

**Annual** Report 2017

Representing, Promoting, Developing, Since 1973

www.cooperativehousing.ie



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## About **Co-operative** Housing

Co-operative Housing Ireland is the national organisation representing, promoting and developing co-operative housing in Ireland. Since our foundation in 1973, we have provided over 5,500 homes through home-ownership, shared ownership and social rented co-operatives. With our membership of democratically controlled local co-operatives, we now manage more than 2,200 homes across Ireland, as well as providing a network of childcare services in our communities.

As one of the leading national voices for co-operation in Ireland, we collaborate with other co-operative organisations to promote our model. We are members of the Community and Voluntary Pillar and participate in numerous forums on housing and social policy. Internationally, we are members of Housing Europe and the International Co-operative Alliance, including its sector groups; Cooperatives Europe and Co-operative Housing International.

Co-operative Housing Ireland is an Approved Housing Body, under section 6 of the Housing (Miscellaneous Provisions) Act 1992. It is accountable to the Voluntary Regulation Code for Approved Housing Bodies and is regulated as a Tier 3 (larger) Approved Housing Body. The Society is a registered charity and has signed the Governance Code for voluntary and charitable organisations.

## Our **Chairperson's** Report

Providing families with the comfort and security of a home is at the heart of our work in Co-operative Housing Ireland. Last year, almost 200 new homes were added to our housing stock. The Board, executive and staff delivered new developments and units across the length and breadth of the country, in Clare, Dublin, Donegal, Carlow, Wexford, Limerick and Cork.

Co-operative Housing Ireland works, both independently and in partnership with Local Authorities, to develop new housing schemes and deliver on its objective to meet the huge housing need that exists in Ireland. Lack of affordable housing can cause enormous anxiety and hardship. We know too that more than one in three of those in emergency accommodation is a child. 2017 saw a further deepening of the housing crisis in Ireland, with over 8,500 people homeless in the last week of December 2017. This was an increase of 17% on the same month the previous year.

Co-operative Housing Ireland recognises the extension of the crisis nationwide, affecting those who are homeless, those unable to afford rising rents in the private sector and those unable to provide for their housing needs alone. The statistics are stark; rents, on average, increased by 10.4% during 2017 and are now 19% higher than at their peak in 2008. House prices increased by 12.3% in 2017. In addition, repossession rates have soared, with large numbers of families facing uncertainty as mortgages are sold to 'vulture funds'.

Building homes and communities is what Co-operative Housing Ireland is about. As each new member takes up residence in one of our homes, our co-operative ethos continues. We are unique among Approved Housing Bodies, in that each tenant is a member of a co-operative. The majority of Board members are tenant members, leading the organisation as it plays its role in meeting the challenges ahead.

Co-operative Housing Ireland, as it grows, is increasing its capacity as an organisation. Board members have completed training, in collaboration with ICOS and The Wheel, and have been awarded certification in a range of areas, including leadership, policy, finance and communications. This training is now also available to potential Board members.

The values of social justice and equality, which underpin the work of Co-operative Housing Ireland, has led to our partnership with the Irish Red Cross through their Refugee Resettlement Programme. In collaboration with the agency and Local Authorities, we are working to provide homes for Syrian refugees in various parts of Ireland. We are pleased to undertake this role and to work closely with the Irish Red Cross in meeting part of Ireland's commitment under the Migrant Immigration Strategy.

The challenge of meeting housing need in Ireland is enormous. Throughout 2017, Co-operative Housing Ireland has been at the forefront of policy discussions with Government and its agencies, in addressing the issues and working to find solutions. We have maintained strong relationships across the housing sector in Ireland, and last year were among the founding members of the Housing Alliance. It brings together six of the largest Approved Housing Bodies in Ireland, Co-operative Housing Ireland, Oaklee, Circle, Respond, Clúid, and Tuath to provide a collective voice. It also offers opportunities for knowledge-sharing across organisations. As the role of AHBs within housing policy in Ireland continues to expand and evolve, collaboration will be especially important.

Plans set out for 2017 in *Rebuilding Ireland, the Action Plan for Housing and Homelessness* were ambitious, but unfortunately results fell short of targets, in several respects. As the housing crisis continues, it is crucial to examine new and innovative forms of housing delivery, to provide sustainable, quality and long-term solutions. Land availability, for example, which will enable more new homes to be built, is an issue we continue to raise with Government. We look forward to working with the Department of Housing, the Housing Agency and Local Authorities across the country on such issues throughout 2018.









# Growing Co-operative Housing

Co-operative Housing Ireland has continued to expand in 2017. As well as delivering almost 200 new homes, the organisation has built up a pipeline of new developments from 2018-2020, which will insure that we continue to expand nationally into the future.

2017 year marked a shift in our delivery model, with the focus now clearly on acquisition rather than leasing. In 2017, we purchased 78% of the dwellings brought into management, contrasting with 41% in 2016.

South Leinster Co-operative continued to grow this year, with new homes provided in Carlow, Enniscorthy and Gorey. The area was also at the centre of our partnership with Local Authorities and the Irish Red Cross to provide homes to Syrian refugee families as part of their Refugee Resettlement Programme. This resulted in the acquisition of 11 homes in Enniscorthy, with an additional 40 homes planned for Carlow and Offaly for 2018. The groundwork has been laid in Leinster for further growth, with over 300 new homes in the pipeline for 2018/2019.

Co-operative Housing Ireland passed a significant milestone in **Munster** in 2017, with over 500 homes now under management. We continued to expand our presence in Cork, Clare and Limerick through a combination of leasing and acquisitions. We are targeting over 300 homes in the province in the next 24 months, including our first direct construction projects outside Dublin, on sites we plan to acquire in Cork, Limerick and Clare. We also sourced new office premises in Limerick City in 2017.

Co-operative Housing Ireland consolidated our position in **Connaught** in 2017, with the opening of a new office in Galway City and the leasing of 14 new homes in Donegal.

Agreements were also entered into for new homes in Galway County, Sligo, Roscommon and Mayo, which will come into management in 2018 or 2019.

Our growth in the **Greater Dublin** region was modest in 2017, with new homes at St Paul's Court and Merville Avenue in Dublin City.

In 2017, however, construction commenced in 2 sites in Dublin City and one in Fingal, which will deliver a total of 144 new homes over the coming year. We also received planning permission for an additional 72 new homes in Dun-Laoghaire and North King Street, which will commence construction in 2018 or 2019.

Co-operative Housing Ireland are also in advanced negotiations for additional new homes in Meath, Drogheda, Arklow and Dublin City.

## Building Sustainable **Co-operative**Communities

The Society supports its primary strategic objective of growing co-operative housing by building strong communities that are sustainable for the longer term. The Board's Development and Growth Sub-Committee continue to rigorously scrutinise development proposals to ensure that they meet the highest quality standards. The Society works closely with local authorities, the Department of Housing, Planning and Local Government and funders to ensure that proposed developments meet housing need for the longer term.

