Revenue & Customs).

Business Review

Much has changed for the Association, its staff and tenants over the last year and our Corporate Strategy, which was agreed in 2021, provides a clear picture for the organisation going forward.

As part of our strategic review in 2021 a full organisational review was carried out during 2022/23. That has brought about two new Committees under the Board, Finance and General Purposes Committee and Housing Services Committee. Both Committees will complement the main Board and provide further assurance in all aspects of the operations of the Association. Further to the committee additions, the organisation staffing structure was fully reviewed. This review was to ensure the Association's operational setup was fit for purpose for the coming years with an expected development programme of over 300 new homes. Four new Departmental Directors have been put in place with Housing and Technical Departments seeing new posts created for middle managers, and Business Development Department getting a new full time administrative post. These changes were all complete before March 2023 and provide the Association with the workforce and experience to develop, manage and maintain a high volume of new homes over the next few years.

One of the main aspects the Association focussed on over the last year was the welfare of tenants. The Association availed of local and regional grants to provide outreach to tenants in the form of food parcels alongside providing one to one welfare advice and sign posting. Most tenants, and in particular the more vulnerable, were frequently contacted directly by staff members throughout the year to provide support. The Association implemented a hardship fund for its tenants, providing much needed financial support to the most needed cases.

The Association also provided support to its staff through its normal channels of welfare provision alongside extra training on home working, wellness training and social functions held through virtual and face to face means to ensure staff stayed connected at an informal level as well.

When setting its budgets for 2023/24 the Association, in line with mitigations identified in its Corporate Risk Register added weight to its cashflows for routine maintenance and planned maintenance schemes to ensure coverage for anticipated rises in costs of materials and labour due to Brexit and a post covid economy of high demand. It is anticipated that this prudent action should provide the Association with proper cover and ensure that inflationary pressures will not have an extreme impact on the Association as a going concern.

At the balance sheet date, the Hybrid working policy had been fully implemented and Covid restrictions eased in accordance with Departmental guidance.

During the financial year the Association maintained its level of properties bringing on 6 new units and selling 6 units through the House Sale Scheme (2022: 21 units) (2021: 7 units). Operating costs increased by £236,252 (2022: £97,100) while the operating surplus increased to £1,021,312 (2022: £1,227,534).

Interest payable was £712,562 (2022: £629,499) resulting in an overall surplus for the financial year of £293,743 (2021: £577,752).

Report of the Board of Management (continued)

Business Review cont'd

On the balance sheet housing properties at depreciated cost was £52m (2022: £49m).

Average staff numbers for the year are currently at 23 and are not anticipated to increase significantly during the incoming financial year.

Internal Controls Assurance

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss.

The process for identifying, evaluating and managing the significant risks faced by the Association is on going, has been in place throughout the period commencing 1 April 2022 up to the date of approval of the annual report and financial statements. Key elements of the control framework include:

- Board approved terms of reference and delegated authorities for Audit Risk and Governance and Technical Sub-committees;
- clearly defined management responsibilities for the identification, evaluation and control of significant risks;
- a Risk Register and Business Continuity Plan exists to help manage and mitigate these risks;
- robust strategic and business planning processes, with detailed financial budgets and forecasts;
- a formal governance framework detailing standing orders, cyclic reporting processes and relationships between the Board, Sub-committees, Senior Management Team and staff;
- formal recruitment, retention, training and development policies for all staff;
- established authorisation and appraisal procedures for all significant new development initiatives and commitments;

- regular reporting to the appropriate committee on key business objectives, targets and outcomes; and
- Board approved whistleblowing and fraud policies.

The Board cannot delegate ultimate responsibility for the system of internal control, but it can, and has delegated authority to the Audit Risk and Governance Sub-committee to regularly review the effectiveness of the system of internal control. The Board receives regular reports from the Audit Risk and Governance Sub-committee together with minutes of meetings. The Audit Risk and Governance Sub-committee has received the annual report of the internal auditor, and has reported its findings to the Board.

Statement of Board of Management Responsibilities

The Co-operative and Community Benefit Societies Act (Northern Ireland) 1969 and registered housing association legislation require the members of the Board of Management to prepare financial statements for each financial year that give a true and fair view of the state of the Association's affairs and of its surplus or deficit for that period. In preparing these financial statements the Board is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue to operate.

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

*Rural Housing Association Ltd
2 Killyclogher Road, Omagh, County Tyrone, BT79 0AX
Financial Statements for the Year Ended 31 March 2023*

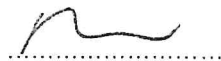
Report of the Board of Management (continued)

Statement of Disclosure to Auditors

So far as each of the members of the Board of Management at the date of approval of these financial statements is aware:

- there is no relevant information of which the Association's auditor is unaware.
- they have taken all reasonable steps that they ought to have taken as members of the Board of Management in order to make themselves aware of all relevant audit information and to establish that the Association's auditor is aware of that information.

