

Circle Voluntary Housing Association
Company Limited by Guarantee

Reports and Financial Statements
for the financial year ended
31 December 2021

Company Number 374693

CIRCLE VOLUNTARY HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE

**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

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CIRCLE VOLUNTARY HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE

DIRECTORS AND OTHER INFORMATION

DIRECTORS

Chris Ellison (Chair, Appointed on 1 January 2021)
Brian Shefflin
Chris White (Appointed on 1 March 2021)
Damian Kennedy
Garret Tynan
Gráinne Ní Dhubhghaill (Resigned on 1 April 2021)
Jane Doyle
Joan Green
Máirín Ó Cuireáin (Resigned on 29 March 2021)
Gemma Kavanagh (Appointed on 24 May 2021)
Mary Slowey (Appointed on 24 May 2021)

PATRON

Fr. Patrick Carolan

COMPANY SECRETARY

Colin Creedon (Appointed on 1 January 2021)

REGISTERED OFFICE

Phoenix House
32-34 Castle Street
Dublin 2

INDEPENDENT AUDITORS

Grant Thornton
Chartered Accountants and Statutory Audit Firm
6th Floor, Penrose One,
Penrose Dock, Cork.

BANKERS AND FINANCE PROVIDERS

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

Allied Irish Bank plc
7/12 Dame Street
Dublin 2
&
10 Molesworth Street,
Dublin 2

Bank of Ireland
College Green
Dublin 2

SOLICITORS

Mason Hayes and Curran
Byrne Wallace
Walsh and Partners
Ferry Solicitors
Arthur Mc Clean Solicitors
OBH Partners
Kane Tuohy LLP
CC Solicitors

CHARITY REGISTRATION NUMBER

15529

COMPANY REGISTRATION NUMBER

374693

CHARITIES REGULATORY AUTHORITY NUMBER

20053840

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 2021.

PURPOSE, OBJECTIVES AND ACTIVITIES

Circle Voluntary Housing Association's ("Circle VHA" or the "Company") primary objective is to provide housing for persons deemed to be in housing need. Circle VHA's vision is "making a difference by providing quality homes for people in housing need".

Our purpose is "to deliver quality homes and services in partnership with our tenants and local services to create sustainable communities". As a socially responsible Approved Housing Body (AHB), Circle VHA actively engages with its tenants, other residents, 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.

REFERENCE AND ADMINISTRATIVE DETAILS - LEGAL STATUS

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.

ACHIEVEMENTS AND PERFORMANCE STRATEGIC PLANNING AND DIRECTION

The Board at its meetings reviews the strategic direction of the Company on a planned thematic basis over the 12-month period. Each year, the Board considers and approves a 5-Year Business Plan and a 30-year financial plan which incorporates an Asset Management Plan.

During 2021, the Board considered Circle VHA's strategic direction for the period 2021 to 2024 and set out the following strategic goals for the Company:

1. **Tenant First.** This is delivering the tenant engagement strategy which includes listening and responding to the tenant experience. An aim is to deliver a lifetime home which recognises the circle of life.
2. **Sustainable Growth.** We will invest in our people, business and in environmentally sustainable, quality homes and neighbourhoods. Our financial strength will grow through the targeted provision of new homes at scale.
3. **Quality through Innovation.** Develop and deliver quality systems and standards while maximising use of technology to drive efficiencies and outcomes. We will innovate through risk conscious solutions.
4. **Promote our Culture.** We will educate, involve and engage our staff in the delivery of tenant first services and promote and advocate our 'We Hear' values in all decisions. We will continue to build the trust in our brand with all stakeholders.

Circle VHA works actively with the Department of Housing, Local Government and Heritage (DHLGH), Local Authorities and other external stakeholders in the delivery of new social housing as outlined in the Government's housing strategy, *Housing for All*.

We welcome the establishment in February 2021 of the Approved Housing Bodies Regulatory Authority ("AHBRA"). This enacts statutory regulation for Approved Housing Bodies, our aim is to ensure compliance with all elements.

DIRECTORS' REPORT (CONTINUED)

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

ASSET MANAGEMENT

The stock condition data was reviewed in 2019 and an Asset Management Strategy completed which includes the period 2020-2023. This strategy acts as a basis for planning how we will approach asset management over the coming three years. The focus for 2021 was on establishing an effective Asset Management System for the ongoing collection and review of asset data and further Stock Condition Surveying to support the procurement of programmes for planned refurbishment works from 2021 onwards. In 2020 we procured contracts for the provision of Repairs & Maintenance and Gas Servicing. Our aim is to gain an overall improvement in all our services to residents, ensure better value for money and drive efficiencies and innovation in our delivery.

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 were 53 persons employed by Circle VHA at the year end.

Since Covid-19 took hold of the country in early 2020, all staff have shown tremendous dedication and resilience to keep the operations of the Company running smoothly throughout the year. It is a testament to the efforts of our staff and continued positive engagement with our existing and new tenants during the year that Circle VHA ended the year in a stronger position than it had started. The Directors would like to express their sincere gratitude to all staff members for their successful contributions to the Company in this very challenging year.

