

Clanmil Housing Association Ireland Limited
(a company limited by guarantee and not having a share capital)

Directors' Report and Financial Statements
for the year ended 31 March 2011

Clanmil Housing Association Ireland Limited

(a company limited by guarantee and not having a share capital)

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Clanmil Housing Association Ireland Limited

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Directors and other information

Board of directors

J O'Brien	Chair
D O'Braonáin PCMSc (Mgmt) LLB (Hons) PC	Vice Chair
J Baird MSc FCIH	
J Browne BA DipM GInstM	
D Caird FCII DPA	
K McKnight BSc CEng FIEI MICE MCIM	
P Stapleton FSCS FRICS	

Secretary and registered office

CI McCarty BA MCIH ARICS
25/28 Northwall Quay
Dublin 1

Registered no: 350510

Solicitors

A&L Goodbody
International Financial Services Centre
Northwall Quay
Dublin 1

Bankers

Allied Irish Banks plc
Dundalk
Co Louth

Independent auditors

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Waterfront Plaza
8 Laganbank Road
Belfast
BT1 3LR

Directors' Report for the year ended 31 March 2011

The directors present their report and the audited financial statements of the company for the year ended 31 March 2011.

Directors' responsibilities for financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland including the accounting standards issued by the Accounting Standards Board and published by The Institute of Chartered Accountants in Ireland.

Irish company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; 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 confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and Irish Statute comprising the Companies Acts, 1963 to 1983 and 1990 to 2009. They 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.

Books of account

The measures taken by the directors to secure compliance with the company's obligations to keep proper books of account are the use of appropriate systems and procedures and employment of competent persons. The books of account are kept at Northern Whig House, 3 Waring Street, Belfast BT1 2DX.

Principal activities

The company is non-profit making and is engaged in the provision of housing accommodation for those in need.

The company has approved status under Section 6 of the Housing (Miscellaneous Provisions) Act, 1992 for the purposes of voluntary housing.

The company is a registered charity (Charity No: CHY 14478).

Review of business and future developments

The company had previously completed schemes in Dundalk for 68 family housing units with crèche and office accommodation, and in Dublin for 6 units for active elderly. In 2010/11 a further 18 housing units were acquired in Dublin City West, Swords and Newtownmountkennedy. The company also provides a management and maintenance service to 38 units in South Dublin County Council. The total number of units in management at 31 March 2011 is 130.

The company is actively seeking new opportunities for the provision of social housing including through further management and maintenance agreements, long term leasing and developing new schemes. The directors therefore anticipate that the number of units in management will increase over the next year through a range of opportunities and partnership working.

The surplus for the year amounted to € 305,677 (2010: surplus €321,974) and has been transferred to reserves.

Directors' Report for the year ended 31 March 2011

Dividends

No dividend is payable in accordance with the company's Memorandum of Association.

Directors

The names of the persons who were directors at anytime during the year ended 31 March 2011 are set out below. Unless indicated otherwise they served for an entire year.

J O'Brien (ROI Resident)
D O'Braonáin PCMSc (Mgmt) LLB (Hons) PC (ROI Resident)
J Baird MSc FCIH (UK Resident)
J Browne BA DipM GInstM (UK Resident)
D Caird FCII DPA (ROI Resident)
K McKnight BSc CEng FIEI MICE MCIM (ROI Resident)
G Rice MBE BSc MBIC Sc (UK Resident) (resigned on 4th November 2010)
S Sharpe Eur Ing CEng (ROI Resident) (resigned on 21st September 2010)
P Stapleton FSCS FRICS (ROI Resident)

In accordance with the Articles of Association J Baird, K McKnight and P Stapleton are due to retire by rotation. J Baird, K McKnight and P Stapleton offer themselves for re-election.

Research and development

The company did not engage in any research and development activities during the year.

Subsequent events

There were no significant events affecting the company since the year end.

Future developments

The directors have no plans at present to change significantly the activities of the company.

Auditors

The auditors, PricewaterhouseCoopers, will be re-appointed in accordance with Section 160(2) of the Companies Act, 1963.