On behalf of the Board



Secretary

Auditor's Report to the Members of Rural Housing Association

Opinion

We have audited the financial statements of Rural Housing Association Limited for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of changes in equity, the Statement of Cash Flows and the related notes to the financial statements, including a summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the Housing SORP 2018 - Statement of Recommended Practice for social housing providers issued by the National Housing Federation.

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the Association at 31 March 2023 and of its surplus for the year ended;
-
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969, the Housing (Northern Ireland) Order 1992, the Registered Housing Associations (Accounting Requirements) Order (Northern Ireland) 1993 and Statement of Recommended Practice 2018 Accounting by Registered Social Landlords.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other Information

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

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Auditor's Report to the Members of Rural Housing Association cont'd

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified any material misstatements in the report of the Board of Management.

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969 requires us to report to you if, in our opinion:

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

Respective responsibilities of the Board of Management and Auditor

As described in the Report of the Board of Management on page 4 the Board of Management are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and 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 Board of Management are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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

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

Our approach to identifying and assessing the risks of material mis-statement in respect of irregularities including fraud and non-compliance with laws and regulations, was as follows:

- We identified the laws and regulations applicable to the Association through discussions with management and from our commercial knowledge and experience of the sector;
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence.

We assessed the susceptibility of the company's financial statements to material mis-statement, including obtaining an understanding of how fraud might occur, by

- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations and;
- Performed analytical procedures to identify any unusual or unexpected relationships;
- Tested journal entries to identify unusual transactions;
- Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- Investigated the rationale behind any significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- Agreeing financial statements disclosures to underlying supporting documentation;
- Reading the minutes of meetings to those charged with governance;
- Enquiring of management as to actual and potential litigation and claims;
- Reviewing correspondence with HMRC, relevant regulators and the Association's legal advisors.

Auditor's Report to the Members of Rural Housing Association cont'd

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of management and the inspection of regulatory and legal correspondence, if any.

Further information regarding the scope of our responsibilities as auditor

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board members.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the Board's members, as a body, in accordance with section 43 of the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969. Our audit work has been undertaken so that we might state to the Board's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Barnett (Senior Statutory Auditor)
for and on behalf of McAleer Jackson Ltd

Chartered Accountants and Statutory Auditors
Church House
24 Dublin Road
Omagh
BT79 0AH

28 June 2023

Statement of Comprehensive Income for the Year Ended 31 March 2023

	Note	2023 £	2022 £
Turnover		3,996,974	3,966,944
Less operating costs		(2,975,662)	(2,739,410)
Operating surplus	2	1,021,312	1,227,534
Surplus on property disposals		493,355	73,180
Interest receivable	7	3,993	717
Interest payable and other charges	8	(712,562)	(629,499)
Financing (cost)/income	16	(19,000)	(21,000)
Transfer to disposal proceeds fund		(493,355)	(73,180)
Surplus on ordinary activities before taxation		293,743	577,752
Corporation tax on surplus	9	-	-
Surplus for the year after taxation		293,743	577,752
Other comprehensive income			
Actuarial gain/(loss) on pension scheme	16	955,000	488,000
Prior year adjustment		-	-
Total comprehensive income for the year		1,248,743	1,065,752

Continuing operations

None of the Association's activities were acquired or discontinued during the above two financial years.

Historical cost

The difference between the results as disclosed in the Statement of Comprehensive Income before tax, and retained surplus for the year, on an unmodified historical cost basis is not material.

Statement of Financial Position as at 31 March 2023

	Note	2023 £	2022 £
Tangible fixed assets			
Housing properties	10a	52,734,290	49,582,461
Other fixed assets	10b	<u>869,371</u>	<u>896,155</u>
		53,603,661	50,478,616
Current assets			
Debtors and prepayments	12	1,204,277	523,026
Cash and cash equivalents	13	1,187,649	696,902
		<u>2,391,926</u>	<u>1,219,928</u>
Creditors: amounts falling due within 1 year	14	<u>(4,773,790)</u>	<u>(4,531,780)</u>
Net current assets/(liabilities)		<u>(2,381,864)</u>	<u>(3,311,852)</u>
Total assets less current liabilities		51,221,797	47,166,764
Creditors: amounts falling due after more than 1 year	15	(44,810,173)	(41,229,883)
Provision for liabilities and charges			
Pension liability	16	(2,000)	(776,000)
Total net assets		<u>6,409,624</u>	<u>5,160,880</u>
Reserves			
Share capital	17	9	12
Capital reserves	18	34	30
Revenue reserves		6,409,581	5,160,838
Total Reserves		<u>6,409,624</u>	<u>5,160,880</u>

