



**Registered No. IP000306**  
**Charity Registration No. NIC 104547**

**ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

<b>CONTENTS</b>	<b>Page</b>
Board of Management and advisers	1
Report of Board of Management	2 – 4
Strategic Report of the Board of Management	5 – 15
Independent Auditors Report to the Members of Ark Housing Association NI Limited	16 – 18
Statement of Comprehensive Income	19
Statement of Changes in Reserves	20
Statement of Financial Position	21
Statement of Cash Flows	22
Notes to the financial statements	23 – 39

**ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**BOARD OF MANAGEMENT & ADVISORS**

**Board of Management**

Dr Deborah Donnelly (Chair)

Mr Ian McAvoy (Vice-Chair)

Mr Seamus Mullan (Treasurer)

Ms Nicole Mulholland

Ms Deborah Reynolds

Ms Margaret Ritchie

*(Resigned 16 February 2020)*

Mr Tom Doran

Mrs Elizabeth Martin

*(Resigned 15 April 2019)*

Ms Joanne Carson

Ms Denise Burns

*(Appointed 20 May 2019/Resigned 7 November 2019)*

Ms Sarah Corrigan

*(Appointed 20 May 2019)*

Ms Sara McClintock

*(Appointed 20 May 2019)*

Mr Kevin McElroy

*(Appointed 20 May 2019)*

Ms Nicole Toner

*(Appointed 20 May 2019)*

**Chief Executive & Company Secretary**

Mr James P McShane

**Registered Office**

Hawthorn Office Park

37a Stockmans Way

Belfast

BT9 7ET

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

Registered with the Department for Communities (NI) R50

Registered with the Charity Commission for Northern Ireland NIC 104547

**Solicitors**

Edwards & Co

28 Hill Street

Belfast

BT1 2LA

**Independent Auditors**

GMcG BELFAST

Chartered Accountants and Statutory Auditors

Alfred House

19 Alfred Street

Belfast

BT2 8EQ

**Bankers (Primary)**

Bank of Ireland

31 University Road

Belfast

BT7 1NA

Danske Bank

Donegall Square West

Belfast

BT1 6JS

Ulster Bank

Donegall Square East

Belfast

BT1 5UB

**ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**REPORT OF THE BOARD OF MANAGEMENT**

The Board of Management presents their strategic report and the audited financial statements for the year ended 31 March 2020 for Ark Housing Association Northern Ireland Limited (the "Association"). This report is also known as the Trustees' Report for Charity law purposes.

**Principle Activities**

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

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

**Vision, Mission and Values**

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

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

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

We currently own 480 homes across a wide geographical area providing housing and associated services across a diverse spectrum including:

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

**Corporate Governance**

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

**ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**REPORT OF THE BOARD OF MANAGEMENT (CONT'D)**

**Board of Management**

The Association is governed by a voluntary Board, which during the year, consisted of 14 persons with a wide range of skills and experience. The gender balance of the Board during 2019/2020 was 71% female, 29% male.

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

The Board met six times during the year. The Audit, Compliance and Risk committee met five times. The Investment committee met four times and the Governance committee met twice. The Remuneration committee met once during the year.

**Going Concern**

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

**Internal Financial Control**

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

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

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

**ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**REPORT OF THE BOARD OF MANAGEMENT (CONT'D)**

**Board Responsibilities**

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

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

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

**Statement of Disclosure of Information to Auditors**

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

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

**Auditors**

A resolution to appoint GMcG Group Limited was proposed and agreed at the Annual General Meeting on 24 June 2019. A resolution to reappoint GMcG Group Limited will be proposed at the Annual General Meeting.

By order of the Board

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

Belfast  
22 June 2020

**ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**STRATEGIC REPORT OF THE BOARD OF MANAGEMENT**

**Business Overview**

The financial year 2019/20 marked the first full year of our ambitious five-year plan to achieve 1,000 units of accommodation under management by March 2024.

By 31 March 2020 we had plans to achieve over 180 new build starts in-year, however as a result of the COVID19 emergency we encountered land registry delays, resulting in a large proportion of those starts being delayed into the next financial year. As a result, we achieved 93 starts, of which there were 28 completions. Likewise, our new build completion targets were affected, with a further 25 units delayed due to COVID19. At March 2020, the Association had 87 units on site.

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

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

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

The Board are committed to embedding risk management throughout the organisation and its systems and controls are designed to ensure that any exposure to significant risk is properly managed. Risks identified and monitored throughout 2019/20 include:

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

The Association has also developed a Risk Assurance map, to provide a visual representation of assurance activities that apply to each specific set of risks or compliance requirements, that the organisation faces.

We completed a series of internal audits throughout the year to provide further assurances on our internal systems, processes and controls and these included an assessment of the Associations compliance with GDPR Regulation, the effectiveness of our Corporate Governance structures and Risk Management and an assessment of our Financial Policies and Procedures. All internal audit reports returned satisfactory outcomes across those business areas examined and we were pleased to receive a satisfactory annual assurance report from our internal auditors in respect to the same.

**ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**STRATEGIC REPORT OF THE BOARD OF MANAGEMENT (CONT'D)**

**Financial Performance**

Our turnover for the year increased to almost £3.4m compared to just over £3m in 2018/19. The total movement in equity for the year was £64k compared to £365k in 2018/19. The variance, however, is due to a transfer of £423k to the pension liability. The increase in pension liability, compared to just £1k in 2018/19, was impacted by the McCloud/Sargeant tribunals. These judgements concerned the introduction of career average revalued earnings (CARE) pension schemes to replace former final salary based pension schemes and the protection provided for older members was held to be discriminatory against younger members. The chief Secretary to the Treasury announced on 15 July 2019 that the ruling would apply to all public service pension schemes.

Our surplus is used to fund loan capital repayments and to fund our long-term home improvement plans. Our budget has been well managed, and the performance this year was strong, meeting budget expectations. We achieved a gross margin of 39% and a net margin of 24%. However, we have recognised in our long-term financial business plan that greater surpluses are required in future years to ensure we achieve our long-term objectives, which include an ambitious growth strategy and long-term asset management strategy.

We have a strong Balance Sheet with property fixed assets increasing by almost £6m from the 2018/19 financial year to over £45m cost at March 2020. This increase is due to our investment in new homes and expenditure in major improvements to our existing homes.

The liquidity position of the Association is closely monitored in line with our Treasury policy, to ensure the availability of cash to meet its short-term liabilities. The ratio of current assets to current liabilities (not including short term HAG) of 1.7:1 is a strong current ratio.

