



Grant Thornton

An instinct for growth™

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Grant Thornton

ICSH Finance & Development Conference 2018

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# What will I cover

- Background
- Our Experience
- Our Experiences
- An Effective Board
- Contents of Trustees' Annual Report
- Tell your story



# Grant Thornton in Ireland

## A focus on Ireland

Grant Thornton is Ireland's fastest growing professional services firm. We deliver solutions to all business challenges. Clients choose us because the breadth of financial and business services they need is available, delivered innovatively and always to the highest standards. At Grant Thornton we are committed to long term relationships. We are different. We are Grant Thornton.

The firm comprises over 1000 people operating from offices in Dublin, Belfast, Cork, Galway, Kildare, Limerick and Longford.



€116m  
Turnover in 2017



1,200+ employees



50  
Partners in Ireland



Office locations  
Dublin, Belfast, Cork, Galway,  
Kildare, Limerick and Longford



"Our clients choose us because of our commitment to addressing their business needs in an innovative and collaborative manner.

Our client relationships are built on our passionate approach to providing the highest quality of service at all times."

Michael McAteer, Managing Partner Grant Thornton Ireland



IRISH ACCOUNTANCY AWARDS 2016

Large Practice of the Year

WINNER



IRISH ACCOUNTANCY AWARDS 2016

Advisory Team of the Year

WINNER

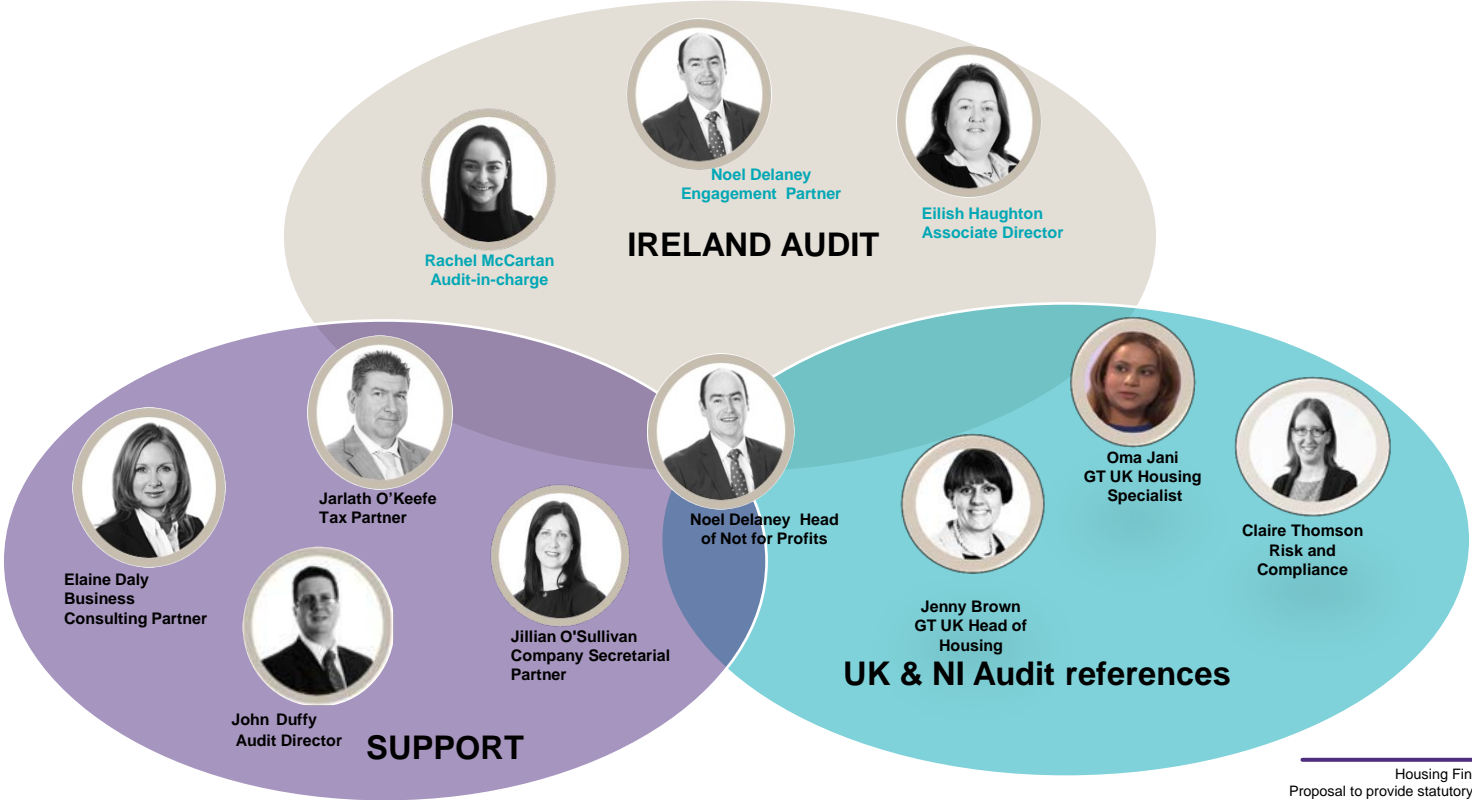


IRISH ACCOUNTANCY AWARDS 2016

Tax Team of the Year

WINNER

# Our Experience – Key members



# Our Experiences – An Inconsistent landscape

Issue	Housing SORP & FRS 102 Requirement	Housing Assoc A	Housing Assoc B	Housing Assoc C	Housing Assoc D	Housing Assoc E	Housing Assoc F