Approved by the Board of Management on 28 June 2023

Chairman



Honorary Secretary



Honorary Treasurer



Statement of changes in equity for the Year Ended 31 March 2023

	Share Capital £	Capital Reserves £	Revenue Reserves £	Total £
At 1 April 2021	8	29	4,095,086	4,095,123
Surplus/(deficit) for the year	-	-	577,752	577,752
Actuarial gain/(loss) on pension scheme	-	-	488,000	488,000
Share issue	5	-	-	5
Share cancellation	(1)	1	-	-
At 31 March 2022	12	30	5,160,838	5,160,880
Surplus/(deficit) for the year	-	-	293,743	293,743
Actuarial gain/(loss) on pension scheme	-	-	955,000	955,000
Share issue	1	-	-	1
Share cancellation	(4)	4	-	-
At 31 March 2023	9	34	6,409,581	6,409,624

Statement of Cash Flows for the Year Ended 31 March 2023

	Note	£	2023 £	£	2022 £
Net cash flow from operating activities	19		1,897,386		1,899,121
Cash flow from investing activities					
Purchase of tangible fixed assets		(4,399,153)		(5,341,957)	
Proceeds from sale of tangible fixed assets		719,845		69,150	
Grants received		1,348,194		3,746,100	
Interest received		3,993		717	
			(2,327,121)		(1,525,990)
Cash flow from financing activities					
Interest paid		(719,326)		(628,744)	
New secured loans		8,139,000		1,000,000	
Repayments of borrowings		(6,499,193)		(740,615)	
Share capital		1		5	
			920,482		(369,354)
Net change in cash and cash equivalents			490,747		3,777
Cash and cash equivalents at 1 April			696,902		693,125
Cash and cash equivalents at 31 March	13		1,187,649		696,902

Notes to the Financial Statements for the Year Ended 31 March 2023

1 Accounting policies

Legal registration

The Association is registered under the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969 and is a registered provider of social housing .

Basis of accounting

The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared in compliance with UK GAAP, including FRS102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and the Statement of Recommended Practice for registered social housing providers (SORP 2018) issued by the National Federation of Housing Associations. The presentation of the financial statements complies with the Registered Housing Associations (Accounting Requirements) Order (Northern Ireland) 1993.

Turnover

Turnover comprises rental income, grants and other income.

The Association's rental income is reflected net of income attributable to property rates.

Fixed assets

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period.

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

Other fixed assets are stated at cost less accumulated depreciation.

Depreciation has been provided on the Association's Fixed Assets consistent with standard accounting practice at the following rates:

Fixed assets by class	Useful life	Method
Housing property :		
- Main fabric	100 Years	Straight line
- Roof structure & covering	70 Years	Straight line
- Windows & external doors	30 Years	Straight line
- Kitchen	20 Years	Straight line
- Bathroom/WCs	30 Years	Straight line
- Heating, ventilation & plumbing	30 Years	Straight line
- Electrics	40 Years	Straight line
Office building	60 Years	Straight line
Computer equipment	3 Years	Straight line
Office furniture & equipment	5 Years	Straight line

The depreciation charge is time apportioned in the month of addition and in the month of disposal. No depreciation is charged on either property under development or land.

Impairment

Housing properties are assessed annually for impairment indicators. Where indicators are identified an assessment for impairment is undertaken comparing the asset's carrying amount to its recoverable amount. Where the carrying amount of an asset is deemed to exceed its recoverable amount, the asset is written down to its recoverable amount, this is likely to be the fair value in use of the asset based on its service potential. The resulting impairment loss is recognised as expenditure in income and expenditure. Where an asset is currently deemed not to be providing service potential to the Association, its recoverable amount is its fair value less costs to sell.

Other assets are reviewed for impairment if there is an indication that impairment may have occurred.

Notes to the Financial Statements for the Year Ended 31 March 2023

1 Accounting policies (continued)

Housing Association financing

Capital development expenditure by the Association is financed partially by Housing Association Grant from the Department for Communities and from Private Sector Loan Finance (Mixed Funding). Current (revenue) expenditure associated with the management of the development programme is also supported by Housing Association Grant allowance, which is attributed to the Income and Expenditure account as appropriate. Administration expenditure associated with the management of the Association's property is charged directly against income from lettings.

Acquisition and development allowances

The amount of acquisition and development allowances (HAG) allowed by the Department for Communities are attributed to the cost of the property concerned. Credit is taken for allowances for administrative costs (associated with the management of the development programme) in the Statement of Comprehensive Income and a relevant proportion of administrative expenditure is charged against them.