A core element of the Society's approach has been to ensure a robust approach to the maintenance and renewal of existing housing stock. In this regard, our 30-year projections will be informed by a robust stock condition survey, which will be finalised shortly.

A range of community activities also took place across local co-operatives throughout 2017.

In the Laois/Carlow area, Fruithill Manor, one of our largest new developments, was nominated in September for an Irish Council Social Housing (ICSH) Community Housing award, within the Housing for Families category.

Fruithill Manor is comprised of three and two bed semi-detached family homes. All seventy-four houses have front and back gardens. These homes are arranged around communal green spaces, providing for recreational use for families. The scheme is a distinctive mixed tenure development, with fifteen homes provided for the private rental

market, and the remainder allocated between the Laois and Carlow Local Authorities.

The design of Fruithill Manor, a previously unfinished NAMA housing scheme, was reconfigured to offer a better use of space and layout, suited to family living. The finish provides for an exceptionally high quality residential environment. A property within the scheme has been provided to Carlow Regional Youth Services, who now provide wide-ranging supports to local young people. In terms of events, a kids' trip to Rancho Reilly Pet Farm took place in the summer, while a litter pick-up is organised by members every 3 months.

Co-op members in Kilcronan Court in Clondalkin also had a busy year. A range of events were organised, including a street party, painting of the estate, Easter activities, Halloween events and a Christmas party. All events were supported by members who pitched in to help the committee members on the day.

The street party, which included a host of activities for all ages including bingo, with spot prizes donated by local businesses, was a huge success.

The Easter arts and crafts event was also a fantastic day. Children took part in art activities and planting of seeds, while Easter eggs were delivered to each door by local Committee members.

At Christmas time, Santa and his elves came to Kilcronan, greeting children in the communal room with plenty of selection boxes and festive cheer. Santa also flew down to Cork to visit children in The Tannery in Bandon!

The latter months of 2016 also saw the development of a new working relationship with the Irish Red Cross (IRC). Many will remember the photographs in 2015 of the body of a young child on a Turkish beach and the reaction it aroused across the world. This led to many across the world, including in Ireland, generously pledging offers of accommodation - both standalone properties and rooms in their homes. The IRC has been tasked with the coordination, management and placement of refugees in this publicly pledged accommodation across Ireland. The work also involves sourcing and securing private rental accommodation, utilising the Housing Assistance Payment (HAP), alongside creating links with other social housing options that might be available.

It was agreed with the Irish Red Cross that CHI would manage the accommodation aspects of these arrangements. To this end, Finbarr Hennessy was appointed at the end of 2016 to manage this work. In August 2017, management was taken over by Aisling Flynn. The role involves the inspection of both pledged accommodation and private rented options nationwide. Some properties, for example, require works to bring them to an appropriate lettable

standard. During 2017, approximately 80 inspections were carried out by CHI on pledged properties around the country. A significant number of private rented properties were also inspected around the country, on behalf of direct requests made by the IRC and the IRPP.

CHI also manages the relationship between property pledgers and the IRC, dealing with tenant queries, as well as supporting the IRC and their case workers with housing advice and expertise. Our work thus far has been fruitful. By the end of 2017, almost 70 individuals left direct provision and moved into various forms of accommodation with our support.

# Developing **Co-operative**Leadership

Continued efforts were made in 2017 to ensure the highest standards of governance and leadership within the Board of Co-operative Housing Ireland, key elements in ensuring the proper operation of the Association's activities.

Board members are responsible for providing leadership, developing strategy and ensuring control. It currently comprises eleven non-executive members. At the 2017 AGM, the Board voted to alter the composition of members, with 5 co-opted members and 7 elected members. Indeed, while external knowledge and expertise is welcomed, it is also vital that the core values of representation of members by the Board are retained. The Board meets regularly, as required, and met 9 times in 2017.

Ensuring our Board members feel fully equipped to act as leaders within their communities is vital to their success as representatives, as well as to the success of Co-operative Housing Ireland as a whole. On this basis, an intensive Board training and certification programme was devised in partnership with the Irish Co-operative Organisation Society (ICOS) and The Wheel and rolled out in 2017. This programme was also offered to the management committees of affiliated societies. From 2018, as part of a Board succession strategy, the training programme will also be offered to all co-operative members who may wish to take up leadership positions at local or national Board level.





## Raising Our Own Capacity

The Society has ambitious plans for growth over the period of the strategy 2015 - 2020 and has committed to ensuring that it has capacity to deliver on its objectives. The growth of our housing stock is supported through access to loan finance from the Housing Finance Agency and the European Investment Bank, alongside private lenders. We also continued to develop our team in 2017.

New regional Development Officers have been recruited and a new Housing Services Manager was recruited internally. A Policy and Communications Manager was appointed externally, and a Senior Project Manager has been appointed internally.



A significant amount of work was also carried out in 2017 in the areas of redesign of the staff delivery model and IT systems, in order to support the business going forward. We have selected a new IT system (Castleton), which has been successfully implemented. This is a major investment by Cooperative Housing Ireland and it will provide significant benefits in the years to come. Having commenced in October 2017, it will be implemented in several phases. The first phase of our Housing and Finances systems went live in May 2018.



## Leading the **Co-operative** Movement

Co-operative Housing Ireland continues to play a leading role as a voice for the housing sector and the co-operative movement. The Society remains a member of the Community and Voluntary Pillar and sits on the housing delivery taskforces for Dublin and Cork.

The Society is also represented on the National Homeless Consultative Committee, the AHB Forum, the Rebuilding Ireland Pillar 2 Group, the Housing Strategic Policy Committees of South Dublin and Dun Laoghaire Rathdown County Councils and Dublin City's Local Community Development Committee.

The Society continued to offer support for the wider co-operative movement over the course of the year. Support was provided to a number of local, self-help co-operatives across Ireland during 2017.

The Society works closely with other Approved Housing Bodies to advance our shared interests in responding to the housing crisis. The Housing Alliance, a grouping of 5 other large housing providers (Clúid, Oaklee, Respond, Circle and Tuath), formed in 2016 with a view to advancing common goals, continues to meet and share knowledge and expertise. It is currently comprised of several subcommittees including a CEO Group, a Policy Group, a Finance Group, and a Human Resources Group.

Our membership of the Housing Alliance has been proven to be invaluable in our work within the AHB sector in Ireland. A key issue for 2017 was the proposed reclassification of AHBs by the Central Statistics Office, a decision which was subsequently confirmed by Eurostat in early 2018. The reclassification will lead to the income and expenditure of Tier 3 (the largest)

AHBs being placed on the Government balance sheet. There are concerns that such a system could lead to future difficulties with respect to EU fiscal rules. To this end, the Housing Alliance have been working to ensure that State Agencies are working together to attempt to influence this decision. The Alliance has also been examining the potential availability and viability of new funding models to support our work into the future.