KEY PERFORMANCE INDICATORS

The key performance indicators in housing management such as rent arrears levels, maintenance services, and empty homes are actively monitored and managed by the Management team and reported to the Board. We have adopted a balanced scorecard that enhances the strategic nature of our reporting to the Board and acts as an early warning system for the Board in terms of operational and strategic drift. Circle VHA aims to provide the best service possible to our tenants. From late 2021 tenant satisfaction surveys are carried out on a quarterly basis. The findings from these surveys provide insight into how satisfied tenants are with their homes and the services provided.

FINANCIAL RISK MANAGEMENT

The Company's activities expose it to financial risks. 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 by management and the Finance, Audit and Risk Committee.

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 Company. We have specific roles in Housing Management for Income Management Officers, who ensure the effective and efficient collection of rents and support tenants in arrears to achieve agreements for the proactive reduction of arrears and sustainable tenancies.

We recognise that we provide housing to some 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.

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

INTEREST RATE RISK

At the end of 2021, all long-term loans held by Circle VHA were on a fixed interest rate, either for the first 20 years of the loan with a further 5-year period at variable rate, or at a fixed interest rate for the full period of the loan.

OTHER RISKS

The Board and management have identified these risks, and the risks above, 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 and is further considered at each Finance, Audit and Risk Committee meeting and reported to the Board for their consideration twice a year.

1. Economic Risk

Circle VHA recognises the current economic context and the changed housing policy framework as stated by the DHLGH and the Government in *Housing for All*. This policy provides a policy and governance framework for the delivery of new social housing homes 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 financial and other risks.

2. Financing

The focus is on ensuring that Circle VHA has sufficient resources available to meet short term funding requirements and any unforeseen events. Our Treasury Management policy is designed to ensure all loan covenants are met, mitigate the impact of any adverse movements in interest rates and explore any new potential type of funding. Circle VHA has sufficient Board and management knowledge and expertise on these issues.

3. Growth

Growing the Company significantly over the coming years also poses a number of risks. The Change Management processes need to be carefully controlled and monitored at all levels to ensure that there is appropriate risk mitigation, reporting, and internal control development by the Board and management to avoid loss of focus and delivery on day-to-day services.

4. Technology

Aligned to this growth is the adoption of new technological systems to drive efficiency and effectiveness in the delivery of our services. Circle VHA has implemented new software and hardware, to drive a modern approach to tenant engagement, service streamlining and service development.

In 2022 tenants will see a benefit from these new systems and processes, Circle VHA will continue to improve as a result of the effective adoption of the software.

CIRCLE VOLUNTARY HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE

DIRECTORS' REPORT (CONTINUED)

RISKS (CONTINUED)

5. General Data Protection Requirements ("GDPR")

The requirement to be compliant with GDPR, imposed by the European Union, from 25th of May 2018 has been a focus for Circle VHA. As of 31st December 2021 the Directors are of the view that the company is adhering to the legislation.

We recognise the risks that are being placed upon the AHB sector and we are very conscious of the importance of our Risk Management Framework.

FINANCIAL REVIEW

RESULTS FOR THE FINANCIAL YEAR AND REVIEW OF OPERATIONS IN 2021

Circle VHA continued to increase the number of properties in its housing and facilities management during 2021 primarily via loan finance and capital grants. The scale of increase is outlined below.

	2021 No.	2020 No.
Dwelling homes owned	701	618
Dwelling homes managed	<u>728</u>	<u>707</u>
Total Social Housing homes	<u>1,429</u>	<u>1,325</u>
Dwelling homes provided with estate management services	1,289	1,275

The scale of the increase in housing management during 2021 was 104 additional homes which increased the homes available for social housing to 1,429 in total at the financial year end.

Our intention over the coming three years is to develop social housing in Local Authority areas that offer an appropriate opportunity to create sustainable communities.

Circle VHA, as a general needs housing provider comes under the remit of the Residential Tenancies Board ("RTB") for all landlord tenant relationship and disputes that may arise. We continue to work closely with the RTB to ensure our responsibilities as a social landlord meet the legislation set out in the Residential Tenancies Act.

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

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

CIRCLE VOLUNTARY HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE

DIRECTORS' REPORT (CONTINUED)

FINANCIAL PERFORMANCE

Circle VHA's accounting policy for the measurement of its housing stock is to carry these at cost less provision for impairment. The basis for selecting this accounting cost policy over the alternative of a revaluation policy, is:

- 1) Circle VHA is a long-term provider of housing for people deemed to be in housing need. The housing stock is carried for this long-term purpose, temporary fluctuations in the value of the underlying housing stock do not impact the delivery of Circle VHA's primary objective.
- 2) Circle VHA benefits from having secured long term finance in place for much of its housing stock, with the intention of ensuring a long-term matching of Circle VHA's assets and liabilities.

