Co-Ownership Housing

Chair's Annual Report

to the 2016 Annual General Meeting

I am pleased to report that 2016 saw the organisation moving forward on all fronts. To introduce only a few highlights here:

- We completed the first major review of our Co-Ownership scheme for several years with our sponsoring department (Social Development, now the Department for Communities or DfC) and with government support are now developing an enhanced strategic offering through our Route Review project
- It was the first of a new 4-year funding arrangement with government, based on Financial Transactions Capital rather than traditional housing association grant
- Our first new affordable home ownership scheme to complement Co-Ownership, Rent to Own, went live
- We strengthened and evidenced our social purpose in our corporate responsibility work.

Performance Highlights

Properties

There were 1,309 applications for Co-Ownership assistance during the year - a similar level to the previous 12 month period. During this same period there were 728 properties purchases on behalf of Co-Ownership clients, to a total value of £86.1m.

Thanks to the continued support of the Department for Social Development (now Department for Communities) and our private funders Bank of Ireland and Barclays, we dealt with every application received and closed the year with a substantial pipeline of commitments.

204 out of the 728 properties purchased had not yet completed on 31 March 2016 This meant a closing stock of 8,014 properties [2015: 7,559] with an annual rent roll topping £10m for the first time.

In year ending 31 March 2016 the average purchase price overall had risen to £118,212 [2015: £114,179]. This breaks down further to an average of £128,967 for new build properties and £112,020 for existing properties [2015: £122,274 and £108,643 respectively].

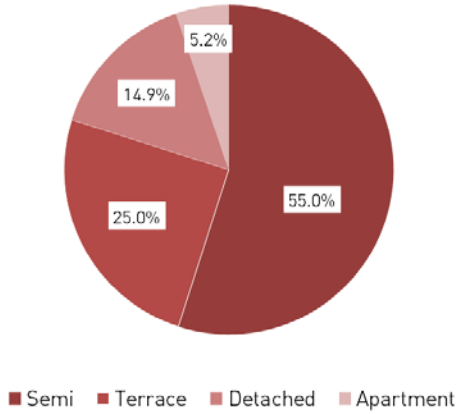

Chart 1: Property Purchases by Type 2016

Chart 1 illustrates the distribution of property purchases by type.

The Kirton family from Ballymoney (Lemond, Caroline and son Joshua), one of the 728 households we helped to buy a home this year, sharing their Co-Ownership experience with the team recently

Following in-year review with DfC and reference to Land and Property Services' data, we agreed upon a new regional property value limit for Co-Ownership of £150,000. This is to be introduced for one year with effect from 1st April 2016. We will continue to keep a close watch on property price movements and any impact on the availability of suitable properties on the operation of the scheme, contributing our data and recommendations to the annual property value limit review process in due course.

37% of properties purchased during 2015/16 were new build [2015: 41%] and some 10% were at a purchase price above the new £150,000 value limit.

People

Most of this year's purchasers (94%) were, as to be expected, first time buyers. Half of purchasers were new household formations with people setting up home together for the first time. 3 out of 5 were renting accommodation before joining Co-Ownership, while the remainder were typically still resident in the parental (owner occupied) home.

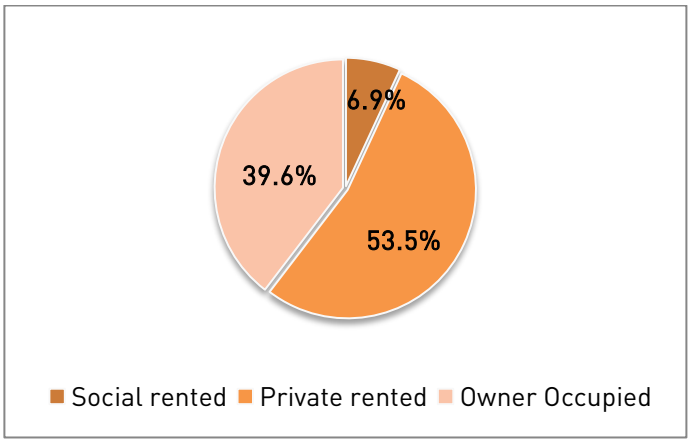

Chart 2: Previous tenure of purchasers 2016

96% of purchasers were in employment (4% self-employed). The average total household income was £27,676, which reduced to £25,507 when only earned income from employment was taken into consideration. Other forms of income generally came from tax credits and child-related benefits.

