

Circle Voluntary Housing
Association Limited

Reports and Financial Statements
for the financial year ended
31 December 2015

CIRCLE VOLUNTARY HOUSING ASSOCIATION LIMITED

**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

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CIRCLE VOLUNTARY HOUSING ASSOCIATION LIMITED

DIRECTORS AND OTHER INFORMATION

DIRECTORS

Fr. Pat Carolan
Jerome Casey (Chairman)
Thomas Corcoran
Jane Doyle
Chris Ellison
Jim Murphy
Aoife Watters
Dave Williams

COMPANY SECRETARY

Anne O'Meara

REGISTERED OFFICE

3 Castle Street
Dublin 2

AUDITORS

Deloitte
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House
Earlsfort Terrace
Dublin 2

BANKERS

Allied Irish Bank plc
7/12 Dame Street
Dublin 2

Bank of Ireland
College Green
Dublin 2

SOLICITORS

McCann Fitzgerald
Riverside One
Sir John Rogerson's Quay
Dublin 2

Ferry Solicitors
Inn Chambers
15 Upper Ormond Quay
Dublin 7

CHARITY REGISTRATION NUMBER

15529

COMPANY REGISTRATION NUMBER

374693

PRSA LICENSE NUMBER

002408

CIRCLE VOLUNTARY HOUSING ASSOCIATION LIMITED

DIRECTORS' REPORT

The directors have great pleasure in presenting their annual report together with the audited financial statements for the year ended 31 December 2015

LEGAL STATUS

Circle Voluntary Housing Association is a company limited by guarantee, not having a share capital, incorporated in Ireland in 2003 under the Companies Act 2014, registered number 374693.

The company has also been granted charitable status, for taxation purposes by the Revenue Commissioners, charity number CHY 15529. All income is applied only for the promotion of the charitable objectives of the company.

In relation to the Companies Act 2014, effective from 1 June 2015, the Board have decided to opt to remain a company limited by guarantee (CLG) and are currently agreeing the new constitution which will replace the Memorandum and Articles of Association of the company within the required deadline.

MISSION AND ACTIVITIES

Circle Voluntary Housing Association was founded in 2003. Our primary objective is to provide housing for persons deemed to be in housing need. Circle VHA vision is "Making a difference by providing quality homes for people in housing need".

Our mission is "to deliver quality homes and services in partnership with our tenants and local services to create sustainable communities". As a socially responsible housing association, Circle VHA actively engages with its tenants, other residents, existing statutory agencies and local communities to create socially responsible, environmentally acceptable and sustainable communities. We commenced the delivery of our housing and facilities management services in 2006. We are currently primarily based in the greater Dublin area.

RESULTS FOR THE YEAR AND REVIEW OF OPERATIONS IN 2015

Circle VHA continued to increase the number of units in its housing and facilities management during 2015 primarily by managing units of accommodation for local authorities in the greater Dublin area. The scale of increase is outlined below.

	At 31 Dec. 2014	At 31 Dec. 2015
Dwelling units owned (no.)	324	334
Dwelling units managed (no.)	581	627
Dwelling units provided with estate management services (no.)	1,290	1,290

The scale of the increase in housing management during 2015 was some 55 additional units which increased the units available for social housing to 961 in total at year end. We also secured capital funding from DECLG for 34 CAS units in Dun Laoghaire Rathdown, South Dublin County Council, Kildare County Council and Dublin City Council. These units will become available in 2016.

Circle VHA is primarily a general needs housing provider and all the families and persons that we house are approved applicants from the local authority housing waiting lists. We have also provided housing both in designated funded schemes to families and individuals who were homeless. There is a significant increase in demand for social housing in the Dublin area and an increased scale of homelessness which all local authorities and approved housing bodies are struggling to address.

Our current housing schemes are located in some 25 separate schemes alongside a range of dispersed units in the greater Dublin area. These schemes range in scale from 149 units to smaller scale provision in mixed tenure schemes to individual dispersed units. Circle VHA has benefited from the Part V planning legislation which enabled the acquisition of social housing in mixed tenure schemes across the Dublin region. In some seven schemes we provide both the social and facilities management services in an integrated manner.

CIRCLE VOLUNTARY HOUSING ASSOCIATION LIMITED

DIRECTORS' REPORT (CONTINUED)

RESULTS OF THE YEAR AND REVIEW OF OPERATIONS IN 2015 (CONTINUED)

Our current tenant population is primarily in the 25-44 age groups and some 79% of our accommodation is for families with children. These families' children are primarily under 13 years of age. We make determined efforts to provide support to families and children where this is required and we link families to the relevant services. Some 21% of our accommodation is provided to single persons. Some 79% of our tenant population are Irish born citizens and some 21% are families and persons who have the right to reside in Ireland. The latter population come from over 35 different countries across the globe. This trend reflects current social housing need and the in migration of persons into the country in the past 15 years. This diversity of persons from Europe and Africa presents new challenges in our housing management. The diversity also contributes considerable vibrancy in our housing schemes.

The provision of stable good quality housing has enhanced the life chances and opportunities for all of our tenants. All our housing schemes are stable and settled and there is a small scale void rate and re-letting of our social housing units. In four of our schemes staff engaged with tenants and organised clean up days and social activities for tenants and their children. We also work with our tenants to establish Tenant Forums across our schemes whereby tenants' views on collective housing and estate management issues are communicated to our staff and where activities for tenants are arranged. Partnership with our tenants and locally based statutory and community based agencies is important and enables us to provide effective responses to antisocial behaviour problems which may arise, provide housing in locations that our tenants feel safe in and enables the provision of support to tenants where they may need such support.