Size	Large if income > €500,000	Large	Large	Large	Large	Large	Medium
Accounting policy		FRS 102 and the Companies Act 2014 with reference to guidance included in the Charities SORP. Best practice is adopted where SORPs are applicable.	FRS 102 and the Companies Act 2014 with reference to guidance included in the Charities SORP and the Registered Social Landlords SORP. Best practice is adopted where SORPs are applicable	FRS 102 and the Iveagh Trust Act 1903 -1961 Noted from audit planning the Trustees decision re Charities SORP not applicable to the nature & operations of the Trust.	Historical cost convention in accordance with FRS 102 and the Companies Act 2014 as applied in accordance with the Charities SORP	Going concern basis under the historical cost convention in accordance with FRS 102 and the Companies Act 2014. All best practice disclosure requirements of Charities SORP adopted	Going concern basis under the historical cost convention in accordance with FRS 102 and the Companies Act 2014. All best practice disclosure requirements of Charities SORP adopted
Directors' / Trustees' report	The following content is required: <ul style="list-style-type: none"> <li>• Objectives and activities</li> <li>• Business model</li> <li>• Achievements and performance</li> <li>• Financial review</li> <li>• Plans for future periods</li> <li>• Structure, governance and management</li> <li>• Reference and administrative details</li> <li>• Companies Act 2014 requirements</li> </ul>	All included	All included	N/A non-statutory financial statements prepared	All included	All included	All included
Primary statements	Statement of Comprehensive Income.	Statement of Financial Activities	Statement of Comprehensive Income	Statement of Comprehensive Income	Statement of Financial Activities	Statement of Financial Activities	Statement of Financial Activities