Our bank loan balances increased by £1.7m during the year due to a draw down from our Revolving Credit Facility (RCF). We secured a RCF of £12m during the 2019/20 financial year on very favourable terms. We repaid an older £3m RCF and repaid a loan balance of £840k in April 2020 with the new £12m RCF, to take advantage of the lower interest rates. This will equate to future annual savings of £47k.

Our gearing ratio of 26% is well within our 50% maximum range and allows capacity for continued growth. The loan remaining under a less favourable gearing ratio of loan debt to equity and HAG has been repaid in April 2020.

Loan Interest is one of our largest areas of expenditure and therefore even small increases can have significant impact on the Association's overall performance. We manage this risk in line with our Treasury policy by adhering to a mix of fixed and variable rates in order to balance risk whilst benefiting from more favourable variable rates. Our average interest rate is currently 3.8% and we expect that next year this will reduce further due to the recently secured £12m RCF.

**Safeguarding**

We are committed to a practice which promotes the welfare of adults at risk and safeguards them from harm. We have developed robust adult safeguarding policies and procedures for raising awareness of and responding to safeguarding issues. All staff receive ongoing training in line with these policies and procedures and all new staff are provided with an overview during induction. The Association has appointed an Adult Safeguarding Champion, who is responsible for investigating and reporting safeguarding issues to the Association's Board, Charities Commission and Supporting People. During 2019/20, the Board reports a **NIL** position in respect to its Safeguarding reporting obligations.

**Fraud**

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

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



## **STRATEGIC REPORT OF THE BOARD OF MANAGEMENT (CONT'D)**

### **Fraud (Cont'd)**

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

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

### **Value for Money**

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

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

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

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

### **Procurement**

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

During the year we made a saving of £17k in our Head Office administration overheads against budget, largely due to the procurement of a new ICT contract.

Service charges are reviewed annually. The Association constantly strives for competitive contracts to drive service costs downwards. A new Ground Maintenance procurement during the financial year will produce considerable savings in 2020/21.

### **Our People**

Investing in our people is crucial to achieving VFM. One of our five strategic themes is to be a leading employer and that commitment is reflected throughout our personnel policies.

We are committed to recognising, rewarding and retaining highly motivated staff. We encourage staff engagement and regularly measure staff satisfaction. Staff feedback is instrumental in striving to continually improve workforce performance leading to service improvement and in our most recent staff survey 87% reported that they were satisfied in their employment with 86% proud to work for us. We also invested £22k in staff training and development.

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

**ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**STRATEGIC REPORT OF THE BOARD OF MANAGEMENT (CONT'D)**

**Our People (Cont'd)**

During the year we employed an average of 43 people. The gender balance was 68% female, 32% male and the Senior Executive Team comprised of 75% female, 25% male. Staff retention for the year was 90% at year end and sickness absence levels were measured at 2.2%.

**Growth & Investment – Development**

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

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

The association achieved 28 completed units at March 2020 against a target of 73. The variance was due to one scheme of 20 units being released in the latter part of the year and a further 25 being delayed as a result of the COVID19 emergency. In respect to starts, we had plans to achieve over 180 in-year, but realised 93, with the variance again primarily as a result of the COVID19 emergency.

We invested almost £6m on new properties and component replacements equating to unit growth of 6.2% for the year.

Throughout 2019/20 we embarked on a number of land, design and build competitions and as a result of these exercises we now have 3 new schemes on site and 11 schemes, totalling 187, units programmed to start during 2020/21 with a number of other proposals under consideration for future years.

We expect to complete 82 additional units in the 2020/21 financial year, with a further estimate of 284 units being in various stages of development by year end.

In funding our development programme, we secured a new loan of £12m RCF during the financial year. We also have indicative terms for a further £6m with the same competitive terms which will be required towards the end of the 2020/21 financial year.

**Growth & Investment – Planned Maintenance**

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

This year we invested £307k in planned and component replacements, which included new kitchens and heating systems in a sheltered scheme of 35 units, 40 ventilation units throughout various schemes, a sprinkler system in a joint managed supported scheme, emergency lighting replacements in 3 schemes, 2 kitchens and 1 bathroom replacement and several boiler replacements.

We also undertook several home adaptations to enable our residents to live safely and more independently within their homes as their physical needs change. During the year we completed 19 home adaptations at a cost of £16.5k.

**ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**STRATEGIC REPORT OF THE BOARD OF MANAGEMENT (CONT'D)**

**Health & Safety**

We demonstrated compliance in Health & Safety through our Cyclical Servicing Compliance Monitor. Performance was presented quarterly to the Investment Committee and Board in relation to gas servicing, fire protection, lift, legionella testing and other areas. 97% of gas servicing was completed on time, with 100% of all other servicing completed in year with the exception of servicing of warden call and door entry systems. We also completed a review of all our Health & Safety policies and procedures to ensure our processes remain compliant with legislation and best practice.

**Achieving Affordable Rents & Maximising Rental Income**

We aim to set rents that are affordable for our tenants however it is equally vital that rents are set at an adequate level to cover the costs of maintaining our properties to a high standard and to service debt. During the 2019/20 financial year we applied a rent increase of 3%.

The overall average rent for a self-contained property was £83.41, compared to the 2018/19 financial year which was £81.49.

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

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

The total amount of arrears for the 2019/2020 financial year was 7.2% which was above our KPI target of 4%. Of these, 5.1% were attributed to current tenants and 2.1% former tenants. A total of 3.6% was identified as technical arrears, meaning those arrears would be payable in time by statutory agencies. Net current rent arrears equated to 1.5% at year end.

The Association has been taking measures to ensure that rent arrears are effectively managed, by ensuring early intervention and continual engagement with tenants and statutory agencies.

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

Our rental loss through voids was 3.5% against a budget of 2.5%. The number of permanent social housing allocations made during the year was 98 (including new let and re lets) and the net average time to re-let a void property was 20 working days which continues to meet our KPI target.

**ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**STRATEGIC REPORT OF THE BOARD OF MANAGEMENT (CONT'D)**

**Housing Services and Engaged Communities**

We continually monitor the quality of services delivered to our tenants. Our repairs service is paramount to achieving high levels of tenant satisfaction and VFM and during the year we completed a total of 2,420 repairs with 2,105 (87%) of those being completed within our published timescales.

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

Urgency Indicator	% response time
Immediate	91%
Emergency	86%
Urgent	86%
Routine	86%

We recognise that tenants have a right to feel safe and live in peace in their community and therefore we adopt a robust approach to tackling instances of Anti-Social Behaviour. During the year 100% of Anti-Social Behaviour cases that had been closed had been successfully resolved and our staff continue to tackle ongoing cases in line with policies and procedures. When surveyed, 92% of our tenants reported that ASB was not an issue in their area.