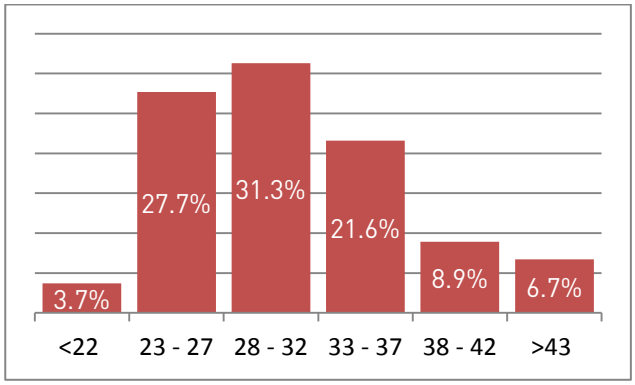

Chart 3: Average age in years of head of household 2016 at time of purchase

Reflecting the general trend for later entry into home ownership, the average age of heads of household purchasing this year was 30 years.

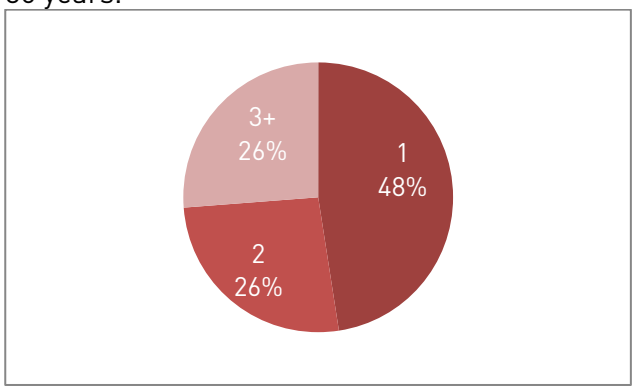

Chart 4: Household size, purchasers 2016

Overall, the average Co-Ownership household size for new purchasers is 1.88.

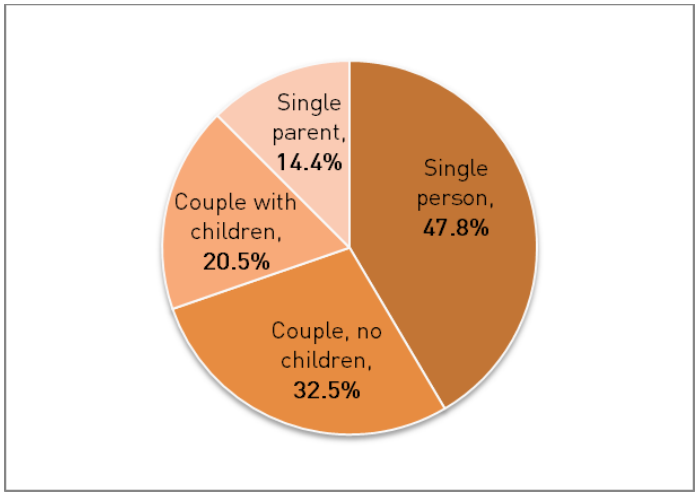

Chart 5: Household composition, purchasers 2016

Notwithstanding household size, Co-Ownership remains a real option for single parents looking for a stable family home on a tight budget.

Funding

This year represents the first in a 4-year funding arrangement with the Department for Communities (DfC) based on Financial Transactions Capital (FTC) rather than Housing Association Grant (HAG). Some £100m has been allocated in FTC over that 4-year period, and in 2016 we benefited also from an £8.05m allocation of HAG.

Grant monies are allocated on individual properties and then repaid in full upon disposal of the property. Historically, the grant element has fulfilled two purposes: it served to lever in private funding and to support the purchase of properties through the Co-Ownership scheme (on a percentage basis per property). These underlying principles remain valid now that we have moved to FTC funding; however the surety of funds over a longer period of time enables us to operate as strategically as possible in terms of committing our resources in the medium term.

The flow of funds to and from our sponsoring Department can be seen in the two tables which follow.

Table 1: Government Funding Allocated Towards Co-Ownership Property Purchases

Financial Year	*Properties Purchased*	*Government Contribution*
2016	**728**	**£29.75m**
2015	1,140	£50m
2014	1,223	£51.5m
2013	957	£38m
2012	625	£28.25m

Table 2: Grant Monies Repaid to Government from Property Disposals Proceeds

Number of Property Disposals by Year		*Total Proceeds due from these Property Disposals*	*Grant Funded Element of Proceeds: Repayable to Government*
2016	**393**	**£18,903,994**	**£12,911,827**
2015	297	£12,152,610	£9,374,485
2014	193	£ 7,352,208	£4,988,543
2013	155	£ 5,784,834	£3,293,571
2012	159	£ 5,703,783	£3,249.661

In addition to these 393 property disposals (which are no longer part of the Co-Ownership scheme) there were a further 159 cases where the Co-Owners increased their equity share during the year while still remaining part of the scheme. Staircasing activity is at its highest since the credit crunch in 2008 and continues to rise, demonstrating the recovery taking place in the Northern Ireland property market.

We continue to perform well against all banking covenants associated with our current loan facility of £50m which is due to expire in October 2016. £44m of the facility had been drawn down by 31 March, at which point we were engaged in negotiating a new and larger facility in the amount of £65m over the next 4 years to support our future growth plans. I am now pleased to be able to advise that we will be putting a new facility in place for £65m on highly competitive terms with the Bank of Ireland.

