

Circle Voluntary Housing Association
Company Limited By Guarantee

Reports and Financial Statements
for the financial year ended
31 December 2016

CIRCLE VOLUNTARY HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE

**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

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CIRCLE VOLUNTARY HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE

DIRECTORS AND OTHER INFORMATION

DIRECTORS

Aoife Watters (Chair)
Fr. Pat Carolan
Jerome Casey
Thomas Corcoran
Jane Doyle
Chris Ellison
Jim Murphy
Dave Williams
Brian Shefflin
Gráinne Ni Dhubhghaill

COMPANY SECRETARY

Anne O'Meara

REGISTERED OFFICE

Phoenix House
32-34 Castle Street
Dublin 2

AUDITORS

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

BANKERS AND FINANCE PROVIDERS

Housing Finance Agency
46 St. Stephen's Green
Dublin 2

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

Mason Hayes and Curran
South Bank Street
Grand Canal Dock
Dublin 4

Ferry Solicitors
Inn Chambers
15 Upper Ormond Quay
Dublin 7

CHARITY REGISTRATION NUMBER

15529

COMPANY REGISTRATION NUMBER

374693

CHARITIES REGULATORY AUTHORITY NUMBER

320053840

PSRA LICENSE NUMBER

002408

CIRCLE VOLUNTARY HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE

DIRECTORS' REPORT

The directors have great pleasure in presenting their annual report together with the audited financial statements for the financial year ended 31 December 2016

LEGAL STATUS

Circle Voluntary Housing Association ("Circle VHA") is a company limited by guarantee incorporated in Ireland in 2003, 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 had decided to opt to remain a company limited by guarantee ("CLG"). In 2016 the new constitution for the company was approved by the Board and filed with the Companies Registration Office.

MISSION AND OBJECTIVE

Circle VHA's 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 FINANCIAL YEAR AND REVIEW OF OPERATIONS IN 2016

Circle VHA continued to increase the number of units in its housing and facilities management during 2016 primarily by via loan finance, capital grants and leasing arrangements. The scale of increase is outlined below.

	At 31 Dec. 2015	At 31 Dec. 2016
Dwelling units owned (no.)	334	378
Dwelling units managed (no.)	627	642
Total Social Housing units (no.)	961	1,020
Dwelling units provided with estate management services (no.)	1,290	1,319

The scale of the increase in housing management during 2016 was some 59 additional units which increased the units available for social housing to 1,020 in total at the financial year end. We secured our first Capital Advance Leasing Facility ("CALF") loan in 2016 for the acquisition of 14 new units. In 2016 we also secured capital funding approval from the Department of Housing, Planning, Community and Local Government ("DHPCLG") for 22 Capital Assistance Scheme ("CAS") units in areas covered by the Dun Laoghaire Rathdown, South Dublin County, Kildare County and Dublin City Councils. These units will become available for occupancy in the first quarter of 2017.

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 ("AHBs") are struggling to address. Our current housing schemes are located in 28 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. In 12 of these schemes we provide both the social and facilities management services in an integrated manner.

DIRECTORS' REPORT (CONTINUED)

RESULTS OF THE FINANCIAL YEAR AND REVIEW OF OPERATIONS IN 2016 (CONTINUED)

Our current tenant population is primarily in the 25-44 age groups and 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 migration of persons into the country in the past 15 years. This diversity of persons presents new challenges in our housing management. The diversity also contributes considerable vibrancy in our housing schemes. In 2015 we completed a survey of our new communities' tenants to establish their experience of whether they felt integrated or not in their local area and whether they had had adverse experience of racial harassment. The survey results were published in 2016. The survey found that the majority of our new communities' tenants felt integrated in the areas where they lived which is a positive finding. The New Communities Survey Report was provided to all our tenants and external stakeholders to inform of the findings and need to have an improved response to adverse incidents.

The provision of stable good quality housing has enhanced the life chances and opportunities for all 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 several of our schemes staff engaged with tenants and organised community events and social activities for tenants and their children. In all our new schemes tenant induction meetings take place where the landlord tenant responsibilities are considered and we explore with the new tenants how they can work with us to make their new home and neighbourhood a safe place to live in. We also work with our tenants to establish Tenant Forums across our schemes whereby views on collective housing and estate management issues are communicated to our staff and where activities are arranged. Partnership with our tenants and locally based statutory and community based agencies is important as it enables us to build a sense of community. We work to establish good working relationships with the Gardaí in each local area to enable effective responses to antisocial behavior when it occurs. A key objective for Circle VHA is work with our tenants and local agencies to ensure that we provide housing to our tenants in schemes where can feel safe and secure. We also enable the provision of support by external agencies to tenants where they may need such support.