On behalf of the Board

J O'Brien

D O'Braonáin

23 June 2011

**Independent auditors' Report to the Members of
Clanmil Housing Association Ireland Limited**

We have audited the financial statements set out on pages 6 to 14. These financial statements have been prepared under the accounting policies set out in the statement of accounting policies on pages 9 and 10.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with applicable Irish law and accounting standards issued by the Accounting Standards Board and published by The Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with section 193 of the Companies Act, 1990 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and in accordance with Generally Accepted Accounting Practice in Ireland and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 1983 and 1990 to 2009. We state whether we have obtained all the information and explanations we considered necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account. We also report to you our opinion as to:

- whether the company has kept proper books of account; and
- whether the directors' report is consistent with the financial statements.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and transactions is not disclosed and, where practicable, include such information in our report.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK & Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Independent auditors' Report to the Members of
Clanmil Housing Association Ireland Limited - (continued)**

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the company's affairs at 31 March 2011 and of its surplus for the year then ended; and
- have been properly prepared in accordance with the Companies Acts, 1963 to 1983 and 1990 to 2009.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

In our opinion the information given in the directors' report on pages 2 and 3 is consistent with the financial statements.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Belfast
23 June 2011

Income and expenditure account for the year ended 31 March 2011

	Note	2011 €	2010 €
Income	3	701,323	592,990
Operating costs	4	(386,819)	(265,056)
Operating surplus	7	314,504	327,934
Interest receivable and similar income		-	-
Interest payable and similar charges	9	(8,827)	(5,960)
Surplus on ordinary activities for the year	19	305,677	321,974

Income and operating surplus arose solely from continuing operations.

The company has no recognised gains or losses other than those disclosed in the income and expenditure account above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the surplus on ordinary activities stated above and its historical cost equivalent.

On behalf of the board

J O'Brien
Chair

D O'Braonáin
Vice Chair

Clanmil Housing Association Ireland Limited
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Balance sheet as at 31 March 2011

	Note	2011 €	2010 €
Tangible fixed assets			
Housing properties	11	14,481,042	11,250,347
Other tangible fixed assets	12	4,027	6,216
		14,485,069	11,256,563
Current assets			
Debtors	13	48,359	191,297
Cash at bank and in hand		98,457	30,428
		146,816	221,725
Creditors: amounts falling due within one year	14	(130,590)	(326,049)
Net current assets/(liabilities)/		16,226	(104,324)
Total assets less current liabilities		14,501,295	11,152,239
Creditors: amounts falling due after more than one year	15	(12,213,158)	(9,169,779)
Net assets		2,288,137	1,982,460
Capital and reserves			
Reserves	19	47,534	138,303
Mortgage amortisation reserve	20	2,240,603	1,844,157
Net Funds	21	2,288,137	1,982,460

On behalf of the board

J O'Brien
Chair

D O'Braonáin
Vice Chair

23 June 2011

Cash flow statement for the year ended 31 March 2011

	Notes	2011 €	2010 €
Net cash inflow from operating activities	25	667,004	675,189
Returns on investments and servicing of finance			
Interest paid		(10,436)	(4,671)
		(10,436)	(4,671)
Capital expenditure			
Purchase and develop housing properties		(3,432,926)	(20,564)
Purchase of other tangible assets		-	(140)
		(3,432,926)	(20,704)
Net cash (outflow)/inflow before financing		(2,776,358)	649,814
Financing			
New loans obtained net of amortisation		3,043,379	(360,660)
Amounts no longer received		-	(263,863)
Increase in cash in the year	27	267,021	25,291

Notes to the financial statements for the year ended 31 March 2011

1 Accounting policies

The significant accounting policies adopted by the company are as follows:

Basis of preparation of accounts

The financial statements have been prepared in accordance with the accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 1983 and 1990 to 2009. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those and issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland.

Historical cost convention

The financial statements are prepared under the historical cost convention.

Foreign currencies

Transactions and non monetary assets, denominated in foreign currencies, are translated at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or the exchange rate of a related foreign exchange contract where relevant. The resulting exchange gains or losses is dealt with in the income and expenditure account.

Development allowances

Development allowances on Capital Loan and Subsidy Scheme houses, representing 1½% of scheme costs, are credited to the income and expenditure account in the period to which they relate.

Income

Income includes rent and service charge income arising from the provision of housing accommodation and the amortisation of mortgage liabilities. Income is recognised in the period to which it relates.

Tangible fixed assets

Freehold Property

Freehold property is stated at cost and is not depreciated whilst in development stage.