This year's annual rent increase was 2.3% [2015: 2.6%], reflecting RPI and applied from April 2015. We collected over £10.2m this year in rents [2015: rental income £9.4m] representing 100.26% [2015: 99.7%] of the total rent charge of £10,229,005 [2015: £9,401,661] against a target of ≥98%. Due largely to increasing stock levels, our rent roll continues to grow.

Table 3: Strategic Summary at 31 March 2016

Strategic Summary		31 March 2016
Property Purchases		**848**
Disposals - Staircasing	315	
Disposals - Repossessions	78	393
Housing Stock		**8,114**
Turnover		**£10,225,190**
Operating Costs (inc Pension Adj)		-£3,466,059
Operating Surplus		**£6,759,131**
Deficit on Property Disposals		-£4,969,708
Finance Costs		-£1,552,910
Exceptional items		-£18,078
Surplus for Period		**£218,435**
Total Investment in Housing Stock		£819,552,766
Participants Investment		-£453,155,128
HAG		-£237,478,002
Net Investment in Housing Stock		**£128,919,636**
Loan Drawn Down		£44m
Net Worth (Excludes Pension Liability)		**£87.3m**

The property purchases and housing stock figures reported in this summary reflect in-year completions rather than claims. Both are equally valid measures; figures in the summary reflect the timelagged figures in the audited accounts. Our operating surplus increased once again this year to £6.8m [2015: £6.2m] and our generated an overall surplus of £218,435.

Operating costs held steady at -£3.5m while the deficit from property disposals reduced substantially from almost -£6.7m in 2015 to -£5m this year. Our net worth increased to £87.3m from £86.9m.

Governance, People Management and Community Engagement

The Board was pleased to accept the report of the DSD Housing Inspection Team, which gave the organisation an overall rating of substantial assurance.

Once again we received a clean audit from our external auditors, PricewaterhouseCoopers and a substantial assurance rating from our internal auditors, KPMG, following a comprehensive review programme.

We also held a strong focus in-year on working with external accreditations as business improvement tools and to evidence the strength of our commitment to walking our talk in terms of social purpose.

Our Investors in People accreditation was renewed in-year, and both Board and staff very much welcomed the positive feedback received during the process.

I am delighted to announce that Co-Ownership Housing has just received accreditation by Business in the Community under CORE – the standard for responsible business and Northern Ireland's only Corporate Responsibility Standard. We are proud to be one of only 23 organisations in Northern Ireland so far to achieve CORE - the first in our housing association sector and the first not-for-profit organisation.

The foundations for our ongoing relationships with IIP and BITC were laid by my predecessor as Chair, Dan Corr, whose strong and sustained vision of embedding corporate values and social purpose into business principles is the foundation we continue to build upon. I am mindful also that both accreditations reflect the commitment of our staff and their willingness to make a difference.

We now look forward to achieving the CIPFA Governance Mark of Excellence, having commenced the accreditation process at the start of 2016/17.

Rent to Own

The first of several possible complementary affordable home ownership schemes to be developed and delivered by this organisation, Our Rent to Own initiative is operated through OwnCo Homes, Co-Ownership Housing's private subsidiary. Rent to Own is there to help renters who cannot access home ownership, even through the Co-Ownership scheme, to turn around their fortunes within a fixed term tenancy period of 3 years. Rent to Owners choose the property they hope to own one day and pay a market rent for it, receiving a 25% rebate of rent paid at the end of the tenancy. This rebate, coupled with their down payment of £2,500, can then serve as a property deposit and help them access a mortgage in due course.

The initiative has attracted a lot of interest. In its first 3 months of operation we have already seen some 1,000 enquiries, with one in 10 taking the next step and applying to be considered for a Rent to Own tenancy.

Properties must be new build and are potentially available across Northern

Ireland. We look forward to our first Rent to Own tenants moving into their new homes before the end of the summer.

Housing Minister Lord Morrow visits prospective Rent to Own homes recently with Sid McDowell and Mark Graham

Scheme Review and Route Review

The Scheme Review was a high level policy review, looking at the strategic direction, value for money and fitness for purpose of the Co-Ownership scheme and Co-Ownership Housing as its delivery vehicle.

Carried out with the Department, it was very much a wide-ranging and collaborative piece of work over several months, supported by a series of research papers and culminating in a full report to the Assembly's Social Development Committee in November 2015.

Arising from this report we have populated an action plan over the next 3 years to explore the potential to contribute further to government affordable home ownership strategy – either as extensions to the Co-Ownership scheme or in addition to it. Our actions will be supported by further research and financial modelling – these elements collectively make up our Route Review project which will commence during the 2017 financial year.