Our facilities management services were provided to 1,319 residents in twelve different schemes, some are mixed tenure estates and some are exclusively social housing schemes. The integrated delivery of social housing and facilities management is an important component of the services that we deliver. In some of the schemes where we provide both social housing and the facilities management services we have a local caretaker employed onsite and this enables a good quality service to all residents in such developments.

Circle VHA was also awarded an Excellence in Business Award in 2015 and again in 2016 by the Public Sector Magazine which is a further recognition of the quality of our housing management services.

Circle VHA works in partnership with key stakeholders such as local authorities, DHPLG and lending institutions to enable the delivery of new housing. Housing supply and affordability became an increasingly prominent public policy and political issue throughout 2016. Housing demand within all housing tenures has continued to exceed the available supply of new housing in each tenure. The lack of available supply in the private rented sector has made it more expensive and unaffordable.

This has been one of the drivers of the increased scale of family homelessness in the Dublin area. 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. The very evident increase in the scale of family homelessness in the Dublin region is a significant political and public policy issue.

The policy framework for Circle VHA and all other AHBs has been significantly changed with the publication of Rebuilding Ireland by the Government in July 2016. The new Government has made the resolution of the homeless crisis and an increased supply of social and affordable housing over the next 5 years a political priority. Some €5.35 billion has been committed to deliver 47,000 social housing units by 2021. The AHB sector is expected to deliver some 16,000 new social housing units in that period. Rebuilding Ireland has ambitious targets to increase the supply of private housing at affordable prices particularly for first time buyers as well as increasing the supply of private rented housing especially in the major urban areas.

DIRECTORS' REPORT (CONTINUED)

RESULTS OF THE FINANCIAL YEAR AND REVIEW OF OPERATIONS IN 2016 (CONTINUED)

In the Greater Dublin area where we currently operate, there has been a very limited supply of new housing being constructed that is affordable for Circle VHA to acquire. The required delivery of new affordable housing by the private sector did not commence to any significant scale in 2016 which has impacted upon our capacity to secure new units. There is a limited number of distressed assets becoming available and they are often leased to tenants which can make the process of purchasing such units for social housing difficult.

Circle VHA wants to work in partnership with the local authorities who are key stakeholders in the Rebuilding Ireland policy framework. 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. Circle VHA has participated in the Expression of Interest for AHBs that has been undertaken by the four Dublin Local Authorities and we are now an approved member of that panel of AHBs. This process should enable the future growth of our housing delivery in 2017 and beyond. We have also submitted an Expression of Interest to Kildare and Wicklow County Councils in 2016. We have also committed to extending our housing provision beyond the existing 5 local authority areas where we currently operate. Both Meath and Louth County Councils now want us to provide social housing in their areas. We are also approved for the development of social housing in the Limerick Regeneration Development.

In April 2016, all general needs housing associations came under the remit of the Residential Tenancies Board ("RTB") for all landlord tenant relationship and disputes that may arise.

Being under the RTB remit provides tenants with greater rights in terms of complaint and dispute resolution over matters relating to rent arrears, the condition of the property and antisocial behavior incidents. The RTB is an independent body which adjudicates on such landlord tenant matters and makes determinations as per its legislative basis. Circle VHA has registered all our tenancies in 2016 with the RTB and have availed of its hearings and tribunal to address tenant landlord issues in 2016. We welcome being under the Residential Tenancies Board remit as it provides greater clarity on landlord tenant responsibilities. It is also providing a speedier process for the resolution of disputes by an independent body whose sole remit is to address landlord tenant disputes.

As per our responsibilities as a social housing landlord and as a duty of good governance and care to our tenants, we informed all of our tenants of the remit of the Residential Tenancies Board and how its processes works both for the tenant and the landlord. This was to ensure that our tenants were more informed of their rights as tenants.

In our role as a managing agent for Owner Management Companies we are approved and hold the Property Services Regulatory Authority license to deliver such services.

EVENTS AFTER BALANCE SHEET DATE

Please refer to note 20 for details of significant events affecting Circle VHA since the financial year end.

CIRCLE VOLUNTARY HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE

DIRECTORS' REPORT (CONTINUED)

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 Board are satisfied with the financial performance of Circle VHA in 2016. Surplus, after amortisation and depreciation for the financial year was €1,998,560 (2015: €2,450,715). This reduction in surplus was expected and is a result of the recruitment of additional resources and an increased repairs and maintenance budget for the financial year. Operating surplus was €280,994 on a turnover of €3,895,634 resulting in an operating surplus of 7.21%.