In 2021, the Board considered the valuation of the properties in our portfolio, and given current market conditions, the Board are satisfied that no impairment adjustment is required in the financial year to 31st December 2021.

Total comprehensive income for the financial year €3,861,270 (2020: €1,813,329). In 2021, Circle VHA shows an operating surplus of €1,659,231 on a turnover of €8,730,171 (operating surplus of €901,913 on a turnover of €7,278,085 in 2020).

TURNOVER

The income of the Company increased to €8,730,171 from €7,278,085 in 2020, an increase of 20%. 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 €4,245,950 for the financial year, an increase of 13.4% on 2020 rental income and service charges. Payment and Availability payments continued to increase, in 2021 this income type amounted to €3,695,472, an increase of 52.6% on the 2020 figure.

EXPENDITURE

Expenditure in the financial year was €7,070,940 compared to €6,376,172 in 2020 which was an increase of 10.9%. This increase was in line with budget and demonstrates the commitment of the Board to continue to invest in the Company. This investment, in both our people and our technology, will ensure that Circle VHA continues to provide a service which exceeds the expectations of our stakeholders.

Total staff costs were €2,551,987 compared to €2,197,762 in 2020 which was an increase of 16.1%. The increase is due to the increase in new homes and is required to provide the level of service to our current tenants and stakeholder satisfaction levels.

RESERVES

At the financial year end, total reserves were €27,548,963 compared to €23,687,693 at 31 December 2020.

The increase in reserves is attributed to the net adjustments for amortisation of CAS and CLSS loans of €3,214,258 and cumulative depreciation on CAS and CLSS properties of €978,782. This is offset against the operating surplus for the financial year of €1,659,231, net interest expense of €1,299,702, cumulative depreciation on other properties of €634,145 and profit on sale of fixed assets of €83,429. Furthermore in 2021 there was the write back of the impairment charge of €1,816,981 to reserves.

It is Circle VHA's policy to maintain unrestricted reserves to ensure the long-term viability and future growth of the Company. The capital reserve comprises Capital Assistance Scheme and Capital Loan and Subsidy Scheme funding which has been amortised over the term of the scheme (30 years).

CIRCLE VOLUNTARY HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE

DIRECTORS' REPORT (CONTINUED)

EVENTS AFTER BALANCE SHEET DATE

There were no subsequent events noted post year end.

GOING CONCERN

The Directors have a reasonable expectation that the Company has adequate resources to continue its operational existence for the foreseeable future and they continue to adopt the going concern basis of accounting in preparing the annual financial statements. Further details regarding the adoption of the going concern basis can be found in Note 2 to the financial statements.

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 32-34 Castle Street, Dublin 2.

STRUCTURE, GOVERNANCE AND MANAGEMENT

During 2021, Circle VHA was governed by a Board of nine Directors (three new directors joined and two directors resigned during the year) who are not paid for their services. In quarter two 2021, Circle VHA undertook a programme of recruiting two additional directors to the Board and additional non-executive committee members to the sub committees to the Board.

The Board is responsible for providing leadership, approving strategy for the Company to achieve its vision and purpose, 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.

The Directors bring their experience in corporate finance, housing policy, housing management, human resources, information technology, legal affairs, strategy, leadership and planning to bear on guiding the company. Matters such as policy, strategic planning, financial reporting and forecasts, budgets, and operational delivery of our housing services are reported to the Board for their consideration and approval.

CIRCLE VOLUNTARY HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE

DIRECTORS' REPORT (CONTINUED)

STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

In 2021, seven Board meetings were held, including one full day meeting.

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

Chris Ellison (Appointed Chair on 1 January 2021)	6
Brian Shefflin	7
Chris White (Appointed on 1 March 2021)	6
Damian Kennedy	7
Garret Tynan	6
Gráinne Ní Dhubhghaill (Resigned on 1 April 2021)	2
Jane Doyle	7
Joan Green	6
Máirín Ó Cuireáin (Resigned on 29 March 2021)	2
Gemma Kavanagh (Appointed on 24 May 2021)	4
Mary Slowey (Appointed on 24 May 2021)	3

The Directors, who served at any time during the financial year, are as disclosed above. The Company Secretary is Colin Creedon who was appointed Company Secretary on 1 January 2021.

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 Charities Governance Code as per the principles established in the Code in late 2017 and launched in November 2018. Circle VHA is compliant with the Charities Governance Code.

The Board is assisted by four committees which are authorised to make recommendations to the Board.

1. Finance Audit and Risk Committee

(Chair: Damian Kennedy)

The committee members in 2021 were Damian Kennedy, Brian Shefflin (resigned in June 2021 and moved to the Development Committee), Aoife Watters (appointed 1 January 2021), Gemma Kavanagh (appointed 24 May 2021) and Richard McDonagh (appointed 24 May 2021). Richard McDonagh and Aoife Watters are external members. 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 five occasions in 2021. It reviewed our existing financial controls and our corporate risk register. They also met with our auditors and reviewed the financial statements for 2020 and 2021. This committee instituted the internal audit during 2021.