Housing Properties

Housing Properties are stated at cost less depreciation.

Depreciation

Completed housing properties are depreciated over the remaining useful lives of the properties which have been estimated as 50 years. Depreciation of other fixed assets is charged on a straight line basis over the estimated useful economic lives of the assets at the following annual rates.

%

Office furniture & fittings	10 – 20
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Mortgages

Amounts due in respect of mortgages on assets vested in the company under the capital loan and subsidy scheme and capital assistance scheme are shown as liabilities in the balance sheet.

In the case of assets acquired under the capital loan and subsidy scheme, repayments of mortgage amounts (together with interest on the mortgages) are met entirely by Government sources. Accordingly the capital sums due are amortised in accordance with Dundalk Town Council, over 30 years on a straight line basis, and a corresponding credit made to the income and expenditure account.

Notes to the financial statements for the year ended 31 March 2011

1 Accounting policies (continued)

Similarly with the capital assistance schemes the capital sums due are amortised on a straight line basis over 30 years and a corresponding credit made to the income and expenditure account. As the company does not pay interest in respect of the mortgages they are treated as interest free.

Value added tax

The company is not registered for VAT and accordingly all income and expenditure shown in the financial statements are recorded inclusive of any VAT which may apply.

2 Limit of members liability

The company is registered under the Companies Act 1963 as a company limited by guarantee not having a share capital. The members of the company have their liability limited to €1.27 each in the event of the company being wound up. There are seven members at the date of the balance sheet.

3 Income

	2011	2010
	€	€
This is represented by:		
Gross rental income	293,689	221,456
	293,689	221,456
Mortgage amortisation	396,446	360,660
Other income	11,188	10,874
	701,323	592,990

4 Operating costs

	2011	2010
	€	€
Direct property management costs (Note 5)	52,939	43,336
Administrative costs (Note 6)	131,650	118,703
Other costs	202,230	103,017
	386,819	265,056

Notes to the financial statements for the year ended 31 March 2011

5 Direct property management costs

	2011	2010
	€	€
Management charge	9,298	-
Heat & light	967	861
Insurance	12,595	15,585
Repairs & maintenance	30,734	13,783
Upkeep of grounds	7,505	6,814
Transfer from/to services equalisation	(8,160)	3,961
Professional fees	-	2,332
	52,939	43,336

6 Administrative costs

	2011	2010
	€	€
Insurance	4,425	678
Wages & salaries	78,382	78,516
Travel	3,298	1,710
Postage, printing & stationary	2,790	2,264
Telephone	2,280	1,419
Office running cost	7,182	3,361
General expenses	1,215	6,260
Audit fees	7,810	4,170
Management charge	22,080	17,040
Depreciation	2,188	3,285
	131,650	118,703

7 Operating surplus

	2011	2010
	€	€
Operating surplus is stated after charging/(crediting):		
Staff costs (note 8)	78,382	78,516
Directors' remuneration (note 8)	-	-
Auditors' remuneration - Audit services	4,311	2,869
- Other services	3,500	-
Depreciation - Housing properties	202,231	103,016
- Other fixed assets	2,189	3,283
Mortgage amortisation - Capital Loan and Subsidy Scheme (CLSS)	(323,757)	(318,068)
- Capital Assistance Scheme (CAS)	(72,689)	(42,592)
Foreign exchange loss	566	5,645

Notes to the financial statements for the year ended 31 March 2011

8 Employee information

	2011	2010
	€	€
Staff costs		
Wages and salaries	63,969	63,960
Social Security costs	6,819	6,962
Pension costs	7,594	7,594
	78,382	78,516
	2011	2010
	Number	Number
Average number of persons employed by the Association:		
Administration	1	1

Directors' emoluments

Members of the Board of Directors serve in a voluntary capacity and none was in receipt of emoluments during the year.
(2010:€nil)

9 Interest payable and similar charges

	2011	2010
	€	€
Interest payable on bank loans and overdrafts wholly repayable within five years	8,718	5,786
Interest payable to related party	109	174
	8,827	5,960

10 Taxation

No provision for current or deferred taxation is necessary due to the charitable status of the company.