TURNOVER

The income of the company increased to €3,895,634 from €3,530,229 in 2015 an increase of 10.3%. The primary sources of income are rental income, payment and availability payments and management and maintenance allowances. Rental income and service charges remained as the main source of income at €2,912,504 for the financial year, an increase of 5.96% on 2015 rental income. Payment and Availability payments are also notable at €710,094 in 2016, an increase of 23.47% on the 2015 figure of €575,107.

EXPENDITURE

Expenditure in the financial year was €3,614,690 compared to €2,684,761 in 2015 which was an increase of 34.64%. Expenditure was largely in line with budget. This was largely due to the emergence in 2016, of a fire safety issues in Lansdowne Gate. Circle VHA owns 28 units in this scheme and manages a further 28 on behalf of Dublin City Council. Circle VHA incurred an amount of €156K in respect of these fire safety works as a once off cost. Overall, expenditure on property maintenance increased by 45%, an amount of €548K.

Staff costs and office expenditure increased by €130K and €132K respectively, both increases were due to the planned program of investment in the resource base and infrastructure of Circle VHA. This program began in 2015 and 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 financial year end, total reserves were €19,153,334 compared to €17,154,774 at 31 December 2015. The increase in reserves is attributed to the operating surplus (including interest receivable and payable) for the financial year of €267,952 alongside an adjustment for Amortisation of CAS and CLSS loans and Depreciation on tangible fixed assets of €1,730,608.

RESERVE 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.

DIRECTORS' REPORT (CONTINUED)

STRATEGIC PLANNING AND DIRECTION

The Board at its meetings reviews the strategic direction of the Organisation on a planned thematic basis over the 12-month period. At its full day, strategic review meeting the Board considered more extensively the external policy and housing environment, the strategic objectives and our performance in achieving the delivery of the stated objectives. The internal capacity of the organisation was also reviewed. The Board reviewed the Rebuilding Ireland Policy and its implications for Circle VHA. In 2016 the Board approved a revised 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 1,900 units by end of 2020 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 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 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.

This 30 Year Business Plan was reviewed and renewed in 2016. The required staffing levels for the planned increase in our social housing provision is under review.

Circle VHA works actively with DHPCLG, 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. A key strategic goal of Circle VHA is to improve and develop the quality of our housing and estate management services. In 2016 we published a summary of the Tenant Satisfaction Surveys undertaken in 2011, 2013 and 2015 which had positive findings and tenant satisfaction ratings. It also included areas of concern expressed by tenants regarding our responses to maintenance requests and antisocial behavior. We actively seek feedback from our tenants on the services that we deliver to them.

As per our strategic goal of promoting the brand of Circle VHA in 2016 we developed a new website for the company and we published our Tenant Satisfaction Surveys and our New Communities Surveys. These reports were distributed to all our tenants and key external stakeholders.

CIRCLE VOLUNTARY HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE

DIRECTORS' REPORT (CONTINUED)

FUTURE DEVELOPMENTS

For the next five-year period, 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, turnkey options and the commencement of new design and build units on sites that have been made available by local authorities. We are engaged with a number of local authorities and developers for the progression of such new developments in 2017/18.

GOVERNANCE

Circle VHA is governed by a Board of ten 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, reviewing the performance and management of our services, 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, corporate finance, economics, housing policy, housing management, human resources, information technology, legal affairs and planning to bear on guiding the Association. Matters such as policy, strategic planning, financial results and forecasts, budgets, and operational delivery of our housing services are reported on to the Board for their consideration and approval. In 2016, eight Board meetings were held, this includes a full one day meeting where the Board reviews the strategic direction of the company and the internal and external environment.

The attendance of the directors at these Board were as follows:

• Jerome Casey	8 - retired as Chair in October 2016
• Fr. Pat Carolan	8
• Tom Corcoran	6
• Jane Doyle	6
• Chris Ellison	4
• Jim Murphy	6
• Dave Williams	4
• Aoife Watters	8 - Chair since October 2016
• Grainne Ní Dhubhghaill	2 - Board Director since November 8 th 2016
• Brian Shefflin	2 - Board Director since November 8 th 2016

The directors, who served at any time during the financial year, are as disclosed above. The company secretary is Anne O'Meara.

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. Based on this review it has now signed up to the Governance Code. The company has registered 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.

