



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 2023

ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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**ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED
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BOARD OF MANAGEMENT & ADVISORS

Board of Management

Mr Tom Doran	(Chair)
Mr Ian McAvoy	(Vice-Chair)
Ms Nicole Mulholland	
Ms Deborah Reynolds	
Ms Sara McClintock	
Mr Kevin McElroy	(Ended 23 May 2022)
Ms Denise Burns	
Ms Catherine Blackbourne	
Mr Ward Erwin	
Mr Robert Hutchinson	(Appointed 5 September 2022)
Ms Chi Ting Yip	(Appointed 5 September 2022)

Chief Executive & Company Secretary

Mr James P McShane

Registered Office

Unit 1, Hawthorn Office Park
43 Stockmans Way
Belfast
BT9 7ET

Registered under the Co-Operative and Community Benefit Societies Act (Northern Ireland) 1969 No IP00306
Registered with the Department for Communities (NI) R50
Registered with the Charity Commission for Northern Ireland NIC104547

Solicitors

Edwards & Co
28 Hill Street
Belfast
BT1 3LR

Independent Auditors

GMCG Belfast
19 Alfred Street
Belfast
BT2 8EQ

Bankers

Danske Bank
Donegall Square West
Belfast
BT1 6JS

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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 2023 for Ark Housing Association Northern Ireland Limited (the “Association”).

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 principal 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;
- Providing a Floating Support Service to the wider community
- 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 | - Forward thinking, supporting change and transformational |
| Respect | - Treat everyone with dignity & esteem |
| Integrity | - Maintain the highest professional and personal standards |
| Diversity & Equality | - Value diversity and equality in everything we do |
| Excellence | - Strive to deliver the highest standards of quality and customer care |

We currently own 717 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.

Board of Management

The Association is governed by a voluntary Board, which during the year, consisted of 11 persons with a wide range of skills and experience. The gender balance of the Board during 2022-2023 was 55% female, 45% 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.

Board/Committees	Number of Meetings during 2022-23
Board	6
Audit, Compliance & Risk Committee	5
Performance & Investment Committee	4
Governance Committee	1
Remuneration Committee	2

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REPORT OF THE BOARD OF MANAGEMENT (CONT'D)

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 the 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.

Board 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 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
- 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 the taking of reasonable steps to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

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REPORT OF THE BOARD OF MANAGEMENT (CONT'D)

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 27 June 2022. A resolution to reappoint GMcG Group Limited will be proposed at the Annual General Meeting.

By order of the Board



Mr Tom Doran
Chair of the Board of Management

Belfast
26 June 2023

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STRATEGIC REPORT OF THE BOARD OF MANAGEMENT

Business Overview

The financial year 2022-23 marked the fourth year of our ambitious five-year plan to achieve 1,000 units of accommodation under management by March 2024. To date we have 717 completed units plus 340 units currently on site, which keeps us on track towards achieving our target.

We achieved 74 new build starts during 2022-23, against a target of 100.

We had a very strong 2022-23 year in development, with 114 completions against a target of 73.

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.

Our risk management strategy is digitised with the use of the Decisiontime Risk Management software module. We recognised that risks are an intrinsic part of the organisation and risk management, and an organisation's approach to it, can be a matter that may make or break many businesses. This tool encourages scrutiny across the spectrum of risks from day-to-day operational risks to readiness for major global events. The system creates reports that improve the quality of information that is presented and communicated to the board.

Risks identified and monitored throughout 2022/2023 include:

- Macro-Economic Climate
- Climate Emergency
- Building Fire Safety
- Tenant Welfare/Data-Led Service Provision
- Quality Data Management & Security
- Supply Chain Disruption

We completed internal audits throughout the year to provide further assurances on our internal systems, processes and controls and these included an assessment of the Association's Contract Management, Governance and Tenant Participation. All three internal audit reports returned satisfactory outcomes in the business areas examined and we were pleased to receive a satisfactory annual assurance report from our internal auditors in respect to the same.

Financial Performance

Our turnover for the financial year 2022-23 increased to over £5.5m compared to under £4.6m in 2021-22. This represents a 22% increase. This substantial increase clearly reflects the Association's strong growth strategy.

Further indication of our growth can be evidenced in the continual increase in equity.

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, exceeding budget expectations. We achieved a gross margin of 44% and a net margin of 31%, both calculated using the adjusted operating surplus and turnover.

We have a strong Balance Sheet with the cost of property fixed assets increasing by £21m from the 2021/22 financial year to almost £102m at March 2023. This increase is largely due to our investment in new homes and some expenditure in major improvements to our existing homes.

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

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. Although the ratio of current assets to current liabilities (not including short term HAG) is only 0.3:1, the Association has in place a Revolving Credit Facility of £19.5m. The delay of draw down until needed minimises loan interest repayments.

In spite of our £21m increase in Property Fixed Assets during the year, our bank loan balances decreased by £9m due to paying back part of the Revolving Credit Facility with on-site grants received. This allowed the Association to reduce its gearing ratio from 36% at March 2022 to only 19% at March 2023. This extremely low gearing, well below the bank's maximum 50% range, affords the Association capacity for continued growth.

The Association is also in a very fortunate position to have 72% of its loans fixed at very competitive rates. In today's market of high inflation and high interest rates this is very advantageous.

Loan interest is one of our largest areas of expenditure and therefore even small increases can have a significant impact on the Association's overall performance. We manage this risk in line with our Treasury Management 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 loan interest rate for the financial year was 3.3%. In the current economic climate, where the Bank of England base rate before accounting for the bank's margin, is 4.25%, an average of 3.3% interest rate is very positive for the Association.

Safeguarding

The welfare of adults and children is of utmost importance to us, and we are committed to practices that reduce risk and promote safeguarding. Our staff recognise their responsibilities and are committed to adhering to the policies and procedures in place. We recognise that staff training and development is important, particularly in regard to safeguarding and our staff participated in Safeguarding training in May 2023. We continue to ensure that all new staff are provided with an overview during induction. The Association's Adult Safeguarding Champion continues to investigate and report safeguarding issues to the Association's Board, Charities Commission and Supporting People. During 2022/2023, the Board fully implemented 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 is, 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.