Tenant participation is extremely important to us and through our Tenant Participation Strategy, a total of 220 community and social engagement events were held across our stock with a reported 56% of all tenants attending at least one or more of those events. In addition to this, we carried out 10 consultation events in relation to planned maintenance and attended 41 tenant/resident meetings at our general needs, sheltered and homeless services schemes.

We also developed a Tenant Participation Action Plan which outlines the key milestones in the delivery of our Tenant Participation Strategy. The Action Plan, which is aligned to the DfC Tenant Participation Strategy and Consumer Standards, is reviewed annually, revised where necessary and reported regularly to the Senior Management Team, Investment Committee and Board. Additionally, we have developed Key Performance Indicators in respect to tenant participation, which align with the Association's operational and strategic objectives.

We continually use feedback from tenant surveys and learnings from our complaints procedure to increase levels of satisfaction and the results of our 2019 tenants survey indicate high levels of satisfaction across several areas:

- 94% of tenants satisfied with the overall service provided by the Association
- 96% satisfied with the standard of accommodation
- 92% believe rent to be value for money
- 94% are satisfied with how staff dealt with their queries
- 93% are satisfied with repairs and maintenance
- 94% are satisfied that they are kept informed

**Complaints**

In 2019/2020 there were 7 formal complaints received. These complaints focused mainly on contractor performance in relation to response maintenance. All complaints were resolved satisfactorily, with 90% being resolved at stage 1 and 10% at stage 2.

**Homeless Services**

We have been providing family homeless services in partnership with NIHE and Social Services for 17 years.

We continue to work against the backdrop of strategic and financial challenges, particularly in relation to the reduction in supporting people funding. During the year we provided housing related support and temporary accommodation to 104 homeless families.

**STRATEGIC REPORT OF THE BOARD OF MANAGEMENT (CONT'D)**

**Key Performance Indicators (KPIs)**

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

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

We have recently become members of Housemark and therefore going forward we will also compare our results to benchmark against our peer groups in the sector to provide further context in respect to our performance and to strive for improvement.

Our KPI's link directly to our strategic themes which are set out below.

**ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**STRATEGIC REPORT OF THE BOARD OF MANAGEMENT (CONT'D)**

**Corporate Theme 1 – Leading Employer**

Corporate Theme 1 - LEADING EMPLOYER					
Key Performance Indicators					Results
Description	Reporting Frequency	Indicator Range			Mar-20
<b>Employee Investment</b>					
Learning & Development Budget % Spent vs Budget	6 Monthly	<75%	75% - 84%	>85%	104%
% Employees Receiving Learning & Development Opportunities	6 Monthly	<90%	90% - 99%	100%	100%
% Staff Receiving Performance Coaching	6 Monthly	<90%	90% - 99%	100%	100%
<b>Performance</b>					
% Employee Retention	Quarterly	<80%	80% - 89%	>90%	90%
% Employee Sickness Absence	Quarterly	>6%	5% - 6%	<5%	2.2%
<b>Employee Perceptions</b>					
Staff feel motivated, engaged & satisfied	Annually	<70%	70% - 79%	>80%	87%
Staff feel recognised and rewarded	Annually	<70%	70% - 79%	>80%	69%
Staff enjoy a healthy work-life balance	Annually	<70%	70% - 79%	>80%	76%
Staff feel empowered and valued	Annually	<70%	70% - 79%	>80%	79%

**Corporate Theme 2 – Better Homes, Greater Diversity**

Corporate Theme 2 - BETTER HOMES, GREATER DIVERSITY					
Key Performance Indicators					Results
Description	Reporting Frequency	Indicator Range			Mar-20
<b>Development &amp; Acquisition</b>					
Number of Units Started	Annually	<160	160 - 179	>180	93
Number of Units Completed	Annually	<45	45 - 51	>52	28
% of units started against programme	Annually	<70%	70% - 79%	>80%	52%
<b>Compliance, Health &amp; Safety</b>					
% schemes with up to date fire alarm servicing	Quarterly	<90%	90% - 99%	100%	100%
% applicable properties with up to date gas safety cert	Quarterly	<95%	95% - 99%	100%	96%
% applicable properties with carbon monoxide alarms	Quarterly	100%	95% - 99%	100%	96%
% all properties with up to date heating servicing	Quarterly	<80%	80% - 99%	100%	97%
% schemes with up to date Fire Risk Assessment	Quarterly	<95%	95% - 99%	100%	100%
% schemes with up to date lift servicing inspection	Quarterly	<90%	90% - 99%	100%	100%
% properties with up to date 5-year fixed wire testing	Quarterly	<80%	80% - 99%	100%	70%
<b>Disability Adaptations &amp; Access</b>					
% adaptation works orders completed within target	Quarterly	<80%	80% - 99%	100%	100%
% adaptations processed within DfC target timeframe	Quarterly	<80%	80% - 99%	100%	80%
% tenants satisfied with disability adaptation service	6 Monthly	<90%	90% - 94%	>95%	100%
% adaptation grants claimed within target timescale	6 Monthly	<100%	-	100%	100%
% homes meeting lifetime homes standards	Annually	<85%	85% - 89%	90%	46%
<b>Planned &amp; Cyclical Maintenance</b>					
% of planned & cyclical schemes completed on time	Annually	<80%	80% - 99%	100%	67%

**ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**STRATEGIC REPORT OF THE BOARD OF MANAGEMENT (CONT'D)**

**Corporate Theme 3 – Engaged Communities, Greater Impact**

<b>Corporate Theme 3 - ENGAGED COMMUNITIES, GREATER IMPACT</b>					
<b>Key Performance Indicators</b>					<b>Results</b>
<b>Description</b>	<b>Reporting Frequency</b>	<b>Indicator Range</b>			<b>Mar-20</b>
<b>Tenant &amp; Community Engagement</b>					
Av % all residents attending scheme & community events	Quarterly	<6%	6% - 9%	>10%	56%
Av % general needs residents attending scheme & community events	Quarterly	<2%	3% - 4%	>5%	18%
Av % sheltered & supported residents attending scheme & community events	Quarterly	<25%	25% - 39%	>40%	75%
Number of Scheme & Community Events Held	Quarterly	<10	11 - 20	>20	220
Number of Scheme Resident Meetings Held	Quarterly	<20	21 - 40	>40	32
Number of Resident Consultation Sessions Held	Quarterly	<2	3	>4	10
Av % of residents signed up to 'Register of Residents'	Annually	<6	6%-9%	>10	20%
Number of Estate Walkabouts completed	Annually	<1	2	>3	0
Number of New Residents Groups Established	Annually	0	1	>2	2
Number of New Residents Champions Appointed	Annually	0	1	>2	0
Number of Residents Group/ Resident Champions Meetings Held	Quarterly	0	1	>2	9

**ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**STRATEGIC REPORT OF THE BOARD OF MANAGEMENT (CONT'D)**

**Corporate Theme 4 – Service Excellence, Satisfied Customers**

Corporate Theme 4 - SERVICE EXCELLENCE, SATISFIED CUSTOMERS					
Key Performance Indicators					Results
Description	Reporting Frequency	Indicator Range			Mar-20
<b>Repairs Service</b>					
% Immediate call out repairs completed within target	Quarterly	<80%	80% - 89%	90% - 100%	91%
% Emergency repairs completed within target	Quarterly	<76%	76% - 84%	>85%	86%
% Urgent repairs completed within target	Quarterly	<70%	70% - 79%	>80%	86%
% Routine repairs completed within target	Quarterly	<70%	70% - 79%	>80%	86%
% All response maintenance within target	Quarterly	<70%	70% - 79%	>80%	87%
<b>Allocations &amp; Lettings Performance</b>					
Average Occupancy Rate (Total Stock)	Quarterly	<94%	94% - 95%	>96%	97%
Total Void Units (Snapshot)	Quarterly	>5%	4% - 5%	<4%	2.64%
Average Allocation Re-Let Time	Quarterly	>25 days	21 - 25 days	<20 days	20 days
% Re-lets within target time	Quarterly	<70%	70% - 79%	>80%	90%
% Lettings made to applicants	Quarterly	55% - 85%			74%
% Lettings made to transfers	Quarterly	15% - 45%			26%
% Fraud Cases Identified / Total Stock	Quarterly	>2%	1% - 2%	<1%	0%
<b>Tenant Satisfaction</b>					
% Tenants satisfied overall with services provided	Annually	<70%	70% - 79%	>80%	94%
% tenants satisfied with standard of accomm	Annually	<70%	70% - 79%	>80%	96%
% tenants satisfied with rent value for money	Annually	<70%	70% - 79%	>80%	92%
% tenants satisfied with service charge vfm	Annually	<70%	70% - 79%	>80%	92%
% tenants reporting ASB not a problem in their area	Annually	<70%	70% - 79%	>80%	92%
% tenants satisfied with how staff dealt with them	Annually	<70%	70% - 79%	>80%	94%
% tenants satisfied with repairs & maint service	Annually	<70%	70% - 79%	>80%	93%
% tenants satisfied they are kept informed	Annually	<70%	70% - 79%	>80%	94%
<b>Complaints &amp; Anti-Social Behaviour</b>					
Number of formal complaints received	Quarterly	>15	11 - 14	<10	7
% complaints resolved satisfactorily at stage 1	Quarterly	<75%	75% - 89%	>90%	100%
% complaints resolved satisfactorily at stage 2	Quarterly	<75%	75% - 89%	>90%	100%
% complaints referred to Ombudsman	Quarterly	>2%	1% - 2%	<1%	N/A
% ASB cases successfully resolved	Quarterly	<75%	75% - 89%	>90%	100%
<b>Homeless Services</b>					
% homeless referrals accepted	Quarterly	<85%	85% - 89%	>90%	100%
% applicable service users in receipt of all relevant benefits as a result of support provided	Quarterly	<85%	85% - 89%	>90%	100%
% applicable Service Users actively engaged in employment (paid or voluntary) and/or desired training/education as a result of support provided	Quarterly	<85%	85% - 89%	>90%	100%
% applicable Service users accessing primary health care/mental health services/social services as a result of support provided	Quarterly	<95%	95 - 99%	100%	100%
% Service users feeling more secure in their home/tenancy as a result of support provided	Quarterly	<85%	85% - 89%	>90%	100%
% Service users with improved or enhanced social network as a result of support provided	Quarterly	<85%	85% - 89%	>90%	100%
% homeless residents moved on in a planned way	Quarterly	<85%	85% - 89%	>90%	100%
% Moved on service users living in permanent/stable accommodation in the community as a result of support provided	Quarterly	<85%	85% - 89%	>90%	100%



**ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**STRATEGIC REPORT OF THE BOARD OF MANAGEMENT (CONT'D)**

**Corporate Theme 5 – Financial Assurance, Sustainability**

Corporate Theme 5 - FINANCIAL ASSURANCE, SUSTAINABILITY					
Key Performance Indicators					Results
Description	Reporting Frequency	Indicator Range			Mar-20
<b>Insolvency</b>					
Insolvency - Current Ratio	Quarterly	<1	100%	>1	1.70
<b>Banking</b>					
Bank Covenant Interest Cover (Ulsterbank)	Quarterly	<1.4	1.4	>1.4	1.90
Bank Covenant Interest Cover (Danske)	Quarterly	<1.25	1.25	>1.25	1.90
Gearing Ratio (New Calculation Danske)	Quarterly	>50%	50%	<50%	26%
Gearing Ratio (Old Calculation Ulsterbank)	Quarterly	>50%	50%	<50%	43%
Average Interest Rate	Quarterly	>6%	5.1% - 6%	<5%	3.8%
<b>Performance</b>					
Gross Margin	Quarterly	<25%	25% - 36.9%	>37.5%	39%
Net Margin	Quarterly	<15%	15% - 22.9%	>23%	24%
Return on Capital Employment	Quarterly	<0.9%	0.91% - 1.49%	>1.5%	2.2%
Management cost per unit	Quarterly	>£680	£617 - £680	<£616	£680
Maintenance cost per unit	Quarterly	>£840	£765 - £840	<£764	£860
<b>Income Management</b>					
Rent & Other Charges Collected	Quarterly	<96%	96% - 97%	>98%	100%
Total Arrears (% against income debits)	Quarterly	>5%	4.1% - 5.0%	<4%	7.2%
Current Tenant Rent Arrears (% against income debits)	Quarterly	>3%	2.6% - 3.0%	<2.5%	5.1%
Former Tenant Rent Arrears (% against income debits)	Quarterly	>2%	1.6% - 2.0%	<1.5%	2.1%
Current Tenant (Technical Arrear) %	Quarterly	>2%	1.71% - 2.0%	<1.7%	3.6%
Current Tenant (Net Arrear) %	Quarterly	>1%	0.81% - 0.99%	<0.8%	1.5%
Non Technical Arrears/Non-Technical Income	Quarterly	>5%	5%	<5%	5.7%
Total rent arrears written off	Annually	>1.5%	1 - 1.5%	<1%	0.2%
Void Loss (% against income debits)	Quarterly	>4%	3.5% - 4%	<3.4%	3.5%

By order of the Board

Mr. James McShane  
 Company Secretary

Belfast  
 22 June 2020

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED FOR THE YEAR ENDED 31 MARCH 2020**

We have audited the financial statements of Ark Housing Association Northern Ireland Limited (the 'Association') for the year ended 31 March 2020 which comprise of the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with requirements of the Co-operative and Community Benefit Societies Acts (Northern Ireland) 1969 and the Registered Housing Associations (Accounting Requirements) Order (Northern Ireland) 1993.