Operational Excellence

Not content with introducing a new scheme in Rent to Own and taking forward a medium term R&D project in the Route Review, we have also committed to an immediate and major program in support of the Board's strategic objective that Co-Ownership will be the leader in the UK housing sector in providing innovative opportunities to allow more people to move into home ownership.

We are calling this program Operational Excellence, and it is focused on the following key outputs:

1. to deliver a responsive, streamlined and efficient service that our customers need and expect at a time that suits them, and

2. to deliver the service through professional and motivated staff and business partners using innovative technology, revised business processes and new housing delivery schemes.

Consequently we have begun an external engagement process with partners in digital services development, and an internal engagement process with our staff to shape and refine the services our customers need.

Staff

The Board is, as always, very appreciative of the staff's hard work and support throughout the year, working to successfully deliver challenging operational targets. This year in particular we wish to recognise that our staff have gone the extra mile over a sustained period to ensure a successful operational launch of Rent to Own while maintaining business as usual for the Co-Ownership scheme.

Executive Management Team

We have in recent times seen significant change in terms of our senior management structure. At the close of the year our Chief Executive Alan Crowe confirmed that he would be stepping down after 13 years of service. Alan leaves behind an organisation well able to manage the many challenges and opportunities facing it in the years ahead; we very much recognise the contribution he has made and wish him well with his future plans. Another key member of our team, Carol Shields, Executive Director Corporate Services, is due to retire at the end of May. We hope that she enjoys her retirement to the fullest.

Mark Graham, our Executive Director Property and Development, has agreed to serve as Acting Chief Executive during this transitional period. We look forward to continuing our close and productive working relationship with Mark.

Board of Management

The Board met on 25 occasions this year, including the work of its standing committees (there were 12 committee meetings). In addition the Board held strategy sessions to plan for the year ahead. The Board worked closely with the Executive Management Team, who in turn engaged with staff, to develop our Corporate Plan for 2016-19, which included a refreshed statement of our mission, vision and values.

The individual members invested a significant level of their time and resource in contributing to the business of the Board. Out of a potential 185 separate attendances at these Board and Committee meetings I am very pleased to report that 169 were achieved, giving an impressive average attendance rate of 91%.

Our two standing committees on Audit, Risk and Governance and on Finance, HR and Corporate Services both dealt with challenging and complex workstreams this year.

All service by Board members is on a voluntary basis, with time and expertise freely donated to the work of the organisation. Although travelling expenses for attendance at meetings, briefings and conferences may be reimbursed, none were claimed during the year.

It is with regret we record the departure of two of our longer serving members, Deirdre Devlin and Norman Trotter, from the Board. We are indebted to them both for their commitment, insight and professionalism over the years.

Looking ahead, the Board is currently engaged in a recruitment process to renew and extend its membership. There has been a gratifying level of interest and we are confident of an excellent starting line-up for your 2016/17 team.

For my own part, I must thank all of my colleagues on the Board for their confidence and support in what has been another remarkable year. Teamwork remains very much our watchword at Board level and we retain our shared vision going forward - continuing the process of organisational change, and being the innovative leader in helping people afford their dream of owning their own home.

Sidney McDowell CBE
Chair

Northern Ireland Co-Ownership Housing Association Limited

Annual report and financial statements for the year ended 31 March 2016

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Board of Management

S McDowell (Chair)
N Trotter
D Devlin (Resigned July 2015)
G Lyons (Vice Chair)
J Hood
J Hannaway (Treasurer)
A Kilpatrick
M Taggart
P Price (Appointed June 2015)
D Little (Appointed June 2015)

Acting Chief Executive

M Graham

Company secretary

G Hughes

Registered office

Murray House
Murray Street
Belfast
BT1 6DN

Solicitors

Johns Elliot
40 Linenhall Street
Belfast
BT2 8BA

Bankers

Bank of Ireland Limited
4 - 10 High Street
Belfast
BT1 2BA

Barclays Commercial Bank
7 Donegall Square North
Belfast
BT1 5GB

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Waterfront Plaza
8 Laganbank Road
Belfast
BT1 3LR

Strategic report of the Board of Management for the year ended 31 March 2016

The Board of Management presents its annual report and the audited financial statements for the year ended 31 March 2016 for Northern Ireland Co-Ownership Housing Association Limited ("Co-Ownership Housing") and its subsidiary (the "Group"). The wholly owned subsidiary of Co-Ownership Housing is called Ownco Homes Limited.

Principal activity

The principal activity of Co-Ownership Housing is the provision of affordable housing on a shared ownership basis for persons in need thereof.

Our Mission:
To provide different opportunities for people to get onto the property ladder.

Our Vision:
To be the innovative leader in helping people afford their dream of owning their own home.

Our Values:

- People are at the heart of what we do and we respect people's individual needs and aspirations.
- We are committed to quality and being the leaders at what we do.
- We will work in an atmosphere of integrity and professionalism with the highest standards of leadership and governance.