Government and other grants

Where the cost of properties have been financed by a Housing Association Grant (HAG) paid from the Department for Communities, the grant is recognised in income over the expected useful life of the housing property structure and its individual components on a pro rata basis under the accruals model.

HAG and other grants received in respect of revenue expenditure is credited to the income and expenditure account in the same period as the expenditure to which it relates.

To the extent that Housing Association Grant is received in advance of the related expenditure, it has been included in Creditors: falling due within 1 year, to be attributed to appropriate capital and revenue expenditure in future accounting periods.

Disposal proceeds fund

The Disposal Proceeds Fund represents the net surplus on property sales together with grant, which has been set aside for the purpose of providing replacement properties in accordance with the Department for Communities regulations.

If the surpluses are not used within two years from their receipt they may be payable in part or in full to the Department for Communities.

Retirement benefits

The Association participates in an industry wide defined benefit final salary pension scheme. The underlying assets and liabilities of the scheme attributable to Rural Housing Association have been identified by actuaries. As a result the Association recognises the scheme deficit on the balance sheet at the year end. Actuarial gains and losses and returns on scheme assets are recognised in the statement of comprehensive income. Current and past service costs are recognised within operating surplus and interest on obligations is recognised as other finance costs.

Financial instruments

The Association only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Notes to the Financial Statements for the Year Ended 31 March 2023

1 Accounting policies (continued)

Going concern

The Association's business activities, its current financial position, and factors likely to affect its future development are set out within the annual report from the board and within these financial statements.

The Association has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the group's day to day operations. The group also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants. As at 31 March 2023 the Association had available cash reserves of £1.2m

The Board's assessment of going concern involves a number of subjective judgements including, but not limited to increased rent arrears, delayed rent collections, increasing inflation and interest rates, a reduction in property prices and costs associated with achieving energy efficiency homes. In making their assessment the board have also considered the potential mitigations available to manage the potential impact on its cashflows and liquidity.

Stress tests have been run on the Associations business plan, which include the impact of sensitivities on the association's cash flow requirements, compliance with debt facilities, as well as covenant compliance. This stress testing found that the business plan is robust and does not affect the Association's ability to meet its obligations.

On this basis, the Board has a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. The board have considered the foreseeable future for their going concern assessment to cover the period to 31 March 2025. On this basis, the Board continues to adopt the going concern basis in the financial statements.

Significant judgments and estimates

The following are the significant management judgements made in applying the accounting policies of the group that have the most significant effect on the financial statements.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets including any components. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment, changes to the Decent Homes Standards and changes to energy efficiency requirements which may require more frequent replacement of key components

Defined benefit obligation

Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses

Notes to the Financial Statements for the Year Ended 31 March 2023

2 Turnover, operating costs and operating surplus/(deficit) from social housing activities

The whole of the association's turnover is attributable in the United Kingdom and is derived from the principal activity of social housing.

				2023	2022
	General Needs Housing £	Total Social Housing £	Other Income £	Total Income £	Total Income £
Operating Income					
Rent receivable	3,044,033	3,044,033	-	3,044,033	2,903,923
Rates receivable	405,343	405,343	-	405,343	387,959
Management allowance re adaptations	(75)	(75)	-	(75)	3,566
Interest received	-	-	3,993	3,993	717
Surplus on property disposal	-	-	493,355	493,355	73,180
Other income	5,870	5,870	-	5,870	131,142
Community development grants	24,103	24,103	-	24,103	57,908
Amortisation of grants	542,954	542,954	-	542,954	510,683
Less voids	(25,254)	(25,254)	-	(25,254)	(28,237)
Total Social Housing Income	3,996,974	3,996,974	497,348	4,494,322	4,040,841
Operating Costs					
Bad debts	(4,677)	(4,677)	-	(4,677)	(7,766)
Housing Management costs	(687,898)	(687,898)	-	(687,898)	(680,738)
Maintenance Administration	(410,411)	(410,411)	-	(410,411)	(384,400)
Planned and cyclical maintenance	(241,086)	(241,086)	-	(241,086)	(160,071)
Development expenses	(7,378)	(7,378)	-	(7,378)	(10,418)
Response maintenance	(370,544)	(370,544)	-	(370,544)	(291,905)
Major repairs	-	-	-	-	-
Depreciation	(888,859)	(888,859)	-	(888,859)	(854,949)
Rates	(364,809)	(364,809)	-	(364,809)	(349,163)
Total Social Housing Expenditure	(2,975,662)	(2,975,662)	-	(2,975,662)	(2,739,410)
Interest payable	-	-	(712,562)	(712,562)	(629,499)
Financing cost/income	-	-	(19,000)	(19,000)	(21,000)
Transfer to Disposal Proceeds Fund	-	-	(493,355)	(493,355)	(73,180)
Surplus on ordinary activities	1,021,312	1,021,312	(727,569)	293,743	577,752
DFC Allowances					
Management Allowances £396 per unit	217,008				217,008
Management costs	687,898				680,738
Surplus / Deficit	(470,890)				(463,730)
Maintenance Allowances £464 per unit	254,272				254,272
Planned and cyclical maintenance	241,086				160,071
Response maintenance	370,544				291,905
Surplus / Deficit	(357,358)				(197,704)
Gross income from rents					
Technical	82.00%	2,496,107			2,381,216
Non technical	18.00%	547,926			522,707
Total		3,044,033			2,903,923
No of Properties		548			548

