

**Saint John of God Housing Association clg
(A company limited by guarantee and having no share capital)**

Directors' Report and Financial Statements

Financial Year Ended 31 December 2017



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DIRECTORS AND OTHER INFORMATION

Board of Directors

Michael Murphy
Mary Condell
Patrick J Drudy
Terence Flynn (Brother Terence)
Michael Francis (Brother Michael)
John Lowe
Laurence McCabe
William Brennan-Whitmore (Brother Fintan) r.i.p (Br Fintan passed away on 19 June 2017)

Solicitors

Porter Morris & Co.
10 Clare Street
Dublin 2

Secretary and Registered Office

Ciaran Cuddihy
"Granada"
Stillorgan
Co Dublin

Bankers

Bank of Ireland
College Green
Dublin 2

Chief Executive Officer

Bernie Cadden

Investment Managers

Davy Stockbrokers
49 Dawson Street
Dublin 2

Company Number: 426952

Charity Tax Exemption Number: CHY 18279

Charity Reg Number: 20069834

Independent Auditors

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
One Spencer Dock
North Wall Quay
Dublin 1

DIRECTORS'/TRUSTEES' REPORT

The Directors present their report and the audited financial statements for the financial year ended 31 December 2017. The Directors confirm that the financial statements of the Company comply with the current statutory requirement of the companies governing documents and the provisions of the Statement of Recommended Practice for social housing providers applicable to charities preparing their financial statements in accordance with the financial reporting standard applicable in the Republic of Ireland (FRS102) hereafter denoted as the Housing SORP 2014. The Housing SORP 2014 is not yet mandatory in the Republic of Ireland and the Irish Charities Regulator has not yet prescribed accounting regulations for Irish Charities. In the absence of such prescriptive guidance, this Board has adopted the Housing SORP 2014 as it is considered best practice.

Statement of Directors' responsibilities for financial statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable Irish law.

Irish law requires the Directors to prepare financial statements for each financial year giving a true and fair view of the Company's assets, liabilities and financial position at the end of the financial year and the surplus or deficit of the Company for the financial year. Under that law, the Directors have prepared the financial statements in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and promulgated by the Institute of Chartered Accountants in Ireland and Irish law).

Under Irish law, the Directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the Company's assets, liabilities and financial position as at the end of the financial year and the surplus or deficit of the Company for the financial year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the Company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy; and
- enable the Directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Accounting records

The measures taken by the Directors to secure compliance with the Company's obligation to keep proper books of account are the use of appropriate systems and procedures and employment of competent persons. The accounting records are kept at Hospitaller House, Stillorgan, Co. Dublin.

Review of business and results

The results for the year are set out in the Statement of Comprehensive Income on page 9. The Company continues to grow income and number of tenants and is in a strong financial position at the year end.

DIRECTORS/TRUSTEES' REPORT - continued

Directors

The following served as Directors during the year (unless indicated otherwise, they served as Directors for the full year).

Michael Murphy	(Chairperson)
Mary Condell	
Patrick J. Drudy	
Terence Flynn	(Brother Terence)
Michael Francis	(Brother Michael)
John Lowe	
Laurence McCabe	
John Pepper	(resigned 6 December 2017)
William Brennan-Whitmore	(Brother Fintan) RIP (Br Fintan passed away on 19 June 2017)

Transactions involving Directors and Secretary

There are no contracts or arrangements of any significance in relation to the business of the Company in which the Directors or Secretary had any interest, as defined within the Companies Act 2014, at any time during the year ended 31 December 2017.

Principal activities and objectives

The principal activities of the Company are:

- (a) To carry on for the benefit of the community the provision of housing and associated amenities for persons in deprived or necessitous circumstances;
- (b) To provide for relief of poverty and deprivation caused by poor housing conditions and homeless or other social and economic circumstances.

Property development

In partnership with the Department of Housing, Planning and Local Government, Local Authorities, Saint John of God Housing Association clg sources capital and manages the property development of suitable accommodation, based on clients' needs, through acquiring or leasing properties, developing new builds or by refurbishing the existing housing stock. Most projects are based on recommendations derived from development plans of Saint John of God Community Services clg, which provides the support to tenants using Health Service Executive funding. The Housing Association committed to the reconfiguration of 57 units of accommodation at Cookstown Way, Tallaght, Dublin 24. The reconfiguration brought 24 new apartments into service in addition to the 21 units already occupied. The project was entirely funded from reserves at a cost of circa €1.3 million. The new apartment block was fully tenanted before the year end by South Dublin County Council nominees.

The provision of housing at Cookstown Way continues the growth of housing to persons not in receipt of support from the Saint John of God Community Services clg.

In line with the Company's strategy, negotiations have commenced regarding plans to amalgamate with a second small Housing Association that provides housing to tenants with mental health difficulties.

The Company recognises the enormous contribution of the Hospitaller Order of Saint John of God in its gift of properties during the year.