Corporate Objectives:

- To maintain our core business efficiently utilising available finance to maximise delivery of Co-Ownership properties against targets.
- To deliver a change programme that will enhance the effectiveness and efficiency of the business to serve our customers.
- To grow our business and deliver innovation through the research and development of new products.
- To invest in and support our people so they deliver continues high performance and innovation.

Gender Analysis
7 members of the Board of Management are male and 2 are female. The Group has 51 employees of which 18 are male and 33 are female.

Whilst Co-Ownership Housing has voluntary non-profit making status, the generation of an annual surplus is vital to ensure the ongoing investment in new homes, to meet the commitments to lenders, and to generally ensure adequate protection against unforeseen circumstances.

The key strengths of the Group which enable its primary objectives to be met are:

- A commitment to the highest standards of corporate governance;
- A financial position which secures the confidence of funders, facilitating future investment and strategic growth opportunities; and
- Professional and dedicated staff who are committed to the Group's objectives.

Review of business and future developments

During the year ended 31 March 2013 Co-Ownership Housing secured a £50m four year term financing facility from its two bankers. At the end of the year, the refinancing process started and a new facility of £65m over four years is due to be completed at the start of the new financial year. At 31 March 2016 the cumulative draw down against the facility was £44m (2015: £44m).

In 2016 Co-Ownership Housing incurred losses of £635k (2015: £1.7m) on property sales and at the year-end had 36 properties subject to repossession orders. As a consequence of the experience of incurring losses on repossessed disposals, Co-Ownership Housing has maintained an exceptional impairment provision of £2.5m in respect of anticipated losses arising on these 36 properties. The level of repossession sales decreased to 66 this year (2015: 69), normal staircasing activity gained momentum as the property market continued to recover; in total there were 315 standard property sales in 2016 (2015: 213). There were also 159 part purchases in 2016 compared to 127 in 2015.

In 2016 a new funding programme called Financial Transactions Capital ("FTC") was awarded to Co-Ownership Housing. This new type of funding replaces Housing Association Grant as our main source of Government Funding. Our base funding for 2016 came in the form of £25m in FTC with an in year allocation of HAG amounting to £8m. £75m of FTC

Strategic report of the Board of Management for the year ended 31 March 2016

has been approved for the next three financial years (£69.4m was received in year ended 31 March 2016).

After property disposals and interest, Co-Ownership Housing recorded a profit of £218k (2015: £2.1m deficit) for the year.

The Board of Management is of the view that Co-Ownership Housing will continue to generate sufficient operating surplus to cover its financing costs and, subject to it continuing to receive the agreed revised levels of FTC/HAG and/or any other sources of finance, will be able to deliver on its programme for government undertakings. Mindful of ongoing and anticipated developments in the changing landscape of housing in Northern Ireland, the Board will continue to explore opportunities for enhancement of its existing scheme and services going forward.

In the year ended 31 March 2017, it is anticipated that rental income will increase to £10.8m and with the property market continuing to improve; we expect the loss on disposals to reduce.

Environment

Co-Ownership Housing recognises its corporate responsibility to carry out its operations whilst minimising environmental impacts.

Health and safety

Co-Ownership Housing is committed to achieving the highest practicable standards in health and safety management and strives to make its offices a safe environment for both employees and customers alike.

Human resources

Co-Ownership Housing's most important resource is its people; their knowledge and experience is crucial to meeting customer requirements. Annual appraisal procedures have been established to maintain standards of performance.

Financial risk management

Co-Ownership Housing's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk, liquidity risk and interest rate risk. Co-Ownership Housing has in place a risk management programme that seeks to limit the adverse effects on the financial performance of Co-Ownership Housing by regular review of activity levels against changing market conditions and adjustment to cashflows/projections accordingly. Co-Ownership Housing liaises with lenders, financial adviser networks and independent financial advisers on an ongoing basis to keep up to date with other products in the market place.

Price risk

The nature of operations undertaken by Co-Ownership Housing exposes it to a number of inherent price risk factors. By rigidly adhering to a tendering process in place for all expenditure over £5,000, in line with public sector tendering requirements, Co-Ownership Housing is customarily able to determine and agree favourable prices. Therefore, the risk management strategies and operational processes employed by Co-Ownership Housing ensure that such exposure is controlled.

Credit risk

Levels of rent collectibles are set in line with the corporate plan and cashflow forecasts. Strict procedures are in place and levels of arrears are regularly reviewed, monitored and reported to the Board on a monthly basis.

Interest rate risk

Co-Ownership Housing has both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash balances, all of which earn interest. Interest bearing liabilities consist of bank loans that bear interest at normal commercial rates. In order to manage the impact of interest rate fluctuations Co-Ownership Housing has implemented a hedging strategy.

Strategic report of the Board of Management for the year ended 31 March 2016

The Board of Management and executive directors

The Board of Management and executive directors of Co-Ownership Housing are listed on page 1.