During 2015 a postal Tenant Satisfaction Survey was conducted by an external researcher, Taemur Consulting. The summary results were as follows:

- **Tenant Satisfaction Survey 2015:** In August 2015 we commissioned a new postal tenant satisfaction survey by Taemur Consulting. The response rate was at 46% which was similar to the 2013 returns.
- **Satisfaction with the Quality of their Home/Condition of their Property/Neighbourhood:** Circle VHA tenants were very or fairly satisfied with the quality of their homes (92%), with the condition of their home (84%), and the neighbourhood in which they live (84%).
- **Satisfaction with Staff for Obtaining Help/Being Respectful:** The Circle VHA staff has high satisfaction ratings. This concerns the following- easy to contact (97%), securing assistance (92%), respectful and courteous (98%) and helpful (97%).
- **Tenant Interview:** 99% stated that they were made to feel welcome at their interview, 89% said that they felt respected and listened to and 99% and 89% said that the basis of the interview was explained and that they were given adequate information.
- **Tenant Induction:** A majority (64%) attended Tenant Induction courses and 94% found the courses useful. There has been a reduction in the scale of tenants participating in Tenant Induction processes as there has been an increase in the level of tenants being accommodated on social leasing schemes in dispersed settings on an incremental basis which makes the tenant induction process less viable to undertake.
- **Integration and Safety in their Community:** Some 54% of tenants felt integrated in their community and 84% felt safe in their community. Both findings were an improvement on the previous survey's findings.
- **Overall Satisfaction Rating:** There was an overall satisfaction rating of 93% with the delivery of our housing management services.

These results are affirming in terms of the scale of response and the overall positive feedback from our tenants on the delivery of our housing management services. The survey results also pointed to where we needed to improve the quality and efficiency of our housing management services. There has been a consistent pattern of findings in the surveys undertaken in 2011, 2013 and 2015. Circle VHA was also awarded an Excellence in Business Award in 2014 and again in 2015 by the Public Sector Magazine which is a further recognition of the quality of our housing management services.

Our facilities management services were provided to 1,290 residents in seven different schemes, some of mixed tenure and some exclusively social housing schemes. The integrated delivery of social housing and facilities management is an important component of the services that we deliver.

CIRCLE VOLUNTARY HOUSING ASSOCIATION LIMITED

DIRECTORS' REPORT (CONTINUED)

RESULTS OF THE YEAR AND REVIEW OF OPERATIONS IN 2015 (CONTINUED)

Circle VHA works in partnership with key stakeholders such as local authorities, DECLG and lending institutions in order to enable the delivery of new housing. The policy framework for Circle VHA and all other AHBs has been significantly changed with the publication of Construction 2020 and the Social Housing Strategy 2020 in 2014. The Social Housing Strategy 2020 sets out ambitious targets and new frameworks for the delivery of social housing and is asking the larger AHBs such as Circle VHA to deliver new units via acquisition and design and build. The Greater Dublin area where we currently operate has a very limited supply of new housing being constructed that is affordable for Circle VHA to acquire. There is a limited amount of distressed assets becoming available and they are often leased to tenants which makes more difficult their acquisition for social housing. A key basis of future growth will be the securing of land for the construction of new social housing units in partnership with local authorities. The scale of social housing need has increased and the private rented sector has become unaffordable for families and individuals which causes some of them to become homeless. As per DECLG policy Circle VHA has allocated 50% of new tenancies to households from the homeless and special needs categories.

GOING CONCERN

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements. Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements.

FINANCIAL PERFORMANCE

The surplus for the financial year was €2,450,715 (2014, €2,300,955). The surplus was achieved through continued expansion of rented units, tight control of costs and the effect of amortisation credited to the Statement of Comprehensive Income. The operating surplus was €845,468 on a turnover of €3,530,229, resulting in an operating profit of 23.9%. It should be noted that this operating profit was achieved due to the age of Circle VHA properties, with the oldest owned property built in 2006, requiring a lower level of repairs. Alongside this the association has always been quite lean in terms of staffing. We would not envisage this high an operating surplus going forward as the organisation grows and invests in both this growth and its five-year development pipeline.

Of the total surplus, €1,644,227 relates to the net adjustment for depreciation and amortisation due to the accounting requirements of FRS102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland which came into force on 1 January 2015. The prior financial year's results have also been restated for the net adjustment for amortisation and depreciation which amounts to €1,619,122. The reason for this large credit to the Statement of Comprehensive Income is due to the difference in the timings between the write off of the loan and the corresponding asset (housing unit). In the case of the housing unit, the property is depreciated down to a residual value on a component basis, with lifecycle of components varying from 15 to 70 years. In the 2015 Circle VHA Financial Statements, an amount of €776,572 was booked to the Statement of Comprehensive Income in respect of depreciation on tangible fixed assets. The corresponding CAS and CLSS loans which funded the purchase of these housing units, are released over the lifetime of the loans. In Circle VHA's case, this time period is 30 years. In 2015, an amount of €2,392,722 was released to the Statement of Comprehensive Income. For further information on the accounting policies applied in relation to depreciation and amortisation of loans please refer to note 1; note 20 also provides more detail on transition to FRS102.