Number of tenants in residence

At year ended 31 December 2017 there were 324 tenants in residence, an increase of 31 in the year.

Housing management

Throughout 2017, the Saint John of God Housing Association clg continued to review, consolidate and improve its position as a landlord that provides quality, affordable housing. The Company's funds are not only used to buy new properties; the maintenance and refurbishment of existing stock is a big part of its operations. The Housing Management Team has continued to benefit the tenants through tenant engagements such as Neighbours' Day and other social events. Additionally, training and equipment has been successfully provided through grants and other available funding opportunities.

DIRECTORS'/TRUSTEES' REPORT - continued

Funding

Securing additional Capital Assistance (CAS) funds from the Department of Housing, Planning and Local Government to continue the development of housing for tenants has been challenging given the shortage of suitable available property, the increase in the cost of property and turnaround times between sourcing and approvals. The Housing Association secured several applications under the Department of Housing, Planning and Local Government leasing scheme. The Housing Association continues to work closely with the Department of Housing, Planning and Local Government to provide capital for the acquisition and development of housing. The Housing Association is also seeking funding through the Housing Finance Agency. During 2017, a further 17 units were provided. The Housing Association prepared a 30-year business plan and provided a copy to the Housing Agency for review. Each project is reflective of a need identified by care service providers to persons with a disability.

Principal risks and uncertainties

The principal strategic risk to the planned growth of the Saint John of God Housing Association clg is the ability of Service Providers to obtain appropriate funding in respect of the provision of supports to persons in need of housing. Other challenges include:

- (a) Capacity to accommodate residents of Saint John of God Community Services clg from inappropriate residential setting, which is in line with the National Housing Strategy 2011 – 2014 and the Health Service Executive Congregate Settings Report.
- (b) Management of the growth and development of the Company.
- (c) Attracting suitably qualified management and Board members.
- (d) The consequence of CSO reclassification of the Housing Associations is to result in the inclusion of assets on the Government Balance Sheet resulting in less available Government resources for capital expenditure.

Whilst there are many challenges for the Company in continuing housing provision, it will continue to develop and create innovative housing solutions in the changed environment. The Company has to think innovatively and find alternative solutions to finance projects. The Company has developed steadily over a number of years which has strengthened the Company's position in the sector, but also the potential to access private finance.

Structure governance and management

The Board is responsible for providing leadership, setting strategy and exercising control over the Company. It accepts that it needs to work effectively, with integrity, transparency and accountability. The Directors bring to the Board their significant professional skills, experience and decision-making abilities reflecting their broad range of views and life experiences.

The Board is committed to maintaining the highest standard of corporate governance and believes that this is essential in directing and controlling the activities of the Saint John of God Housing Association clg. It recognises that robust and transparent governance is essential to maintain credibility and trust.

There is a clear division of responsibility at the Company with the Board retaining control of major decisions, with the Chief Executive Officer responsible for devising and implementing strategy and policy decisions within the authorities delegated to her by the Board.

The Company has a comprehensive process for reporting management information to the Board and it meets regularly and as required.

On appointment, Directors receive briefing sessions and comprehensive briefing documents in order to familiarise them with the values, operations, management and governance structure of the Company.

The Board of Directors continues to work with the Housing Agency Regulation Office and plans to implement standards of governance in line with 'The Governance Code'.

Housing maintenance

In compliance with the Housing Regulatory requirements, a development team conducted an internal review of the Housing Association's properties which resulted in the drafting of a planned maintenance programme for 2017. Additionally, a stock condition review was externally commissioned.

DIRECTORS'/TRUSTEES' REPORT - continued

Legal

The Housing Association has registered all tenancies with the Residential Tenancies Board in compliance with the Residential Tenancies (Amendment) Act 2015. The Housing Association is working closely with advocacy services in preparation for the introduction of the Assisted Decision Making Act 2015.

GDPR

The Housing Association is preparing a review of all records, processes and policies in order to activate compliance with GDPR in May 2018.

Volunteering

The Housing Association is pleased to welcome its first volunteer and intends to seek to increase its members over time.

The strategic goals of the Board

- (a) To serve its current and future tenants by providing professional services that meet the needs of the residents.
- (b) To maintain and uphold the values of Saint John of God as reflected in all the Saint John of God Housing Association clg's policies, protocols and strategic endeavours.
- (c) To work in consultation with the Saint John of God Community Services clg to develop 3-year Development Plans and implement Annual Plans in each area.
- (d) To acquire additional housing in the areas of greatest need, such as for those 400 clients in congregated settings, and to ensure a personalised support service to tenants based on Needs Assessment, with support provided by Saint John of God Community Services clg.
- (e) To ensure the housing stock is maintained in accordance with best practice by introducing a 'Preventative Maintenance Programme'. Upgrading the housing stock will continue with special consideration given to energy conservation projects.
- (f) To build the Company's organisational capacity to navigate the new environment of increased risk and limited access to funding.
- (g) To meet expectations and demands of the new regulatory requirements for the Company, i.e. Department of Housing, Planning and Local Government, ECLG Voluntary Code, Residential Tenancies Act and Charities Legislation.