Throughout the year, CHI has also continued to engage with political groupings, including participation at several meetings with elected representatives on matters relating to housing and the wider co-operative movement. In December, for example, the CEO Group of the Housing Alliance met with Maria Bailey T.D., Chair of the Oireachtas Committee on Housing. A meeting with the Minister for Housing, Planning and Local Government, Eoghan Murphy, took place in January 2018, with AHB reclassification high on the agenda.

Internationally, we remain closely engaged with Co-operative Housing International and Housing Europe in Brussels. Housing Europe are briefed on and are carrying out activities in relation to the reclassification issue, alongside other key areas of interest for the housing sector across Europe, including energy efficiency and sustainability.



# Co-operative Identity, Values & Principles

#### **Definition**

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

#### **Values**

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

#### **Principles**

The co-operative principles are guidelines by which co-operatives put their values into practice.

#### **Voluntary and Open Membership**

Co-operatives are voluntary organisations, open to anyone able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

#### **Democratic Member Control**

Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions.

#### **Member Economic Participation**

Members contribute equitably to, and democratically control, the capital of their co-operative.

#### **Autonomy and Independence**

Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

#### **Education, Training and Information**

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

#### Co-operation among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

#### **Concern for Community Co-operatives**

Co-operatives work for the sustainable development of their communities through policies approved by their members.

## Blueprint for a **Co-operative** Decade

The Blueprint for a Co-operative Decade was adopted by the General Assembly of the International Cooperative Alliance (the ICA) in November 2012. The ambitious plan in this Blueprint - the "2020 vision" - is for the co-operative form of business by 2020 to become:

- The acknowledged leader in economic, social and environmental sustainability
- The model preferred by people
- The fastest growing form of enterprise

The 2020 vision seeks to build on the achievements of the International Year of Cooperatives and the resilience demonstrated by the co-operative movement since the global financial crisis. By pursuing the strategy outlined in this Blueprint, we aim to make 2011-2020 a Co-operative Decade of confident growth.

The United Nations International Year of Co-operatives in 2012 provided a powerful focal point for the sector. It heightened its sense of shared purpose, illustrated by the range of activities and celebrations of the International Year, by the number of international conferences and summits held around the world with agreed outcome declarations, as well as the widespread take-up of the 2012 International Year logo. It raised the profile of co-operatives beyond the limits of the sector itself, in civil society and amongst governmental and intergovernmental bodies.

These are significant achievements, but they need to be seen in the context of the dominant emerging trends that are likely to shape our politics, societies and economies for the foreseeable future. Some of the most crucial global trends are:

- Environmental degradation and resource depletion
- An unstable financial sector
- Increasing inequality
- A growing global governance gap
- A seemingly disenfranchised younger generation
- A loss of trust in political and economic organisations

Co-operatives already make a significant contribution towards alleviating these pressing global problems. However, with appropriate support and greater understanding and recognition, they could contribute much more. The challenge now is for the ICA, national bodies, sector groups, co-operative societies and individual members to take this Blueprint forward into implementation. Co-operative Housing Ireland is committed to leading on the implementation of the Blueprint in Ireland.

# Co-operative Board Members



**Enda Egan** Interim Chairperson



Brendan O'Callaghan



Sandra Ajuonoma



**Noel Pocock** 



**Kim Olin** 



**Adaku Ezeudo** 



**Mema Byrne** 



**Graham Lightfoot** 



**John Power** 



**Carol Tancock** 



**Eddie O'Shea** 

## Co-operative Management Team



**Kieron Brennan** 



**Vacant**Head of New Business



**John Masterson** Head of Finance



**Pat Moyne**Head of Corporate
Service



**Catherine O'Brien**Head of Customer
Service



## Board of management report & financial statements

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## Board of management & other information

#### **Board of management:**

Enda Egan (Chairperson)

Brendan O' Callaghan

Sandra Ajuonoma

Adaku Ezeudo

Mema Byrne

Graham Lightfoot

Noel Pocock

Kim Olin

John Power

Carol Tancock

Eddie O'Shea

#### Secretary

Kieron Brennan

#### **Registered Office**

Co-operative House

33 Lower Baggot Street, Dublin 2

#### **Auditor**

**KPMG** 

1 Stokes Place, St. Stephen's Green, Dublin 2

#### **Bankers**

Bank of Ireland

St. Stephen's Green, Dublin 2

#### **Solicitors**

Gleeson McGrath Baldwin

29 Anglesea Street, Dublin 2

#### **Certificate Number**

3174R

#### **Charity Number**

CHY6522

## Board of Management Report

The Committee of Management, ("the board"), present their report and financial statements for Co-operative Housing Ireland Society Limited for the year ended 31 December 2017.

### **About Co-operative Housing Ireland Society Limited**

The Society was formed in 1973 under the Industrial and Provident Societies Acts (Reg. No. 3174R) and is the national organisation representing, promoting, and developing the co-operative housing movement. The Society is jointly owned by its affiliated co-operative housing societies. It is a non-profit organisation whose objectives are charitable in nature and has charitable status (CHY 6522).

The Society, in addition to its national representative role, is actively involved in the organisation, planning and financing of new co-operative housing developments, the promotion of good governance in the management of co-operative housing societies and the delivery of quality housing and associated services for members and their communities.

#### **Mission statement**

The Society's mission statement is to lead the development of social, economic and environmental sustainability in Ireland through co-operative effort and through the provision of co-operative housing in particular.

### Results and operational review for the year

The results for the year as set out in page 34 are in line with budgetary expectations. A reduction in operating surplus compared to 2016 is primarily due to an increase in the workforce and additional funding costs as a direct result of Co-operative Housing Ireland's development activities.

We opened 190 (2016: 191) units in the year 2017. We maintained our high occupancy rate at 97.53% (2016: 99.43%) with rent loss due to voids at 0.94% or €53,296 (2016: 0.56% or €27,721).

There was an operating surplus for the year of €2,346,325 (2016: €3,051,262 restated) and a net surplus of €1,283,121 (2016: €2,648,943 restated).

A commentary on developments completed during the year is available at *'Growing Co-operative Housing'* in the Society's annual report for the year ended 31 December 2017.

### A detailed breakdown of new units provided during the year is provided below:

New Unit	s Provided In 2017	
AREA	ADDRESS	UNITS
Dublin	Merville Avenue, Fairview	5
	St. Paul's Court	11
Leinster	Hunters Green, Wexford	20
	Meadowfields, Enniscorthy	2
	Fruithill Manor, Carlow	4
	Refugee housing, Enniscorthy	9
Munster	Castleheights, Cork	19
	The Quadrants, Cork	11
	Beal an Inbhir, Kilrush, Clare	7
	Castlecourt, Limerick	8
	Scarbh Leathan, Cork	7
	Firgrove, Charleville,Cork	6
	Maple Apts, Killarney, Kerry	9
	Lios Anama, Clare	28
	Castlepark, Mallow, Co. Cork	7
	Aisling, Ennis, Clare	23
Ulster	Blue Ceaders, Donegal	14
Total		190

#### Risk and uncertainties

The board is aware of the risks to which the society is exposed, in particular those related to its operations and the finances. The Society regularly reviews all organisational risks and works with the board to review and rank all significant risks and to identify mitigation measures for them. The risk review methodology has been embedded throughout the Society and informs areas of work such as childcare, communications and new development opportunities. A completely revised risk map and matrix were presented to the Audit, Assurance and Finance sub-committee in December 2017 and were recommended to the board for adoption early in 2018.