Notes to the Financial Statements for the Year Ended 31 March 2023

	2023 £	2022 £
3 Operating surplus		
Operating surplus is stated after charging/(crediting):		
Depreciation on tangible fixed assets	900,539	871,750
(Profit)/loss on disposal of other fixed assets	(7,177)	(3,388)
Auditors remuneration	24,763	24,414
Amortisation of Government grants	(542,954)	(510,683)
	<u>900,539</u>	<u>871,750</u>

4 Employee information

	2023	2022
The average monthly number of persons employed during the year was:	<u>23</u>	<u>22</u>

	2023 £	2022 £
5 Staff Costs		
Salaries	670,940	602,214
Social security costs	68,841	57,755
Pension costs	289,231	310,003
Private Health Care	4,514	
	<u>1,033,526</u>	<u>969,972</u>

The aggregate remuneration, including benefits in kind and pension contributions, of key management personnel of the Association during the year was:

	2023 £	2022 £
Aggregate remuneration	<u>324,901</u>	<u>296,409</u>
	<u>324,901</u>	<u>296,409</u>

The number of management personnel to whom emoluments (including salary, employer pension contributions and benefits in kind) were paid during the year falls within each of the following bands:

	2023 £	2022 £
60,000 - 70,000	1	-
70,000 - 80,000	-	-
80,000 - 90,000	-	1
90,000 - 100,000	<u>1</u>	<u>-</u>

6 Board of Management remuneration

The Board members received no remuneration from the Association. Total expenses paid during the year to Board members amounted to £443 (2022: £0).

Rent received from two tenant Board members during the year amounted to £11,545 (2022: £0).

7 Interest receivable

Bank interest	<u>3,993</u>	<u>717</u>
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Notes to the Financial Statements for the Year Ended 31 March 2023

	2023 £	2022 £
8 Interest payable and other charges		
Bank loans	712,562	629,499

9 Corporation tax

The Association became a registered charity reference XR23974 with effect from 13 October 2008. The Association is not liable to Corporation Tax from that date.

	2023 £	2022 £
10 Fixed assets		
(a) Housing land and buildings cost		
At beginning of year	60,097,735	54,818,540
Additions during year	4,487,752	5,330,369
Disposals during year	(600,605)	(51,174)
At end of year	<u>63,984,882</u>	<u>60,097,735</u>
Depreciation		
At beginning of year	(10,515,274)	(9,694,372)
Charge for year	(870,246)	(836,336)
On disposals	134,928	15,434
At end of year	<u>(11,250,592)</u>	<u>(10,515,274)</u>
Net book value at end of year	<u>52,734,290</u>	<u>49,582,461</u>

(b) Other fixed assets

	Office	Computer Equipment	Office Equipment	TOTAL
Cost				
At beginning of year	1,116,777	94,597	53,807	1,265,181
Additions during year	-	2,511	1,000	3,511
Disposals during year	-	-	-	-
At end of year	<u>1,116,777</u>	<u>97,108</u>	<u>54,807</u>	<u>1,268,692</u>
Depreciation				
At beginning of year	(242,541)	(77,484)	(49,003)	(369,026)
Charge for year	(18,613)	(9,414)	(2,266)	(30,293)
On disposals	-	-	-	-
At end of year	<u>(261,154)</u>	<u>(86,898)</u>	<u>(51,269)</u>	<u>(399,319)</u>
Net book value at end of year	<u>855,623</u>	<u>10,210</u>	<u>3,538</u>	<u>869,371</u>
Net book value at beginning of year	<u>874,236</u>	<u>17,113</u>	<u>4,804</u>	<u>896,153</u>

11 Housing Stock

Number of units owned by the Association on 31 March 2023
- General Needs Housing