2. Development Committee

(Chair: Jane Doyle)

The committee members in 2021 were Jane Doyle, Chris Ellison (appointed 24 May 2021), Brian Shefflin (appointed 24 May 2021), Fr. Patrick Carolan, Máirín Ó Cuireáin (resigned in March 2021), Keith Gillmor and Colette Downey (resigned in April 2021). Fr Patrick Carolan, Keith Gillmor and Colette Downey are external members. The role of the committee is to review proposed development opportunities and specific projects and new funding opportunities. The committee met on eight occasions in 2021.

3. Remuneration and Nomination Committee

(Chair: Chris White)

The committee members in 2021 were Chris White, Damian Kennedy (appointed 24 May 2021), Amanda Snee, and Eamonn McGee. Eamonn McGee and Amanda Snee are external members. The role of the committee is to review the Company's human resource policies, manage succession planning, review staffing levels and remuneration of the CEO. The committee met three times in 2021.

CIRCLE VOLUNTARY HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE

DIRECTORS' REPORT (CONTINUED)

STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

4. Strategic Purpose Group (SPG)

(Chair: Garret Tynan)

The SPG members in 2021 are Garret Tynan, Chris Ellison, Gráinne Ní Dhubhghaill (resigned in April 2021), Joan Green and Mary Slowey (appointed 24 May 2021). The role of the SPG is to ensure the appropriate implementation of the action plan agreed by the Board for organisational transformation and the adherence to the strategic plan delivery. The SPG reviews and considers matters of strategic importance to Circle. It will continue to monitor the delivery of the strategic plan targets but will widen its purpose to consider other strategic partnerships and alliances, merger, takeover and other proposals put to it by the Leadership Team that fall outside of the remit of the other committees. The SPG met eight times in 2021.

The Board recognises that to ensure good governance a renewal of Board Membership is an important facet of its considerations. The Board recruited two new Board Members in 2021 with an additional one external member of sub-committees. This is to ensure that there is sufficient scope for Board renewal and succession over the coming years.

TRANSACTIONS INVOLVING DIRECTORS

During the financial year ended 31 December 2021, there were no transactions involving Directors. (2020: €Nil).

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. 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.

POLITICAL AND CHARITABLE CONTRIBUTIONS

There were no political or charitable contributions made by Circle VHA during the financial year (2020: €Nil).

EXEMPTIONS FROM DISCLOSURES

The board of directors did not avail of exemptions from disclosures when preparing this director's report.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

Circle VHA does not act as a custodian trustee on behalf of others.

CIRCLE VOLUNTARY HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE

DIRECTORS' REPORT (CONTINUED)

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 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 330 of the Companies Act 2014.

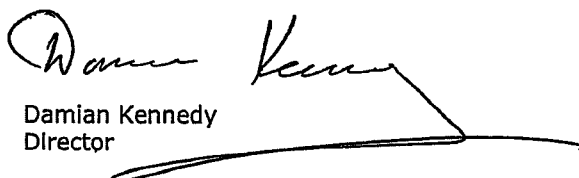
AUDITORS

On 17 December 2021 Deloitte resigned as auditor. Grant Thornton, Chartered Accountants and Statutory Audit Firm, who were appointed during the year continue in office in accordance with Section 383(2) of the Companies Act 2014.

Approved by the Board and signed on its behalf by:



Chris Ellison
Director



Damian Kennedy
Director

Date: 29 September 2022

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.



Chris Ellison
Director


Damian Kennedy
Director

Date: 29 September 2022

Independent auditor's report to the members of Circle Voluntary Housing Association Company Limited by Guarantee

Opinion

We have audited the financial statements of Circle Voluntary Housing Association Company Limited by Guarantee, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of cash flows, the Statement of changes in equity for the financial year ended 31 December 2021, and the related notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is Irish law and accounting standards issued by the Financial Reporting Council including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'(Generally Accepted Accounting Practice in Ireland).

In our opinion, Circle Voluntary Housing Association Company Limited by Guarantee's financial statements:

- give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland of the assets, liabilities and financial position of the Company as at 31 December 2021 and of its financial performance and cash flows for the financial year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the 'Responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of financial statements in Ireland, namely the Irish Auditing and Accounting Supervisory Authority (IAASA) Ethical Standard concerning the integrity, objectivity and independence of the auditor, and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities, and the responsibilities of the directors, with respect to going concern are described in the relevant sections of this report.

Independent auditor's report to the members of Circle Voluntary Housing Association Company Limited by Guarantee (continued)

Other information

Other information comprises information included in the Annual Report, other than the financial statements and our auditor's report thereon, including the Directors' report. The directors are responsible for the other information. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies in the financial statements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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. Based solely on the work undertaken in the course of our audit, in our opinion, the Directors' Report has been prepared in accordance with the requirements of the Companies Act 2014.