Turnover

The income of the company increased to €3,530,229 from €2,425,034 in 2014 which was an increase of 46%. The primary sources of income are rental income, Management and Maintenance Allowances, and Payment and Availability Agreement payments. Rental income remained as the main source of income and it had increased by 26% in 2015 to €2,324,070. An increased source of income was the Payment and Availability Agreement figure of €575,107. (2014 €9,917).

CIRCLE VOLUNTARY HOUSING ASSOCIATION LIMITED

DIRECTORS' REPORT (CONTINUED)

FINANCIAL PERFORMANCE (CONTINUED)

Expenditure

Expenditure in the year was €2,684,761 compared to €1,774,224 in 2014 which was an increase of 51%. (€910,837). Of this amount €511K relates to increased NARPS lease payments, of the remaining, €400K relates largely to an investment program in internal infrastructure which Circle VHA has commenced. Within this investment are increased levels of staffing (€232K increase on 2014 costs) and the procurement of larger premises alongside the initial steps in improving Circle VHA's IT infrastructure (€111K). This program is undertaken with a view to ensuring Circle VHA can deliver its' ambitious 5-year development plan while maintaining current tenant and stakeholder satisfaction levels.

Reserves

At the year end, total reserves were €17,154,774 compared to €14,704,059 at 31 December 2014. The increase in reserves is attributed to the operating surplus for the financial year of €849,280 alongside an adjustment for Amortisation of CAS and CLSS loans and Depreciation on tangible fixed assets of €1,601,435.

Reserves for Future Maintenance

A Stock Condition Survey was completed in 2015 by Fairthorn Farrell & Timms and an asset management plan was prepared and approved by the Board. This asset management plan has projected the costs of replacing building components over a 30-year period. The component replacement costs will be manageable via our cash flow as per the financial projections made under our 30-year financial plan. Circle VHA housing stock has been constructed in the past 10 year period and as such is relatively new. The replacement of housing components such as gas boilers and kitchen units will commence from 2020.

Strategic planning and direction

In 2015 the Board undertook a review of the Strategic and Business Plan for the 2015-2018 period that had been agreed in 2014. The external policy and housing environment was reviewed and the key strategic goals for the next 3 years were reviewed and approved with a range of key performance indicators. The Board reviewed the Social Housing Strategy 2020 and how Circle VHA could achieve its vision and mission. During 2015 the Board approved a 30 Year Business Plan and Asset Management Plan. The Board affirmed the five key strategic goals to direct and guide the company:

- A. Grow the scale of our housing management provision to 1500 units by end of 2017 via acquisitions, design and build, leasing/stock transfer/mergers
- B. Develop the quality and effectiveness of our internal processes and management systems to ensure a robust and adaptable organisation that provides quality housing, facilities and corporate services to its tenants and stakeholders
- C. Improve and develop the quality of our housing and estate management services to our tenants
- D. Promote the brand of Circle VHA as being a trusted social housing provider of good quality social housing and facilities management services
- E. Maintain and develop the financial stability of the company so that the core activities of the company are sustainable for current social housing provision and future growth

In order to achieve the five strategic goals, the Board approved the allocation of additional staffing for the development area in order to enable the ambitious targets that we have for growth. The Board also approved the recruitment of additional staff in the Finance and Housing management sections of the organisation in order to maintain a quality housing and facilities management services and to enable the growth of our social housing provision. The Board also approved a 30-year Business Plan for the company based on a development pipeline for the 2015-2020 period. During 2015 new offices were secured for the company in order to enable the continued growth of the organisation for the next 5-10-year period. The Board also approved the extension of our housing provision into the adjoining counties in Louth, Wicklow, Meath and major urban areas outside of Dublin.

CIRCLE VOLUNTARY HOUSING ASSOCIATION LIMITED

DIRECTORS' REPORT (CONTINUED)

FINANCIAL PERFORMANCE (CONTINUED)

Strategic planning and direction (continued)

Circle VHA works actively with DECLG, local authorities, NAMA and all other external stakeholders in the delivery of new social housing as outlined in the new social housing strategy. We want to grow our current social housing provision in the existing and the adjoining local authority areas. The current funding framework via loan finance, P&A and CALF has limitations in terms of the increase in acquisition costs and the maximum threshold of 30% CALF funding available- the average CALF funding is around 20%. This places a demand upon our reserves and our borrowing capacity. The available amount of distressed assets for acquisition is reducing and the design and build of new units will be a principle source of new social housing for Circle VHA. The new Social Housing Strategy 2020 provides a new strategic direction for the delivery of social housing and the opportunity and challenge for Circle VHA to address social housing need. The Social Housing Strategy 2020 is in place and there have been some incremental changes to the funding and processes that applies for the AHB sector. That stated, there are major difficulties in the delivery of new affordable housing in the Dublin area and the scale of new build housing is inadequate. In 2015 Circle VHA has entered into arrangements with vendors for the acquisition of properties for via CALF and HFA funding which will be concluded in 2016.

FUTURE DEVELOPMENTS

The Board has established a new strategy for the next three-year period and there are ambitious targets for growth and the delivery of quality services to our tenants. The primary expansion of our housing management in 2016 and later will be via acquisitions and the commencement of new design and build units on sites that have been made available by local authorities.