Notes to the financial statements for the year ended 31 March 2011

11 Tangible assets - housing properties

	Capital assistance scheme lease- hold property €	Capital loan and subsidy scheme freehold property €	Total €
Cost			
At 1 April 2010	1,346,643	10,108,604	11,455,247
Additions	3,437,926	(5,000)	3,432,926
At 31 March 2011	4,784,569	10,103,604	14,888,173
Depreciation			
At 1 April 2010	18,900	186,000	204,900
Charge for year	30,582	171,649	202,231
At 31 March 2011	49,482	357,649	407,131
Net book amount			
At 31 March 2011	4,735,087	9,745,955	14,481,042
At 31 March 2010	1,327,743	9,922,604	11,250,347
Net book amount comprises:			
Freehold property	-	9,745,955	9,745,955
Leasehold properties	4,735,087	-	4,735,087
	4,735,087	9,745,955	14,481,042

Notes to the financial statements for the year ended 31 March 2011

12 Other tangible fixed assets

	Office furniture and equipment €
Cost	
At 31 March 2011 and 1 April 2010	18,947
Depreciation	
At 1 April 2010	12,731
Charge for the year	2,189
At 31 March 2011	14,920
Net book amount	
At 31 March 2011	4,027
At 31 March 2010	6,216

13 Debtors

	2011 €	2010 €
Amounts falling due within one year:		
Rental debtors	10,660	9,410
Services equalisation account	6,653	-
Other debtors	31,046	181,887
	48,359	191,297

14 Creditors: amounts falling due within one year

	2011 €	2010 €
Bank overdraft (note 16)	45	199,037
Loan amount owed to related party	21,072	5,417
Other amounts owed to related party	22,113	18,681
Other creditors	68,163	55,457
Services equalisation account	-	1,506
Accruals	19,197	45,951
	130,590	326,049

The loan from the related party is unsecured and the interest rate charged is the UK bank base rate.

Notes to the financial statements for the year ended 31 March 2011

15 Creditors: amounts falling due after more than one year

	2011	2010
	€	€
Mortgage liability (note 13)	12,213,158	9,169,779

16 Bank overdraft - maturity and security

	2011	2010
	€	€
Bank overdraft		
Less than one year, or on demand (note 10)	45	199,037

Security

Clanmil Housing Association Limited has provided a letter of comfort to First Trust Bank whereby it intends to ensure that Clanmil Housing Association Ireland Limited is in a position to discharge its liabilities to the bank and comply with its obligations under the bank's facility agreement. Clanmil Housing Association Limited shall not be rendered liable to First Trust Bank as guarantor, indemnitor or on any matter whatsoever in relation to any obligations or liabilities that Clanmil Housing Association Ireland Limited may have with First Trust Bank.

17 Mortgage liability

	Capital loan and subsidy scheme €	Capital assistance scheme €	Total €
Mortgage receivable			
At 1 April 2010	9,736,186	1,277,750	11,013,936
Mortgage received	-	3,439,825	3,439,825
At 31 March 2011	9,736,186	4,717,575	14,453,761
Accumulated amortisation			
At 1 April 2010	(1,733,899)	(110,258)	(1,844,157)
Charge for the year	(323,757)	(72,689)	(396,446)
At 31 March 2011	(2,057,656)	(182,947)	(2,240,603)
Net book amount			
At 31 March 2011 (note 11)	7,678,530	4,534,628	12,213,158
At 31 March 2010 (note 11)	8,002,287	1,167,492	9,169,779

Notes to the financial statements for the year ended 31 March 2011

17 Mortgage liability (continued)

Amounts due in respect of mortgages on assets vested in the company under the capital loan and subsidy scheme and capital assistance scheme are shown as liabilities in the balance sheet.

In the case of assets acquired under the capital loan and subsidy scheme, repayments of mortgage amounts (together with interest on the mortgages) are met entirely by Government sources. Accordingly the capital sums due are amortised in accordance with Dundalk Town Council, over 30 years on a straight line basis, and a corresponding credit made to the income and expenditure account.

Similarly with the capital assistance schemes the capital sums due are amortised on a straight line basis over 30 years and a corresponding credit made to the income and expenditure account. As the company does not pay interest in respect of the mortgages they are treated as interest free.

18 Share Capital

The company is limited by guarantee as every member of the company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year afterwards, for payment of the debts and liabilities of the company contracted before he/she ceased to be a member, and the costs, charges and expenses of winding up and for the adjustment of the rights of contributories among themselves, such amount as may be required not exceeding €1.27.