### **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 the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council'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**

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

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

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED FOR THE YEAR ENDED 31 MARCH 2020**

### **Other Information**

The Board is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and 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.

### **Matters on which we are required to report by exception**

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

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

- the Association has not kept proper books of account; or
- a satisfactory system of control over transactions has not been maintained; or
- the financial statements are not in agreement with the Association's books of account; or
- we have not obtained all the information and explanations necessary for the purpose of our audit.

### **Responsibilities of the Board**

As explained more fully in the statement of board members' responsibilities set out on page 4, the Board is 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 the Board 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 is responsible for assessing the Association's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the association or to cease operations, or to have no realistic alternative but to do so.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED FOR THE YEAR ENDED 31 MARCH 2020**

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

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

**Use of our report**

This report is made solely to the Association's members, as a body, in accordance with Section 43 of the Co-operative and Community Benefit Societies Acts (Northern Ireland) 1969 and article 19 of The Housing (Northern Ireland) Order 1992. Our audit work has been undertaken so that we might state to the Association'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.

---

**Mr Nigel Moore FCA**  
Senior Statutory Auditor

GMcG BELFAST  
Chartered Accountants & Statutory Auditor  
Alfred House  
19 Alfred Street  
Belfast  
BT2 8EQ

Date: .....

**ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020**

	Note	2020 £	2019 £
<b>Turnover</b>	2	3,362,532	3,038,269
<b>Operating costs</b>	2	<u>(2,460,175)</u>	<u>(2,297,996)</u>
<b>Operating surplus</b>	7	902,357	740,273
Interest receivable and similar income	5	3,627	1,739
Interest payable and similar charges	6	(456,893)	(394,101)
Other finance (costs)/income	16	(16,000)	(17,000)
Additional Pension Service Cost		(141,000)	(92,000)
Gain on Property Disposal		<u>87,218</u>	<u>121,951</u>
<b>Surplus on ordinary activities</b>		379,309	360,862
Actuarial (loss)/gain on pension scheme	16	<u>(266,000)</u>	<u>108,000</u>
<b>Total comprehensive income for the year</b>		<u>113,309</u>	<u>468,862</u>

All amounts above relate to continuing operations.

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

**ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2020**

	<b>Note</b>	<b>2020</b> <b>£</b>	<b>2019</b> <b>£</b>
Surplus for the financial year		379,309	360,862
Actuarial (loss)/gain on pension scheme	16	(266,000)	108,000
Transfer to DPF		(81,177)	(115,793)
Transfer from tenants' fund		31,854	12,299
Transfer from designated reserves		-	-
Issued share capital in year	17	<u>5</u>	<u>2</u>
Net changes in capital and reserve		63,991	365,370
Opening revenue reserve		4,118,822	3,753,454
Opening restricted reserve		-	-
Opening Capital	17,18	<u>42</u>	<u>40</u>
<b>Closing total capital and reserves</b>		<u><u>4,182,855</u></u>	<u><u>4,118,864</u></u>

**ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020**

	<b>Note</b>	<b>2020 £</b>	<b>2019 £</b>
<b>Fixed assets</b>			
Housing properties - depreciated cost	8	39,701,647	34,212,940
Other tangible fixed assets	9	115,406	146,717
Investments	10	-	-
		<u>39,817,053</u>	<u>34,359,657</u>
<b>Current assets</b>			
Debtors	11	2,473,879	2,350,102
Cash at bank and in hand		<u>1,089,006</u>	<u>715,625</u>
		3,562,885	3,065,727
<b>Creditors: amounts falling due within one year</b>	12	<u>(2,570,289)</u>	<u>(1,438,346)</u>
<b>Net current Assets</b>		<u>992,596</u>	<u>1,627,381</u>
<b>Total Assets Less Current Liabilities</b>		<u>40,809,649</u>	<u>35,987,038</u>
<b>Creditors: amounts falling due after more than one year</b>			
Creditors	13	(35,493,794)	(31,158,174)
Pension deficit	16	<u>(1,133,000)</u>	<u>(710,000)</u>
		<u>(36,203,794)</u>	<u>(31,868,174)</u>
<b>Net Assets</b>		<u>4,182,855</u>	<u>4,118,864</u>
<b>Capital and Reserves</b>			
Called up share capital	17	22	20
Capital reserve	18	25	22
Restricted reserves	20	-	-
Revenue reserve	19	<u>4,182,808</u>	<u>4,118,822</u>
<b>Total funds</b>		<u>4,182,855</u>	<u>4,118,864</u>

The financial statements on page 19 to 39 were approved by the Board of Management on 22 June 2020 and were signed on its behalf by:

**Chair of the Board of Management**

**Board Member**

**Company Secretary**

**ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020**

	Note	2020 £	2019 £
<b>Net cash generated from operating activities</b>	24	<u>1,165,507</u>	<u>1,070,584</u>
<b>Cash flow from Investing activities</b>			
Purchase of housing properties		(6,198,894)	(4,847,892)
Purchase of other fixed assets		(4,331)	(81,096)
House Sale		80,028	157,016
Capital grants received		4,131,439	1,238,770
		<u>(1,991,758)</u>	<u>(3,533,202)</u>
<b>Cash flow from financing activities</b>			
Loan principal repayments		(247,102)	(263,038)
Loan advances received		1,900,000	1,970,378
Shares		-	2
Interest paid		(456,893)	(394,101)
Interest received		3,627	1,740
<b>Net cash from financing activities</b>		<u>1,199,632</u>	<u>1,314,981</u>
<b>Net (decrease)/increase in cash and cash</b>		373,381	(1,147,637)
Cash and cash equivalents at the beginning of		<u>715,625</u>	<u>1,863,262</u>
<b>Cash and cash equivalents at the end of the</b>		<u>1,089,006</u>	<u>715,625</u>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**1 Accounting Policies**

**1.1 Basis of Accounting**

The financial statements have been prepared on the historical cost basis and in compliance with FRS 102, The Financial Reporting Standard applicable in the UK and the Housing SORP 2018: Statement of Recommended Practice for Social Housing Providers.