GOVERNANCE

Circle VHA is governed by a Board of eight Directors, who are not paid for their services. The Board is responsible for providing leadership, approving strategy for the company to achieve its vision and mission, for reviewing the performance and management of our services, for reviewing risk and ensuring proper probity and compliance with required governance and legal requirements. There is a clear division of responsibility between the Board and the Chief Executive with the Chief Executive being responsible for implementing the strategy and policy decisions made by the Board.

The Directors bring their experience in architecture, banking, commerce, economics, housing policy, housing management and planning to bear on guiding the Association. Eight Board meetings were held during 2015. This included a full day meeting where the Board reviewed the strategy and direction of the organisation. Matters such as policy, strategic planning, budgets, and operational delivery of our housing services are reported on to the Board for their consideration and approval. In 2015 eight Board meetings were held, attendance of the directors at these were as follows:

• Jerome Casey	8
• Fr. Pat Carolan	8
• Tom Corcoran	7
• Jane Doyle	6
• Chris Ellison	2
• Jim Murphy	8
• Dave Williams	6
• Aoife Watters	5

The Board takes seriously its responsibilities as a charitable body and the absolute requirement for the Board to act with probity and diligence to achieve the company's vision and mission. We are very aware of the necessity for excellence in governance in view of external events relating to a small number of charitable bodies and we will continue to demand probity from all our employees, contractors and external stakeholders. The Board has reviewed its performance annually and its governance on a regular basis during the calendar year. The Board reviewed its governance and compliance with the Voluntary Code of Governance as per the principles established in the code in late 2015. On the basis of the review that was undertaken it has now signed up to the Governance Code. The company has also taken steps to register with the Charity Regulators office. We are registered with the Voluntary Regulators for Approved Housing Bodies and have provided the required information to them for an annual return and assessment of our capacity. The Board is assisted by three committees who are authorised to make recommendations to the Board:

CIRCLE VOLUNTARY HOUSING ASSOCIATION LIMITED

DIRECTORS' REPORT (CONTINUED)

RISKS (CONTINUED)

In December 2015 DECLG published the Heads of Terms of a Bill for proposed statutory based regulatory framework for the sector. It is expected that the draft legislation will be presented to the Dail in late 2016. These new requirements should enable financial institutions to be more secure in their loan funding to the sector. In our role as a managing agent for management companies we have been provided with a licence by the Property Services Regulatory Authority to deliver such services.

In 2015 the Board approved a Risk Register that was presented by the management team. This Risk Register is managed by the management team and then reviewed, updated, amended and then approved by the Board on two occasions each calendar year. The key strategic risks that have been identified and agreed by the Board are as follows:

1. Capacity to enhance organisational growth and the planned delivery of new housing provision as per the new Social Housing Strategy 2020.
2. Unidentified building defects in properties that could adversely affect our housing services and financial capacity and reserves.
3. Financial risks associated with loan finance borrowing and the current funding arrangements for the AHB sector.
4. Reputational risk to the company if we do not achieve our new housing delivery targets and deliver inadequate housing management services.

The Board and management have identified these risks and put in place a series of steps to mitigate these risks. The management team regularly reviews the risks as per changes in both the internal and external environment. The Board has approved the recruitment of additional staff to enhance the organisation's capacity and delivery of new social housing. These staff are now in place. The stock condition survey has identified some small repair works in the properties that have been surveyed and these repairs will be completed in 2016. The Finance Committee and the Board robustly review proposed acquisitions as to their financial viability over the 30-year loan period. The reputational risk is carefully monitored as per risks presenting with tenant management. The non-payment of rent by tenants is both a financial and reputational risk for Circle VHA and has to be managed actively. In 2016 Circle VHA, like all AHBs, will be under the remit of the Residential Tenancies Board for the resolution of landlord tenant matters.

FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The company's activities expose it to the financial risks relating to credit risk. The company has budgetary and financial reporting procedures, supported by appropriate key performance indicators, in place, to manage these risks. All key financial indicators are monitored on an on-going basis.

Credit risk

The company's principal financial assets are bank balances and cash, and other debtors. The company's credit risk is primarily attributable to its rental and other debtors. The management of rent payment is a critical housing management task and the active pursual of rent arrears is an important task for the whole organisation. We recognise that we provide housing to tenants who are on low incomes and that rent management has to be undertaken with firmness and fairness. The amounts presented as debtors in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

ACCOUNTING RECORDS

The measures that the directors have taken to secure compliance with the requirements of sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records, are the employment of appropriately qualified accounting personnel and the maintenance of computerised accounting systems. The company's accounting records are maintained at the company's registered office at 3 Castle Street, Dublin 2.

CIRCLE VOLUNTARY HOUSING ASSOCIATION LIMITED


DIRECTORS' REPORT (CONTINUED)

AUDITORS

The auditors, Deloitte, Chartered Accountants and Statutory Audit Firm, continue in office in accordance with Section 383(2) of the Companies Act 2014.

Approved by the Board and signed on its behalf by:


Aoife Watters
Director


Jerome Casey
Director


Date

CIRCLE VOLUNTARY HOUSING ASSOCIATION LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the directors' report and the financial statements in accordance with the Companies Act 2014 and the applicable regulations.