Matters on which we are required to report by exception

Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

Independent auditor's report to the members of Circle Voluntary Housing Association Company Limited by Guarantee (continued)

Responsibilities of management and those charged with governance for the financial statements

As explained more fully in the directors' responsibilities statement, management is responsible for the preparation of the financial statements which give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland, including FRS102, and for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Independent auditor's report to the members of Circle Voluntary Housing Association Company Limited by Guarantee (continued)

Responsibilities of the auditor for the audit of the financial statements

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

As part of an audit in accordance with ISAs (Ireland), the auditor will exercise professional judgment and maintain professional scepticism throughout the audit. They will also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If they conclude that a material uncertainty exists, they are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify their opinion. Their conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

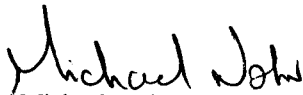
The Auditor shall communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that may be identified during the audit.

Independent auditor's report to the members of Circle Voluntary Housing Association Company Limited by Guarantee (continued)

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

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 auditor's report and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.


Michael Nolan

for and on behalf of

Grant Thornton

Chartered Accountants
Statutory Audit Firm

Cork

Date: 21 October 2022

CIRCLE VOLUNTARY HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 €	2020 €
Turnover	4	8,730,171	7,278,085
Administrative expenses		(7,070,940)	(6,376,172)
Operating surplus before interest, amortisation and depreciation		1,659,231	901,913
Interest payable and similar charges	7	(1,299,702)	(874,507)
Amortisation of Local Authority Loans	16	3,214,258	3,186,258
Depreciation of housing properties	10	(1,612,927)	(1,400,335)
Profit on sale of fixed asset		83,429	-
Reversal of Impairment	10	1,816,981	-
Surplus on ordinary activities before taxation	8	3,861,270	1,813,329
Tax on surplus on ordinary activities	9	-	-
Total comprehensive income for the financial year		3,861,270	1,813,329

There are no other recognised gains or losses other than those listed above and the total comprehensive income for the financial year. All income and expenditure derives from continuing activities.

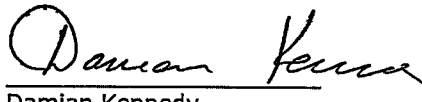
CIRCLE VOLUNTARY HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Notes	2021 €	2020 €
Fixed Assets			
Tangible assets	10	154,037,343	130,964,128
Intangible assets	11	521,846	585,606
Properties in course of construction	12	1,009,657	525,064
		<u>155,568,846</u>	<u>132,074,798</u>
Current Assets			
Debtors: Amounts falling due within one financial year	13	2,358,111	1,487,525
Cash and cash equivalents	14	1,687,234	1,118,723
		<u>4,045,345</u>	<u>2,606,248</u>
Creditors: Amounts falling due within one financial year	15	(5,664,870)	(3,589,666)
Net current liabilities		<u>(1,619,525)</u>	<u>(983,418)</u>
Total assets less current liabilities		<u>153,949,321</u>	<u>131,091,380</u>
Creditors: Amounts falling due after more than one financial year	16	(126,400,358)	(107,403,687)
NET ASSETS		<u>27,548,963</u>	<u>23,687,693</u>
Reserves			
Retained earnings	18	3,005,938	1,380,144
Capital reserves	18	24,543,025	22,307,549
		<u>27,548,963</u>	<u>23,687,693</u>

The financial statements were approved and authorised for issue by the Board of Directors on 29 September 2022 and signed on its behalf by:


Chris Ellison
Director


Damian Kennedy
Director

CIRCLE VOLUNTARY HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE**STATEMENT OF CHANGES IN RESERVES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

	Retained Earnings (see note 18) €	Capital Reserves (see note 18) €	Total €
At 1 January 2020	2,169,636	19,704,728	21,874,364
Total comprehensive income for the financial year	1,813,329	-	1,813,329
Transfer amortisation and depreciation of housing property depreciation to capital reserves	<u>(2,602,821)</u>	<u>2,602,821</u>	<u>-</u>
At 31 December 2020	1,380,144	22,307,549	23,687,693
Total comprehensive income for the financial year	3,861,270	-	3,861,270
Transfer amortisation and depreciation of housing properties	<u>(2,235,476)</u>	<u>2,235,476</u>	<u>-</u>
At 31 December 2021	<u>3,005,938</u>	<u>24,543,025</u>	<u>27,548,963</u>