19 Reserves - surplus/(deficit)

	Revenue reserves €	Major repairs reserve €	Cyclical repairs reserve €	Total €
At 1 April 2010	(179,287)	218,424	99,166	138,303
Surplus on ordinary activities for the year	305,677	-	-	305,677
Transfer to mortgage amortisation reserve (note 20)	(396,446)	-	-	(396,446)
Appropriations	(80,089)	81,242	-	1,153
Expenditure on repairs	-	-	(1,153)	(1,153)
At 31 March 2011	(350,145)	299,666	98,013	47,534

Major repairs

An appropriation has been made on the basis of planned maintenance expenditure.

Cyclical maintenance

The Association's obligations in respect of cyclical maintenance are reflected by way of amounts appropriated from revenue to designated reserves. Future cyclical maintenance expenditure will be charged to revenue and amounts equivalent to this expenditure will be deducted from the accumulated designated reserve balance.

20 Mortgage amortisation reserve

	2011 €	2010 €
At 1 April	1,844,157	1,483,497
Amortisation/transfer from retained funds (note 17)	396,446	360,660
At 31 March	2,240,603	1,844,157

The amount transferred to the Mortgage Amortisation Reserve Account is based on the amortisation of capital advances.

Notes to the financial statements for the year ended 31 March 2011

21 Reconciliation of movements in funds

	2011	2010
	€	€
Surplus on ordinary activities	305,677	321,974
Net movement during year	305,677	321,974
Opening funds	1,982,460	1,660,486
Closing funds	2,288,137	1,982,460

22 Contingent liability

There is a contingent liability to repay all or part of the mortgages received from Dundalk Town Council, Dublin City Council, South Dublin County Council, Fingal County Council and Wicklow County Council if certain circumstances, as set out in the loan agreements, occur within the period of the loans, a period of 30 years.

23 Future capital expenditure not provided for

	2011	2010
	€	€
Authorised by directors but not contracted for	2,670,454	-

24 Related party transactions

Clanmil Housing Association Limited is deemed to be a related party by virtue of the fact that Clanmil Housing Association Limited has controlling voting rights over Clanmil Housing Association Ireland Limited. The balances with Clanmil Housing Association Limited at the year end were as follows:

	2011	2010
	€	€
Amounts owed to Clanmil Housing Association Limited	43,185	24,098

Transactions between these related parties during the period were as follows:

	2011	2010
	€	€
Clanmil Housing Association Limited		
Management and administration charge from Clanmil Housing Association Limited to Clanmil Housing Association Ireland Limited	22,081	17,040
Management and administration charge from Clanmil Housing Association Ireland Limited to Clanmil Housing Association Limited	5,365	-
Increase/(decrease) in unsecured loan from Clanmil Housing Association Limited to Clanmil Housing Association Ireland Limited	15,655	(22,709)
Loan interest charged from Clanmil Housing Association Limited to Clanmil Housing Association Ireland Limited	109	174

Notes to the financial statements for the year ended 31 March 2011

25 Reconciliation of operating surplus to net cash inflow from operating activities

	2011	2010
	€	€
Operating surplus	314,504	327,934
Depreciation	204,420	106,299
Movement in debtors	142,938	300,647
Movement in creditors	5,142	(59,691)
Net cash inflow/ (outflow) from operating activities	667,004	675,189

26 Analysis of net debt

	1 April 2010	Cash flows	31 March 2011
	€	€	€
Cash at bank and in hand	30,428	68,029	98,457
Bank overdraft	(199,037)	198,992	(45)
Net cash	(168,609)	267,021	98,412
Debt due after 1 year	(9,169,779)	(3,043,379)	(12,213,158)
Net debt	(9,338,388)	(2,776,358)	(12,114,746)

27 Reconciliation of net cash flow to movement in net debt

	2011	2010
	€	€
Increase in cash in the year	267,021	25,291
Amortisation of mortgage	396,446	360,660
Loan advances	(3,439,825)	263,863
Change in net debt	(2,776,358)	649,814
Net debt at 1 April	(9,338,388)	(9,977,202)
Net debt at 31 March	(12,114,746)	(9,338,388)

28 Approval of financial statements

The directors approved the financial statements on 15 June 2011