Attendance at Board Meetings

The attendance of the Board of Directors members at meetings and at the Finance, Audit and Risk Committee meetings is as follows:

Board member	Eligible	Attended	Finance, audit and risk committee	Eligible	Attended
Michael Murphy	6	5	John Lowe	6	5
William Brennan-Whitmore	2	1	Mary Condell	6	2
Mary Condell	6	1	Patrick J Drudy	4	4
Patrick J Drudy	6	6	Michael Francis	6	3
Terence Flynn	6	5	Laurence McCabe	6	6
Michael Francis	6	5			
John Lowe	6	4			
Laurence McCabe	6	5			
John Pepper	6	0			

Subsequent events

There were no events subsequent to the year-end that would impact on the financial statements.

DIRECTORS'/TRUSTEES' REPORT - continued

Disclosure of information to auditors

The Directors in office at the date of this report have each confirmed that:

- as far as he/she is aware, there is no relevant audit information of which the Company's statutory auditors are unaware; and,
- he/she has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers, will be re-appointed in accordance with Section 383 (2) of the Companies Act, 2014.

On behalf of the board

Michael Murphy
Director

John Lowe
Director

13 June 2018



Independent auditors' report to the members of Saint John of God Housing Association

Report on the audit of the financial statements

Opinion

In our opinion, Saint John of God Housing Association clg's financial statements:

- give a true and fair view of the Company's assets, liabilities and financial position as at 31 December 2017 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and promulgated by the Institute of Chartered Accountants in Ireland and Irish law); and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the Directors' Report and Financial Statements, which comprise:

- the Statement of Financial Position as at 31 December 2017;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Cash Flows for the year then ended;
- the Statement of Changes in Reserves; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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



Reporting on other information

The other information comprises all of the information in the Directors' Report and Financial Statements other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities for financial statements set out on page 3, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

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

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Other required reporting

Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
 - In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited.
 - The financial statements are in agreement with the accounting records.
-

Companies Act 2014 exception reporting

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of Directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

Aisling Fitzgerald
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
25 June 2018

STATEMENT OF COMPREHENSIVE INCOME
Financial Year Ended 31 December 2017

	Notes	Unrestricted funds 2017 €	Endowment funds 2017 €	Total 2017 €	Unrestricted funds 2016 €	Endowment funds 2016 €	Total 2016 €
Turnover	5	1,107,757	-	1,107,757	1,050,336	-	1,050,336
Operating expenditure		(1,179,989)	-	(1,179,989)	(1,120,944)	-	(1,120,944)
Other income	6	<u>1,202,044</u>	-	<u>1,202,044</u>	<u>1,185,377</u>	-	<u>1,185,377</u>
Operating surplus	9	1,129,812	-	1,129,812	1,114,769	-	1,114,769
Net gains on investment		40,178	-	40,178	62,066	-	62,066
Interest receivable		<u>144</u>	-	<u>144</u>	<u>430</u>	-	<u>430</u>
Surplus before non-recurring items		1,170,134	-	1,170,134	1,177,265	-	1,177,265
Non recurring transfer of fixed assets	11	<u>-</u>	<u>879,970</u>	<u>879,970</u>	<u>-</u>	<u>1,050,000</u>	<u>-</u>
Surplus before tax		1,170,134	879,970	2,050,104	1,177,265	1,050,000	2,227,265
Taxation	10	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Surplus for the year		<u>1,170,134</u>	<u>879,970</u>	<u>2,050,104</u>	<u>1,177,265</u>	<u>1,050,000</u>	<u>2,227,265</u>
Total comprehensive income for the year		<u>1,170,134</u>	<u>879,970</u>	<u>2,050,104</u>	<u>1,177,265</u>	<u>1,050,000</u>	<u>2,227,265</u>

The results above derive wholly from continuing operations.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

	Notes	2017 €	2016 €
Fixed assets			
Fixed assets	11	<u>33,417,072</u>	<u>30,034,590</u>
Current assets			
Debtors	12	36,962	83,739
Current Investments	13	3,152,244	3,312,066
Cash and cash equivalents		<u>72,463</u>	<u>1,822,077</u>
		<u>3,261,669</u>	<u>5,217,882</u>
Less:			
Creditors: Amounts falling due within one year	14	<u>(2,056,644)</u>	<u>(2,028,000)</u>
Net current assets		<u>1,205,025</u>	<u>3,189,882</u>
Total assets less current liabilities		34,622,097	33,224,472
Creditors: Amounts falling due after more than one year	15	<u>(19,808,119)</u>	<u>(20,460,598)</u>
Net assets		<u>14,813,978</u>	<u>12,763,874</u>
Reserves			
Development fund		1,142,491	1,142,491
Sinking fund		2,339,583	2,007,256
Endowment fund		7,781,933	6,901,963
Accumulated unrestricted income funds		<u>3,549,971</u>	<u>2,712,164</u>
Total net assets		<u>14,813,978</u>	<u>12,763,874</u>