## Board of Management Report Continued

#### Corporate governance

The board is committed to maintaining the highest standard of corporate governance and they believe that this is a key element in ensuring the proper operation of the Society's activities. They are responsible for providing leadership, developing strategy and ensuring control. It currently comprises eleven non-executive members. The board is provided with regular financial and operational information. It meets regularly as required and met in full nine times in 2017. The role of Chairperson and Chief Executive Officer are separate and the board is independent of the management of the Society. The board is committed to achieving best practice in all the Society's operations and recognises its responsibility to ensure that the Society has appropriate systems of internal control. The board also has 3 sub-committees that meet on a regular basis: Audit, Assurance & Finance, Customer Services and Development & Growth.

Co-operative Housing Ireland is subscribed to the Voluntary Regulatory Code for Approved Housing Bodies and participates in financial returns to the Housing Regulator. The Housing Regulator has also issued a new Governance Code for AHBs. We are largely compliant with that code and are in the process of implementing changes to become fully compliant by mid-2018.

We comply with the Governance Code for Community, Voluntary and Charitable Organisations in Ireland. We reviewed our organisation's compliance with the principles in the Code on 21 April 2016. We based this review on an assessment of our organisational practice against the recommended actions for each principle. Our review sets out actions and completion dates for any issues that the assessment identifies need to be addressed. The Society is registered with

the Charities Regulatory Authority (No. 20012182) and with the Regulator of Lobbying, and submits regular returns. As mentioned above there are three sub-committees of the board.

#### Audit, Assurance and Finance sub-committee:

The Audit, Assurance and Finance sub-committee's primary role is to contribute to the board's overall process for ensuring that an effective internal control system is maintained. The board sets the framework, and retains overall responsibility for, all aspects of internal control.

The role of the sub-committee includes: overseeing the production of a draft annual budget to be presented to the board for approval; monitoring the integrity of the financial statements; overseeing the treasury strategy; overseeing the embedding and maintenance of an effective system of risk management; oversight of internal audit; reporting to the board on the annual statutory audit.

#### **Development & Growth sub-committee:**

The sub-committee provides detailed scrutiny of all aspects of developing the organisation's business, giving advice and making recommendations to the board on all aspects of growth and development. The sub-committee has a strategy development role on behalf of the board for forward growth and major new business. The sub-committee also acts as a sounding board for long-term development planning and provides advice on best practice in the areas of planning, design, access, and sustainability.

#### **Customer Services sub-committee:**

The role of the Customer Services sub-committee is to provide direction and oversight on the Society's

work in engaging customers, including their wider community, and providing services that meet their needs and improves the customer experience. The sub-committee helps to ensure that efficient and effective services are provided to meet agreed strategic and corporate outcomes, objectives and values and that mitigation action is taken to address under performance where necessary. It has a particular focus on customer and community insight and ensuring that the Society learns from and is responsive to customer and community feedback.

#### **Budget control**

A detailed budget is prepared in line with the strategic plan and it is reviewed by the Audit, Assurance and Finance sub-committee and further reviewed and approved by the board of management. Actual results and outcomes are compared against the budget to ensure alignment with plan, tight budgetary control, and value for money.

#### **Management and staff**

We acknowledge with appreciation the committed work of our staff and volunteers. Our success and achievements are due to their dedication and tremendous contribution.

#### **Organisational development**

A new strategic plan for the organisation was developed over the course of 2014 in a process that was led by the board and included consultation with staff, members, and external stakeholders. The strategy was launched early in 2015, covers the period 2015-2020. The secretary reports regularly to the board on progress on the implementation of the strategy through the business planning process.

An external review of the Society was carried out in 2016, which produced a set of recommendations around improvements to the governance of the Society and its internal structures. Great progress has been made in the implementation of all recommendations. Currently, all recommendations are either completed, in progress or not due.

The Society's leading role in housing delivery was confirmed during the year by recertification for lending from the Housing Finance Agency.

#### **Member relations**

A programme of community development activities was supported throughout the year, led by the management committees of local co-operative societies.

The Society continued to revise and deliver its programme of Information and Familiarisation for new members to assist them in understanding co-operative housing and its place in the wider co-operative movement. Member feedback on these sessions is actively sought and analysed and used to inform future iterations of the programme.

Communications with members were sustained throughout the year through a programme of local member newsletters that shared information on activities on a local basis

## Board of Management Report Continued

### Board of Management changes

The following were the changes to the board of management during the year between the approval of the 31 December 2016 financial statements and the approval of the 31 December 2017 financial statements:

Board of Management changes		
NAME	DATE RESIGNED	
Mick Power	3 November 2017	
Ann Kirwan	26 March 2018	
Jane Mullins	28 March 2018	
James Deasy	26 March 2018	

#### **Childcare**

The Society continues to provide quality early years and afterschool care and education and parent supports in three locations.

- Island Key, East Wall, Dublin 3
- St Finian's, Lucan, Co Dublin
- Brookview, Tallaght, Dublin 24

Services are delivered using evidence based programmes and quality frameworks including Aistear, Siolta and Highscope. The services are funded by the Department of Children and Youth Affairs and parental contributions. All three services were inspected by Pobal and passed for compliance with the funding schemes.

#### Health and safety

The well-being of the Society's employees is safeguarded through strict adherence to health and safety standards. The Safety, Health and Welfare at Work Act, 2005 imposes certain requirements on employers and the Society has taken the necessary action to ensure compliance with the Act, including the adoption of safety statements for our buildings.

The Society has a comprehensive Health and Safety Statement that is regularly reviewed. Health and Safety training for staff is ongoing with training in first aid delivered to staff during the year as well as training for Buildings Officers in areas appropriate to their trades. A Health and Safety Committee comprising staff from across the organisation at all grades meets regularly to discuss the promotion of good Health and Safety practice.

#### **Environment**

The Society has a proactive approach to assisting all personnel to conduct the organisation's business in a manner that protects the environment, our members, customers and employees. It is compliant with relevant environmental legislation. The Society is currently involved in energy retrofitting in some cooperative developments through innovative partnerships with national and international agencies.

The Society encourages efficient use of energy, utilities and natural resources in all our offices and communities. Suppliers are paid by electronic means to reduce paper wastage and we avail of schemes such as toner cartridge and drum recycling.

#### Post balance sheet event

There were no significant events affecting the Society since the year-end.

#### **Future developments**

The Society continues to seek avenues to develop new co-operative housing across tenures throughout the country. The Society has control of a number of developments in Galway, Clare, Dublin, Carlow and Wexford, to which tenants will be welcomed in 2018. As well as numerous projects under development, three large projects are due for completion in Dublin in 2018. They are Orchard Meadows (72), Richmond Road (40) and Weaver's Wood (33).