In October 2016 Jerome Casey retired as chair of the Board after being chair for a seven-year period and Aoife Watters became the new chair. The Board had agreed in its new constitution to increase the number of Board directors from eight to ten Board directors. This allowed the inclusion of new Board directors with experience and competency in finance and legal affairs which has enhanced the overall competency of the Board. The Board is assisted by three committees who are authorised to make recommendations to the Board.

CIRCLE VOLUNTARY HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE

DIRECTORS' REPORT (CONTINUED)

GOVERNANCE (CONTINUED)

1. Audit and Risk: (Chair, Brian Shefflin – From February 2017): The committee members are Brian Shefflin, Jerome Casey and Larry Tuomey who is an external member. Aoife Watters was the Chair of this committee until she took over the position of Chair of the Board. The role of this committee is to review the internal control systems and reporting and to review the external audit and risk management policies. The committee met on two occasions in 2016. The committee reviewed our existing financial controls and our risk register and the revised Constitution for compliance with the 2014 Companies Act. They also met with our auditors and reviewed the financial statements for 2015.

2. Finance and Strategy (Chair Tom Corcoran): The committee members are Tom Corcoran, Jim Murphy and Jerome Casey. The role of the committee is to review the proposed strategic and business plans, examine budgets for each calendar year and proposed acquisitions via loan finance. The committee met on four occasions in 2016. They reviewed the proposed 2017 budget, the 30-year Business Plan and the feasibility of proposed development acquisitions.

3. Human Resources and Succession (Chair, Jane Doyle): This committee members are Jane Doyle, Fr. Pat Carolan, Gráinne Ní Dhubhghaill and Aoife Watters. The role of the committee is to review the company's human resource policies, manage succession planning, review staffing levels and remuneration of staff. The committee met on one occasion in 2016.

The Board of Circle VHA believes that there are good governance's structures and processes in place within the Organisation. Our Board members are aware of the changing regulatory and compliance frameworks for the social housing sector as well as the wider charities sector. Our Board members believe that poor governance practices significantly damage the reputation of all charitable Organisations. Furthermore, our Board members acknowledge that there is an ongoing requirement to maintain and enhance our governance processes. Each financial year the Board undertakes a review of its key competency requirements and its performance during the previous twelve months.

The three committees of the Board are very important in terms of undertaking their respective remit and making recommendations to the Board for consideration and decision.

UPKEEP OF HOUSING PROPERTIES

Our policy is to maintain our housing properties to a very high standard. In 2015 we had a stock condition survey undertaken by Faithorn Farrell Timms ("FFT") on a representative 18% sample of the properties that we own and manage. FFT then prepared a 30-year asset management plan for all the properties which was reviewed and then adopted by the Board.

TRANSACTIONS INVOLVING DIRECTORS

There were no contracts in relation to the activities of the company in which the directors had any interest, as defined in the Companies Act 2014, at any time during the financial years ended 31 December 2016 and 2015.

PENSIONS

The company operates a defined contribution pension scheme which employees are eligible to join. The company matches staff contribution up to 7% of salary. Additionally, a pension bonus scheme operates for the CEO, up to a further 20% of salary may be contributed annually under this scheme. The assets of the scheme are managed by Zurich Pensions and BHP Insurances Brokers and are held separately from the company. The company is compliant with all requirements under pension legislation.

MANAGEMENT AND STAFF

We acknowledge with appreciation the committed work of our staff. Our continuing growth and delivery of our housing services is due to their professionalism, dedication and commitment. There are currently 22 persons employed by Circle VHA.

DIRECTORS' REPORT (CONTINUED)

RISKS

Circle Voluntary Housing Association recognises the current improved economic context and the changed housing policy framework as stated by the DHPCLG and the Government in Rebuilding Ireland Policy. This policy provides a new policy and governance framework for the delivery of new social housing units by both the local authority and AHB sectors. There is a commitment to an increased range of funding for the sector via capital grants and loan options. There are ambitious growth targets being set for the sector which will present opportunity and potentially considerable financial risk. The terms of lending from the Housing Finance Agency continue to improve and this reduces some of the financial risks for our growth strategy.

We recognise the risks that are being placed upon the approved housing sector and we are very conscious of the importance of our Risk Management Framework. Nevertheless, it is expected that Circle VHA will continue to grow at a reasonable rate due mainly to its proposals already in the pipeline and via leasing options with local authorities and private developers.