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

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

**1.2 Turnover**

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

**1.3 Other Tangible Fixed Assets and Depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected useful economic lives of the assets at the following annual rates: Furniture and equipment 10% - 33.3%

**1.4 Housing Properties**

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONT'D)**

**1 Accounting Policies (Cont'd)**

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

**Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

**1.5 Housing Association Grant**

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

**1.6 Investments**

Investments are recorded at cost.

**1.7 Restricted Reserves**

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

**1.8 Retirement Benefits**

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONT'D)**

**1 Accounting Policies (Cont'd)**

**1.9 Disposal Proceeds Fund**

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

**1.10 Tenants' Services Fund**

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

**1.11 Operating Leases**

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

**1.12 Employee Benefits**

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

**1.13 Judgement and Key Sources of Estimation Uncertainty**

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONT'D)

1 Accounting Policies (Cont'd)

1.14 Cash and Cash Equivalents

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

1.15 Financial Instruments

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

***Basic financial assets***

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

***Impairment of financial assets***

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

***Derecognition of financial assets***

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONT'D)

1 Accounting Policies (Cont'd)

***Classification of financial liabilities***

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

***Basic financial liabilities***

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Trade payables are obligations to pay for goods or services that have been acquired.

in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

***Derecognition of financial liabilities***

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

**ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONT'D)**

**2 Turnover, operating costs and operating surplus (Cont'd)**

	Operating Turnover £	2020 Operating Costs £	Operating Surplus/ (deficit) £	Operating Turnover £	2019 Operating Costs £	Operating Surplus/ (deficit) £
Social Housing Activities	3,145,471	2,232,447	913,024	2,824,206	2,066,709	757,497
Non-Social Housing Activities	<u>217,061</u>	<u>227,728</u>	<u>(10,667)</u>	<u>214,063</u>	<u>231,287</u>	<u>(17,224)</u>
<b>Total</b>	<b><u>3,362,532</u></b>	<b><u>2,460,175</u></b>	<b><u>902,357</u></b>	<b><u>3,038,269</u></b>	<b><u>2,297,996</u></b>	<b><u>740,273</u></b>

**Turnover, operating costs and operating surplus from social housing activities (Cont'd)**

<b>Income from Social Housing</b>	<b>Property Revenue £</b>	<b>Sheltered £</b>	<b>Supported £</b>	<b>2020 Total Social Housing £</b>
Rent receivable	1,745,794	262,287	264,036	2,272,117
Service Charges Receivable	42,702	85,411	141,057	269,170
Service Charges and other	-	<u>26,801</u>	<u>303,230</u>	<u>330,031</u>
Gross Income	<u>1,788,496</u>	<u>374,499</u>	<u>708,323</u>	<u>2,871,318</u>
Voids	(36,390)	(39,730)	(14,373)	(90,493)
Grant released	<u>238,351</u>	<u>29,019</u>	<u>97,276</u>	<u>364,646</u>
Net Income	<u>1,990,457</u>	<u>363,788</u>	<u>791,226</u>	<u>3,145,471</u>
<b>Operating Costs</b>				
Services	59,264	93,064	124,547	276,875
Support	-	29,729	299,349	329,078
Rates Payable	235,365	42,701	-	278,066
Insurance	52,444	7,978	9,977	70,399
Management Costs	143,768	22,488	97,511	263,767
Maintenance Administration Costs	162,369	-	-	162,369
Planned and Cyclical Maintenance	41,770	6,626	5,614	54,010
Reactive Maintenance	138,261	22,053	19,423	179,737
Gardening	17,682	-	9,234	26,916
Component Disposals	5,468	-	(77)	5,391
Depreciation	422,165	45,885	117,789	585,839
Bad Debts	-	-	-	-
Total Operating Costs	<u>1,278,556</u>	<u>270,524</u>	<u>683,367</u>	<u>2,232,447</u>
<b>Operating Surplus</b>				<u>913,024</u>

**ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONT'D)**

**2 Turnover, operating costs and operating surplus (Cont'd)**

**Turnover, operating costs and operating surplus from social housing activities (Cont'd)**

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

**Gross income from rents and service charges**

	<b>Property Revenue</b>	<b>Sheltered</b>	<b>Supported</b>	<b>2020 Total Social Housing</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Technical	1,192,331	259,759	574,642	2,026,732
Non-technical	<u>596,165</u>	<u>114,740</u>	<u>133,681</u>	<u>844,586</u>
Total	<u>1,788,496</u>	<u>374,499</u>	<u>708,323</u>	<u>2,871,318</u>
	<b>Property Revenue</b>	<b>Sheltered</b>	<b>Supported</b>	<b>2019 Total Social Housing</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Technical	1,013,875	245,546	544,812	1,804,233
Non-technical	<u>499,371</u>	<u>107,056</u>	<u>129,285</u>	<u>735,712</u>
Total	<u>1,513,246</u>	<u>352,602</u>	<u>674,097</u>	<u>2,539,945</u>

**ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONT'D)**

**2 Turnover, operating costs and operating surplus (Cont'd)**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>DFC Allowances</b>		
Management Allowances	129,492	121,572
Management Costs	<u>(143,768)</u>	<u>(152,804)</u>
<b>Deficit</b>	<u>(14,276)</u>	<u>(31,232)</u>
<b>Maintenance Allowances</b>		
Planned and cyclical maintenance	148,458	142,448
Reactive maintenance	<u>(41,770)</u>	<u>(56,629)</u>
<b>Deficit</b>	<u>(138,261)</u>	<u>(108,591)</u>
<b>Deficit</b>	<u>(31,573)</u>	<u>(22,772)</u>

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

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Income</b>		
Management Services	<u>217,061</u>	<u>214,063</u>
Total	<u>217,061</u>	<u>214,063</u>
<b>Operating Costs</b>		
Management Services	<u>227,728</u>	<u>231,287</u>
Total	<u>227,728</u>	<u>231,287</u>
Operating Deficit	<u>(10,667)</u>	<u>(17,224)</u>

**Housing Stock**

<b>Number of units owned on 31 March</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
General needs housing	327	307
Supported Housing (including housing with care)	57	72
Sheltered Housing	72	50
Homeless	<u>24</u>	<u>24</u>
	<u>480</u>	<u>453</u>

**3 Board Members' emoluments**

Board members act in a voluntary capacity and as such, none were in receipt of emoluments during the year. Four members were reimbursed expenses totalling £115 during the year (2019 – £117 to two members).



**ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONT'D)**

**4 Employee Information**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Average monthly number of persons employed during the financial year by activity:</b>		
Office	12	12
Support Staff	<u>31</u>	<u>28</u>
	<u>43</u>	<u>40</u>
<b>Staff costs</b>		
Wages and salaries	760,278	708,422
Social security costs	61,478	57,707
Other pension costs	<u>123,800</u>	<u>113,359</u>
	<u>945,556</u>	<u>879,488</u>
<b>Directors' Emoluments</b>		
Aggregate emoluments	151,317	130,932
Pension contributions	<u>28,044</u>	<u>24,250</u>
Total emoluments	<u>179,361</u>	<u>155,182</u>
<b>CEO's Emoluments</b>		
Aggregate emoluments	73,744	72,109
Pension contributions	<u>12,551</u>	<u>12,245</u>
Total emoluments	<u>86,295</u>	<u>84,354</u>
<b>Total Directors' Emoluments per Salary</b>		
£80,000 - £85,000	Number 1	Number 1
£55,000 - £60,000	3	1
£45,000 - £50,000	<u>-</u>	<u>2</u>
	<u>4</u>	<u>4</u>

**5 Interest receivable and similar income**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Interest Receivable	<u>3,627</u>	<u>1,739</u>

**6 Interest payable and similar charges**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Bank loan interest payable	<u>456,893</u>	<u>394,101</u>

**ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONT'D)**

**7 Operating surplus**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>This is stated after</b>		
Depreciation	621,481	592,338
Amortisation of grant	(364,646)	(352,247)
Components written off	5,392	-
Operating Lease Rentals - land & buildings	36,000	36,000
Auditors' remuneration:		
- audit services	7,800	6,500

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

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Cost</b>		
At 1 April 2019	39,488,572	34,819,103
Additions	6,129,136	4,847,892
Disposals	<u>(218,485)</u>	<u>(178,423)</u>
<b>At 31 March 2020</b>	<b><u>45,399,223</u></b>	<b><u>39,488,572</u></b>
<b>Accumulated depreciation</b>		
At 1 April 2019	5,275,632	4,879,131
Charge for the year	585,839	539,859
Disposals	<u>(163,895)</u>	<u>(143,358)</u>
<b>At 31 March 2020</b>	<b><u>5,697,576</u></b>	<b><u>5,275,632</u></b>
<b>Net book value</b>		
<b>At 31 March 2020</b>	<b><u>39,701,647</u></b>	<b><u>34,212,940</u></b>
<b>Net book amount comprises:</b>		
Completed schemes	36,101,943	33,572,472
Schemes in progress	<u>3,599,704</u>	<u>640,468</u>
	<b><u>39,701,647</u></b>	<b><u>34,212,940</u></b>

**ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONT'D)**

**9 Other Tangible Fixed Assets**

	<b>House Furniture £</b>	<b>Office £</b>	<b>New Office £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 April 2019	265,308	257,521	-	522,829
Additions	-	2,671	1,660	4,331
Disposals	-	-	-	-
<b>At 31 March 2020</b>	<u>265,308</u>	<u>260,192</u>	<u>1,660</u>	<u>527,160</u>
<b>Accumulated depreciation</b>				
At 1 April 2019	247,466	128,646	-	376,112
Charge for the year	6,084	29,558	-	35,642
Disposals	-	-	-	-
<b>At 31 March 2020</b>	<u>253,550</u>	<u>158,204</u>	<u>-</u>	<u>411,754</u>
<b>Net book value</b>				
<b>At 31 March 2020</b>	<u>11,758</u>	<u>101,988</u>	<u>1,660</u>	<u>115,406</u>

**10 Investments**

	<b>2020 £</b>	<b>2019 £</b>
<b>At 1 April</b>	-	1
<b>At 31 March</b>	-	-

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

**ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONT'D)**

**11 Debtors**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Rental Debtors Gross -Technical	89,157	88,499
Rental Debtors Gross - Non-technical	90,012	45,530
Provision for bad debts	<u>(53,630)</u>	<u>(53,630)</u>
Net rental (including rates, service charges)	125,539	80,399
Other Debtors	98,125	23,227
Prepayments and accrued income	282,518	47,129
Housing Association Grant receivable	<u>1,967,697</u>	<u>2,199,347</u>
	<u><b>2,473,879</b></u>	<u><b>2,350,102</b></u>

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

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Bank loans (Note 15)	232,899	220,126
Rent, rates and service charges received in advance	46,485	47,459
Deferred Grant (Note 14)	484,519	431,959
HAG in Advance	874,706	-
Contractors	285,236	82,334
Other creditors	666	1,267
Accruals and deferred income	498,684	510,773
Payroll cost and pension fund	31,301	28,635
Disposal proceeds fund	<u>115,793</u>	<u>115,793</u>
	<u><b>2,570,289</b></u>	<u><b>1,438,346</b></u>

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

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Bank loans (Note 15)	11,671,170	9,992,208
Housing Association Grant (Note 14)	23,741,447	21,165,966
Disposal Proceeds Fund	<u>81,177</u>	<u>-</u>
	<u><b>35,493,794</b></u>	<u><b>31,158,174</b></u>

**ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONT'D)**

**14 Deferred Grant – Housing Association Grant**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Housing Association Grant</b>		
At 1 April 2019	25,396,847	22,090,165
Additions	3,025,087	3,438,117
Disposals	<u>(106,111)</u>	<u>(131,435)</u>
<b>At 31 March 2020</b>	<b><u>28,315,823</u></b>	<b><u>25,396,847</u></b>
<b>Amortisation</b>		
At 1 April 2019	3,798,922	3,555,238
Released in year	364,646	352,247
Disposals	<u>(73,711)</u>	<u>(108,563)</u>
<b>At 31 March 2020</b>	<b><u>4,089,857</u></b>	<b><u>3,798,922</u></b>
<b>Net book value</b>		
<b>At 31 March 2020</b>	<b><u>24,225,966</u></b>	<b><u>21,597,925</u></b>
<b>Released within one year</b>	484,519	431,959
<b>Released after more than one year</b>	<u>23,741,447</u>	<u>21,165,966</u>
	<b><u>24,225,966</u></b>	<b><u>21,597,925</u></b>

**15 Loans**

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

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Bank loans - Housing property and other loans</b>		
Less than one year	232,899	220,126
Between one and two years	244,405	231,149
Between two and five years	769,367	856,469
After more than five years	<u>10,657,398</u>	<u>8,904,590</u>
	<b><u>11,904,069</u></b>	<b><u>10,212,334</u></b>

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

Unamortised finance costs of £149,328 (2019 - £188,166) associated with the secured loan are held against the outstanding balance measured at amortised cost using the effective interest method in accordance with FRS 102 Section 11.

**ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONT'D)**

**16 Retirement Benefits**

The Association's pension scheme forms part of the total fund administered by NILGOSC. Ark has contributed at a rate of 20% of pensionable salaries, this rate decreases to 19.5% in the next financial year. Members have paid contributions at varying rates up to 8.50%.