Each past and present member of the Board of Management holds one non-equity share of £1 in Co-Ownership Housing. The Chief Executive of Co-Ownership Housing holds no interest in Co-Ownership Housing's share capital and although not having the legal status of director he acts as executive within the authority delegated by the Board.

The Board of Management is a voluntary Committee who have responsibility for the strategic direction, general policy and management of the Group. The day to day management of operations is delegated to the Chief Executive and the Senior Management Team.

Results

As referred to in the Review of business and future developments on page 3, the profit for the year amounted to £218,435 (2015: deficit £2,127,113) for Co-Ownership Housing. The profit was due, in large measure to, the recovery in the property market with the total loss on disposal reducing to £4.97m in 2016 from £6.65m in 2015. Board of Management are satisfied with the underlying financial performance of Co-Ownership Housing.

Group structure

Northern Ireland Co-Ownership Housing Association Limited is the controlling member of the Group. During the year Roseville Trading Limited changed its name to Ownco Homes Limited. The aim of Ownco Homes Limited is to increase the provision of affordable housing in the province. The loan received of £12.5m from the Department for Communities (DfC) (previously known as DSD) (note 23) is still held on account and therefore consolidated financial statements have been prepared. Refer to note 15 for details of Northern Ireland Co-Ownership Housing Association investments in subsidiary undertakings.

Funding

At the year-end Co-Ownership Housing had cash balances of £101m, net current assets of £98.2m and total net assets in excess of £85.8m. In addition it has undrawn financing facilities of £6m (£50m - £44m drawn down). The increase in cash balance is due to the majority of the three year FTC funding (£69.4m) being paid in advance. Accordingly, the Board is of the view that Co-Ownership Housing will have sufficient finance to fund its ongoing activities whereby it continues to be appropriate to adopt the going concern basis in the preparation of the annual financial statements.

SORP - Accounting for Registered Social Landlords

Co-Ownership Housing has implemented the FRS102 for the year ended 31 March 2016.

Events after the Balance Sheet date

A new private finance facility is due to be completed at the start of the new financial year, allowing Co-Ownership Housing to drawdown a further £21m over the next 4 years (£65m Facility).

Value for Money (VfM)

Our focus on VfM continuous improvement remains a key element of our business strategy. We aim to maximise our capacity and better utilise our assets and resources to meet the needs of existing and future participants. It is important that our focus is not just about cost savings and financial improvement, but that VfM is integrated into our culture as a matter of course. Value should be defined from the perspective of our customers in any service or process

Strategic report of the Board of Management for the year ended 31 March 2016

Value for Money (VfM) (continued)

Our approach to VfM is to consider economy, efficiency and effectiveness in everything that we do whilst having regard to quality of service.

Some of the highlights of our 2015/16 VfM approach are as follows:

- The refinancing process started that should allow Co-Ownership Housing to take advantage of an increased borrowing capacity with better rates of interest.
- Helped 848 people take the step towards owning their own home.
- Contributed a total investment of £100m (848 properties) to the Northern Ireland housing market (341 new properties).
- Enabled 315 people to purchase outright their own home and 159 people purchase further equity in their home.
- Invested £72k in the training and development of our staff.

Internal financial control

The Board of Management is responsible for ensuring that Co-Ownership Housing has established and maintains an effective system of internal financial control to ensure the reliability of financial information, the maintenance of proper accounting records and the safeguarding of assets against unauthorised use or disposition in accordance with the requirement of the Department for Community's Code of Audit Practice. The operation of internal financial control is delegated to the Senior Executive Officers on a day to day basis; however the Board of Management reviews the operation of those controls in the following ways:

Co-Ownership Housing has a clearly defined organisational structure based upon a system of delegation and authorisation, which includes the Board of Management where appropriate. The levels of authority are set out in Financial Regulations and similar documents which have been adopted by the Board of Management and are subject to periodic review. These are supported by detailed procedures which seek clearly to define operations, controls and authorisation levels and limitations so as to ensure the completeness, accuracy and reliability of transactions and information.

Experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance.

Co-Ownership Housing reviews the effectiveness of the system of internal financial control through participation in the Audit, Risk & Governance Committee. That Committee reviews reports from management, from the internal auditors and from the external auditors and seeks to obtain reasonable assurance that control procedures are in place and are being followed. This includes a review of the major risks facing Co-Ownership Housing. The Audit, Risk & Governance Committee approves an annual internal audit plan, considers recommendations and agrees appropriate responses and action with the Senior Executive Officers. The Committee generally meets four times during the year. The internal auditors also attend meetings and they have unrestricted access to the Chairman of the Committee. The Senior Executive Officers attend meetings when required. The minutes of the Committee are formally recorded.

The Board of Management receives the annual report of the internal auditors.