We welcomed the DHPCLG Voluntary Regulatory Code that was announced in July 2013 and we have complied with the proposed regulatory framework for the approved housing sector. We have also participated in a pilot financial chapter project with the Voluntary Regulators Office alongside several other Tier 3 AHBs.

The 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. The Board has approved the recruitment of additional staff to enhance Circle VHA's capacity and delivery of new social housing.
2. Unidentified building defects in properties that could adversely affect our housing services and financial capacity and reserves. The scale of risk relating to unidentified defects in some properties that we own has emerged as a greater risk than previously anticipated. In 2016, we have had to correct identified defects in one of our schemes. In 2017, the recruitment of an Asset Manager will enable a more robust management system of such risks. Financial risks associated with loan finance borrowing and the current funding arrangements for the AHB sector. 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 must be managed actively. Circle VHA operates a 30-year rolling financial plan, this enables the Board and the Management team to ensure the adequacy of future cash reserves and surpluses to fund ongoing operation as well as servicing long term debt. Likewise, we operate a 30-year asset management plan, which ensures that our properties are maintained to the required standard and allows us to plan large expenditure lines in the long term.
3. Reputational risk to the company if we do not achieve our new housing delivery targets and deliver inadequate housing management services. In 2016 Circle VHA, like all AHBs came under the remit of the Residential Tenancies Board for the resolution of landlord tenant matters. Staff were provided with training regarding the Residential Tenancies Board legislation and the procedures that apply for the resolution of landlord tenant disputes. All our tenants were informed that they were now under the remit of the Residential Tenancies Board and were provided with a leaflet detailing the landlord tenant responsibilities.

The key performance indicators in housing management such as rent arrears levels, maintenance services and voids are actively monitored and managed by the Management team and reported to the Board. While our tenant satisfaction survey results have been positive since 2011 we aim to enhance the delivery of our housing management services and improve our internal processes for achieving a quality housing management service to our tenants. The company has ambitious targets for growth and our development delivery is again actively monitored and reported to the Board.

The Board and management have identified these risks and put in place a series of steps to mitigate these risks. Risk management is a live agenda item for the Management team, the risk register is reviewed regularly to reflect changes in both the internal and external environment.

CIRCLE VOLUNTARY HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE

DIRECTORS' REPORT (CONTINUED)

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 reported to the Board and monitored on an on-going basis.

CREDIT RISKS

The company's principal financial assets are bank balances, 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 pursuit 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 must 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.

INTEREST RATE RISK

At the end of 2016, Circle VHA held one loan which was at a fixed rate for 20-years, with a further 5-year period at a variable rate. Circle VHA has access to funds at fixed rates and variable rates, which allows a mix of exposures. This enables Circle VHA to mitigate against interest rate risk.

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.

POLITICAL AND CHARITABLE CONTRIBUTIONS

There were no political or charitable contributions made by Circle VHA during the financial year (2015: €Nil).

DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each of the persons who are directors at the time the directors' report and financial statements are approved:


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


This confirmation is given and should be interpreted in accordance with the provisions of Section 350 of the Companies Act 2014.

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
Date: 16 May 2017


Brian Shefflin
Director

CIRCLE VOLUNTARY HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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 COMPANY LIMITED BY GUARANTEE

We have audited the financial statements of Circle Voluntary Housing Association Company Limited by Guarantee for the financial year ended 31 December 2016 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 21. 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 financial year ended 31 December 2016 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 2016 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 COMPANY LIMITED BY GUARANTEE**

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

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

Date: *1 June 2017*

CIRCLE VOLUNTARY HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

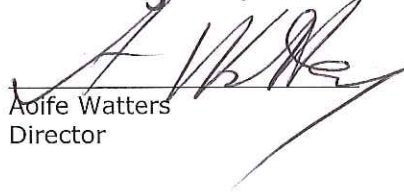
	<i>Notes</i>	2016 €	2015 €
Turnover	3	3,895,634	3,530,229
Administrative expenses		(3,614,690)	(2,684,761)
Operating surplus		280,994	845,468
Depreciation and amortisation	8	1,730,608	1,601,435
Interest receivable	6	1,266	3,812
Interest payable and similar charges	7	(14,258)	-
Surplus on ordinary activities before taxation	8	1,998,560	2,450,715
Tax on surplus on ordinary activities	9	-	-
Total comprehensive income for the financial year		1,998,560	2,450,715