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. We reported 6 tenancy fraud investigations during 2022-23. 5 cases are now closed and 1 remains open.

Value for Money

We define Value for Money (VFM) as 'obtaining the maximum benefit from our assets'. It is simply not 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 for services for our tenants. Demand for services is continually 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.

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

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.

Budgetary Control

We produce annually a Financial Long-Term Business Plan, which sets out the following 5 years growth strategy and objectives and then extends for an additional 25 years to ensure the strategy's long-term financial viability, by confirming that future income streams will be sufficient to meet future expenditure. The plan identifies the financing required and demonstrates the Association's ability to repay the loans and meet banking covenants as well as measuring other important KPI's. The model is then re-run several times, testing the impact of changes to the key assumptions. The assumptions which will have the greatest impact on the forecasting are selected for testing.

In addition, we set a detailed annual budget which includes efficiency targets and improvements and acts as a control mechanism for both the Associations' income and expenditure. Performance is measured against budget throughout the financial year through monthly and quarterly Management Accounts.

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.

Our head office administration costs had an overall saving of £6k for the financial year, and it is an area where we are constantly striving to reduce the unit cost over the longer term through our growth plans. It is a difficult time to achieve cost cuts, as we are experiencing price increases in the current economic climate of high inflation. However, we continue to engage in technology to add VFM through our processes. The vast majority of our processes now are on the whole electronic, the reduction in printing and stationary costs is evidence of this.

Homeworking during the pandemic taught us how to achieve business and operational success by adapting to an increased electronic means of working and using digital platforms such as Microsoft Teams and Zoom for general communication and holding meetings. We continue to embrace these platforms, along with traditional methods, which often prove to be a saving on time and resources.

Service charges are reviewed annually. The Association constantly strives for competitive contracts to drive service costs downwards. Again, with high inflation, savings and lower costs are virtually non-existent. However, during 2022-23 the Association was successful in procuring a new Cleaning Contract, with an overall saving of over £21k, which was a big achievement in the current market. It is a saving that we were able to pass on to our tenants as a means of offsetting soaring energy costs.

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. Staff feedback is instrumental in striving to continually improve workforce performance leading to service improvement. In our most recent staff survey 92% reported that they were satisfied in their employment with 89% proud to work for us. We also invested over £37k in staff training and development.

We operate a hybrid workplace model, which has been made possible by technological advancements. As a forward-looking organisation, we wish to embrace the benefits of providing staff with a work life balance whilst also ensuring that productivity and creativity are maintained, through our Hybrid Working policy.

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

We continually ensure that we meet our equality statutory requirements under section 75 of the Northern Ireland Act. During the year we employed an average of 44 people. The gender balance was 81% female, 19% male and the Senior Executive Team comprised of 75% female, 25% male. Staff retention for the year was 86% at year end, sickness absence levels were measured at an average of 3.9% during the year.

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 delivered 114 newly completed homes at March 2023 against a target of 73, the most since the start of our 5 year growth strategy, set in 2019.

In respect to new build starts, we achieved 74, against a target of 100, during the 2022-23 financial year, giving a further boost to our strategic growth plan and demonstrating our determination to making a strong contribution to the Social Housing Development Plan.

We have currently 340 units on site, at March 2023 and we are working towards a further 142 units, which are being progressed at various stages of development, to be on site during the 2023-24 financial year.

We invested £21m in new properties and component replacements during 2022-23, being the same as in 2021-22. This equates to a Property Fixed Asset growth of 26% and a property unit growth of 19%.

To fund our development programme, we have an undrawn Revolving Credit Facility balance of £19.5m. We currently have loan balances of almost £20m, of which £14.4m is fixed, which provides protection against the current high interest rates and further potential interest rate increases.

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 recognise 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 £684k in planned maintenance and component replacements, against a budgeted spend of £658k. This demonstrates that as well as investing in new homes, we are committed to maintaining our current homes to a high quality for the well-being and comfort of our tenants.

The budget was spread across several schemes, with particularly large spends for boiler and kitchen replacements in one scheme and replacement external doors in another scheme.

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 25 home adaptations at a cost of £106k.

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. 99% of gas servicing was completed on time, with 100% of all other servicing completed in year with the exception of fixed wire testing (99%) and carbon monoxide alarms (99%).

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

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 2022/23 financial year we applied a rent increase of 4.1%, in line with September CPI plus 1%.

The overall average rent for a self-contained property during 2022/23 was £94.49, compared to the 2021/22 financial year which was £89.86.

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 on 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 2022/2023 financial year end was 8.2% which was above our KPI target of 5.5%. Of these, 6.2% were attributed to current tenants and 2% former tenants. Of the current tenants, 5.4% was identified as technical arrears, meaning those arrears would be payable in time by statutory agencies and the net current rent arrears (ie non-technical which are paid directly by tenants) equated to 0.8% 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 1.9% against a budget of 1%. The number of permanent social housing allocations made during the year was 153 (including new let and re lets) and the net average time to re-let a void property was 19.4 working days which continues to meet our KPI target.

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 2,894 repairs with 2,460 (85%) 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
Emergency	90%
Urgent	85%
Routine	87%

Our tenants have a right to feel safe and live in peace in their community, and therefore we adopt a proactive approach to tackling instances of Anti-Social Behaviour. During the year 70% of all Anti-Social Behaviour cases had been closed and successfully resolved and when asked about how satisfied they were that their neighbourhood was a safe place to live, 81% of our tenants who completed the tenant satisfaction survey indicated that they were either very or satisfied.

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

We are committed to meaningful tenant participation and ensuring that our tenants are offered opportunities to have a say in and shape our services. During 2022/2023 we underwent an accreditation process with Supporting Communities and were pleased to be awarded Upper Bronze status. In addition to this we facilitated 76 activities with 671 tenants attending these events. We saw 12% of new tenants participating in one or more of these engagement activities. 27% of tenants participated in consultation events and 21% signed up to the menu of involvement register.