CIRCLE VOLUNTARY HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 €	2020 €	
Net cash flows from operating activities	19	2,235,076	1,870,599	
Cash flows used in investing activities				
Purchase of tangible fixed assets	10	(23,155,197)	(24,749,585)	
Purchase of intangible assets	11	(28,788)	(93,429)	
Additions in properties in course of construction	12	(484,591)	(99,818)	
Proceeds for sale of tangible fixed assets		280,968	-	
Net cash flows used in investing activities		(23,387,610)	(24,942,832)	
Cash flows from financing activities				
Interest paid		(1,001,558)	(628,427)	
Increase in bank and HFA loans		15,603,043	16,055,032	
Increase in local authority (CALF) loans		6,279,557	5,295,346	
Increase in CLSS and CAS loans		840,000	2,963,999	
Net cash flows from financing activities		21,721,044	23,685,950	
Net increase/(decrease) in cash and cash equivalents		568,511	613,717	
Cash and cash equivalents at beginning of financial year		1,118,723	505,006	
Cash and cash equivalents at end of financial year		1,687,234	1,118,723	
Reconciliation to cash and cash equivalents:				
Cash at bank and in hand		1,093,385	754,498	
Retentions held on behalf of third parties		299,140	364,225	
Cash in solicitors' client account		294,709	-	
Cash and cash equivalents at end of financial year		1,687,234	1,118,723	
Analysis of changes in net Debt				
	At 1 January 2021 €	Cash flows €	Other non-cash changes	At 31 December 2021 €
Cash and Cash equivalents				
Cash at bank and in hand	1,118,723	568,511	-	1,687,234
Borrowings				
Debt due within one year	(450,552)	(809,816)	-	(1,260,368)
Debt due after one year	(107,403,567)	(21,928,205)	2,931,414	(126,400,358)
Total	(106,735,396)	(22,169,510)	2,931,414	(125,973,492)

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 Directors are required to make a statement on the adequacy of the Company's cash reserves over a 12-month period from the date of signing the Financial Statements, and its ability to continue as a going concern. A cashflow projection was undertaken to inform the statement being made by the Directors. The cashflow was prepared based on assumptions appropriate to the operating environment expected over the period to the end of September 2023. This cashflow projection showed that the Company should have adequate resources to operate effectively, without the need to rely on a €1m overdraft facility available to it. In addition, a cashflow was prepared on a significant negative stress scenario basis. This scenario demonstrated that the company's cash position would remain well within the resources and facilities available to it.

Based on these factors, the Directors believe the Company has adequate resources to continue its operational existence for the foreseeable future.

Turnover

Turnover represents rental income from third parties, development allowances and revenue grants receivable from local authorities and the Department of Housing, Local Government and Heritage, 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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

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.

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. The Company perform rolling stock condition surveys to ensure their assessment of residual value remains appropriate.

In addition, under the terms of the Company's funding and loan agreements with respective local authorities, government departments and the HFA, the Company 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.

Intangible Assets

The cost of development or acquisition of new software is recognised as an intangible asset and will be amortised on a straight-line basis over five to eight years. The measurement of intangible assets is to carry these at cost less depreciation and impairment.

Housing Loans

Funding was primarily advanced by local authorities and the DHLGH, 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 DHLGH 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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

1. ACCOUNTING POLICIES (CONTINUED)

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.

(1) 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.

Any initial costs relating to raising finance are amortised over the period of the loan.

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.

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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

1. ACCOUNTING POLICIES (CONTINUED)

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 Company. 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. GOING CONCERN

Despite the COVID-19 pandemic the financial position of the company has improved in 2021. In 2021 the company received 47% (2020 47%) of its income directly from the State through government departments and local authorities which will not reduce. Tenant rents and service charges are 49% (2020 51%) of company income where rental collections have remained stable and consistent in 2021 with this trend continuing into 2022. Consequently, this has no impact on cash flow and profitability.

The Directors are required to make a statement on the adequacy of the Company's cash reserves over a 12-month period from the date of signing the Financial Statements, and its ability to continue as a going concern. A cashflow projection was undertaken to inform the statement being made by the Directors. The cashflow was prepared based on assumptions appropriate to the operating environment expected over the period to the end of June 2023. This cashflow projection showed that the Company should have adequate resources to operate effectively, without the need to rely on a €1m overdraft facility available to it. In addition, a cashflow was prepared on a worst-case scenario basis. This scenario demonstrated that the company's cash position would remain well within the resources and facilities available to it. Based on this cashflow exercise, the Directors believe the Company has adequate resources to continue its operational existence for the foreseeable future.

3. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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. [impairment release?]

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.

(i) Residual Value

Land and structures' residual value is considered not less than the cost capitalised and therefore is not depreciated for the majority of Circle VHA's housing units.

(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.

(iii) Going Concern Basis

The financial statements are prepared on a going concern basis after the management's assessment of the company's cashflow projections that requires management's critical judgment.

(iv) Impairment Reversal

In the current financial year the company reversed an impairment charge of €1.8m arising from the valuation of 40 homes in the company's portfolio of 701 owned housing units

4. TURNOVER

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

	2021 €	2020 €
Rent and service charges	4,245,949	3,745,602
Payment and availability income	3,695,472	2,421,410
Management and maintenance fees	177,993	161,021
Other income	610,757	950,052
	<u>8,730,171</u>	<u>7,278,085</u>

All turnover arises in the Republic of Ireland.