Irish company law requires the directors to prepare financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("relevant financial reporting framework"). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the company as at the financial year end date and of the profit or loss of the company for the financial year and otherwise comply with the Companies Act 2014.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies for the company financial statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. 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. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CIRCLE VOLUNTARY HOUSING ASSOCIATION LIMITED

We have audited the financial statements of Circle Voluntary Housing Association Limited for the financial year ended 31 December 2015 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Reserves, the Statement of Cash Flows and the related notes 1 to 20. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("relevant financial reporting framework").

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014. Our responsibility is to audit and express an opinion on the financial statements in accordance with the Companies Act 2014 and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Reports and Financial Statements for the year ended 31 December 2015 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion, the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2015 and of the surplus for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

Matters on which we are required to report by the Companies Act 2014

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


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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CIRCLE VOLUNTARY HOUSING ASSOCIATION LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.



Margarita Martin
For and on behalf of Deloitte
Chartered Accountants and Statutory Audit Firm
Dublin

7 July 2016

CIRCLE VOLUNTARY HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

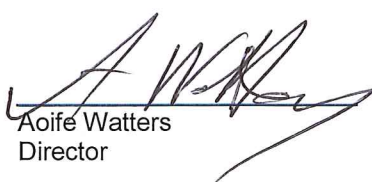
	Notes	2015 €	2014 € (Restated)
Turnover	3	3,530,229	2,425,034
Administrative expenses		(2,684,761)	(1,774,224)
Operating surplus		845,468	650,810
Depreciation and amortisation		1,601,435	1,619,122
Interest receivable		3,812	31,023
Surplus on ordinary activities before taxation	6	2,450,715	2,300,955
Tax on surplus on ordinary activities	7	-	-
Surplus on ordinary activities after taxation	13	2,450,715	2,300,955
Other comprehensive income		-	-
Total comprehensive income for the financial year		2,450,715	2,300,955

CIRCLE VOLUNTARY HOUSING ASSOCIATION LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2015

	Notes	2015 €	2014 € (Restated)
Fixed Assets			
Tangible assets	8	66,434,364	65,153,767
Current Assets			
Debtors: Amounts falling due within one financial year	9	1,229,289	793,378
Cash at bank and in hand		3,605,432	3,546,121
		4,834,721	4,339,499
Creditors: Amounts falling due within one financial year	10	(714,299)	(453,689)
Net current assets		4,120,422	3,885,810
Total assets less current liabilities		70,554,786	69,039,577
Creditors: Amounts falling due after more than one financial year	11	(53,400,012)	(54,335,518)
NET ASSETS		17,154,774	14,704,059
Reserves			
Income and expenditure account	13	4,772,366	3,965,878
Capital reserves	13	12,382,408	10,738,181
		17,154,774	14,704,059

The financial statements were approved and authorised for issue by the Board of Directors on 7th July 2016 and signed on its behalf by:


Aoife Watters
Director


Jerome Casey
Director

CIRCLE VOLUNTARY HOUSING ASSOCIATION LIMITED

**STATEMENT OF CHANGES IN RESERVES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	Income and expenditure account €	Capital Reserves €	Total €
At 31 December 2013 as previously stated	3,284,045	-	3,284,045
Changes on transition to FRS 102 (note 20)	-	9,119,059	9,119,059
At 1 January 2014 as restated	3,284,045	9,119,059	12,403,104
Surplus for the financial year	2,300,955	-	2,300,955
Transfer amortisation and housing property depreciation to capital reserves	(1,619,122)	1,619,122	-
At 31 December 2014	3,965,878	10,738,181	14,704,059
Surplus for the financial year	2,450,715	-	2,450,715
Transfer amortisation and housing property depreciation to capital reserves	(1,644,227)	1,644,227	-
At 31 December 2015	4,772,366	12,382,408	17,154,774

CIRCLE VOLUNTARY HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Notes	2015 €	2014 € (Restated)
Net cash flows from operating activities	14	3,017,527	2,937,395
Cash flows from investing activities			
Purchase of tangible fixed assets	8	(2,057,169)	(4,042,084)
Interest received		3,812	31,023
Net cash flows from investing activities		(2,053,357)	(4,011,061)
Cash flows from financing activities			
(Decrease)/increase in housing loans		(935,506)	1,647,885
Net cash flows from financing activities		(935,506)	1,647,885
Net increase in cash and cash equivalents		28,664	574,219
Cash and cash equivalents at beginning of financial year		3,542,137	2,967,918
Cash and cash equivalents at end of financial year		3,570,801	3,542,137
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand		3,605,432	3,546,121
Bank overdraft		(34,631)	(3,984)
		3,570,801	3,542,137

CIRCLE VOLUNTARY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES

Basis of Preparation

The financial statements have been prepared in accordance with the Companies Act 2014 and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Basis of Accounting

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council, and promulgated for use in Ireland by Chartered Accountants Ireland. The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year. For more information see note 20.

Going Concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the directors' report. The directors' report describes the financial position of the company; its cash flows, liquidity position; the company's objectives, policies and processes for managing its capital; its financial risk management objectives and its exposure to interest rate risk and credit risk. The company meets its day to day working capital requirements through accumulated reserves, bank and other debt. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

Turnover represents rental income from third parties, development allowances and revenue grants receivable from local authorities and the Department of the Environment, Heritage and Local Government and other government departments, management fees and other income.

Development Allowances

Development allowances receivable are credited to income in the period in which the development work is undertaken and the administrative expenses are incurred in respect of the relevant project.