Formal valuations are carried out at regular intervals by independent professionally qualified actuaries. The last formal valuation was carried out as at 31 March 2019.

**Assumptions**

	<b>2020</b>	<b>2019</b>	<b>2018</b>
Rate of salary increase	3.50%	3.60%	3.50%
Pension increases in payment	2.00%	2.10%	2.00%
Discount rate	2.30%	2.50%	2.60%
Pension accounts revaluation rate	2.00%	2.10%	2.00%

**Mortality Rates**

	<b>2020 (Years)</b>	<b>2019 (Years)</b>
Male - current pensioners	21.8	22.6
Male - future pensioners	23.2	24.3
Female - current pensioners	25.0	24.9
Female - future pensioners	26.4	26.7

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

	<b>2020 (£000s)</b>	<b>2019 (£000s)</b>
Equities	1,202	1,828
Government bonds	736	507
Property	282	344
Corporate bonds	355	215
Other	113	95
Cash	133	84

**Reconciliation of funded status to balance sheet**

	<b>2020 (£000s)</b>	<b>2019 (£000s)</b>
Fair value of assets	2,821	3,073
Present value of scheme liabilities	<u>(3,954)</u>	<u>(3,783)</u>
Deficit in scheme	(1,133)	(710)
Related deferred tax liability	-	-
Net pension deficit	<u>(1,133)</u>	<u>(710)</u>

**ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONT'D)**

**16 Retirement Benefits(continued)**

**Income and expenditure impact**

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

	<b>2020</b> <b>(£000s)</b>	<b>2019</b> <b>(£000s)</b>
Current service cost	243	211
Past service cost	28	-
Interest on net liability	<u>16</u>	<u>17</u>
Income Statement Total	<u>287</u>	<u>228</u>
Asset (losses)/gains arising in the period	(425)	128
Liability gains/(losses) arising in the period	<u>159</u>	<u>(20)</u>
Other Comprehensive Income Statement Total	<u>(266)</u>	<u>108</u>

**Changes to the present value of obligations**

	<b>31 March 2020</b> <b>(£000s)</b>	<b>31 March 2019</b> <b>(£000s)</b>
Opening obligation	3,783	3,429
Current service cost	243	211
Past service cost	28	-
Interest expense on obligations	94	90
Contributions by participants	42	40
Actuarial (gain)/loss on liabilities	(159)	20
Net benefits paid out	<u>(77)</u>	<u>(7)</u>
Closing obligation	<u>3,954</u>	<u>3,783</u>

**Changes to the fair value of assets**

	<b>31 March 2020</b> <b>(£000s)</b>	<b>31 March 2019</b> <b>(£000s)</b>
Opening fair value of assets	3,073	2,720
Interest income on assets	78	73
Remeasurement (losses)/gains	(425)	128
Contributions by employer	130	119
Contributions by participants	42	40
Net benefits paid out	<u>(77)</u>	<u>(7)</u>
Closing fair value of assets	<u>2,821</u>	<u>3,073</u>

**ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONT'D)**

**16 Retirement Benefits (continued)**

**Actual return on assets**

	<b>31 March 2020</b> <b>(£000s)</b>	<b>31 March 2019</b> <b>(£000s)</b>
Interest income on assets	78	73
Remeasurement (losses)/gains	<u>(425)</u>	<u>128</u>
Actual return on assets	<u><u>(347)</u></u>	<u><u>201</u></u>

**17 Called up share capital**

	<b>2020</b> <b>£</b>	<b>2019</b> <b>£</b>
<b>Ordinary shares of £1 each, fully paid</b>		
At 1 April 2019	20	25
Allotted during the year	5	2
Transfer to capital reserve	<u>(3)</u>	<u>(7)</u>
<b>At 31 March 2020</b>	<u><u>22</u></u>	<u><u>20</u></u>

**18 Capital reserve**

	<b>2020</b> <b>£</b>	<b>2019</b> <b>£</b>
At 1 April 2019	22	15
Transfer from share capital	<u>3</u>	<u>7</u>
<b>At 31 March 2020</b>	<u><u>25</u></u>	<u><u>22</u></u>

**19 Revenue reserve**

	<b>2020</b> <b>£</b>	<b>2019</b> <b>£</b>
At 1 April 2019	4,118,822	3,753,454
Surplus for the year	379,309	360,862
Actuarial (loss)/gain	(266,000)	108,000
Transfer to DPF	(81,177)	(115,793)
Transfer from tenants' fund	<u>31,854</u>	<u>12,299</u>
<b>At 31 March 2020</b>	<u><u>4,182,808</u></u>	<u><u>4,118,822</u></u>

**20 Restricted reserve**

	<b>2020</b> <b>£</b>	<b>2019</b> <b>£</b>
At 1 April 2019	-	-
Transferred in year	<u>-</u>	<u>-</u>
<b>At 31 March 2020</b>	<u><u>-</u></u>	<u><u>-</u></u>

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



**ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONT'D)**

**21 Contingent liabilities**

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

**22 Commitments**

*Capital Commitments*

Capital commitments amounting to £8,933,749 (2019 - £1,849,645) have been contracted for as at 31 March 2020. These commitments will be financed through a combination of HAG, loans and the Association's reserves.

*Operating Lease Commitments*

At the year end the Association had total commitments under operating leases expiring in less than 5 years of £22,500 (2019 - £58,500).

**23 Related party disclosures**

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

**24 Note to the Cash Flow Statements**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Net cash inflow from operating activities</b>		
Operating surplus for the year	902,357	740,273
Depreciation of tangible fixed assets	621,481	592,338
Amortisation of grant	(364,646)	(352,247)
Components written off	5,392	-
Movement in debtors	(260,735)	57,110
Movement in creditors less than one year	<u>261,658</u>	<u>33,110</u>
	<u><b>1,165,507</b></u>	<u><b>1,070,584</b></u>

**25 Analysis of changes in net debt**

	<b>2019</b>	<b>Cash flows</b>	<b>Other Non-Cash changes</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Long-term borrowings	(9,992,208)	(1,660,376)	(18,586)	(11,671,170)
Short-term borrowings	<u>(220,126)</u>	<u>7,479</u>	<u>(20,252)</u>	<u>(232,899)</u>
Total liabilities	<u>(10,212,334)</u>	<u>(1,652,897)</u>	<u>(38,838)</u>	<u>(11,904,069)</u>
Cash and cash equivalents	<u>715,625</u>	<u>373,381</u>	<u>-</u>	<u>1,089,006</u>
Total net debt	<u>(9,496,709)</u>	<u>(1,279,516)</u>	<u>(38,838)</u>	<u>(10,815,063)</u>