CIRCLE VOLUNTARY HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE

**BALANCE SHEET
AS AT 31 DECEMBER 2016**

	Notes	2016 €	2015 €
Fixed Assets			
Tangible assets	10	73,305,002	66,434,364
Current Assets			
Debtors: Amounts falling due within one financial year	11	1,532,276	1,229,289
Cash at bank and in hand		3,781,723	3,605,432
		5,313,999	4,834,721
Creditors: Amounts falling due within one financial year	12	(1,029,780)	(714,299)
Net current assets		4,284,219	4,120,422
Total assets less current liabilities		77,589,221	70,554,786
Creditors: Amounts falling due after more than one financial year	13	(58,435,887)	(53,400,012)
NET ASSETS		19,153,334	17,154,774
Reserves			
Retained earnings	15	5,040,318	4,772,366
Capital reserves	15	14,113,016	12,382,408
		19,153,334	17,154,774

The financial statements were approved and authorised for issue by the Board of Directors on 16 May 2017 and signed on its behalf by:


Aoife Watters
Director


Brian Shefflin
Director

CIRCLE VOLUNTARY HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE

**STATEMENT OF CHANGES IN RESERVES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

	Retained Earnings (see note 15) €	Capital Reserves (see note 15) €	Total €
At 1 January 2015	3,965,878	10,738,181	14,704,059
Total comprehensive income for the financial year	2,450,715	-	2,450,715
Transfer amortisation and housing property depreciation to capital reserves	<u>(1,644,227)</u>	<u>1,644,227</u>	<u>-</u>
At 31 December 2015	4,772,366	12,382,408	17,154,774
Total comprehensive income for the financial year	1,998,560	-	1,998,560
Transfer amortisation and housing property depreciation to capital reserves	<u>(1,730,608)</u>	<u>1,730,608</u>	<u>-</u>
At 31 December 2016	<u>5,040,318</u>	<u>14,113,016</u>	<u>19,153,334</u>

CIRCLE VOLUNTARY HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

	<i>Notes</i>	2016 €	2015 €
Net cash flows from operating activities	<i>16</i>	2,808,110	3,017,527
Cash flows used in investing activities			
Purchase of tangible fixed assets	<i>10</i>	(7,740,507)	(2,057,169)
Interest received	<i>6</i>	1,266	3,812
Net cash flows used in investing activities		(7,739,241)	(2,053,357)
Cash flows from financing activities			
Interest paid	<i>7</i>	(13,411)	-
Increase in bank (HFA) loans		2,039,624	-
Increase in local authority (CALF) loans		735,375	-
Increase / (decrease) in CLSS and CAS loans		2,380,465	(935,506)
Net cash flows from/(used in) financing activities		5,142,053	(935,506)
Net increase in cash and cash equivalents		210,922	28,664
Cash and cash equivalents at beginning of financial year		3,570,801	3,542,137
Cash and cash equivalents at end of financial year		3,781,723	3,570,801
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand		3,781,723	3,605,432
Bank overdraft		-	(34,631)
		3,781,723	3,570,801

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the financial year and to the preceding financial year.

General Information and Basis of Accounting

The company is limited by guarantee and has no share capital. Circle VHA is a company incorporated in Ireland under the Companies Act 2014. The address of the registered office is noted on page 2. The nature of the company's operations and its principal activities are set out in the directors' report. The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2014 and Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The functional currency of Circle VHA is considered to be euro because that is the currency of the primary economic environment in which the company operates.

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 Housing, Planning, Community and Local Government and other government departments, management fees, payments and availability income, service charges and other income. Where income is received from tenants, local authorities or other funders in advance, the amounts are recorded as deferred income and included as part of creditors due within one financial year.

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 and other fixed assets are stated at cost. The cost of housing properties comprises the following:

- a) Cost of acquiring land and buildings
- b) Construction and development expenditure

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES (CONTINUED)

Depreciation of Tangible Assets (continued)

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 DHPCLG, CLSS and 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 retained earnings reserve. Specific loans are advanced by the DHPCLG under CALF, subject to the terms of individual loan agreements. Interest and capital repayments are required. These facilities, together with other housing loans, are measured at amortised cost.

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.

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.

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.

Finance 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 Statement of Comprehensive Income so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES (CONTINUED)

Operating Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Provision for Irrecoverable Debts

Provision is made for rent arrears balances existing at the financial year end, which by the date of signing, have not reduced and where a reasonable level of doubt exists as to whether these amounts remain recoverable.