On behalf of the board

Michael Murphy
 Director

John Lowe
 Director

13 June 2018

STATEMENT OF CHANGES IN RESERVES
Financial Year Ended 31 December 2017

	Development fund	Sinking fund	Endowment fund	Accumulated unrestricted income funds	Total
	€	€	€	€	€
At 1 January 2016	1,142,491	1,692,155	5,851,963	1,850,000	10,536,609
Surplus for the year	-	-	1,050,000	1,177,265	2,227,265
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	1,050,000	1,177,265	2,227,265
Transfer between reserves	-	315,101	-	(315,101)	-
As 31 December 2016	<u>1,142,491</u>	<u>2,007,256</u>	<u>6,901,963</u>	<u>2,712,164</u>	<u>12,763,874</u>
At 1 January 2017	1,142,491	2,007,256	6,901,963	2,712,164	12,763,874
Surplus for the year	-	-	879,970	1,170,134	2,050,104
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	879,970	1,170,134	2,050,104
Transfer between reserves	-	332,327	-	(332,327)	-
As 31 December 2017	<u>1,142,491</u>	<u>2,339,583</u>	<u>7,781,933</u>	<u>3,549,971</u>	<u>14,813,978</u>

The profit and loss account represents accumulated comprehensive losses for the year and prior periods.

The notes on pages 15 to 26 form part of these financial statements.

STATEMENT OF CASH FLOWS
Financial Year Ended 31 December 2017

	Notes	2017 €	2016 €
Net cash generated from operating activities	16	<u>658,669</u>	<u>967,237</u>
Cash flow from investing activities			
Purchase of tangible fixed assets		(3,105,295)	(1,605,088)
Purchase of investments		(40,178)	(1,812,066)
Sale of investments		200,000	-
Grants received		496,868	1,339,272
Net gains on investments		40,178	62,066
Interest received		<u>144</u>	<u>430</u>
Cash flow from investing activities		<u>(2,408,283)</u>	<u>(2,015,386)</u>
Net changes in cash and cash equivalents		(1,749,614)	(1,048,149)
Cash and cash equivalents at the beginning of the year		<u>1,822,077</u>	<u>2,870,226</u>
Cash and cash equivalents at the end of the year	17	<u>72,463</u>	<u>1,822,077</u>

NOTES TO THE FINANCIAL STATEMENTS

1 General information

Saint John of God Housing Association clg is a company incorporated under the Companies Acts, limited by guarantee and not having a share capital, registered number 426952. The objectives of the Company are charitable in nature with established charitable tax exemption (CHY 18279) and charity registered number 2069834.

2 Statement of compliance

The entity financial statements have been prepared on a going concern basis and in accordance with Irish GAAP (accounting standards issued by the Financial Reporting Council of the UK and promulgated by the Institute of Chartered Accountants in Ireland and the Companies Act 2014). The entity financial statements comply with Financial Reporting Standard 102, *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (FRS 102) and the Companies Act 2014.

3 Summary of significant accounting policies

The significant accounting policies used in the preparation of the Company's financial statements are set out below. These policies have been consistently applied to all financial years presented, unless otherwise stated.

(a) Basis of preparation

The entity financial statements have been prepared under the historical cost convention as modified by the measurement of certain fixed assets at fair value. The preparation of financial statements in conformity with FRS 102 requires the use of certain key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year. It also requires the Directors to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in note 4.

(b) Reporting currency

The financial statements are expressed in Euro (€).

(c) Going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore these Company financial statements have been prepared on a going concern basis.

(d) Funds

All transactions of the organisation have been recorded and reported as income into or expenditure from funds which are designated as "restricted", "endowment" or "unrestricted".

Restricted funds

Income is treated as restricted where the income may only be used for a particular purpose. All other income is treated as unrestricted. Expenditure is treated as being made out of restricted funds to the extent that it meets the criteria specified by the donor or the terms under which it was raised. All other expenditure is treated as unrestricted.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(d) Funds - continued

Endowment funds

Endowment funds are a permanent fund whereby the initial capital amount invested will not be accessed but rather the return on the initial investment will provide funding or access to fixed assets on an annual basis. The properties transferred from Hospitaller Order of Saint John of God Western European Province are considered to be restricted endowment funds.

The balance on each restricted fund at the end of the year represents the asset held by the organisation for particular purposes specified by the donors. The balance of the unrestricted fund at the end of the year represents the assets held by the organisation for general use in furtherance of its work. Endowment funds represents amounts held for investment or specific charitable purpose. Income from these principal amounts will either be (a) unrestricted and used for general purposes, or (b) restricted by the donor or by the Board.

(e) Incoming resources

Incoming resources are included in the Statement of Financial Position when the Company is entitled to the income, it is virtually certain that it will be received and the income can be quantified with reasonable certainty. Income is shown gross before deduction of associated costs. No amounts are included for services donated by volunteers.