	2023	2022
	<u>548</u>	<u>548</u>

Notes to the Financial Statements for the Year Ended 31 March 2023

	2023 £	2022 £
12 Debtors		
Tenant debt		
Rental debtors gross - technical	129,892	129,006
Rental debtors gross - Non-technical	32,473	32,251
	<u>162,365</u>	<u>161,257</u>
Less: provision for bad and doubtful debts	(4,677)	(7,766)
	<u>157,688</u>	<u>153,491</u>
HAG receivable	919,583	305,830
Interest receivable	-	-
Prepayments	50,569	33,984
Other debtors	76,437	29,721
	<u>1,204,277</u>	<u>523,026</u>
13 Cash and cash equivalents		
Bank deposit account	503,082	-
Current bank accounts	684,266	696,537
Cash on hand	301	365
	<u>1,187,649</u>	<u>696,902</u>
14 Creditors (due within 1 year)		
Tenant overpayment	27,657	34,767
Accruals	986,576	574,193
Other creditors	226,272	108,273
Loan interest	8,979	15,743
HAG paid in advance by DFC (see below)	2,219,389	2,484,382
Deferred Housing Association Grant (Note 15)	464,357	500,598
Loan repayments due within 1 year (Note 15)	840,560	813,824
	<u>4,773,790</u>	<u>4,531,780</u>
HAG paid in advance by DFC		
Opening balance	2,484,382	1,904,073
HAG receivable	2,003,535	3,089,852
Attributed to capital development	(2,268,528)	(2,505,977)
Transfer to revenue account	-	(3,566)
Balance at year end	<u>2,219,389</u>	<u>2,484,382</u>

Notes to the Financial Statements for the Year Ended 31 March 2023

		2023 £	2022 £
15 Creditors (falling due after more than 1 year)			
Disposal proceeds fund	(a)	566,585	114,817
Bank loans	(b)	15,187,332	13,574,262
Deferred income - capital grants	(c)	29,056,256	27,540,805
		<u>44,810,173</u>	<u>41,229,883</u>
(a) Disposal proceeds fund			
Opening balance		114,817	422,541
Transfers in - surplus on disposals	349,355		49,180
- repayment of VPG discount	144,000		24,000
		<u>493,355</u>	<u>73,180</u>
Transfers out - replacement properties		(41,587)	(380,904)
Closing balance		<u>566,585</u>	<u>114,817</u>
(b) Bank loans			
Based on the lenders earliest repayment date, borrowings are repayable as follows:			
Within one year or on demand		840,860	813,824
One year or more but less than two years		838,469	4,464,950
Two years or more but less than five years		1,767,773	1,999,069
Five years or more		12,581,090	7,110,243
		<u>16,028,192</u>	<u>14,388,086</u>
All bank loans are secured by way of mortgages upon the deeds of properties. All bank loans bear interest rates ranging between 3.28% and 5.08% at fixed rates, except for a Revolving Credit Facility which was secured in December 2022. The Revolving Credit Facility is provided on an interest only basis for 5 years (with an option to extend to 7 years) with the drawn balance to be repaid or converted to a structured term loan at expiry of the 7 years.			
(c) Deferred income - capital grants			
Housing Association grant			
At beginning of year		34,961,523	32,484,787
Attributed during year		2,226,941	2,125,075
From disposal proceeds fund		41,587	380,903
On disposals		(324,960)	(29,242)
At end of year		<u>36,905,091</u>	<u>34,961,523</u>
Other public grant		<u>58,766</u>	<u>58,766</u>
		<u>36,963,857</u>	<u>35,020,289</u>
Amortisation			
At beginning of year		(6,978,886)	(6,478,288)
Amortised in year		(542,954)	(510,683)
On disposals		78,596	10,085
At end of year		<u>(7,443,244)</u>	<u>(6,978,886)</u>
Net book value at start of year		<u>28,041,403</u>	<u>26,065,265</u>
Deferred Housing Association Grant falling due within 1 year		464,357	500,598
Deferred Housing Association Grant falling due after 1 year		29,056,256	27,540,805
Net book value at end of year		<u>29,520,614</u>	<u>28,041,403</u>

Notes to the Financial Statements for the Year Ended 31 March 2023

16 Provision for liabilities and charges

	2023 £	2022 £
Pension liability		
Opening balance	776,000	1,046,000
Current & past service cost	287,000	308,000
Employers contributions	(125,000)	(111,000)
Interest on net defined benefit liability/(asset)	19,000	21,000
Remeasurement (gains) / losses	(955,000)	(488,000)
Closing balance	<u>2,000</u>	<u>776,000</u>

17 Share capital

<u>9</u>	<u>12</u>
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The Association's Rules require each member to hold only one share of nominal value of one pound each in the Association. There were 9 members of the Association at 31 March 2023 (2022:12 members), 1 member joined and 4 retired from the Board of Management during the year.

18 Capital reserves

<u>34</u>	<u>30</u>
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The Capital reserve reflects the cumulative nominal value of shares cancelled by the Association.