Reserves Policy

Circle VHA classifies reserves into two categories. The retained earnings reserve, represents both the reserve for future maintenance and the general reserve. The purpose of the general retained earnings reserve is to facilitate Circle VHA's program of growth over the coming financial 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 financial years), commenced in 2015, with 18% of the current stock inspected by a suitably qualified third party. Over the coming financial 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 CAS and CLSS funding which is being amortised over the term (30 financial 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 retained earnings reserve.

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, including expectations of future events that are believed to be reasonable under the circumstances. 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 financial period in which the estimate is revised if the revision affects only that financial period or in the financial period of the revision and future financial periods if the revision affects both current and future financial periods. Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the accounting policies and the notes to the financial statements.

Critical judgements in applying the Company's accounting policies

In the opinion of the directors, there were no critical judgements, apart from those involving estimations (which are dealt with separately below), made in the process of applying the company's accounting policies.

Critical accounting estimates and assumptions

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

CIRCLE VOLUNTARY HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Critical accounting estimates and assumptions (continued)

(i) Residual Value

Land and structures' residual value is considered not less than the cost capitalised and therefore is not depreciated.

(ii) Useful economic lives of tangible fixed assets

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

The turnover and surplus before taxation are attributable to the principal activities of the company. An analysis of the turnover is as follows:

	2016	2015
	€	€
Rent and service charges	2,912,504	2,748,513
Payment and availability income	710,094	575,107
Management and maintenance fees	231,568	190,982
Other income	41,468	15,627
	3,895,634	3,530,229

All turnover arises in the Republic of Ireland.

4. EMPLOYEES AND REMUNERATION

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

	2016	2015
	Number	Number
Management and staff	23	19

The aggregate payroll cost of these persons was as follows:

	2016	2015
	€	€
Wages and salaries	932,926	821,255
Social welfare costs	91,667	77,318
Pension costs	52,338	48,528
	1,076,931	947,101

CIRCLE VOLUNTARY HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

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, employers PRSI and any termination payments):

	2016	2015
€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 €338,554 (2015: €335,709). 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. INTEREST RECEIVABLE	2016 €	2015 €
Interest receivable	1,266	3,812

7. INTEREST PAYABLE AND SIMILAR CHARGES	2016 €	2015 €
Bank Loans	13,411	-
CALF Loans	847	-
	14,258	-

8. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION	2016 €	2015 €
The surplus for the financial year is stated after charging/(crediting):		
Directors' remuneration	-	-
Depreciation	869,869	776,572
Amortisation	(2,544,104)	(2,378,007)
Operating lease payments	727,819	580,526

9. TAXATION

Circle Voluntary Housing Association Company Limited by Guarantee (CHY No.15529) has charitable objectives and has been granted charitable status by the Irish Revenue Commissioners and is exempt from corporation tax, under the provision of section 207 of the Taxes Consolidation Act 1997.

CIRCLE VOLUNTARY HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

10. TANGIBLE ASSETS	Long leasehold land and housing properties	Equipment	Fixtures and fittings	Total
	€	€	€	€
Cost:				
At 1 January 2016	71,890,690	103,783	155,269	72,149,742
Additions	7,669,892	55,711	14,904	7,740,507
At 31 December 2016	79,560,582	159,494	170,173	79,890,249
Depreciation:				
At 1 January 2016	5,616,144	57,982	41,252	5,715,378
Charge for the financial year	813,496	33,721	22,652	869,869
At 31 December 2016	6,429,640	91,703	63,904	6,585,247
Carrying Amount:				
At 31 December 2016	73,130,942	67,791	106,269	73,305,002

In respect of prior financial year:

	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	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

11. DEBTORS: Amounts falling due within one financial year	2016	2015
	€	€
Trade debtors	429,418	400,814
Other debtors	731,107	609,329
Prepayments and accrued income	371,751	219,146
	1,532,276	1,229,289

CIRCLE VOLUNTARY HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

12. CREDITORS: Amounts falling due within one financial year	2016 €	2015 €
Trade and other creditors	268,293	215,550
Accruals	381,829	296,737
Taxation and social welfare (see below)	84,615	45,442
Deferred income and rents paid in advance	120,423	70,914
Rent deposits held	-	12,975
Financing liability	54,185	38,050
Bank overdraft	-	34,631
Bank (HFA) loan	120,435	-
	1,029,780	714,299

Taxation and social welfare comprises of the following:

PAYE/PRSI	23,330	19,759
VAT	48,119	21,264
RCT	13,166	4,419
	84,615	45,442

13. CREDITORS: Amounts falling due after more than one year	2016 €	2015 €
Bank (HFA) loan	1,919,189	-
Local authority (CALF) loan	736,221	-
Local Authority CLSS and CAS loans	55,780,477	53,400,012
Loans at 31 December	58,435,887	53,400,012