Rental income

Rental income, including rental accommodation scheme supplement arising on the rental of properties held by the Company is recognised as the rental income falls due.

Government grants

Capital grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected life of the mortgage, which ranges between 30 and 50 years. Grants towards revenue expenditure are released to the statement of comprehensive income as the related expenditure is incurred.

Interest income

Interest income is recognised as it is earned.

(f) Resources expended

Expenditure is recognised on an accruals basis.

(g) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or fair value less accumulated depreciation and accumulated impairment loss. Cost includes all costs that are directly attributable to bringing the asset into working condition for its intended use. No interest costs or fixtures and fittings were capitalised in the current year. Properties under the course of construction are stated at cost.

(h) Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost less estimated residual value, of each asset systematically over its expected useful life, as follows:

Buildings (apartment and housing properties)	30 to 50 years
Land	Not depreciated
Fixtures and fittings	10 years

No depreciation is provided on properties under the course of construction.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(i) Financial instruments

The Company has chosen to apply the provisions of Sections 11 and 12 of FRS 102 to account for all of its financial instruments.

(i) *Financial assets*

Basic financial assets, other debtors, cash and cash equivalents are initially recognised at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial asset is initially measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

Other debtors, cash and cash equivalents, are subsequently measured at amortised cost using the effective interest method.

At the end of each financial year, financial assets measured at amortised cost are assessed for objective evidence of impairment. If there is objective evidence that a financial asset measured at amortised cost is impaired, an impairment loss is recognised in profit or loss. The impairment loss is the difference between the financial asset's carrying amount and the present value of the financial asset's estimated cash inflows discounted at the asset's original effective interest rate.

If in a subsequent financial year, the amount of an impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised the previously recognised impairment loss is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment loss not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of ownership of the financial asset are transferred to another party or (c) control of the financial asset has been transferred to another party who has the practical ability to unilaterally sell the financial asset to an unrelated third party without imposing additional restrictions.

(ii) *Financial liabilities*

Basic financial liabilities, including trade and other creditors, bank loans, and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial liability is initially measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Trade and other creditors, bank loans, and payment to related parties which constitute financing transactions are subsequently carried at amortised cost, using the effective interest method.

(j) Capital Assistance Scheme

Mortgage Loans received under the Capital Assistance Scheme (CAS) for the purchase of properties are accounted for as performance based loans, as the mortgage contracts criteria are not considered to be met until the term of the mortgage has expired. Therefore they are amortised to the Statement of Comprehensive Income over the period of the mortgage. The terms of the Scheme provide that repayment and interest due from the approved housing body may be fully waived, provided the approved housing body continues to comply with the terms and conditions of the scheme and the mortgage deed contract signed with the local authority.

(k) Investments

Investments are stated at market value. Realised and unrealised gains and losses on investments are included in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(k) Investments - continued

The value of financial instruments traded in active markets (such as publically traded equities) is based on quoted market prices at the statement of financial position date. The market valuations are provided to the investment advisors by a third party pricing source. The value of the remaining financial instruments that are not traded in an active market is the lower of:

- (a) the valuation as determined by the investment advisors using valuations techniques or
- (b) the estimated recoverable amount as determined by the Directors.

(l) Taxation

The Company is a not for profit organisation with charitable tax status and is exempt from corporation tax.

(m) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities. Cash and cash equivalents are initially measured at transaction price and subsequently measured at amortised cost. Bank deposits which have original maturities of more than three months are not cash and cash equivalents and are presented as current asset investments.

(n) Provisions and contingencies

(i) Provisions

Provisions are liabilities of uncertain timing or amount. Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that a transfer of economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably. Provisions are measured at the present value of the best estimate of the amount required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are reviewed at the end of each financial year and adjusted to reflect the current best estimate of the amount required to settle the obligation. The unwinding of the discount is recognised as a finance cost in profit or loss, presented as part of 'interest payable and similar charges' in the financial year in which it arises. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

(ii) Contingencies

Contingent liabilities, arising as a result of past events, are not recognised as a liability because it is not probable that the Company will be required to transfer economic benefits in settlement of the obligation or the amount cannot be reliably measured at the end of the financial year. Possible but uncertain obligations are not recognised as liabilities but are contingent liabilities. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

(o) Reserves

In 2010 the Board of the Company agreed to establish a Sinking Fund from rental income for the purpose of meeting the cost of future major repairs. The annual transfer was agreed to be equal to 30% of rental income for the year. Also in 2011 the Board agreed to establish a Development Fund from rental income for the purpose of meeting the cost of future major purchases.