Tangible Assets - Housing Properties

Housing properties are stated at cost. The cost of housing properties comprises the following:

- a) Cost of acquiring land and buildings
- b) Construction and development expenditure
- c) Other fixed assets are stated at cost

CIRCLE VOLUNTARY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (CONTINUED)

Depreciation of Tangible Assets

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset. Depreciation is provided on a straight line basis to write off the cost of the assets over their estimated useful lives at the following rates:

In accordance with the depreciation policy of the company, the Board Members consider that the land and structures' residual value is considered not less than the cost capitalised and therefore is not depreciated. The significant components of tangible fixed assets include: Roof Structure and Coverings, Windows and External Doors, Gas Boilers, Kitchens, Bathrooms, Heating, Ventilation and Plumbing Systems, Electrics and Lifts. These components are depreciated over a period of 15 to 70 years to write off the components over their estimated useful economic lives.

In accordance with the depreciation policy of the Association, the Board Members consider that the land and structure's residual value is not less than the cost capitalised. The company perform rolling stock condition surveys to ensure their assessment of residual value remains appropriate. In addition, under the terms of the Association's funding and loan agreements with respective local authorities, government departments and the HFA, the Association is required to keep the properties in good structural order, repair and condition and not to permit the funded/mortgaged properties to depreciate by neglect or mismanagement. Detailed reviews for impairment are therefore only carried out if Board Members are satisfied that there are definite indicators that impairment has occurred. The Board Members are satisfied that in the current market, land and the residual value of structures is an appreciable asset and that an annual charge for depreciation would be inappropriate.

Housing Loans

Funding was primarily advanced by local authorities and the Department of the Environment, Community and Local Government, under the Capital Loan and Subsidy Scheme (CLSS) and the Capital Assistance Scheme (CAS). Funds advanced under CLSS and CAS have been amortised over the period of the scheme from the date of advance, which is 30 years and transferred to a Capital reserve. On completion of the funding period, provided certain conditions are met, the balances are relieved in full and will be released from the capital reserve to the income and expenditure account reserve.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial liabilities are classified according to the substance of the contractual arrangements entered into.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

CIRCLE VOLUNTARY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires. Balances that are classified as payable or receivable within one financial year on initial recognition are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Leasing

Assets obtained under finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Income and Expenditure Account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

Pensions

The company operates a defined contribution pension scheme for certain employees who opt to participate in the scheme. The assets of the scheme are held separately from those of the company. The pension cost charge represents contributions paid in the period by the company to the fund.

Reserves Policy

Circle VHA classifies reserves into two categories. The income and expenditure reserve, represents both the reserve for future maintenance and the general reserve. The purpose of the general reserves is to facilitate Circle VHA's program of growth over the coming years while ensuring the long term viability of the association. There is a minimum working capital reserve in place within this reserve.

The portion of reserves which have been identified as required to meet the future costs of planned and cyclical maintenance programmes are subject to annual review by the Board Members. A program of rolling stock condition surveys (every 3 years), commenced in 2015, with almost one third of the current stock inspected by a suitably qualified third party. Over the coming years the aim is to have precise data on the entire portfolio. This will provide the required intelligence to the Board in assessing the component replacement and upgrade requirements of Circle VHA in the longer term.

The capital reserve is represented by capital assistance scheme and capital loan and subsidy scheme funding which is being amortised over the term (30 years) of the scheme from the date of advance and the related depreciation on housing properties. At the end of the term of the scheme the related funding and the related housing properties depreciation will be released to the income and expenditure account reserve.

CIRCLE VOLUNTARY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

- Land and structures' residual value is considered not less than the cost capitalised and therefore is not depreciated.
- The annual depreciation on tangible fixed assets is sensitive to changes in the estimated useful lives of the assets. The useful economic lives are reviewed annually. They are amended when necessary to reflect current estimates, based on economic utilisation, technological advancements and the physical condition of the assets.

3. TURNOVER

Incoming resources represents rental income, income from third parties, development allowances and revenue grants receivable from local authorities and the Department of the Environment, Heritage and Local Government and other government departments, management fees and other income. All turnover arises in the Republic of Ireland.

4. EMPLOYEES AND REMUNERATION

Number of employees

The average numbers of persons employed by the Association during the financial year was as follows:

	2015 Number	2014 Number
Management and staff	19	15
The aggregate payroll cost of these persons was as follows:		
	2015 €	2014 €
Wages and salaries	803,918	638,424
Social welfare costs	77,318	62,623
Pension costs	48,528	45,602
	929,764	746,649

CIRCLE VOLUNTARY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

4. EMPLOYEES AND REMUNERATION (CONTINUED)

Salary banding for all employees earning over €60,000 (including salaries, benefit in kind and performance-related pay but excluding pension contributions paid by the employer and any termination payments):

	2015	2014
€60,000 - €70,000	1	1
€70,000 - €80,000	-	-
€80,000 - €90,000	-	-
€90,000 - €100,000	1	1

5. KEY MANAGEMENT COMPENSATION

The total remuneration for key management personnel for the financial year amounted to €301,001 (2014: €229,323). Remuneration includes basic pay, employer pension contributions, travel and car allowances.

Board Member Expenses

No member of the Board receives payment other than the reimbursement of direct expenses incurred as a result of their duties for the association.