Bank loans and Local Authority CALF loans are comprised of amounts payable as follows:

	2016 €	2015 €
Amounts falling due within one financial year	120,435	-
Amounts falling due after more than one financial year	2,655,410	-
	2,775,845	-

	2016 €	2015 €
Within one financial year	120,435	-
Between one and two financial years	120,435	-
Between two and five financial years	361,304	-
After five financial years	2,173,671	-
	2,775,845	-

CIRCLE VOLUNTARY HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

13. CREDITORS: Amounts falling due after more than one financial year (continued)

Local Authority CLSS and CAS Loans:	2016 €	2015 €
Local Authority CLSS and CAS loans at 1 January	53,400,012	54,335,518
Additions	4,924,569	1,442,501
Amortisation	(2,544,104)	(2,378,007)
Local Authority CLSS and CAS loans at 31 December	55,780,477	53,400,012

HFA bank loans are secured by a series of first legal charges over specific housing properties. Interest is fixed for the first twenty years of the loan period at 3%, for the remaining five years the interest rate applicable is variable. A detailed list of all relevant charges is available on the Companies Registration Office website.

Local Authority CALF loans refer to loans from Local Authorities where no first charge is secured against the properties for which the monies were advanced. These loans are subject to the terms of the individual loan agreements; interest accrues on these amounts at 2% simple interest per annum and principal and accrued interest are repayable on completion of the loan agreement term.

Housing funding is primarily advanced by local authorities and the DHPCLG, under CLSS and CAS funding schemes. Loans under CLSS and CAS have been amortised on the basis that they are grants in substance and on completion of the funding period, provided certain conditions are met, the balances are relieved in full and will be released to the retained earnings reserve. The DHPCLG hold charges against the company until the conditions and funding period of the agreement have been met. Specific loans are advanced by the DHPCLG under CALF, subject to the terms of individual loan agreements. No interest or capital repayments are required to be made in respect of these loans.

14. FINANCIAL INSTRUMENTS

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

	2016 €	2015 €
Financial assets		
<i>Measured at undiscounted amount receivable</i>		
- Trade debtors	429,418	400,814
- Other debtors	731,107	609,329
Financial liabilities		
<i>Measured at amortised cost</i>		
- Bank (HFA) loan	(2,039,624)	-
- Local authority (CALF) Loan	(736,221)	-
<i>Measured at undiscounted amount payable</i>		
- Trade and other creditors	(268,293)	(215,550)
- Deferred income and rents paid in advance	(120,423)	(70,914)
- Financing liability	(54,185)	(38,050)
- Bank overdraft	-	(34,631)
- Local Authority CLSS and CAS loans	(55,780,477)	(53,400,012)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016
15. RESERVES

The categories of reserves are designated as follows:

Retained Earnings

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 Retained Earnings 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.

16. RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2016 €	2015 €
Surplus for the financial year	1,998,560	2,450,715
Depreciation	869,869	776,572
Increase in debtors	(302,987)	(435,911)
Increase in creditors	229,676	229,963
Interest receivable	(1,266)	(3,812)
Interest payable and similar charges	14,258	-
Net cash inflow from operating activities	<u>2,808,110</u>	<u>3,017,527</u>

17. LEASE COMMITMENTS

	2016 €	2015 €
<i>Operating lease commitments</i>		
Total future contracted lease commitments which exist under non-cancellable operating leases as follows:		
Within one financial year	894,571	662,600
Between two to five financial years	3,578,284	2,650,400
More than five financial years	<u>12,167,328</u>	<u>8,931,013</u>

18. PENSION

The company operates a defined contribution pension scheme. The contribution for the financial year amounted to €52,338 (2015: €48,528). The amount of pension contributions outstanding at 31 December 2016 was €802 (2015: €5,200).

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

19. CAPITAL COMMITMENTS

The company had no commitments authorised but not contracted at 31 December 2016 (2015: €Nil).

20. SUBSEQUENT EVENTS

There have been no significant events affecting the company since the balance sheet date, other than those disclosed in note 21.

21. CONTINGENT LIABILITY

In January 2017, Circle VHA were notified that building defects has been identified in a number of units which are owned by the Organisation. At the time of signing these financial statements, it is unclear what the cost of remedying these defects may be or whether these costs may be covered by a third party. Therefore, it is not possible to reliably measure the costs and therefore no provision has been recognised in these financial statements.