During 2022/2023 the Tenants Forum met 4 times and as part of the work for the year, undertook a review of the Anti-social Behaviour Policy, the Forum Terms of Reference and reviewed the tenant satisfaction survey and agreed how this should be undertaken. The Forum also engaged with Supporting Communities as part of the accreditation process.

Ark Housing are committed to the promotion and provision of shared housing and have been supported by the Department for Communities and the Northern Ireland Housing Executive's 'Housing For All Programme'.

During 2022/2023 our Shared Housing Programme has expanded to include two new housing developments. This brings our shared housing programme to a total of six developments, with a total budget of over £1.8m over 5 years, which include:

Ogle Street, Armagh
Causeway Rd, Newcastle
Malone Mews, Belfast
Hillsborough Rd, Lisburn
Frances Street, Newtownards
Quarry Rd, Newtownards

As part of the Housing For All programme, our Communities team have developed good relations plans across our schemes and In 2022/2023, 62% of tenants in our housing for all schemes participated in good relations activities.

We continually use feedback from our tenants to increase levels of satisfaction. In 2022/2023 we undertook our annual tenant satisfaction survey.

The results from the survey show that:

- 77% of tenants satisfied with the overall service provided by the Association
- 81% satisfied with the standard of their home
- 78% believe rent to be value for money
- 71% believe service charges to be value for money
- 67% are satisfied with repairs and maintenance

Complaints

We welcome complaints as a means of learning and being able to continuously improve. In 2022/2023, 13 formal complaints were received. 97% of these complaints were resolved on time and the overall average days to investigate and respond to our complaints was 17.7 days. All complaints were resolved satisfactorily, with 92% being resolved at stage 1 and those moved to stage 2 were all resolved at that stage, with no complaints progressed to the Ombudsman.

Homeless Services

Our new Floating Support team is now fully staffed, and the team continue to make significant progress in delivering against the key requirements of this service. We continue to see a positive increase in client referrals to our Floating Support service, with 128 clients in receipt of support at the end of March 2023.

Along with the Floating Support services, we continue to deliver on a range of community and tenant participation activities which has had a positive impact on the families we support as well as the wider community. In 2022/2023 our floating support service was nominated for and won the Aisling Award for 'Connected Health, Community Building' for our community engagement programme.

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

We were also very pleased to secure additional funding from Council for the Homeless NI, Lottery Funding and a Cash for Kids grant. The various pots of money have allowed us to provide much needed food vouchers during the cost of living crisis. We were also able to provide help to families setting up home to purchase some household items. And through the Ark Creative Communities project, it allowed families, to engage and participate in various activities through the medium of music, theatre, drama and art.

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.

Our KPI's link directly to our strategic themes and quarter 4 results, ie March 2023, along with comparative from March 2022, are set out below:

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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-23	Mar-22
Employee Investment						
Learning & Development Budget % Spent vs Budget	6 Monthly	<75%	75% - 84%	>85%	130%	56%
% Employees Receiving Learning & Development Opportunities	6 Monthly	<90%	90% - 99%	100%	100%	100%
% Staff Receiving Performance Coaching	6 Monthly	<90%	90% - 99%	100%	100%	100%
Performance						
% Employee Retention	Quarterly	<80%	80% - 89%	>90%	86%	91%
% Employee Sickness Absence	Quarterly	>6%	5% - 6%	<5%	3.9%	3.8%
Employee Perceptions						
Staff feel satisfied with Ark Housing as a place to work	Annually	<70%	70% - 75%	>75%	92%	83%
Staff feel motivated, engaged & satisfied	Annually	<70%	70% - 75%	>75%	78%	72%
Staff feel recognised and rewarded	Annually	<70%	70% - 75%	>75%	70%	66%
Staff enjoy a healthy work-life balance	Annually	<70%	70% - 75%	>75%	78%	79%
Staff feel empowered and valued	Annually	<70%	70% - 75%	>75%	78%	73%

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

Corporate theme 2 – Better Homes, Greater Diversity

Corporate Theme 2 - BETTER HOMES, GREATER DIVERSITY					
Key Performance Indicators				Results	
Description	Indicator Range			Mar-23	Mar-22
Development & Acquisition					
Number of Units Started	<100	100 - 150	>150	74	186
Number of Units Completed	<80	80 - 134	>135	114	68
Stock Growth Rate	<15%	15% - 24%	>25%	19%	11%
Compliance, Health & Safety					
% schemes with up to date fire alarm servicing	<90%	90% - 99%	100%	100%	100%
% applicable properties with up to date gas safety cert	<95%	95% - 99%	100%	98.9%	99%
% applicable properties with carbon monoxide alarms	<95%	95% - 99%	100%	98.9%	98%
% all properties with up to date heating servicing	<95%	95% - 99%	100%	100%	99%
% schemes with up to date Fire Risk Assessment	<95%	95% - 99%	100%	100%	100%
% schemes with up to date legionella compliance	<95%	95% - 99%	100%	100%	100%
% schemes with quarterly environmental inspection	<95%	95% - 99%	100%	100%	100%
% schemes with up to date lift servicing inspection	<90%	90% - 99%	100%	100%	100%
% properties with up to date 5-year fixed wire testing	<80%	80% - 99%	100%	99.6%	95%
Disability Adaptations & Access					
% adaptation works orders completed within target	<70%	70% - 79%	>80%	56%	63%
% adaptations processed within DfC target timeframe	<70%	70% - 79%	>80%	68%	88%
% tenants satisfied with disability adaptation service	<70%	70% - 79%	>80%	95%	100%
% Adaptation grant Claims	<100%	-	100%	100%	
Planned & Cyclical Maintenance					
% of planned & cyclical schemes completed on time	<80%	80% - 90%	>90%	100%	50%
% tenants satisfied with planned maintenance	<70%	70% - 79%	>80%	94%	86%

**ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

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

Corporate Theme 3 – Engaged Communities, Greater Impact

Corporate Theme 3 - ENGAGED COMMUNITIES, GREATER IMPACT					
Key Performance Indicators				Results	
Description	Indicator Range			Mar-23	Mar-22
Tenant & Community Engagement					
Tenant Engagement (Digital & Physical Engagements)	<6%	6% - 9%	>10%	12%	27%
Tenant Engagement (Sheltered & Supported)	<20%	20% - 29%	>30%	16%	53%
Tenant Engagement (General Needs)	<6%	6% - 9%	>10%	11%	22%
Tenant Engagement (Homeless)	<20%	20% - 29%	>30%	30%	30%
Tenant Engagement (Service & Policy Consultations)	<6%	6% - 9%	>10%	27%	7%
Tenant Engagement (Satisfaction Survey)	<20%	20% - 29%	>30%	30%	40%
Tenant Engagement (Menu of Involvement Register)	<6%	6% - 9%	>10%	21%	6%
Tenant Engagement (TBUC Events)	<25%	25% - 39%	>40%	62%	60%

ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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

Corporate Theme 4 – Service Excellence, Satisfied Customers

Description	Indicator Range			Mar-23	Mar-22
Repairs Service					
% Overall Repairs Performance	<70%	70% - 79%	>80%	85%	93%
% Emergency repairs completed within target	<76%	76% - 84%	>85%	90%	97%
% Urgent repairs completed within target	<70%	70% - 79%	>80%	85%	88%
% Routine repairs completed within target	<70%	70% - 79%	>80%	87%	95%
Average Repair Time	>10 days	8 - 10 days	<8 days	4.0	5.25
Allocations & Lettings Performance					
%Average Occupancy Rate (Total Stock)	<94%	94% - 95%	>96%	98%	98%
%Total Void Units (Snapshot)	>4%	3% - 4%	<3%	2.9%	1.48%
Average Relet Time	>25 days	21 - 25 days	<20 days	19.7	17
%Relet Performance	<70%	70% - 79%	>80%	55%	80%
Average New Let Time	>5 days	1 - 5	0 days	5.6	1.9
%First Time Let Performance	<70%	70% - 79%	>80%	67%	70%
%Allocations (Transfers vs General Applicants)	>5% + / -	5% + / -	15% - 45%	26%	27%
%Tenancy Fraud Prevalence	>2%	1% - 2%	<1%	0.41%	0.49%
Tenant Satisfaction					
Anti-social Behaviour Prevalence	>4%	3% - 4%	<3%	0.83%	4%
Anti-social Behaviour Performance	<55%	55% - 69%	>70%	70%	84%
Anti-social Behaviour Satisfaction	<75%	75% - 84%	>85%	81%	
Overall Customer Satisfaction Rate	<75%	75% - 84%	>85%	77%	80%
Overall Repairs Satisfaction	<75%	75% - 84%	>85%	67%	76%
Overall Quality of Home Satisfaction	<75%	75% - 84%	>85%	81%	80%
Rent - Value For Money Satisfaction	<75%	75% - 84%	>85%	78%	80%
Service Charge - VFM satisfaction	<75%	75% - 84%	>85%	71%	75%
Satisfaction Rate (Homeless Services)	<75%	75% - 84%	>85%	91%	75%
Formal Complaints Prevalence	>4%	3% - 4%	<3%	1.8%	1%
Formal Complaints (1st Stage Resolution)	<70%	70% - 79%	>80%	92%	90%
Formal Complaints (2nd Stage Resolution)	<70%	70% - 79%	>80%	100%	100%
Formal Complaints (Ombudsman)	>5%	4% - 5%	<4%	0%	0%
Homeless Services Capacity	<70%	70% - 79%	>80%	64%	37%
Homeless Services Throughput (Floating Support)	<30%	30% - 50%	>50%	51%	33%
Homeless Services Throughput (Accommodation)	<50%	50% - 100%	>100%	63%	54%
Supporting People Outcomes	<70%	70% - 80%	>80%	80%	80%

ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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	Indicator Range for 2022 - 2023			Mar-23	Mar-22
Banking					
Insolvency - Current Ratio	<0.8	0.8 - 0.99	>1	0.3	5.1
Bank Covenant Interest Cover (Ulsterbank)	<1.25	1.25	>1.25	2.1	3.4
Gearing Ratio	>50%	50%	<50%	19%	36%
Average Interest Rate	>3.5%	3% - 3.5%	<3%	3.3%	1.7%
Performance					
Gross Margin	<39%	39% - 41.9%	>42%	43%	44%
Net Margin	<24%	24% - 26.9%	>27%	30%	24%
Return on Capital Employment	<1%	1% - 1.39%	>1.4%	2%	1.5%
Management cost per unit	>£750	£680-£750	<£680	£646	£745
Maintenance cost per unit	>£1,075	£974 - £1,075	<£974	£820	£882
Major Repairs cost per unit	<£980	£935-£980	>£935	£1,130	
Income Management					
Rent & Other Charges Collected	<96%	96% - 97%	>98%	99%	100%
Total Arrears (% against income debits)	>5.75%	5.5% - 5.75%	<5.5%	8.2%	6.8%
Current Tenant Rent Arrears (% against income debits)	>4.5%	4.0% - 4.5%	<4%	6.2%	4.9%
Former Tenant Rent Arrears (% against income debits)	>1.75%	1.5% - 1.75%	<1.5%	2.0%	1.9%
Current Tenant (Technical Arrear) %	>2.8%	2.5%-2.8%	<2.5%	5.4%	4.5%
Current Tenant (Net Arrear) %	>1.7%	1.5% - 1.7%	<1.5%	0.8%	0.3%
Non Technical Arrears/Non-Technical Income	>5%	5%	<5%	3%	1%
Void Loss (% against income debits)	>1.7%	1.4% - 1.7%	<1.4%	1.9%	1%

By order of the Board



Mr James McShane
Company Secretary

Belfast
 26 June 2023

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED FOR THE YEAR ENDED 31 MARCH 2023

We have audited the financial statements of Ark Housing Association Northern Ireland Limited (the 'Association') for the year ended 31 March 2023 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 2023 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 Act (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

In auditing the financial statements, we have concluded that the Board's 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 with respect to going concern are described in the relevant sections of this report.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED FOR THE YEAR ENDED 31 MARCH 2023

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 is responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 Act (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 3, 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 2023

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.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing potential risks of material misstatement in respect of irregularities, including fraud and non-compliances with laws and regulations, we considered the following:

- The nature of the industry and sector, control environment and business performance, including the Association's remuneration policies for directors, bonus levels and performance targets, if any;
- Results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- Any matters we identified having obtained and reviewed the Association's documentation of their policies and procedures relating to;
- Identifying, evaluating and complying with laws and regulations and whether they were aware of any instance of non-compliance;
- Detecting and responding to the risks of fraud and whether they have and knowledge of any actual, suspected or alleged fraud; and
- The internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- The matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the Association for fraud and identified the greatest potential for fraud in revenue recognition. In common with all audits under ISAs (UK), we also perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Association operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969, the Registered Housing Associations (Accounting Requirements) Order (Northern Ireland) 1993 and the Statement of Recommended Practice for Social Housing Providers 2018.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED FOR THE YEAR ENDED 31 MARCH 2023

Extent to which the audit was considered capable of detecting irregularities, including fraud (cont'd)

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Association's ability to operate or to avoid a material penalty.

Audit response to risks identified

Our procedures to respond to the risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Enquiring of management concerning actual and potential litigation and claims;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reading minutes of meetings of those charged with governance and reviewing correspondence with tax authorities; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as they may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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. This description forms part of our auditors' report.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED FOR THE YEAR ENDED 31 MARCH 2023

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 Act (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: 26 June 2023

ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £	2022 £
Turnover	2	5,570,707	4,564,915
Operating costs	2	(3,933,896)	(3,303,923)
Other Income		-	119,272
Gain/(Loss) on disposal of housing properties		13,908	-
Operating Surplus	7	1,650,719	1,380,264
Interest receivable and similar income	5	8,387	800
Interest payable and similar charges	6	(654,018)	(507,805)
Other finance costs	15	(34,000)	(34,000)
Additional Pension Service Costs	15	(260,000)	(287,000)
Surplus on ordinary activities		711,088	552,259
Actuarial (loss)/gain on pension scheme		1,755,000	647,000
Total comprehensive income for the year		<u>2,466,088</u>	<u>1,199,259</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.

Turnover includes £133,724 house sales income.

Operating costs include a transfer to Disposal Proceeds Fund of £119,816

ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £	2022 £
Surplus for the financial year		711,088	552,259
Actuarial gain on pension scheme	15	1,755,000	647,000
Issued share capital in year	16	<u>2</u>	<u>-</u>
Net changes in capital and reserve		2,466,090	1,199,259
Opening restricted reserve		98,100	7,768
Opening revenue reserve		5,364,060	4,255,133
Opening Capital	16,17	<u>50</u>	<u>50</u>
Closing total capital and reserves		<u><u>7,928,300</u></u>	<u><u>5,462,210</u></u>

ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Note	2023 £	2022 £
FIXED ASSETS			
Housing properties - depreciated cost	8	93,650,699	73,756,325
Other tangible fixed assets	9	897,389	953,326
		<u>94,548,088</u>	<u>74,709,651</u>
NON CURRENT ASSETS			
Pension	15	82,000	-
CURRENT ASSETS			
Debtors	10	1,773,846	17,188,760
Cash at bank and in hand		1,254,295	4,791,421
		<u>3,028,141</u>	<u>21,980,181</u>
Creditors: amounts falling due within one year	11	(13,142,186)	(5,163,650)
Net Current (Liabilities)/Assets		<u>(10,114,045)</u>	<u>16,816,531</u>
Total Assets Less Current Liabilities		<u>84,516,043</u>	<u>91,526,182</u>
CREDITORS: amounts falling due after more than one year			
Creditors	12	(76,587,743)	(84,684,972)
Pension deficit		-	(1,379,000)
		<u>(76,587,743)</u>	<u>(86,063,972)</u>
NET ASSETS		<u>7,928,300</u>	<u>5,462,210</u>
Capital and Reserves			
Called up share capital	16	11	9
Capital reserve	17	41	41
Restricted reserves	19	142,582	98,100
Revenue reserve	18	7,785,666	5,364,060
TOTAL FUNDS		<u>7,928,300</u>	<u>5,462,210</u>

An undrawn Revolving Credit Facility balance of £19.5m is in place.

The financial statements on pages 21 to 42 were approved by the Board of Management on 26 June 2023 and were signed on its behalf by

Chair of the Board of Management

Mr Tom Doran



Company Secretary

Mr James McShane



Board Member

Ms Denise Burns



ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £	2022 £
Net cash generated from operating activities	23	5,123,078	(494,648)
Cash flow from Investing activities			
Purchase of housing properties		(21,382,826)	(19,553,872)
Purchase of other fixed assets		(30,666)	(307,942)
House Sale		200,959	-
Capital grants received		22,604,598	9,635,815
		<u>1,392,065</u>	<u>(10,225,999)</u>
Cash flow from financing activities			
Loan principal repayments		(390,673)	(215,293)
Loan repayments/advances received		(9,000,000)	14,500,000
Shares		2	-
Interest Paid		(669,985)	(507,805)
Interest Received		8,387	800
Net cash from financing activities		<u>(10,052,269)</u>	<u>13,777,702</u>
Net (decrease)/increase in cash		<u>(3,537,126)</u>	<u>3,057,055</u>
Cash and cash equivalents at the beginning of the year		<u>4,791,421</u>	<u>1,734,366</u>
Cash and cash equivalents at the end of the year		<u><u>1,254,295</u></u>	<u><u>4,791,421</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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 Unit 1, Hawthorn Office Park, 43 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%.

Depreciation is charged on a straight-line basis for the new office over 30 years.

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.

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	10/15 years
Heating system	30 years
Windows and doors	35 years
Electrics	35 years

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONT'D)

1 Accounting Policies (Cont'd)

1.5 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.

1.6 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.

1.7 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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONT'D)

1 Accounting Policies (Cont'd)

1.11 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.

1.12 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.

1.13 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 2023 (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.

1.4 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.

The annual depreciation charge on fixed assets depends primarily on the estimated lives of each type of asset and estimates of residual values. The asset lives are regularly reviewed and are changed as necessary to reflect current thinking on remaining lives in light of prospective economic utilisation and physical condition of the assets concerned. Changes in asset lives can have a significant impact on depreciation and amortisation charges for the period. Details of the useful lives is included in the accounting policies.

ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONT'D)

2 Turnover, operating costs and operating surplus

	2023			2022			
	Operating Turnover	Operating Costs	Operating Surplus/ (deficit)	Operating Turnover	Operating Costs	Other Operating Income	Operating Surplus/ (deficit)
	£	£	£	£	£		£
Social Housing Activities	4,852,000	3,246,092	1,605,908	3,801,106	2,637,844	119,272	1,282,534
Non-Social Housing Activities	852,431	807,620	44,811	763,809	666,079	-	97,730
Total	5,704,431	4,053,712	1,650,719	4,564,915	3,303,923	119,272	1,380,264

Income from Social Housing

	Property Revenue	Sheltered	Supported	2023 Total Social Housing
	£	£	£	£
Rent receivable	3,040,615	267,567	295,459	3,603,641
Service Charges Receivable	230,282	117,618	167,673	515,573
Support Charges and other	-	32,807	-	32,807
Other Operating Income	133,724	-	-	133,724
Gross Income	3,404,621	417,992	463,132	4,285,745
Voids	(39,924)	(9,786)	(27,037)	(76,747)
Net Income	3,364,697	408,206	436,095	4,208,998
Grant released	517,975	29,807	95,220	643,002
Total Income	3,882,672	438,013	531,315	4,852,000

Operating Costs

Services	183,058	98,231	125,072	406,361
Support	-	28,655	-	28,655
Rates Payable	371,057	42,333	-	413,390
Insurance	104,135	8,763	15,693	128,591
Management Costs	295,164	53,022	65,468	413,654
Maintenance Administration Costs	249,430	-	-	249,430
Planned and Cyclical Maintenance	61,339	16,166	26,018	103,523
Reactive Maintenance	180,669	25,461	43,187	249,317
Gardening	21,769	3,549	13,803	39,121
Component Disposals	18,793	19,201	4,000	41,994
Depreciation	861,785	68,875	121,580	1,052,240
Bad Debts	-	-	-	-
Other	119,816	-	-	119,816
Total Operating Costs	2,467,015	364,256	414,821	3,246,092

Operating Surplus

1,605,908

ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONT'D)

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

Income from Social Housing

	Property Revenue	Sheltered	Supported	2022 Total Social Housing
	£	£	£	£
Rent receivable	2,383,125	255,102	277,657	2,915,884
Service Charges Receivable	127,253	108,033	158,098	393,384
Support Charges and other	-	28,795	7,194	35,989
Other Operating Income	<u>119,272</u>	<u>-</u>	<u>-</u>	<u>119,272</u>
Gross Income	2,629,650	391,930	442,949	3,464,529
Voids	<u>(14,560)</u>	<u>(10,836)</u>	<u>(16,890)</u>	<u>(42,286)</u>
Net Income	2,615,090	381,094	426,059	3,422,243
Grant released	<u>372,592</u>	<u>32,241</u>	<u>93,302</u>	<u>498,135</u>
Total Income	2,987,682	413,335	519,361	3,920,378

Operating Costs

Services	103,178	89,079	127,133	319,390
Support	-	23,867	-	23,867
Rates Payable	293,472	40,849	-	334,321
Insurance	75,418	7,380	13,398	96,196
Management Costs	316,813	51,526	63,993	432,332
Maintenance Administration Costs	239,879	-	-	239,879
Planned and Cyclical Maintenance	62,725	20,622	11,050	94,397
Reactive Maintenance	154,088	34,032	28,161	216,281
Gardening	13,035	4,823	9,165	27,023
Component Disposals	16,729	7,028	2,091	25,848
Depreciation	645,882	64,100	118,328	828,310
Bad Debts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Costs	<u>1,921,219</u>	<u>343,306</u>	<u>373,319</u>	<u>2,637,844</u>

Operating Surplus

1,282,534

ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONT'D)

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

	Property Revenue	Sheltered	Supported	2023 Total Social Housing
	£	£	£	£
Technical	2,289,628	370,166	416,819	3,076,613
Non-technical	981,269	15,019	46,313	1,042,601
Total	<u>3,270,897</u>	<u>385,185</u>	<u>463,132</u>	<u>4,119,214</u>

	Property Revenue	Sheltered	Supported	2022 Total Social Housing
	£	£	£	£
Technical	1,840,755	344,978	392,179	2,577,912
Non-technical	788,895	18,157	43,576	850,628
Total	<u>2,629,650</u>	<u>363,135</u>	<u>435,755</u>	<u>3,428,540</u>

DFC Allowances

	2023 £	2022 £
Management Allowances	222,552	178,200
Management Costs	(268,018)	(301,661)
Deficit	<u>(45,466)</u>	<u>(123,461)</u>

Maintenance Allowances	260,768	208,800
Planned and cyclical maintenance	(61,339)	(60,838)
Reactive Maintenance	(180,669)	(154,088)
Surplus/Deficit	<u>18,760</u>	<u>(6,126)</u>

ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONT'D)

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

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

	2023	2022
	£	£
Income	852,431	763,809
Total	<u>852,431</u>	<u>763,809</u>
Operating Costs		
Management Services	807,620	666,079
Total	<u>807,620</u>	<u>666,079</u>
Operating surplus	<u><u>44,811</u></u>	<u><u>97,730</u></u>

Housing Stock

	2023	2022
	£	£
Number of units owned on 31 March		
General needs housing	562	450
Supported Housing	57	57
Sheltered Housing	74	74
Homeless	24	24
	<u><u>717</u></u>	<u><u>605</u></u>

3 Board Members' emoluments

Board members act in a voluntary capacity and as such, none were in receipt of emoluments during the financial year. Three members were reimbursed expenses totalling £216 during the year. (2022 - nil).

ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONT'D)

4 Employee information

	2023	2022
Average monthly number of persons employed during the financial year by activity:		
Office	23	20
Support Staff	<u>21</u>	<u>24</u>
	<u>44</u>	<u>44</u>

Staff Costs

Wages and salaries	1,046,191	935,154
Social security costs	93,885	81,066
Other pension costs	189,116	165,785
Agency costs	<u>108,297</u>	<u>29,008</u>
	<u>1,437,489</u>	<u>1,211,013</u>

Directors' Emoluments

Aggregate Emoluments	175,759	157,755
Pension contributions	<u>34,273</u>	<u>30,037</u>
	<u>210,032</u>	<u>187,792</u>

CEO's Emoluments

Aggregate Emoluments	82,713	77,076
Pension contributions	<u>16,129</u>	<u>14,788</u>
	<u>98,842</u>	<u>91,864</u>

Total Directors' Emoluments per Salary

	Number	Number
£95,000 - £100,000	1	1
£70,000 - £75,000	<u>3</u>	<u>3</u>
	<u>4</u>	<u>4</u>

5 Interest receivable and similar income

	2023	2022
	£	£
Interest receivable	<u>8,387</u>	<u>800</u>

6 Interest payable and similar charges

	2023	2022
	£	£
Loan interest repayable	<u>654,018</u>	<u>507,805</u>

ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONT'D)

7 Operating Surplus

	2023	2022
	£	£
This is stated after		
Depreciation	1,120,862	945,454
Amortisation of grant	(628,985)	(485,808)
Amortisation written off	(14,017)	(12,324)
Components written off	41,994	25,848
Operating Lease Rentals - land and buildings	-	4,512
Auditors' remuneration		
- audit services	8,580	8,580

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

	2023	2022
Cost		
At 1 April 2022	80,790,873	60,098,041
Additions	21,123,988	20,856,170
Disposals	<u>(304,191)</u>	<u>(163,338)</u>
At 31 March 2023	<u>101,610,670</u>	<u>80,790,873</u>
Accumulated depreciation		
At 1 April 2022	7,034,548	6,343,728
Charge for year	1,052,240	828,311
Disposals	<u>(126,817)</u>	<u>(137,491)</u>
At 31 March 2023	<u>7,959,971</u>	<u>7,034,548</u>
NBV at 31 March 2023	<u>93,650,699</u>	<u>73,756,325</u>
Net Book Amount Comprises:		
Completed Schemes	70,574,184	53,155,039
Schemes in Progress	<u>23,076,515</u>	<u>20,601,286</u>
	<u>93,650,699</u>	<u>73,756,325</u>

ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONT'D)

9 Other Tangible Fixed Assets

	House Furniture £	Office Fixtures & Fittings £	New Office £	Office Refurb £	2023 Total £	2022 Total £
Cost						
At 1 April 2022	22,301	111,977	606,705	309,035	1,050,018	1,137,326
Additions	-	12,685	-	-	12,685	149,793
Disposals	-	-	-	-	-	(237,101)
At 31 March 2023	<u>22,301</u>	<u>124,662</u>	<u>606,705</u>	<u>309,035</u>	<u>1,062,703</u>	<u>1,050,018</u>
Accumulated depreciation						
At 1 April 2022	22,301	23,264	20,223	30,904	96,692	216,649
Charge for the year	-	17,495	20,223	30,904	68,622	117,144
Disposals	-	-	-	-	-	(237,101)
At 31 March 2023	<u>22,301</u>	<u>40,759</u>	<u>40,446</u>	<u>61,808</u>	<u>165,314</u>	<u>96,692</u>
Net book value						
At 31 March 2023	<u>-</u>	<u>83,903</u>	<u>566,259</u>	<u>247,227</u>	<u>897,389</u>	<u>953,326</u>

	2023 £	2022 £
10 Debtors		
Rental Debtors - Gross technical	221,946	154,529
Rental Debtors - Gross non-technical	113,875	76,734
Provision for Bad Debts	(53,630)	(53,630)
Net Rental (including rates and service charges)	282,191	177,633
Other Debtors	124,870	119,653
Prepayments	75,919	2,648,494
Housing Association Grants Receivable	1,290,866	14,242,980
	<u>1,773,846</u>	<u>17,188,760</u>

11 Creditors - amounts falling due within one year

	2023 £	2022 £
Bank loans (note 14)	361,035	355,537
Rent, rates, service charges received in advance	75,907	69,680
Deferred Grant (note 13)	1,168,436	1,142,644
HAG in Advance	8,865,627	1,063,035
Contractors	336,259	55,140
Other Creditors	352,180	241,714
Accruals and Deferred Income	1,812,393	2,043,768
Payroll cost and Pension fund	50,533	41,280
Disposals proceeds fund	119,816	150,852
	<u>13,142,186</u>	<u>5,163,650</u>

ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONT'D)

12 Creditors - amounts falling due after more than one year

	2023	2022
	£	£
Bank Loans (note 14)	19,334,396	28,695,430
Housing Association Grants (note 13)	<u>57,253,347</u>	<u>55,989,542</u>
	<u><u>76,587,743</u></u>	<u><u>84,684,972</u></u>

13 Deferred Grant - Housing Association Grant

	2023	2022
Housing Association Grant		
At 1 April 2022	61,985,670	43,016,821
Additions	2,000,744	19,091,368
Disposals	<u>(171,181)</u>	<u>(122,519)</u>
At 31 March 2023	<u><u>63,815,233</u></u>	<u><u>61,985,670</u></u>
Accumulated Amortisation		
At 1 April 2022	4,853,484	4,477,873
Charge for year	628,985	485,808
Disposals	<u>(89,019)</u>	<u>(110,197)</u>
At 31 March 2023	<u><u>5,393,450</u></u>	<u><u>4,853,484</u></u>
NBV at 31 March 2023	<u><u>58,421,783</u></u>	<u><u>57,132,186</u></u>
Released within one year	1,168,436	1,142,644
Released after more than one year	<u><u>57,253,347</u></u>	<u><u>55,989,542</u></u>
	<u><u>58,421,783</u></u>	<u><u>57,132,186</u></u>

ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONT'D)

14 Loans

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

	2023	2022
	£	£
Bank loans - Housing property and other loans		
Less than one year	361,035	355,537
Between one and two years	366,835	361,035
Between two and five years	1,274,875	1,419,465
After more than five years	<u>17,692,685</u>	<u>26,914,930</u>
	<u>19,695,430</u>	<u>29,050,967</u>

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 £300,359 (2022 - £335,495) 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.