19 Cash flow from operating activities

Surplus for the year	1,021,312	1,227,534
Adjustments for non-cash items:		
Depreciation of tangible assets	900,539	871,750
Amortisation of social housing grant	(542,954)	(510,683)
(Increase)/decrease in debtors	(67,498)	21,002
Increase/(decrease) in creditors	431,164	95,906
Pension costs less contributions payable	<u>162,000</u>	<u>197,000</u>
	883,251	674,975
Adjustments for investments or financing activities:		
(Profit)/loss on sale of tangible fixed assets	(7,177)	(3,388)
	<u>(7,177)</u>	<u>(3,388)</u>
Net cash inflow from operating activities	<u><u>1,897,386</u></u>	<u><u>1,899,121</u></u>

20 Capital Commitments

At the balance sheet date the Association was contractually committed to capital development expenditure of £24.5m (2022 : £19.7m).

Notes to the Financial Statements for the Year Ended 31 March 2023

21 Contingent liabilities

There exists a contingent liability on the Association of the possibility of having to repay Housing Association Grant received on properties if any properties are sold. This also includes any grant written off through the implementation of component accounting. The possibility of reimbursement to the Department for Communities of the HAG released on build components replaced is considered to be unlikely as the housing properties are expected to continue to be made available for social housing.

22 Retirement benefits

The Association operates a defined benefit pension scheme for its employees with the assets held separately from those of the company. The scheme provides retirement benefits on the basis of members' average earnings but any member who joined before 31 March 2015 will be based on final salary. The fund is administered by the Northern Ireland Local Government Officers' Superannuation Committee. The funded nature of the Local Government Pension Scheme require the Employer and its employees to pay contributions into the fund, calculated at a level intended to balance the pension liabilities with investment assets.

A full actuarial valuation of the employer's Local Government Pension Scheme funded benefits was carried out as at 31 March 2022 by a qualified independent actuary. Adjustments to the valuation at that date have been made based on the following assumptions:

	2023	2022
Pension increases	2.6%	2.9%
Salary increases	4.1%	2.9%
CPI Inflation	2.6%	2.9%
Discount rate	4.5%	2.7%
Pension accounts revaluation rate	2.6%	2.9%

The mortality assumptions at the accounting date are based on actual mortality experience of members within the Fund based on analysis carried out as part of the 2022 Actuarial Valuation, and allow for expected future mortality improvements.

Sample life expectancies at age 65 in normal health resulting from these mortality assumptions are shown below.

	2023 years	2022 years
Males		
Member aged 65 at accounting date	22.2	21.8
Member aged 45 at accounting date	23.2	23.2
Females		
Member aged 65 at accounting date	25.0	25.0
Member aged 45 at accounting date	26.0	26.4

Notes to the Financial Statements for the Year Ended 31 March 2023

22 Retirement benefits (continued)

Reconciliation of scheme assets and liabilities

	Assets	Liabilities	Total
At 1 April 2022	2,433,000	(3,209,000)	(776,000)
Benefits paid	(21,000)	21,000	-
Employer contributions	125,000		125,000
Employee contributions	42,000	(42,000)	-
Current service cost		(287,000)	(287,000)
Past service cost		-	-
Interest income / (expense)	68,000	(87,000)	(19,000)
Remeasurement gains / (losses)			-
- Actuarial gains/(losses)		1,048,000	1,048,000
- Return on plan assets excluding interest income	(93,000)		(93,000)
At 31 March 2023	2,554,000	(2,556,000)	(2,000)

Total recognised as an expense:

	2023	2022
Current service cost	287,000	308,000
Past service cost	-	-
Interest cost	19,000	21,000
	306,000	329,000

No amounts (2022: nil) were included in the cost of assets.

The fair value of the plan assets was:

	2023	2022
Equities	1,021,000	1,044,000
Property	286,000	243,000
Bonds - government	526,000	601,000
Bonds - corporate	77,000	54,000
Multi Asset Credit	340,000	319,000
Cash	166,000	97,000
Other	138,000	75,000
	2,554,000	2,433,000

The return on the plan assets was:

	2023	2022
Interest income	68,000	47,000
Return on plan assets less interest income	(93,000)	73,000
Total return on plan assets	(25,000)	120,000

23 Events after end of reporting period

No events after the year end need to be reported.