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Critical accounting judgements and estimation uncertainty

Estimates and judgements made in the process of preparing the entity financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Directors make estimates and assumptions concerning the future in the process of preparing the entity financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) *Impairment of debtors*

The Directors make an assessment at the end of each financial year of whether there is objective evidence that a trade or other debtor is impaired. When assessing impairment of trade and other debtors, the Directors consider factors including the current credit rating of the debtor, the age profile of outstanding invoices, recent correspondence and trading activity, and historical experience of cash collections from the debtor. See note 12 for the net carrying amount of the debtors and the impairment loss recognised in the financial year.

(ii) *Fair value of properties transferred*

On 14 November 2016 the Hospitaller Order of Saint John of God, West European Province transferred the beneficial ownership of two properties which were previously in the beneficial ownership of the Order to Saint John of God Housing Association clg in consideration for the payment of €10 each. These properties were valued by Churches Estates Agents at Fair Value on an existing use basis.

On 3rd October 2017 the Hospitaller Order of Saint John of God, West European Province transferred the beneficial ownership of three properties which were previously in the beneficial ownership of the Order to Saint John of God Housing Association clg in consideration for the payment of €10 each. These properties were valued by either by Lorraine Mulligan Ltd or Churches Estates Agents at Fair Value on an existing use basis.

Property valuations and the assumptions used to arrive at such valuations are by their nature judgemental.

(iii) *Tangible fixed assets depreciation*

Useful economic lives of tangible fixed assets

The annual depreciation on tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reviewed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of the tangible fixed assets,

5 Turnover	2017 €	2016 €
Analysis of turnover by category		
Rental income from tenants	621,894	552,636
Rental accommodation scheme supplement	485,863	497,700
	<u>1,107,757</u>	<u>1,050,336</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

6 Other income	2017	2016
	€	€
Amortisation of capital grants	1,154,015	1,144,529
Payment and availability grant	43,738	40,848
Grant income	3,511	-
Rent and other income	780	-
	<u>1,202,044</u>	<u>1,185,377</u>

The amortisation of capital grants relates to the amortisation of the grants attaching to the properties which were transferred from the Hospitaller Order of Saint John of God West European Province in the prior year.

7 Operating expenses	2017	2016
	€	€
The following operating expenses have been recognised:		
Depreciation and impairment	<u>602,813</u>	<u>575,239</u>

8 Employees and remuneration	2017	2016
	€	€
Staff costs comprise:		
Salaries	196,278	134,785
Social insurance	<u>21,078</u>	<u>14,489</u>
	<u>217,356</u>	<u>149,274</u>

The average number of employees employed by the Company during the year was 4 (2016: 2.4).

Salary banding for all employees arising over €70,000 is nil (2016: nil).

(i) *Directors/trustees*

Trustees received no remuneration (2016: €nil) or expenses (2016: €nil) during the reporting year.

There were no loans advanced to Directors/Trustees during the year and no loans outstanding at 31 December 2017.

(ii) *Key management compensation*

Key management are defined as members of the Board, who are not remunerated. The compensation paid or payable to key management for employee services is nil (2016: nil).

The CEO is remunerated through another entity in the group, Saint John of God Community Services clg, and no direct recharge has been received in respect of this salary, therefore there is no charge in these financial statements in respect of same.

Within the €91k management charge from Saint John of God Community Services clg is an amount of €58k in relation to the re-charge of salaries. The re-charge is based on an hourly rate to reflect the input of Saint John of God Community Services clg staff. The hourly rate is applied to the hours spent dealing with tenants to compute the total charge. The hourly rate is a blended rate which is intended to cover the varying rates attributable to various grades and types of Saint John of God Community Services clg staff including the CEO who contribute time.

NOTES TO THE FINANCIAL STATEMENTS - continued

9 Operating surplus	2017 €	2016 €
The results for the year are stated after charging:		
Directors' remuneration for services as Directors	<u>-</u>	<u>-</u>

10 Tax

The Company has been granted charitable tax exemption by the Revenue Commissioners and is recognised as a charity under Section 207 of the Tax Consolidation Act 1997, registered number CHY 18279.

11 Fixed assets	Completed €	Under construction €	Total €
At 1 January 2016			
Cost or deemed cost	28,025,091	-	28,025,091
Accumulated depreciation and impairment	<u>(70,350)</u>	-	<u>(70,350)</u>
Carrying amount	<u>27,954,741</u>	<u>-</u>	<u>27,954,741</u>
Financial year ended 31 December 2016			
Opening carrying amount	27,954,741	-	27,954,741
Transfer	1,050,000	-	1,050,000
Additions	1,605,088	-	1,605,088
Depreciation	<u>(575,239)</u>	-	<u>(575,239)</u>
Carrying amount	<u>30,034,590</u>	<u>-</u>	<u>30,034,590</u>
Financial year ended 31 December 2016			
Cost or deemed cost	30,680,179	-	30,680,179
Accumulated depreciation and impairment	<u>(645,589)</u>	-	<u>(645,589)</u>
Carrying amount	<u>30,034,590</u>	<u>-</u>	<u>30,034,590</u>
Financial year ended 31 December 2017			
Opening carrying amount	30,034,590	-	30,034,590
Transfer	880,000	-	880,000
Additions	3,105,295	-	3,105,295
Depreciation	<u>(602,813)</u>	-	<u>(602,813)</u>
Carrying amount	<u>33,417,072</u>	<u>-</u>	<u>33,417,072</u>
Financial year ended 31 December 2017			
Cost or deemed cost	34,665,474	-	34,665,474
Accumulated depreciation and impairment	<u>(1,248,402)</u>	-	<u>(1,248,402)</u>
Carrying amount	<u>33,417,072</u>	<u>-</u>	<u>33,417,072</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