#### **Dividends and retentions**

The Society is precluded by its rules from paying dividends either as part of normal operations or on a distribution of its assets in the event of a winding up.

### Statement of relevant audit information

The board have taken all necessary steps to ensure that they have been made aware of all relevant audit information and confirm that, so far as management are aware, there is no relevant information of which the statutory auditors are unaware.

#### **Auditors**

KPMG, Chartered Accountants, were re-appointed during the year and continue in office.

#### On behalf of the board of management;

Thing a

Enda Egan

**Interim Chairperson** 

MAL

Noel Pocock

**Board Member** 

Kieron Brennan

**Secretary** 

**13TH AUGUST 2018** 

# Statement of Board of Management Responsibilities

The board of management is responsible for preparing a board of management report and financial statements in accordance with applicable laws and regulations.

The Industrial and Provident Societies Acts, 1893 to 2014 ("the Acts") requires the board of management to prepare financial statements for each financial year. Under those Acts the board of management has elected to prepare the Society financial statements in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The Society's financial statements are required by the Acts to give a true and fair view of the state of affairs of the Society and of its profit or loss for that period.

## In preparing those financial statements, the board of management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Society will continue in business.

The directors are responsible for keeping adequate accounting records which enable them to prepare financial statements of the Society in accordance with the requirements of the Industrial and Provident Societies Act 1893 to 2014. They have

general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Society and to prevent and detect fraud and other irregularities. The directors are also responsible for preparing the Annual Report that complies with the requirements of the Industrial and Provident Societies Act 1893 to 2014.

On behalf of the board of management;

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Enda Egan

**Interim Chairperson** 

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Noel Pocock

**Board Member** 

Kieron Brennan

**Secretary** 

## Independent Auditor's Report

#### To the members of Co-operative Housing Ireland Society Limited

#### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Co-operative Housing Ireland Society Limited ('the Society') for the year ended 31 December 2017 set out on pages 34 to 57, which comprise the income and expenditure account, the statement of other comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and related notes, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is Irish Law and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Our audit has been conducted in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)).

#### In our opinion, the accompanying financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Society as at 31 December 2017 and of its result for the year then ended;
- have been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ((ISAs (Ireland)) 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 Society in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), 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.

### We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

#### Other information

The directors are responsible for the other information presented in the annual report together with the financial statements. The other information comprises the information included in the directors' report other than the financial statements and our auditor's report thereon. Our opinion on the

## Independent Auditor's Report Continued

financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

#### Our conclusions on the other matter on which we are required to report by the Industrial and Provident Societies Act 1893 is set out below

As required by section 13(2) of the Industrial and Provident Societies Act 1893, we examined the balance sheets showing the receipts and expenditure, fund and effects of the society, and verified the same with the books, deeds, documents, accounts and vouchers relating thereto, and found them to be correct, duly vouched, and in accordance with law.

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

ISAs (Ireland) require that we report to you if, based on the knowledge we acquired during our audit, we have identified information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

### Respective responsibilities and restrictions on use

## Responsibilities of board of management for the financial statements

As explained more fully in the board of management responsibilities statement set on page 30, the board of management are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and; for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board of management are responsible for assessing the Society'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 of management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (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 fuller description of our responsibilities is provided on IAASA's website at:

www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\_of\_auditors\_responsibilities\_for\_audit.pdf.

## The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Society's members, as a body. Our audit work has been undertaken so that we might state to the Society'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 Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Eamonn Russell, 2018

for and on behalf of KPMG, Chartered Accountants, Statutory Audit Firm,

1 Stokes Place, St. Stephen's Green, Dublin 2

**14TH AUGUST 2018** 

## Income and Expenditure Account

#### for the year ended 31 December 2017

		2017	2016
	NOTE	€	€
			RESTATED, NOTE 22
Income			
Rental income and service charges	2	5,838,217	4,956,095
Revenue based grants	3	4,619,180	2,594,249
Capital subsidies amortised	4	4,393,605	5,951,922
Other income	5	403,220	122,207
Total income		15,254,222	13,624,473
Expenditure			
Housing and community services	6	(8,174,706)	(6,504,076)
Depreciation	6	(4,733,191)	(4,069,135)
Total expenditure		(12,907,897)	(10,573,211
Operating surplus		2,346,325	3,051,262
Interest receivable and similar income	8	117	189
Interest payable and similar charges	8	(1,063,321)	(402,508)
Surplus before taxation		1,283,121	2,648,943
Taxation		-	-
Surplus for the financial year		1,283,121	2,648,943

On behalf of the board of management;

Enda Egan

**Interim Chairperson** 

Noel Pocock

**Board Member** 

Kieron Brennan

**Secretary** 

## Statement of Other Comprehensive Income

#### for the year ended 31 December 2017

	2017	2016
	€	€
		RESTATED, NOTE 22
Surplus for the financial year	1,283,121	2,648,943
Other comprehensive income		
Transfer of mortgage liability to income and expenditure account	-	176,814
Total comprehensive income for the year	1,283,121	2,825,757

### Balance Sheet

#### at 31 December 2017

		2017	2016
	NOTE	€	€
			RESTATED, NOTE 22
Fixed assets			
Co-operative housing properties	10	205,790,856	174,245,667
Other tangible assets	10	1,835,724	1,736,73 0
Investments	11	2,469	2,469
	_	207,629,049	175,984,866
Current assets			
Debtors	12	621,414	537,641
Cash at bank and in hand	13	6,144,517	2,141,158
		6,765,931	2,678,799
Creditors: amounts falling due within one year	14	(3,449,752)	(2,025,632)
Net current assets		3,316,179	653,167
Total assets less current liabilities	_	210,945,228	176,638,033
Creditors: amounts falling due after more than one year			
Local authority financial assistance	15	(132,052,384)	(123,531,335)
Bank loans	15	(38,118,670)	(13,912,695)
Deferred income	16	(2,822,006)	(2,525,031)
Net assets	_	37,952,168	36,668 ,972
Capital and reserves			
Called up share capital	20	373	298
Income and expenditure account		37,951,795	36,668,674
		37,952,168	36,668,972

On behalf of the board of management;

Enda Egan

**Interim Chairperson** 

Noel Pocock

**Board Member** 

Kieron Brennan

**Secretary** 

# Statement of Changes in Equity

# for the year ended 31 December 2017

	Share Capital	Retained Earnings	Total
	€	€	€
At 1 January 2016	298	35,558,813	35,559,111
Prior year restatement (note 22)	-	(1,715,896)	(1,715,896)
Restated balance at 1 January 2016	298	33,842,917	33,843,215
Surplus for the year	-	2,648,943	2,648,943
Other comprehensive income	-	176,814	176,814
Total comprehensive income for the year	-	2,825,757	2,825,757
Balance at 31 December 2016	298	36,668,674	36,668,972
Total comprehensive income for the year			
Issued share capital	75	-	75
Surplus for the year	-	1,283,121	1,283,121
Other comprehensive income	-	-	-
Total comprehensive income for the year	75	1,283,121	1,283,196
Total comprehensive income for the year	/5	1,203,121	1,203,196
Balance at 31 December 2017	373	37,951,795	37,952,168

The accompanying notes form an integral part of the financial statements.