Co-Ownership Housing maintains a 3 year rolling strategy. A detailed annual budget and cash flow statement are maintained. The Board of Management reviews these documents in detail and receives regular reports from the Senior Executive Officers, including management accounts and performance indicators, prepared promptly. These are compared with the planning and budgeting documents to monitor key business and financial activities and identify any activities or developments which require intervention or modification.

All new initiatives, major commitments and investment projects are subject to formal appraisal and authorisation procedures by the Board of Management.

Strategic report of the Board of Management for the year ended 31 March 2016

The Internal Audit Plan reflects the risk management policy and the risk 'map' it contains so that internal audit resources are directed towards testing the risks and their control mechanisms which the policy identifies. Control is further reinforced by comprehensive measurement of, analysis of, and reporting and acting upon, performance data.

The Board of Management recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and to provide reasonable assurance that the key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguard Co-Ownership Housing's assets and interests.

Northern Ireland Co Ownership Housing Association Limited is committed to the highest standards of quality, probity, openness and accountability and has in place a confidential reporting system.

Statement of the Board of Management's responsibilities

The Board is responsible for preparing the financial statements in accordance with applicable laws and regulations.

The Industrial and Provident Societies Act (Northern Ireland) 1969 and registered housing association legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of Co-Ownership Housing's affairs and of its surplus or deficit for that period. In preparing these statements the Board is required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that Co-Ownership Housing will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of Co-Ownership Housing and to enable them to ensure that the financial statements comply with the Industrial and Provident Societies Act (Northern Ireland) 1969 and the Registered Housing Associations (Accounting Requirements) Order (Northern Ireland) 1993. It has general responsibility for the taking of reasonable steps to safeguard the assets of Co-Ownership Housing and to prevent and detect fraud and other irregularities.

Statement of disclosure of information to auditors

So far as each of the members of the Board of Management in office at the date of approval of these financial statements are aware:

- there is no relevant audit information of which Co-Ownership Housing's auditors are unaware; and
- it has taken all the steps that it ought to have taken as the Board of Management in order to make themselves aware of any relevant audit information and to establish that Co-Ownership Housing's auditors are aware of that information.

By order of the Board of Management

M Graham
Acting Chief Executive
7 July 2016

Report of the Board of Management for the year ended 31 March 2016

The Board of Management presents its annual report and the audited financial statements for the year ended 31 March 2016 for Northern Ireland Co-Ownership Housing Association Limited (the "Co-Ownership Housing") and its subsidiary (the "Group"). The wholly owned subsidiary of Co-Ownership Housing is called Ownco Homes Limited.

The Board of Management and executive directors

The Board of Management and executive directors of Co-Ownership Housing are listed on page 1.

Each past and present member of the Board of Management holds one non-equity share of £1 in Co-Ownership Housing. The Chief Executive of Co-Ownership Housing holds no interest in Co-Ownership Housing 's share capital and although not having the legal status of director he acts as executive within the authority delegated by the Board.

Performance in the year ended 31 March 2016 and expected performance in the year ended 31 March 2017

The sections on performance in the year ended 31 March 2016 and expected performance in the year ended 31 March 2017 are in the Strategic Report.

Regulation

Co-Ownership Housing's principal regulator is the Department for Communities (DfC).

The DfC issued its inspection review report on Co-Ownership Housing in May 2016 covering two main areas of operations. A four tier scoring mechanism has been adopted to reflect the assessment of substantial assurance, satisfactory assurance, limited assurance and no assurance. The individual assurance ratings attained are as follows:

Area of operations:	Rating:
Financial Management	Satisfactory Assurance
Corporate Governance	Substantial Assurance
Overall	Substantial Assurance

Charitable donations

Donations totalling £Nil (2015: £Nil) were made by Co-Ownership Housing during the year. No donations for political purposes were made during the year (2015: £Nil).

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution proposing their reappointment will be proposed at the Annual General Meeting.

By order of the Board

M Graham
Acting Chief Executive
7 July 2016

Independent auditors' report to the members of Northern Ireland Co-Ownership Housing Association Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the group's and Co-Ownership Housing's affairs as at 31 March 2016 and of the group's and Co-Ownership Housing's surplus and cash flows for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Act (Northern Ireland) 1969 and the Registered Housing Associations (Accounting Requirements) Order (Northern Ireland) 1993.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The group financial statements and Co-Ownership Housing's financial statements (the "financial statements"), which are prepared by Northern Ireland Co-Ownership Housing Association Limited, comprise:

- the consolidated and Co-Ownership Housing statement of financial position as at 31 March 2016;
- the consolidated and Co-Ownership Housing statement of comprehensive income for the year then ended;
- the consolidated and Co-Ownership Housing statement of changes in reserves for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Board has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involve

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 group's and Co-Ownership Housing's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Board; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Statement of Accounts 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.

Other matters on which we are required to report by exception

Adequacy of accounting records, system of internal control and information and explanations received

Under the Industrial and Provident Societies Act (Northern Ireland) 1969 we are required to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept by Co-Ownership Housing; or
- Co-Ownership Housing financial statements are not in agreement with the books of account.