CIRCLE VOLUNTARY HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021****5. EMPLOYEES AND REMUNERATION**

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

	2021 Number	2020 Number
Management and staff	48	40

The aggregate payroll cost of these persons was as follows:

	2021 €	2020 €
Wages and salaries	2,311,193	2,002,518
Termination payments	-	-
Social welfare costs	231,639	200,649
Pension costs	85,688	58,563
Total Payroll costs before Capitalisation	2,628,520	2,261,730
Capitalised labour	76,533	63,968
Amounts charged to the Profit and Loss	2,551,987	2,197,762

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

	2021	2020
€60,000 - €70,000	7	3
€70,000 - €80,000	1	2
€80,000 - €90,000	1	-
€90,000 - €100,000	2	1
Over €100,000	1	-

6. KEY MANAGEMENT COMPENSATION

The total remuneration for key management personnel for the financial year amounted to €471,362 (2020: €455,638). Remuneration includes basic pay, PRSI employer pension contributions.

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.

CIRCLE VOLUNTARY HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

7. INTEREST PAYABLE AND SIMILAR CHARGES	2021	2020
	€	€
Bank loans	1,016,858	687,213
CALF loans	282,844	187,294
	1,299,702	874,507

8. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION	2021	2020
	€	€
The surplus for the financial year is stated after charging/ (crediting):		
Directors' remuneration (note 6)	-	-
Depreciation – Land and buildings (note 10)	1,612,927	1,400,335
Depreciation – Other assets (note 10)	88,497	83,845
Depreciation – Intangible assets (note 11)	92,548	64,105
Amortisation (note 16)	(3,214,258)	(3,186,258)
Auditors' remuneration	36,775	41,405
Operating lease payments – see note	1,093,069	915,937

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 2021**

10. TANGIBLE ASSETS

	Long leasehold land and housing properties €	Equipment €	Fixtures and fittings €	Total €
Cost:				
At 1 January 2021	143,412,875	321,786	231,553	143,966,214
Additions	23,056,122	97,059	2,016	23,155,197
Disposals	(208,551)			(208,551)
At 31 December 2021	166,260,446	418,845	233,569	166,912,860
Depreciation:				
At 1 January 2021	10,786,404	225,288	173,413	11,185,105
Charge for the financial year	1,612,927	59,921	28,576	1,701,422
Disposals	(11,011)			(11,011)
At 31 December 2021	12,388,320	285,209	201,989	12,875,517
Impairment:				
At 1 January 2021	1,816,981	-	-	1,816,981
Reversal of Impairment	(1,816,981)	-	-	(1,861,981)
At 31 December 2021	-	-	-	-
Carrying Amount:				
At 31 December 2021	153,872,127	133,636	31,581	154,037,343
At 31 December 2020	130,809,490	96,498	58,140	130,964,128

Circle VHA's accounting policy for the measurement of its housing stock is to carry these at cost less depreciation and impairment. In the financial year ended 31 December 2021 Circle VHA reversed an impairment charge of €1,816,981 arising from the valuation of 40 apartments/duplexes out of Circle VHA portfolio of 701 owned housing units.

In the financial year ended 31 December 2021, the directors are of the view that there are no impairment charges due to the conditions of the residential property market.

CIRCLE VOLUNTARY HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

11. INTANGIBLE ASSETS

	Computer Software €
Cost:	
At 1 January 2021	671,651
Additions	28,788
At 31 December 2021	700,439
Depreciation:	
At 1 January 2021	86,045
Charge for the financial year	92,548
At 31 December 2021	178,593
Carrying Amount:	
At 31 December 2021	521,846
At 31 December 2020	585,606

Circle VHA's accounting policy for the measurement of its intangible assets is to carry these at cost less depreciation and impairment.

12. PROPERTIES IN COURSE OF CONSTRUCTION

	2021 €	2020 €
Opening balance	525,064	425,246
Additions	484,593	99,818
Closing balance	1,009,657	525,064

Properties in course of construction relate to the cost spent on uncompleted development properties. These assets are stated at cost.

13. DEBTORS: Amounts falling due within one financial year

	2021 €	2020 €
Trade debtors	335,614	484,687
Other debtors	1,094,914	401,893
Prepayments and accrued income	927,583	600,945
	2,358,111	1,487,525

CIRCLE VOLUNTARY HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

14. CASH AND CASH EQUIVALENTS	2021 €	2020 €
Cash in hand and at bank	1,093,285	754,498
Retentions held on behalf of third parties (note 15)	299,140	364,225
Cash held with solicitors	294,709	-
	1,687,234	1,118,723
15. CREDITORS: Amounts falling due within one financial year	2021 €	2020 €
Trade and other creditors	1,984,266	1,394,463
Retentions payable to third parties (note 14)	299,140	364,225
Accruals	706,548	516,969
Taxation and social welfare (see below)	382,448	277,153
Deferred income and rents paid in advance	736,778	369,131
Rent deposits held	4,450	4,450
Financing liability	290,872	212,723
Bank and Housing Finance Agency loan (note 16)	1,260,368	450,552
	5,664,870	3,589,666
Taxation and social welfare comprise of the following:		
PAYE/PRSI	302,471	189,373
VAT	79,828	87,632
RCT	149	148
	382,448	277,153