Detailed Income and Expenditure Summary for the Financial Year Ended 31 March 2023

	2023		2022	
	£	£	£	£
INCOME				
Rent receivable		3,018,779		2,875,686
Rates receivable		405,343		387,959
		<u>3,424,122</u>		<u>3,263,645</u>
Other income		5,795		134,708
Community development grants		24,103		57,908
Amortisation of grants		542,954		510,683
TOTAL INCOME		<u>3,996,974</u>		<u>3,966,944</u>
EXPENDITURE (Before Admin Apportionment)				
Letting costs	1,572,573		1,375,196	
Rates	364,809		349,163	
	<u>1,937,382</u>		<u>1,724,359</u>	
Administration costs	<u>1,236,360</u>		<u>1,198,063</u>	
TOTAL EXPENDITURE		3,173,742		2,922,422
TRADING SURPLUS/(DEFICIT)		<u>823,232</u>		<u>1,044,522</u>
TRADING SURPLUS/(DEFICIT) (After Admin Apportionments)				
Letting	950,880		996,122	
Rates	40,534		38,796	
	<u>991,414</u>		<u>1,034,918</u>	
Administration		(168,182)		9,604
		<u>823,232</u>		<u>1,044,522</u>
FIXED ASSETS AND INTEREST				
Administration costs capitalised		198,080		183,012
Interest receivable		3,993		717
Interest payable		(712,562)		(629,499)
SURPLUS/(DEFICIT)		312,743		598,752
Disposal of property				
Sale proceeds	588,500		71,000	
Voluntary purchase grant	144,000		24,000	
	<u>732,500</u>		<u>95,000</u>	
Less				
Cost of property	564,449		49,150	
HAG eliminated	(337,958)		(29,180)	
Allowable costs	6,168		959	
Voluntary purchase grant allowance	6,486		891	
	<u>239,145</u>		<u>21,820</u>	
Net Surplus Transferred to DFP		493,355		73,180
		<u>806,098</u>		<u>671,932</u>

Detailed Income and Expenditure Summary for the Financial Year Ended 31 March 2023

	Note	2023	2022
		£	£
Balance brought forward		806,098	671,932
Financing (cost)/ income			
Net interest on net scheme assets/liabilities		(19,000)	(21,000)
Net return		(19,000)	(21,000)
		<u>787,098</u>	<u>650,932</u>
Corporation tax on tax adjusted surplus		-	-
Surplus/(deficit) after taxation	3	<u>787,098</u>	<u>650,932</u>
Transfer to disposal proceeds fund		(493,355)	(73,180)
		<u>293,743</u>	<u>577,752</u>

Income and Expenditure from Lettings for Financial Year Ended 31 March 2023

	2023		2022	
	£	£	£	£
Income				
Rental income receivable		3,044,033		2,903,923
Less loss of income from voids		(25,254)		(28,237)
		<u>3,018,779</u>		<u>2,875,686</u>
Rates		405,343		387,959
		<u>3,424,122</u>		<u>3,263,645</u>
Amortisation of Grants		542,954		510,683
Total Income		<u>3,967,076</u>		<u>3,774,328</u>
Less operating (property management) expenditure				
Bad debt	4,677		7,766	
Insurance	60,029		50,087	
Development expenses	7,378		10,418	
Housing (response) maintenance	370,544		291,905	
External cyclical and planned maintenance	241,086		160,071	
Property depreciation	888,859		854,949	
Rates	364,809		349,163	
		<u></u>		<u></u>
Total operating costs		(1,937,382)		(1,724,359)
Rent surplus (before admin & interest payable)		<u>2,029,694</u>		<u>2,049,969</u>
Administration apportionment		(1,038,280)		(1,015,051)
Rent surplus (before interest payable)		<u>991,414</u>		<u>1,034,918</u>

Administrative Expenditure for the Financial Year Ended 31 March 2023

	2023		2022	
	£	£	£	£
Administrative expenditure				
Salaries and wages	703,098		656,571	
Pension service cost	287,000		308,000	
Recruitment costs	4,986		4,040	
Travel and subsistence	15,774		14,349	
Stationery and publications	4,420		7,215	
Affiliation and membership	18,699		14,204	
Publicity and advertising	10,183		7,466	
Courses and conferences	7,671		12,246	
Office accommodation and services	70,594		69,366	
Equipment and fittings - depreciation	11,680		16,801	
Accountancy and audit	24,763		24,414	
Consultancy	25,526		8,200	
Legal & professional fees	17,683		14,793	
Insurance (Non Property)	16,232		14,316	
VPG administration allowance	(12,654)		(1,850)	
(Profit)/loss on disposal of fixed assets	(7,177)		(3,388)	
Vehicle lease charges	6,615		4,800	
General expenses	-		-	
Community development expenditure	28,639		25,310	
Tenant participation	2,628		1,210	
Total Administrative expenditure	1,236,360		1,198,063	

Apportionments

	%		
Housing Management	60.47%	627,869	630,651
Property Maintenance	39.53%	410,411	384,400
	100.00%	1,038,280	1,015,051
Development and adaptations		198,080	183,012
		<u>1,236,360</u>	<u>1,198,063</u>