11 Fixed assets - continued

Up until 2015 the Hospitaller Order of Saint John of God, West European Province held the beneficial ownership of the land and buildings. The legal title of these assets is held by The Saint John of God Trust (Ireland). During the year ended 31 December 2015, the Hospitaller Order of Saint John of God, West European Province has allowed the use of its fixed assets by Saint John of God Housing Association clg.

On 22 December 2015, a number of directions were signed between the Order, The Trust and Saint John of God Housing Association clg which transferred the beneficial ownership of various properties which were previously in the beneficial ownership of the Order to Saint John of God Housing Association clg in consideration for the payment of €10.

In advance of transferring the assets across from Hospitaller Order of Saint John of God, West European Province to Saint John of God Housing Association clg, the management of the Hospitaller Order of Saint John of God West European Province considered whether there were any related grants, loans or other obligations attaching to the various assets, which might impact on the future use of the assets within Saint John of God Housing Association clg. This review indicated that an element of the assets being transferred had been funded by grants which had no specific performance conditions attaching to them.

There were some restrictions noted in relation to the grants, principally around the fact that a future sale of the asset within a specific time period would trigger an obligation to repay the grant to the funder. It was agreed, as part of the directions transferring the assets, that Saint John of God Housing Association clg would take over the obligation in relation to any future clawbacks arising as a result of any decision to sell the assets. These obligations are considered to be contingent liabilities, and are disclosed as same in note 19 of these financial statements.

The properties were valued by CBRE Ireland on the basis of Fair Value for existing use, as at 31 December 2015.

On 14 November 2016 the Hospitaller Order of Saint John of God, West European Province transferred the beneficial ownership of two properties which were previously in the beneficial ownership of the Order to Saint John of God Housing Association clg in consideration for the payment of €10 each. These properties were valued by Churches Estates Agents at Fair Value on an existing use basis.

On 3rd October 2017 the Hospitaller Order of Saint John of God, West European Province transferred the beneficial ownership of three properties which were previously in the beneficial ownership of the Order to Saint John of God Housing Association clg in consideration for the payment of €10 each. These properties were valued by either by Lorraine Mulligan Ltd or Churches Estates Agents at Fair Value on an existing use basis.

12 Debtors	2017 €	2016 €
Amounts due from related parties	-	75,297
Other debtors, prepayments and accrued income	36,962	8,442
	<u>36,962</u>	<u>83,739</u>

Trade debtors are after a provision for bad debts of €nil (2016: €nil).

All amounts are receivable within one year.

NOTES TO THE FINANCIAL STATEMENTS - continued

13 Current investments

Current investments represent the market value of a portfolio of gilts, equities and other investments, and the movements were as follows:

	2017 €	2016 €
At 1 January	3,312,066	1,500,000
Invested in year	-	1,750,000
Sold in year	(200,000)	-
Net gains on investments	40,178	62,066
At 31 December	<u>3,152,244</u>	<u>3,312,066</u>

Analysis of investment by class of investment are as follows:

Cash	338,452	584,791
Government bonds	826,307	797,115
Corporate and other bonds	751,107	730,575
International equity	881,631	844,465
Absolute return	263,993	251,400
Property	90,754	103,720
	<u>3,152,244</u>	<u>3,312,066</u>

Basis of valuation

In valuing exchange-traded equities, depository receipts, investment trusts and warrants, the prices used generally comprise of the mid-price (derived from the closing bid and ask/offer prices), the closing bid or the last traded price for that instrument on the relevant stock exchange.

Fixed interest securities such as government and corporate bonds are priced, exclusive of accrued interest (also known as the 'clean price'). This means that the price shown will not include any interest accrued. The clean price becomes equal to the market price immediately following a coupon payment.

Investments in unit funds or unquoted investment funds are valued at the prices provided by the third party fund administrator whose role it is to calculate the net asset value. Valuations reflect the most recent net asset value per unit. The securities within the funds are calculated at market price, and factors that need to be considered, for example a liquidity discount, are applied to securities without sufficient liquidity to meet the market price.

Investments in unquoted companies using information reasonably available to us, which may include the price of a recent transaction in the security. The price of the unquoted investments are based on the closing price of the investment. All the unquoted investments within the Company are liquid and traded frequently, thus the last price traded is an accurate estimator of current market value.