CIRCLE VOLUNTARY HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

16. CREDITORS: Amounts falling due after more than one-year	2021	2020
	€	€
Bank and Housing Finance Agency loan	45,907,141	31,098,612
Local authority (CALF) loan	19,556,782	12,994,382
Local Authority CLSS and CAS loans	60,936,435	63,310,693
Loans at 31 December	126,400,358	107,403,687

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

Bank and HFA Loans:

	2021	2020
	€	€
Amounts falling due within one financial year (note 15)	1,260,368	450,552
Amounts falling due after more than one financial year	45,907,141	31,098,612
	47,167,509	31,549,164

Local Authority CLSS and CAS Loans:

	2021	2020
	€	€
Local Authority CLSS and CAS loans at 1 January 2021	63,310,693	63,532,952
Additions	840,000	2,963,999
Amortisation	(3,214,258)	(3,186,258)
Local Authority CLSS and CAS loans at 31 December 2021	60,936,435	63,310,693

Allied Irish Bank and HFA bank loans are secured by a series of first legal charges over specific housing properties. 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 DHLGH, 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 DHLGH hold charges against the Company until the conditions and funding period of the agreement have been met. Specific loans are advanced by the DHLGH 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.

CIRCLE VOLUNTARY HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

17. FINANCIAL INSTRUMENTS

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

	2021 €	2020 €
Financial assets		
<i>Measured at undiscounted amount receivable</i>		
- Trade debtors (note 13)	335,614	484,687
- Other debtors (note 13)	1,094,914	401,893
Financial liabilities		
<i>Measured at amortised cost</i>		
- Bank & Housing Finance Agency loan (note 16)	(47,167,509)	(31,549,164)
- Local authority (CALF) Loan (note 16)	(19,556,782)	(12,994,382)
<i>Measured at undiscounted amount payable</i>		
- Trade and other creditors (note 15)	(1,984,266)	(1,394,463)
- Deferred income and rents paid in advance (note 15)	(736,778)	(369,131)
- Rental deposits held (note 15)	(4,450)	(4,450)
- Financing liability (note 15)	(290,871)	(212,723)
- Local Authority CLSS and CAS loans (note 16)	(60,936,435)	(63,310,693)

18. RESERVES

The categories of reserves are designated as follows:

Retained Earnings

The company's policy is to maintain unrestricted reserves to ensure the long-term viability and future growth of the company. The future costs of planned and cyclical maintenance programmes will be funded through 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 retained earnings 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 Housing, Local Government and Heritage. This funding may become repayable in the event that the conditions of the related agreements are not adhered to.

CIRCLE VOLUNTARY HOUSING ASSOCIATION COMPANY LIMITED BY GUARANTEE

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

19. RECONCILIATION OF OPERATING SURPLUS TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2021	2020
	€	€
Surplus for the financial year	3,861,270	1,813,329
Adjustments for:		
Depreciation (note 10 and 11)	1,793,970	1,548,284
Amortisation (note 16)	(3,214,258)	(3,186,258)
Reversal of Impairment	(1,816,981)	
Effects of:		
Decrease/(Increase) in debtors	(870,586)	240,190
Increase in creditors	1,265,387	583,615
Increase /(Decrease) in provisions	-	(3,068)
Interest payable and similar charges (note 7)	1,299,702	874,507
Profit on sale of Fixed assets	(83,428)	
Net cash flows from operating activities	2,235,076	1,870,599

20. LEASE COMMITMENTS

	2021	2020
	€	€
<i>Operating lease commitments</i>		
Total future contracted lease commitments which exist under non-cancellable operating leases as follows:		
Within one financial year	1,108,005	1,097,190
Between two to five financial years	4,230,857	4,372,877
More than five financial years	8,908,266	9,874,251

21. PENSION

The Company operates a defined contribution pension scheme. The contribution for the financial year amounted to €85,689 (2020: €58,563). The amount of pension contributions outstanding at 31 December 2021 was €32,571 (2020: €21,742).

22. CAPITAL COMMITMENTS

The Company had capital commitments contracted at 31 December 2021 of €10.8m (2020: €Nil). Capital commitments relate to the purchase of housing properties.

23. EVENTS AFTER BALANCE SHEET DATE

There have been no significant events affecting the Company since the balance sheet date.

24. RELATED PARTY TRANSACTIONS

During the financial year ended 31st of December 2021 there were no related party transactions (2020: Nil).

25. COMPARATIVE FIGURES

Comparative figures have been restated where necessary to ensure consistency with current year presentation.