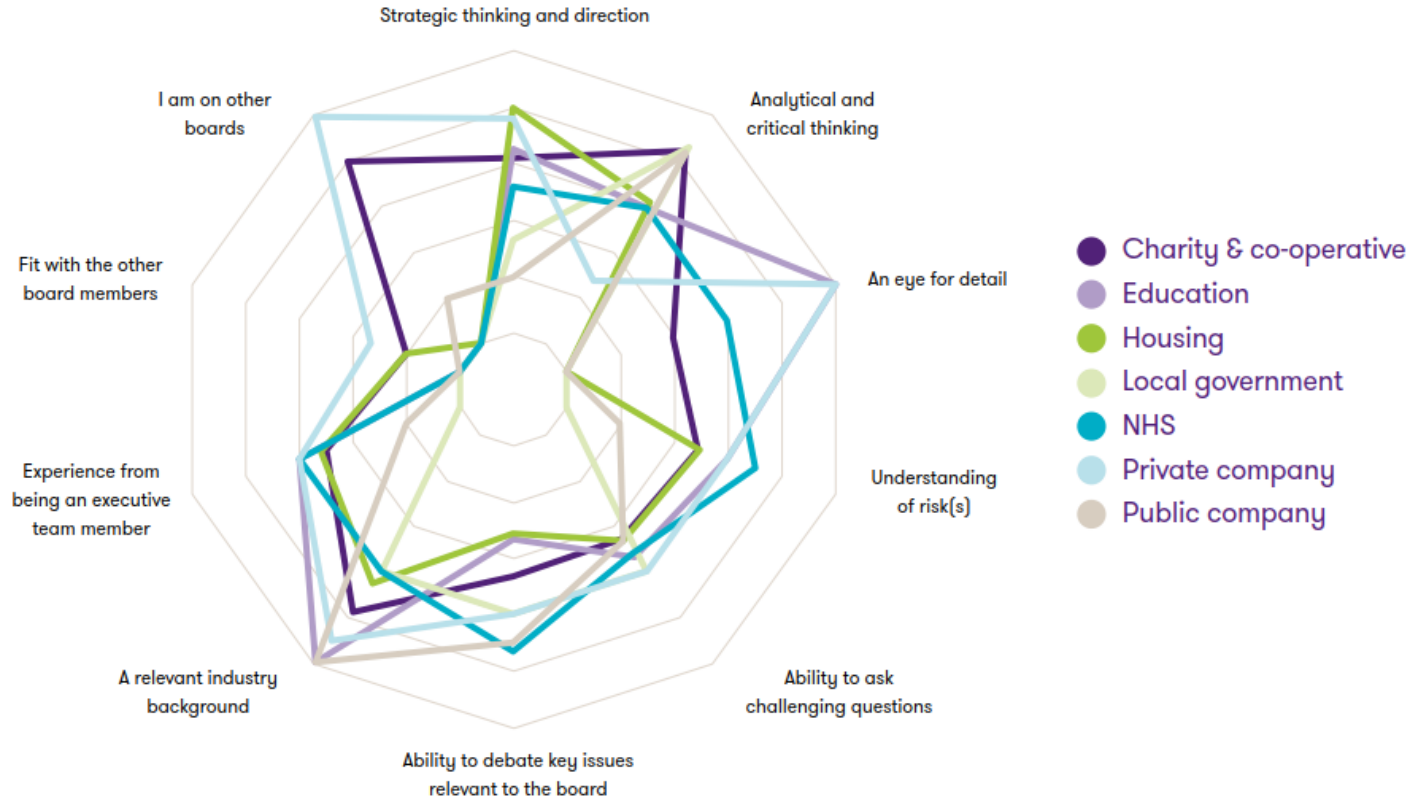
# Our Experiences – An Inconsistent landscape