6. SURPLUS FOR THE FINANCIAL YEAR

	2015 €	2014 €
The surplus for the financial year is stated after charging/(crediting):		
Directors' remuneration	-	-
Depreciation	776,572	731,074
Amortisation	(2,392,722)	(2,333,479)
<hr/>		
Auditors' remuneration	-	-
- Audit (net of VAT)	6,195	6,195
- Tax advisory services	-	-
- Other assurance services	-	-
- Other non-audit services	-	-
<hr/>		

7. TAXATION

Circle Voluntary Housing Association Limited (CHY No.15529) has charitable objectives and has been granted charitable status by the Irish Revenue Commissioners and is exempt from corporation tax.

CIRCLE VOLUNTARY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

8. TANGIBLE ASSETS	Long leasehold land and housing properties €	Equipment €	Fixtures and fittings €	Total €
Cost:				
At 1 January 2015	70,006,754	60,028	25,791	70,092,573
Additions at cost	1,883,936	43,755	129,478	2,057,169
At 31 December 2015	71,890,690	103,783	155,269	72,149,742
Depreciation:				
At 1 January 2015	4,882,364	36,830	19,612	4,938,806
Charge for the financial year	733,780	21,152	21,640	776,572
At 31 December 2015	5,616,144	57,982	41,252	5,715,378
Net book values:				
At 31 December 2015	66,274,546	45,801	114,017	66,434,364
At 31 December 2014	65,124,390	23,198	6,179	65,153,767

In respect of prior financial year:

	Long leasehold land and housing properties €	Equipment €	Fixtures and fittings €	Total €
Cost:				
At 1 January 2014	65,983,474	43,513	23,502	66,050,489
Additions at cost	4,023,280	16,515	2,289	4,042,084
At 31 December 2014	70,006,754	60,028	25,791	70,092,573
Depreciation:				
At 1 January 2014	4,168,007	23,306	16,419	4,207,732
Charge for the financial year	714,357	13,524	3,193	731,074
At 31 December 2014	4,882,364	36,830	19,612	4,938,806
Net book values:				
At 31 December 2014	65,124,390	23,198	6,179	65,153,767
At 31 December 2013	61,815,467	20,207	7,083	61,842,757

CIRCLE VOLUNTARY HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

9. DEBTORS: Amounts falling due within one year	2015	2014
	€	€
Trade debtors	416,841	542,608
Other debtors	593,302	5,291
Prepayments and accrued income	219,146	245,478
	<u>1,229,289</u>	<u>793,378</u>
10. CREDITORS: Amounts falling due within one year	2015	2014
	€	€
Trade and other creditors	226,346	106,650
Accruals	151,158	186,520
NARPS lease	134,783	-
Taxation and social welfare (see below)	45,442	48,604
Deferred income and rents paid in advance	70,914	61,645
Rent deposits held	12,975	12,770
Finance lease	38,050	33,516
Bank overdraft	34,631	3,984
	<u>714,299</u>	<u>453,689</u>
Taxation and social welfare comprises of the following:		
PAYE/PRSI	19,759	33,201
VAT	21,264	10,969
RCT	4,419	4,434
	<u>45,442</u>	<u>48,604</u>
11. CREDITORS: Amounts falling due after more than one year	2015	2014
	€	€
Local authority loans at 1 January	54,335,518	52,687,633
Additions	1,442,501	3,981,364
Amortisation	(2,378,007)	(2,333,479)
Local authority loans at 31 December	<u>53,400,012</u>	<u>54,335,518</u>

The housing loans represent the cumulative amount drawn down at 31 December 2015 on the approved loans in respect of Deerpark, Kiltipper, Tallaght, Co. Dublin; Beechpark, Leixlip, Co. Kildare; Richmond Hall, Dublin 3; Kilmainham Bank, Inchicore, Dublin 8; Block D2, Beacon Court, Sandyford, Co. Dublin; Stocking Wood, Stocking Lane, Dublin 16; Lansdowne Gate, Drimnagh, Dublin 12; Rathborne View, Ashtown, Dublin 15; Royal Canal Court, Dublin 15; Bremove Meadows, Balbriggan, Co. Dublin; Richmond Hall, Fairview, Dublin 3; Griffith Hall, Drumcondra, Dublin 9; Millrace, Chapolizod, Dublin 20 and Red Arches, Baldoyle, Dublin 13.

CIRCLE VOLUNTARY HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

11. CREDITORS: Amounts falling due after more than one year (CONTINUED)

The housing loans are secured by specific charges on the Association's housing properties. No capital or interest repayments are required to be made on the above loans provided that the Association complies with certain specific requirements of Local Authorities with regard to the properties for which the housing loans have been provided.

12. FINANCIAL INSTRUMENTS

The carrying value of the company's financial assets and liabilities are summarised by category below:

	2015 €	2014 €
Financial assets		
Measured at undiscounted amount receivable		
- Trade debtors	1,010,143	547,900
- Prepayments and accrued income	219,146	245,478
Financial liabilities		
Measured at undiscounted amount payable		
- Trade and other creditors	226,346	106,650
- Accruals	151,158	186,520
- NARPS lease	134,783	-
- Deferred income and rents paid in advance	70,914	61,645
- Rent deposits held	12,975	12,770
- Finance lease	38,050	33,516
- Bank overdraft	34,631	3,984
- Local authority loans	53,400,012	54,335,518