15 Retirement Benefits

The Association's pension scheme forms part of the total fund administered by NILGOSC. Ark has contributed at a rate of 19.5% of pensionable salaries. 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 2022.

Assumptions

	2023	2022	2021
	(£000s)	(£000s)	(£000s)
Rate of salary increase	4.10%	4.50%	4.20%
Pension increases in payment	2.60%	3.00%	2.70%
Discount rate	4.60%	2.70%	2.10%
Pension accounts revaluation rate	2.60%	3.00%	2.70%

Mortality Rates

	2023	2022
	(Years)	(Years)
Male - current pensioners	22.2	21.8
Male - future pensioners	23.2	23.2
Female - current pensioners	25.0	25.0
Female - future pensioners	26.0	26.4

ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONT'D)

15 Retirement Benefits(continued)

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

	2023	2022
	(£000s)	(£000s)
Equities	1,575	1,703
Government bonds	782	980
Property	400	397
Corporate bonds	103	87
Multi Asset Credit	500	520
Other	229	123
Cash	225	159

Reconciliation of funded status to balance sheet

	2023	2022
	(£000s)	(£000s)
Fair value of assets	3,814	3,969
Present value of scheme liabilities	<u>3,732</u>	<u>5,348</u>
Surplus/(deficit) in scheme	82	(1,379)
Related deferred tax liability	<u>-</u>	<u>-</u>
Net pension surplus/(deficit)	<u><u>82</u></u>	<u><u>(1,379)</u></u>

Income and expenditure impact

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

	2023	2022
	(£000s)	(£000s)
Current service cost	447	453
Past service cost	-	-
Interest on net liability	<u>34</u>	<u>34</u>
Income Statement Total	<u>481</u>	<u>487</u>
Asset (losses)/gains arising in the period	(449)	195
Liability gains/(losses) arising in the period	<u>2,204</u>	<u>452</u>
Other Comprehensive Income Statement Total	<u><u>1,755</u></u>	<u><u>647</u></u>

ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONT'D)

15 Retirement Benefits (continued)

Changes to the present value of obligations

	31-Mar-23	31-Mar-22
	(£000s)	(£000s)
Opening obligation	5,348	5,260
Current service cost	447	453
Past service cost	-	-
Interest expense on obligations	144	110
Contributions by participants	65	57
Actuarial (gain)/loss on liabilities	(2,204)	(452)
Net benefits paid out	<u>(68)</u>	<u>(80)</u>
Closing obligation	<u><u>3,732</u></u>	<u><u>5,348</u></u>

Changes to the fair value of assets

	31-Mar-23	31-Mar-22
	(£000s)	(£000s)
Opening fair value of assets	3,969	3,555
Interest income on assets	110	76
Remeasurement (losses)/gains	(449)	195
Contributions by employer	187	166
Contributions by participants	65	57
Net benefits paid out	<u>(68)</u>	<u>(80)</u>
Closing fair value of assets	<u><u>3,814</u></u>	<u><u>3,969</u></u>

Actual return on assets

	31-Mar-23	31-Mar-22
	(£000s)	(£000s)
Interest income on assets	110	76
Remeasurement (losses)/gains	<u>(449)</u>	<u>195</u>
Actual return on assets	<u><u>(339)</u></u>	<u><u>271</u></u>

ARK HOUSING ASSOCIATION NORTHERN IRELAND LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONT'D)

16 Called up Share Capital

	2023	2022
	£	£
Ordinary shares of £1 each, full paid		
At 1 April 2022	9	11
Allotted during the year	2	-
Transferred to capital reserve	-	(2)
At 31 March 2023	<u>11</u>	<u>9</u>

17 Capital Reserve

	2023	2022
	£	£
At 1 April 2022	41	39
Transferred from share capital	-	2
At 31 March 2023	<u>41</u>	<u>41</u>

18 Revenue Reserve

	2023	2022
	£	£
At 1 April 2022	5,364,060	4,255,133
Surplus for the year	666,606	461,927
Actuarial gain	1,755,000	647,000
At 31 March 2023	<u>7,785,666</u>	<u>5,364,060</u>

19 Restricted Reserve

	2023	2022
	£	£
At 1 April 2022	98,100	7,768
Surplus in year	44,482	90,332
At 31 March 2023	<u>142,582</u>	<u>98,100</u>

The restricted reserve are funds from NIHE Supporting People for specific purposes relating to sheltered and homeless services.

20 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONT'D)

21 Commitments

Capital Commitments

Capital commitments amounting to £33,610,082 (2022 - £38,145,664) have been contracted for as at 31 March 2023. 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 no commitments under operating leases (2022 - Nil).

22 Related party disclosures

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

23 Notes to the Cash Flow Statement

	2023	2022
	£	£
Net cash inflow from operating activities		
Operating surplus for the year	1,650,719	1,380,264
Depreciation of tangible fixed assets	1,120,862	945,454
Amortisation of grant	(628,985)	(485,808)
Amortisation written off	(14,017)	(12,327)
Components written off	41,994	25,848
Movement in debtors	2,497,936	(2,308,656)
Movement in creditors less than one year	454,569	(39,423)
	<u>5,123,078</u>	<u>(494,648)</u>

24 Analysis of Changes to Net Debt

	2022	Cashflows	Other non cash changes	2023
	£	£	£	£
Long-term borrowings	(28,695,430)	9,410,055	(49,020)	(19,334,395)
Short-term borrowings	<u>(355,537)</u>	<u>(19,382)</u>	<u>13,884</u>	<u>(361,035)</u>
Total Liabilities	<u>(29,050,967)</u>	<u>9,390,673</u>	<u>(35,136)</u>	<u>(19,695,430)</u>
Cash and Cash Equivalents	<u>4,791,421</u>	<u>(3,537,126)</u>	<u>-</u>	<u>1,254,295</u>
Total net debt	<u>(24,259,546)</u>	<u>5,853,547</u>	<u>(35,136)</u>	<u>(18,441,135)</u>