Issue	Housing SORP & FRS 102 Requirement	Housing Assoc A	Housing Assoc B	Housing Assoc C	Housing Assoc D	Housing Assoc E	Housing Assoc F
<b>Judgements and estimates]</b>	<p>Significant accounting judgements and key sources of estimation uncertainty to be disclosed, examples:</p> <ul style="list-style-type: none"> <li>Valuation of property, plant and equipment.</li> <li>Useful lives of property, plant and equipment.</li> <li>Main components of housing properties and their useful lives.</li> <li>Recoverable amount of rental and other debtors.</li> <li>Obligations under a defined benefit scheme.</li> <li>Measurement of recoverable amount of assets for impairment reviews.</li> <li>Valuation of investment properties.</li> </ul>	<p>The following significant accounting judgements and key sources of estimation uncertainty are disclosed:</p> <ul style="list-style-type: none"> <li>Going concern</li> <li>Useful lives of tangible fixed assets.</li> </ul>	<p>The following significant accounting judgements and key sources of estimation uncertainty are disclosed:</p> <ul style="list-style-type: none"> <li>Allowances for impairment of trade receivables</li> <li>Useful lives of depreciable assets</li> </ul>	<p>There are no significant judgements, estimates and assumptions made about the recognition of assets, liabilities, incomes and expenses other than those discussed in the accounting policies.</p>	<p>The following significant accounting judgements and key sources of estimation uncertainty are disclosed:</p> <ul style="list-style-type: none"> <li>Depreciation rates applied to components of social housing properties</li> <li>Availing of Section 35.11 of FRS 102 as it is impracticable to restate the opening statement of financial position at 1 January 2014</li> <li>CAS loans not amortised because they remain payable in full if certain conditions are not met throughout the loan term.</li> </ul>	<p>The following significant accounting judgements and key sources of estimation uncertainty are disclosed:</p> <ul style="list-style-type: none"> <li>Depreciation rates applied to components of social housing properties</li> <li>Amortisation rates applied to CAS / CLSS loans.</li> </ul>	<p>There are no significant judgements, estimates and assumptions made about the recognition of assets, liabilities, incomes and expenses other than those discussed in the accounting policies</p>
<b>Disclosure of costs of employment</b>	<p>The following should be disclosed:</p> <ul style="list-style-type: none"> <li>Average headcount</li> <li>Total employer contributions to DC schemes</li> <li>Total redundancy costs by nature and amount</li> <li>Total remuneration paid to key management personnel</li> </ul> <p>In addition, the number of employees whose total benefits (ex. employer pension costs) for the year fall within each band of €10,000 from €70,000 upwards.</p>	<p>All required disclosures made except key management personnel</p>	<p>All required disclosures made except key management personnel</p>	<p>N/A – non statutory Financial Statements prepared.</p> <p>Key management compensation only disclosure applicable under FRS 102 &amp; disclosed in note 19 to the financial statements.</p>	<p>All required disclosures made</p>	<p>All required disclosures made</p>	<p>All required disclosures made except key management personnel</p>