13. RESERVES

	Income and expenditure account €	Capital Reserves €	Total €
At 1 January 2014	3,284,045	9,119,059	12,403,104
Surplus for the financial year	2,300,955	-	2,300,955
Transfer amortisation and housing properties depreciation to capital reserves	(1,619,122)	1,619,122	-
At 31 December 2014	3,965,878	10,738,181	14,704,059
Surplus for the financial year	2,450,715	-	2,450,715
Transfer amortisation and housing properties depreciation to capital reserves	(1,644,227)	1,644,227	-
At 31 December 2015	4,772,366	12,382,408	17,154,774

CIRCLE VOLUNTARY HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

13. RESERVES (CONTINUED)

Income and Expenditure Account

The Association's policy is to maintain unrestricted reserves to ensure the long-term viability and future growth of the Association. A portion of reserves have been set aside in designated funds to meet the future costs of planned and cyclical maintenance programmes, this reserve forms part of the Income and Expenditure reserve and are subject to annual review by the Board Members. A program of rolling stock condition surveys will inform the Board of the adequacy of this reserve.

Capital Reserves

The capital reserve is represented by capital assistance scheme and capital loan and subsidy scheme funding which has been amortised over the term (30 years) of the scheme from the date of advance and the related depreciation on housing properties. At the end of the term of the scheme the related funding and the related housing properties depreciation will be released to the income and expenditure account reserve.

There are certain conditions attaching to funds received under capital assistance scheme and capital loan and subsidy scheme funding and deeds of charge have been registered by Local Authorities and the Department of the Environment, Community and Local Government. This funding may become repayable in the event that the conditions of the related agreements are not adhered to.

**14. RECONCILIATION OF OPERATING SURPLUS TO NET CASH
INFLOW FROM OPERATING ACTIVITIES**

	2015 €	2014 €
Surplus for the financial year	2,450,715	2,300,955
Depreciation	776,572	731,074
Increase in debtors	(435,911)	(243,914)
Increase in creditors	229,963	180,303
Interest received	(3,812)	(31,023)
Net cash inflow from operating activities	<u>3,017,527</u>	<u>2,937,395</u>

15. LEASE COMMITMENTS

	2015 €	2014 €
<i>Operating lease commitments</i>		
Total future contracted lease commitments which exist under non-cancellable operating leases as follows:		
Within one year	662,600	318,152
Between two to five years	2,650,400	1,272,602
More than five years	<u>8,931,013</u>	<u>3,878,109</u>

In 2015, Circle VHA entered into the second long term leasing arrangement with NARPS Ltd.

CIRCLE VOLUNTARY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

16. LEGAL STATUS OF THE COMPANY

The company is limited by guarantee and does not have a share capital. Every member of the company undertakes, if necessary, on a winding up during the time they are a member or within one year after they cease to be a member, to contribute to the assets of the company an amount not exceeding €1.

17. PENSION

The company operates a defined contribution pension scheme. The contribution for the financial year amounted to €48,528 (2014: €45,602). The amount of pension contributions outstanding at 31 December 2015 was €5,200 (2014: €11,999).

18. CAPITAL COMMITMENTS

The company had commitments authorised but not contracted at 31 December 2015 of €Nil (2014: €Nil).

19. COMPARATIVE FIGURES

Prior financial year comparatives have been restated where necessary in line with current financial year classifications.

20. EXPLANATION OF TRANSITION TO FRS 102 AND RESTATEMENT OF PRIOR YEAR FIGURES

This is the first financial year the company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements under previous Irish GAAP were for the financial year ended 31 December 2014 and the date of transition to FRS 102 was therefore 1 January 2014. As a consequence of adopting FRS 102, the Board carried out a review of accounting policies to comply with that standard.

Arising from the review and consideration of future requirements under the Statement of Recommended Practice for Registered Social Housing Providers, the Board have changed their accounting policy in relation to capital assistance scheme / capital loan and subsidy schemes which were previously treated as loans in long term creditors and are now being treated as grants and being amortised over the period of the scheme from the date of the advance. The Board have also considered the depreciation of housing, land and buildings and have changed the depreciation policy in respect of component parts of housing, land and buildings. Component parts have been subdivided into Roof Structure and Coverings, Windows and External Doors, Gas Boilers, Kitchens, Bathrooms, Heating, Ventilation and Plumbing Systems, Electrics and Lifts, as disclosed in the accounting policies at note 1 to the financial statements, and are depreciated over the deemed useful life of each component.

These changes have resulted in an adjustment to reserves reported under previous Irish GAAP, as follows:

CIRCLE VOLUNTARY HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

20. EXPLANATION OF TRANSITION TO FRS 102 AND RESTATEMENT OF PRIOR YEAR FIGURES (CONTINUED)

<i>Reconciliation of reserves</i>	<i>At 1 January 2014 €</i>	<i>At 31 December 2014 €</i>
Reserves reported under previous Irish GAAP	3,284,045	3,965,878
Adjustment to reserves arising from review of accounting policies for the transition to FRS 102		
Accumulated component depreciation on certain tangible fixed assets	(4,168,007)	(4,882,364)
Accumulated amortisation of CAS/CLSS	13,287,066	15,620,545
Reserves reported under FRS 102	12,403,104	14,704,059
<i>Reconciliation of total comprehensive income for 2014</i>		
		€
Total Comprehensive Income reported under previous Irish GAAP		681,833
Component depreciation on housing properties for 2014		(714,357)
Amortisation of CAS/CLSS for 2014		2,333,479
Total Comprehensive Income reported under FRS 102		2,300,955