# Cash Flow Statement for the Year

### ended 31 December 2017

	2017	2016
NOTE	€	€
		RESTATED, NOTE 22
Cash flows from operating activities		
Surplus for the year	1,283,121	2,648,943
Adjustments for:		
Depreciation	4,733,191	4,069,135
Amortisation of capital loan subsidies	(4,393,605)	{5,951,922)
Interest receivable and similar income	(117)	(189)
Interest payable and similar charges	1,063,321	402,508
Decrease/(increase) in trade and other debtors	(83,523)	1,613,360
Increase/(decrease) in trade and other creditors	795,940	607,940
Interest paid	(812,770)	(402,508)
Net cash from operating activities	2,585,558	2,978,267
Cash flows from investing activities		
Capital expenditure	(36,380,477)	(15,711,780)
Interest received	117	189
Net cash from investing activities	(36,380,360)	(15,711,591)
Cash flows from financing activities		
Loans drawndown	38,033,527	13,104,673
Repayment of borrowings	(668,604)	(383,754)
Capital grants received	433,238	436,350
Net cash from financing activities	37,798,161	13,157,269
Net decrease in cash and cash equivalents	4,003,359	423,945
Cash and cash equivalents at 1 January	2,141,158	1,717,213
Cash and cash equivalents at 31 December	6,144,517	2,141,158



# Notes Forming Part of the Financial Statements

### 1. Accounting policies

Co-operative Housing Ireland Society Limited (the "Society") is a society limited by shares and incorporated and domiciled in Ireland. The Society is incorporated under the Industrial and Provident Societies Acts, 1893-2014.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102") as issued in August 2014. The presentation currency of these financial statements is Euro, rounded to the nearest cent.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 21.

The financial statements are prepared on the historical cost basis.

### Going concern

The board of management is satisfied that the Society will continue in operational existence for a period of at least 12 months from the date of approval of these financial statements.

# Classification of financial instruments issued by the Society

In accordance with FRS 102.22, financial instruments issued by the Society are treated as equity only to the extent that they meet the following two conditions:

- a. they include no contractual obligations upon the Society to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Society, and
- b. where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

#### Basic financial instruments

#### Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are

measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

# Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### Local authority financial assistance

Housing loans are advanced by local authorities, under the terms of individual mortgage deeds in respect of each property or housing scheme. These loans and the associated interest do not become repayable provided the specific conditions set out in the loan agreements are complied with.

The financial assistance is provided towards the costs incurred in providing rental dwellings and the provision of a service in accordance with the Capital Loan and Subsidy Scheme, Capital Assistance Scheme and Capital Advance Agreement Scheme.

#### Capital loan and subsidy scheme

Amounts received from local authorities in relation to the Capital Loan and Subsidy Scheme are recognised when the facility is drawn down, and amortised over the useful life of the associated capital expenditure towards which it is intended to contribute. The finance cost of the loan/mortgage is allocated to periods over the 30 year term of the loan/mortgage at a constant rate on the carrying amount. The subsidy in relation to the notional interest charge on the financial assistance is netted off against the interest charge, with the offsetting amounts being disclosed in the notes to the financial statements.

#### Capital assistance scheme

Amounts received from local authorities in relation to the Capital Assistance Scheme are recognised when the facility is drawn down. These mortgages do not become repayable provided the specific terms set out in the agreement are adhered to. On completion of the mortgage period, the loans are relieved in full and are released to the income and expenditure account reserves.

#### Capital advance agreement

Amounts received from local authorities in relation to Capital Advance Agreements are recognised when the facility is drawndown. The loan and associated accrued interest is repayable at the end of the term of the agreement, being 25 years. Interest accrues on the capital balance drawndown at a rate of 2% per annum. The interest expense is charged annually to the income and expenditure account and accrued as part of the loan balance.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Society's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

#### Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 120 below.

The entity assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

#### The estimated useful lives are as follows:

- Housing units2% straight line
- Housing in course of planning or construction
   No depreciation
- Office buildings2% straight line
- Equipment and fittings
   14,33 0/0 33% straight line
- Motor vehicles20% straight line

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the Society expects to consume an asset's future economic benefits.

#### Prior year restatement

Note 22 sets out details of a restatement to the 2016 comparative financial statements in respect of tangible fixed assets.

#### Government grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

#### Impairment

# Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### **Non-financial assets**

The carrying amounts of the entity's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGIJs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or of it has been integrated then the entire entity into which it has been integrated An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### Employee benefits

# Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the Society pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

#### **Termination benefits**

Termination benefits are recognised as an expense when the Society is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Society has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

#### Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

#### Turnover

Turnover principally represents rental income and service charges from tenants and revenue grants receivable from local authorities, the Department of Children and Youth Affairs ("DCYA") and the Department of the Environment, Community and Local Government ("DoECLG"). Turnover is recognised when the terms and conditions of receipt are met. Income also includes the amortisation of local authority financial assistance.

#### Expenses

#### **Operating lease**

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

#### Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

#### Interest receivable and interest payable

Interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest rate method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

#### Taxation

The Society has been granted charitable exemption by the Revenue Commissioners and as a consequence is not subject to corporation tax.

# 2. Rental income and other charges to tenants

	2017	2016
	€	€
Rental income	5,679,906	4,792,646
Service charges	158,311	163,449
	5,838,217	4,956,095

# 3. Revenue based grants

	2017	2016
	€	€
Management and maintenance allowance	614,149	640,932
Payment and availability agreement	3,559,200	1,578,540
DCYA - ECCE grant <sup>1</sup>	149,765	125,042
DCYA - POBAL CSS scheme <sup>2</sup>	151,318	132,445
DCYA - CDI grant <sup>3</sup>	27,481	27,421
DCYA - POBAL EYC Capita1 <sup>4</sup>	-	303
Katherine Howard Foundation grant <sup>5</sup>	-	6,800
DoHPLG - Grant-in-Aid	-	400
DoHPLG — Social Partnership Funding <sup>6</sup>	18,840	18,840
DoHPLG - Pobal SSNO Scheme <sup>7</sup>	-	26,955
DoHPLG - Pobal SSNO Schemed	73,141	36,571
Other grants	25,286	-
	4,619,180	2,594,249