# Our Experiences – An Inconsistent landscape

Issue	Housing SORP & FRS 102 Requirement	Housing Assoc A	Housing Assoc B	Housing Assoc C	Housing Assoc D	Housing Assoc E	Housing Assoc F
<b>Tangible fixed assets</b>	Component accounting required for depreciation purposes where an asset comprises two or more components with substantially different useful lives	Social housing properties divided into: <ul style="list-style-type: none"> <li>Land (Nil)</li> <li>Structure (50 years)</li> </ul>	Social housing properties divided into: <ul style="list-style-type: none"> <li>Land (Nil)</li> <li>Structure (100 years)</li> <li>Roof (60 years)</li> <li>Heating (15 years)</li> <li>Windows (30 years)</li> <li>Electrical (30 years)</li> <li>Bathroom (30 years)</li> <li>Kitchen (20 years)</li> <li>Lift (40 years)</li> </ul>	No component accounting applied. Properties are depreciated on a straight line basis at a rate of 2.0% per annum	Social housing properties divided into: <ul style="list-style-type: none"> <li>Main fabric (Nil)</li> <li>Roof and coverings (SL 1.43% / 70 years)</li> <li>Windows and external doors (SL 3.33% / 30 years)</li> <li>Gas boilers / fires (6.66% / 15 years)</li> <li>Kitchens (SL 5.00% / 20 years)</li> <li>Bathrooms / WC (SL 3.33% / 30 years)</li> <li>Mechanical systems (SL 3.33% / 30 years)</li> <li>Electrics (SL 2.50% / 40 years)</li> <li>Lifts (SL 5.0% / 20 years)</li> </ul>	Component accounting commensurate to the size and resources of Sophia <ul style="list-style-type: none"> <li>Gas boilers/fires (6.66% SL)</li> <li>Kitchen (5.00% SL)</li> <li>Lift (5.00% SL)</li> <li>Bathroom (3.33% SL)</li> <li>Mechanical systems (3.33% SL)</li> <li>Windows and external doors (3.33% SL)</li> <li>Electrics (2.50% SL)</li> <li>Roof structure and coverings (1.43% SL)</li> <li>Land and structure (Not depreciated)</li> </ul>	No component accounting applied as the nature of the assets would not make a material difference to their disclosed values or depreciation on a component accounting basis. Properties are depreciated on a straight line basis at a rate of 2.0% per annum
<b>CAS / CLSS / CALF loans</b>	If considered to be a liability, measured at the amount that the charity anticipates it will pay to settle the debt;  or  If considered to be a government grant, amortise to income when performance conditions (if any) are met	CAS loans, which are repayable in full after 20 years (purchases prior to 2002) and 30 years (purchases post 2002), are not amortised on the basis that the loans remain payable in full for the term noted if certain conditions are not met during the loan term. On completion of the loan term, provided certain conditions are met, the loans and interest, if any, are relieved in full and will be realised to unrestricted capital reserves and not amortised	CAS / CLSS loans are treated as government grants and are accounted for in accordance with the accruals model (as permitted by FRS 102 but not by the Charities SORP) being amortised on a systematic basis over the aggregate useful life of the housing properties of 50 years	HFA / CALF loans which are repayable after 25 / 30 year are not amortised on the basis that these are repayable in for the term and are recognised in accordance with T&Cs of the loan agreement entered into.  Historical loan are treated as government grant and accounted for in accordance with the accruals model (as permitted by FRS 102) being amortised on a systematic basis over the aggregate useful life of the housing properties of 50 years	CAS loans, which are repayable in full after 20 years (purchases prior to 2002) and 30 years (purchases post 2002), are not amortised on the basis that the loans remain payable in full for the term noted if certain conditions are not met during the loan term. On completion of the loan term, provided certain conditions are met, the loans and interest, if any, are relieved in full and will be realised to unrestricted capital reserves and not amortised	CAS / CLSS loans are treated as deferred credits and are amortised to income over the term of the loan. CAS and CLSS loans are amortised to the statement of financial activities over the term of the mortgage.	CAS / CLSS loans are treated as deferred credits and are amortised to income over the term of the loan

# An effective board of trustees





# An effective board of trustees

## **Board evaluation**

“The board must carry out an annual appraisal of its own performance and an annual appraisal of individual board members including the chair, and, if appropriate, the vice chair and any executive who sits on the board.”

### **The National Housing Federation Code**

“The board should state in the annual report how performance evaluation of the board, its committees and its individual directors has been conducted.”

### **UK Corporate Governance Code**

“The board evaluates its own performance and that of individual trustees including the chair. For larger and more complex charities this is will be every year, with an external evaluation every three years.”

### **Charity Governance Code (draft third edition)**

The Committee of University Chairs (CUC) Guide for Members of Governing Bodies (December 2014) recommended regular reviews – every four years – of governing bodies’ effectiveness and of the institutions’ performance, with published reports on the outcomes.



# Contents of Trustees' Annual Report

- Module 1.14 of SORP:
  - Objectives and activities;
  - Achievements and performance;
  - Financial review;
  - Structure, governance and management;
  - Reference and administrative details;
  - Exemptions from disclosure;
  - Funds held as custodian trustee on behalf of others.
- “The additional content required of larger charities”
- Also consider company law requirements as relevant
  
- Chance to “tell your story”, not just comply with statutory obligations



# THANK YOU!!



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