NOTES TO THE FINANCIAL STATEMENTS - continued

14 Creditors	2017 €	2016 €
Amounts falling due within one year:		
Accruals	80,527	473,673
Other creditors	118,998	37,133
Deferred - CAS loans	1,156,822	1,161,490
Amounts due to related parties	700,297	355,704
	<u>2,056,644</u>	<u>2,028,000</u>

15 Creditors: Amounts falling due after more than one year	2017 €	2016 €
Deferred income - CAS loans	<u>19,808,119</u>	<u>20,460,598</u>
Opening	20,460,598	21,372,645
Received in year	496,868	1,339,272
Amortised in year	(1,154,015)	(1,144,529)
Net Transfer to less than one year Deferred income - CAS loans	4,668	(1,106,790)
	<u>19,808,119</u>	<u>20,460,598</u>

At 31 December 2015 the Hospitaller Order of Saint John of God, West European Province transferred the beneficial ownership to Saint John of God Housing Association clg land and buildings with a net book fair value of €26,512,000, and related Local Authority mortgage loans to the value of €20,660,037.

The Capital Assistance Scheme provides primarily for the payment of a mortgage loan in respect of each sanctioned rental housing project by the Department of Housing, Planning and Local Government to a housing authority following its approval of a housing project under the scheme. The housing authority then lends this money typically in the form of a 30-year annuity mortgage loan to the approved housing body towards the approved costs it incurs in completing the dwellings. The terms of the Scheme provide that repayment and interest due from the approved housing body may be fully waived, provided the approved housing body continues to comply with the terms and conditions of the scheme and the mortgage deed contract signed with the local authority.

There are no related mortgage loans attaching to the assets transferred on 14 November 2016.

16 Note to the statement of cash flows	2017 €	2016 €
Operating surplus for the year	1,129,812	1,114,769
Amortisation of loans	(1,154,015)	(1,144,529)
Depreciation of tangible fixed assets	602,813	575,239
Transfer to less than one year – Deferred income CAS loans	4,668	(1,106,790)
Increase in value of property	(30)	-
Decrease/(increase) in debtors	46,777	(63,436)
Increase in creditors	28,644	1,591,984
Cash inflow from operating activities	<u>658,669</u>	<u>967,237</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

17 Analysis of changes in net cash	2017 €	2016 €
Opening balance	1,822,077	2,870,226
Net cash outflow	<u>(1,749,614)</u>	<u>(1,048,149)</u>
Closing balance	<u>72,463</u>	<u>1,822,077</u>

18 Related party items

At the end of the year, Saint John of God Housing Association clg had the following balances with related parties.

	2017 €	2016 €
Amounts payable to related parties and affiliates:		
Saint John of God Community Services clg	351,488	355,704
Dundalk Voluntary Housing Association clg	300,000	-
Hospitaller Order of Saint John of God West European Province	48,809	-
	<u>700,297</u>	<u>355,704</u>

Amounts receivable to related parties and affiliates:

Hospitaller Order of Saint John of God West European Province	<u>-</u>	<u>75,297</u>
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Certain costs incurred in the running of the Company are shared with other entities within the Hospitaller Order Group and administered by Saint John of God Community Services clg. The Housing Association's portion of these costs amounted to €91,116 (2016: €91,116). The Saint John of God Community Services clg also pays for repairs and maintenance on properties used by tenants which are then recharged to Saint John of God Housing Association clg. The amount recharged during the year was €34,836 (2016: €109,866). Saint John of God Housing Association clg paid rent to Dundalk Voluntary Housing Association clg of €22,000 (2016: €22,000).

19 Contingent liabilities, commitments and guarantees

As detailed in note 11, in 2015 a number of assets transferred from West European Province to The Saint John of God Housing Association clg at a nominal consideration of €10, representing less than €1 per property transferred. The assets transferred related only to assets which had previously been grant funded by a grant awarding body, Capital Assistance Scheme (CAS) loans or capital donation. In advance of transferring the assets across from Hospitaller Order of Saint John of God West European Province to Saint John of God Housing Association clg, management considered whether there were any related grants, loans or other obligations attaching to the various assets, which might impact on the future use of the assets within Saint John of God Housing Association clg.

NOTES TO THE FINANCIAL STATEMENTS - continued

19 Contingent liabilities, commitments and guarantees - continued

A number of loans attaching to the fixed assets have been transferred with the assets and are included as a liability in the balance sheet. In addition, certain of the assets transferred had grants attaching to them. There were some restrictions noted in relation to the grants, principally around the fact that a future sale of the asset within a specific time period would trigger an obligation to repay the grant to the funder. It was agreed as part of the directions transferring the assets that Saint John of God Housing Association clg would take over the obligation in relation to any future clawbacks arising as a result of any decision to sell the assets. These obligations are considered to be contingent liabilities, and are therefore disclosed as same in this note to the financial statements.

20 Controlling party

The Directors consider the Hospitaller Order of Saint John of God to be the controlling party of the Company.

21 Approval of financial statements

The financial statements were approved by the members of the Board of Directors on 13 June 2018.