- 1 DCYA Early Childcare and Education Programme (ECCE) 2017
- 2 DC YA Childcare Subvention Grant (CSS scheme) 2017
- 3 DCYA POBAL Childhood Development Initiative Grant (CDI) 2017
- 4 DCYA POBAL Early Years Capital 2017 Brookview
- 5 Katherine Howard Foundation Philanthropic Society Grant 2017
- ${\bf 6}\ {\rm DoHPLG-Social}\ {\rm Partnership}\ {\rm Funding}\ {\rm to}\ {\rm assist}\ {\rm role}\ {\rm as}\ {\rm a}\ {\rm member}\ {\rm of}\ {\rm the}\ {\rm C\&V}\ {\rm pillar}\ {\rm 2017}$
- 7 DoHPLG POBAL (SSNO) Scheme to Support National Organisations in the Community and Voluntary Sector. The period covered is 1 st July 2014 to 30th June 2016
- 8 DoHPLG POBAL (SSNO) Scheme to Support National Organisations in the Community and Voluntary Sector. The period covered is 1 st July 2016 to 30th June 2019

# 4. Capital subsidies amortised

	2017	2016
	€	€
		RESTATED, NOTE 22
Amortisation of capital loans and subsidies	4,393,605	5,951,922

# 5. Other income

	2017	2016
	€	€
Childcare fee income	78,026	103,119
Other	325,194	19,088
	403,220	122,207

# 6. Operating costs

	2017	2016
	€	€
		RESTATED, NOTE 22
Staff costs (note 7)	2,968,217	2,606,104
Housing management, support and related costs	1,735,584	1,297,320
Operating lease payments	1,575,575	926,250
Insurance costs	229,924	196,118
Repairs, maintenance and upkeep of properties	1,113,470	1,135,958
Legal and professional fees	500,748	298,754
Sundry expenses	19,749	15,282
Auditor's remuneration (inclusive of VAT)	31,439	28,290
	8,174,706	6,504,076
Depreciation charge (note 10)	4,733,191	4,069,135
Total operating costs	12,907,897	10,573,211

Included in housing management, support and related costs above is an amount of €13,675 (2016: €6,067) representing amounts disbursed to board of management members in relation to expenses.

#### 7. Staff Costs

	2017	2016
	€	€
Wages and salaries	2,567,204	2,287,523
Social security costs	261,099	226,284
Other pension costs	116,181	92,297
Temporary staff costs	23,733	-
	2,968,217	2,606,104

A total of 9 employees (2016: 5) annual salary is in excess of €60,000 (2016: €60, 000) as follows.

### Salary Bands

	2017	2016
	NO. OF EMPLOYEES	NO. OF EMPLOYEES
€60,001 - €70,000	4	1
€70,001 -€80,000	2	3
Over €80,001	3	1

Amounts shown in the table above includes basic salary, benefits in kind and pension contributions. For the purposes of classifying individuals within the bands remuneration amounts have been annualised as though all relevant individuals were in employment for 12 months.

Total compensation of key management personnel in the year amounted to €392,664 (2016: €446, 762). The Chief Executive Officer was paid €127,905 (2016: €124, 764) in the year, inclusive of benefits in kind and in addition a pension contribution amounting to €15,720 (2016: €15,300) was made.

### 8. Interest receivable and similar amounts

	2017	2016
	€	€
Interest receivable and similar amounts		
Bank interest receivable	117	189
Interest payable and similar charges		
Interest payable on bank loans and other borrowings made.	1,063,321	402,508

# 9. Tax on surplus on ordinary activities

The Society has been granted charitable exemption by the Revenue Commissioners and as a consequence is not subject to corporation tax.

# 10. Tangible fixed assets

	Housing units	Housing in course of planning or construction	Office buildings	Equipment Fittings & IT	Motor vehicles	Total
	€	€	€	€	€	€
Cost						
At 1 January 2017	214,491 ,283	16,035,588	2,087,752	404,501	112,954	233,132,078
Prior year adjustments (note 22)	(16,934,951)	-	-	-	-	(16,934,951)
Restated balance 1 January 2017	197,556,332	16,035,588	2,087,752	404,501	112,954	216,197,127
Additions	24,477,191	11,626,734	-	238,199	35,250	36,377,374
At 31 December 2017	222,033,523	27,662,322	2,087,752	642,700	148,204	252,574,501
Depreciation						
At 1 January 2017	41,023,293	-	498,408	316,160	53,910	41,891,771
Prior year adjustments (note 22)	(1,677,041)	-	-	-	-	(1,677,041)
Restated balance 1 January 2017	39,346,252	-	498,408	316,160	53,910	40,214,730
Charge for the year	4,588,738	-	41,755	103,058	29,640	4,733,191
At 31 December 2017	43,904,990	-	540,163	419,218	83,550	44,947,921
Net book value						
At 31 December 2017	178,128,533 <b>1</b>	27,662,322 <b>1</b>	1,547,589 ²	223,482 2	64,654 <b>²</b>	207,626,580
At 31 December 2016	158,210,080 <b>1</b>	16,035,588 <b>1</b>	1,589,344 <b>²</b>	88,341 <b>²</b>	59,044 <b>²</b>	175,982,397
					<u> </u>	

Refer to note 15 for details on fixed assets which have been charged as security for bank loans.

<sup>1</sup> The total balance of housing and land and housing in course of planning or construction which forms part of the co-operative housing properties is €205,790,855 (2016: €174,245,668 restated)

<sup>2</sup> Office buildings, equipment and fittings and motor vehicles totalling to €1,835,725 (2016: €1,736,730) are fixed assets of the Society which do not form part of the co-operative housing stock.

### 11. Fixed assets investment

	Investments in societies
	€
Cost	
At 1 January 2017 and 31 December 2017	2,469
Net book value	
At 31 December 2017 and 31 December 2016	2,469

#### The Society holds investments of 100% of the share capital in:

- South Leinster Co-operative Housing Society Limited
- Connacht Co-operative Housing Society Limited

# 12. Debtors

	2017	2016
	€	€
Rental income	316,754	219,748
Capital grants due in relation to retentions owing to building contractors	85,873	85,873
Service income charges due	78,614	60,274
Prepayments	130,378	118,490
Accrued income and other debtors	9,795	53,256
	621,414	537,641

# 13. Cash and cash equivalents

	2017	2016
	€	€
Cash at bank and in hand	6,144,517	2,141,158
Cash and cash equivalents per cash flow statement	6,144,517	2,141,158

# 14. Creditors: amounts falling due within one year

	2017	2016
	€	€
Bank loans	1,203,217	575,037
Trade creditors and accruals	1,035,217	742,811
Capital retentions accrual	356,356	356,356
Deferred income	307,289	249,483
VAT	460,983	25,022
PAYE/PRSI	74,176	58,194
Other taxes	12,490	18,729
	3,449,752	2,025,632

# 15. Creditors: amounts falling due after more than one year

	2017	2016
	€	€
		RESTATED, NOTE 22
Local authority financial assistance (i)	132,052,384	123,531,335
Bank loans (ii)	38,118,670	13,912,695
	170,171,054	137,444 ,030

### (i) Local authority financial assistance

Housing loans are secured by specific charges on the Society's land and housing properties. No capital or interest repayments are required to be made on the above loans provided that the Society continues to comply with certain specific requirements of the local authorities with regard to the properties for which housing loans have been provided.

#### The local authority financial assistance balance is broken down as follows:

	2017	2016
	€	€
		RESTATED, NOTE 22
Capital Loan and Subsidy Scheme ("CLSS") financing (a)	112,516,684	116,662,288
Capital Assistance Scheme financing (b)	-	111,737
Capital Advance Agreement financing (c)	19,535,700	6,757,310
	132,052,384	123,531,335

#### (a) Capital Loan and Subsidy Scheme financing

The capital mortgage repayments and associated interest arising on the loans are settled on the Society's behalf by way of a subsidy. The Society does not charge the interest accruing on the loans to its income and expenditure account as the cost is met through the subsidy scheme. The interest expense accruing on the loans for the current year was€ 2,597,750million (2016: €2.3 million restated).

Amounts drawn down under the scheme in the current year were €Nil (2016: €Nil). The Society amortises the capital balance to its income and expenditure over the life of the associated assets which were financed by the scheme.

#### (b) Capital Assistance Scheme financing

Amounts drawndown under the Capital Assistance Scheme are non-repayable mortgages subject to the Society complying with the underlying terms and conditions. On completion of the mortgage period, the loans are relieved in full and are released to the income and expenditure reserves account.

#### (c) Capital Advance Agreement financing

Amounts drawn down under the Capital Advance Agreement scheme are repayable at the end of 25 years from the date of drawdown, subject to the Society complying with other terms and conditions. Interest accrues at a rate of 2% per annum and this has been charged to the Society's income and expenditure account. During 2017 the Society drew down €12,527,549 of new financing.

#### (ii) Bank loans

#### The repayment profile of the bank loans is as follows:

	2017	2016
	€	€
Amounts due within one year	1,203,217	575,037
Amounts due two to five years	5,198,851	2,536,747
Amounts due greater than five years	32,919,819	11,375,948
	39,321,887	14,487,732

During the year the Society drew down €25,505,978 of financing from the Housing Finance Agency and of the year end bank loans, €35,373,851 relates to that lender.

# **Security**

Bank of Ireland holds mortgages over units 1-9 and 15-18 at Greenlawns, Coolock, Dublin 17, the property development at Auburn Lodge, Killiney, Co. Dublin and 192 and 193, Block 4 Island Key, East Road, East Wall, Dublin 1.

Bank of Ireland holds a first charge over the freehold land and premises at 33 Lower Baggot Street, Dublin 2.

The Housing Finance Agency holds a charge over all properties financed by it.

### 16. Deferred income - capital grants

	2017	2016
	€	€
Balance at 1 January	2,525,031	2,088,681
Amounts received	433,240	537,775
Amortised during the year	(136,265)	(101,425)
Balance at 31 December	2,822,006	2,525,031

#### 17. Pension costs

The Society operates a defined contribution scheme which matches employees' contributions to a maximum of 5% of annual salary. This employer contribution was increased from 5% to 8% from April 2016 onwards. The pension expense of €116,181 during the current year (2016: €92,297) represents contributions made by the Society to the fund. The assets of the scheme are held separately from those of the Society in an independently administered fund. Amounts payable to the scheme at year end totalled to €17,229 (2016: €17,911).

#### 18. Commitments

	2017	2016
CAPITAL	€	€
Capital expenditure which has been contracted for but has not been provided in the financial statements	13,466,331	-

#### Operating leases

At the balance sheet date the Society had annual commitments under non-cancellable operating leases in respect of housing units as set out below:

	2017	2016
EXPIRING	€	€
Within one year	1,745,226	1,538 ,541
Between two to five years	6,980,906	6,154 ,165
More than five years	27,233,839	24,232,033

During the year €1,575,575 was recognised as an expense in the profit and loss account in respect of operating leases (2016: €926,250).

The Society is also party to a number of operating leases with local authorities for housing units and apartments. Under the terms of these lease agreements, the Society is not required to make lease payments to the local authorities but is responsible for the maintenance and associated costs on the units which it expenses to its income and expenditure account.

### 19. Related party transactions

During the year the Society made payments of €Nil (2016: €914) to Dublin South Co-operative Housing Society Limited ("Dublin South Co-Op"), a shareholder of the Society. Dublin South Co-Op used the funds to settle amounts owed to a board of management member of Co-operative Housing Ireland Limited, who resigned in the prior year, Therese Cummins, in respect of services provided for the general upkeep of common areas at certain units owned by the Society.

During the current year the Society made payments of €Nil (2016: €114) in total to Dublin City Co operative Housing Society Limited, Dublin South Co-operative Housing Society Limited and Dublin West Co-operative Housing Society Limited in respect of expenses of board of management members of those respective co-operatives. Each of these co-operatives is a shareholder of the Society.

### 20. Capital and reserves

### Share capital

	Ordinary shares 2017
	NUMBER OF SHARES
Issued shares	373

### Allotted, called up and fully paid

	2017	2016
CAPITAL	€	€
373 (2016: 298) ordinary shares of €1 each	373	298
	373	298

As at 31 December 2017, there were 13 members (2016: 10), whose guarantee is limited to €1 per share.

# 21. Accounting estimates and judgements

Preparation of financial statements requires management to make significant judgements and estimates. The items in the financial statements where key judgements and estimates have been made include:

#### Useful life of depreciable assets

The board of management is required to determine an appropriate period for the estimated useful lives of the tangible asset balance. Changes in the estimated useful life of tangible fixed assets could have a significant impact on the annual depreciation charge.

### Allowance for bad debts arising on rental income

The board of management is required to annually estimate a bad debt provision for rental amounts due but not received at the balance sheet date. As at 31 December 2017 the board of management has determined that no bad debt provision is required based on the Society's experience of bad debts incurred.

# 22. Restatement of fixed asset and loan balances in prior years

The prior year comparative financial statements have been restated to correct an error relating to arrangements between Co-operative Housing Ireland Society Limited and Fingal County Council in respect of the Avondale Park development which was completed in 2012. On finalisation of the cost account and allocation of the related CLSS funding for the development between the parties in 2018, it became apparent the original cost of the development included in fixed assets and the CLSS funding including in creditors of the society were overstated. The following is the impact of the correction of this error on the 2016 financial statements, taking account of depreciation and CLSS amortisation since 2005.

	Reported previously in 2016 financial statements	Adjustment to previous reported figures	Reported as restated comparatives
	€	€	€
Capital subsidies amortised	(6,723,069)	771,147	(5,951,922)
Depreciation	4,407,767	(338,632)	4,069,135
Co-operative housing properties	189,503,577	(15,257,910)	174,245,667
Local authority financial assistance	(136,640,834)	13,109,499	(123,531,335)
Reserves 1 January 2016	35,558,813	(1,715,896)	33,842,917
Reserves 31 December 2016	38,817,085	(2,148,411)	36,668,674
Cash flow from operating activity			
Surplus for the year	3,081,458	(432,515)	2,648,943
Depreciation	4,407,767	(338,632)	4,069,135
Amortisation of loans	(6,723,069)	771,147	(5,951,922)

# 23. Approval of financial statements

The board of management approved the financial statements on 13th August 2018.





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