We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Northern Ireland Co-Ownership Housing Association Limited

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Board

As explained more fully in the Statement of the responsibilities of the members of the Board of Management set out on page 6, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for Co-Ownership Housing's members as a body in accordance with section 43 of the Industrial and Provident Societies Act (Northern Ireland) 1969 and article 19 of The Housing (Northern Ireland) Order 1992 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Belfast
7 July 2016

Consolidated statement of comprehensive income for the year ended 31 March 2016

	Note	2016 £	2015 (as restated) £
Turnover	5	**25,570,778**	18,047,255
Cost of sales	5	**(15,444,251)**	(8,901,284)
Operating costs	5	**(3,357,443)**	(3,197,829)
Deficit on sale of housing properties	9	**(634,728)**	(1,721,067)
Repossession of properties	9	**(4,334,980)**	(4,932,976)
Operating surplus/(deficit)	6	**1,799,376**	(705,901)
Interest receivable and similar income	10	**153,003**	67,333
Interest payable and similar charges	11	**(1,676,733)**	(1,624,545)
Other finance (expenses)/income	12	**(54,000)**	136,000
Surplus/(deficit) for the financial year		**221,646**	(2,127,113)
Actuarial surplus/(deficit) recognised in pension scheme	24	**449,000**	(459,000)
Total comprehensive income/(expenditure) for the financial year	27	**670,646**	(2,586,113)

All amounts above relate to the continuing operations of the Group.

There is no material difference between the deficit for the financial years stated above, and the historical cost equivalent.

Consolidated statement of changes in reserves for the year ended 31 March 2016

	2016 £	2015 £
Surplus/(deficit) for the financial year	**221,646**	(2,127,113)
Actuarial surplus/(deficit) recognised in pension scheme (note 24)	**449,000**	(459,000)
New share capital issued (note 25)	**-**	2
Net addition to capital and reserves	**670,646**	(2,586,111)
Opening total capital and reserves	**85,138,475**	87,724,586
Closing total capital and reserves	**85,809,121**	85,138,475

Co-Ownership Housing statement of comprehensive income for the year ended 31 March 2016

	Note	2016 £	2015 (as restated) £
Turnover	5	**25,570,778**	18,047,255
Cost of sales	5	**(15,444,251)**	(8,901,284)
Operating costs		**(3,331,474)**	(3,197,829)
Deficit on sale of housing properties	9	**(634,728)**	(1,721,067)
Repossession of properties	9	**(4,334,980)**	(4,932,976)
Operating surplus/(deficit)	6	**1,825,345**	(705,901)
Interest receivable and similar income		**123,823**	67,333
Interest payable and similar charges	11	**(1,676,733)**	(1,624,545)
Other finance (expenses)/income	12	**(54,000)**	136,000
Surplus/(deficit) for the financial year		**218,435**	(2,127,113)
Actuarial surplus/(deficit) recognised in pension scheme	24	**449,000**	(459,000)
Total comprehensive income/(expenditure) for the financial year	27	**667,435**	(2,586,113)

All amounts above relate to the continuing operations of Co-Ownership Housing.

There is no material difference between the deficit for the financial years stated above, and the historical cost equivalent.

Co-Ownership Housing statement of changes in reserves for the year ended 31 March 2016

	2016 £	2015 £
Surplus/(deficit) for the financial year	**218,435**	(2,127,113)
Actuarial surplus/(deficit) recognised in pension scheme (note 24)	**449,000**	(459,000)
New share capital issued (note 25)	**-**	2
Net addition to capital and reserves	**667,435**	(2,586,111)
Opening total capital and reserves	**85,138,475**	87,724,586
Closing total capital and reserves	**85,805,910**	85,138,475

Consolidated statement of financial position as at 31 March 2016

	Note	2016 £	2015 (As restated) £
Fixed assets			
Housing properties	13	**364,392,096**	342,247,800
Other tangible assets	16	**718,384**	390,515
		365,110,480	342,638,315
Current assets			
Stock	17	**2,005,452**	1,163,028
Debtors: amounts falling due after more than one year	18	**3,000**	8,250
Debtors: amounts falling due within one year	19	**3,722,313**	18,575,034
Investments	20	**8,312**	8,293
Cash at bank and in hand		**113,145,566**	29,452,816
		118,884,643	49,207,421
Creditors: amounts falling due within one year	21	**(8,182,000)**	(35,397,495)
Net current assets		**110,702,643**	13,809,926
Total assets less current liabilities		**475,813,123**	356,448,241
Creditors: amounts falling due after more than one year	22	**(388,476,002)**	(269,479,766)
Net assets excluding pension deficit		**87,337,121**	86,968,475
Pension deficit	24	**(1,528,000)**	(1,830,000)
Net assets including pension deficit		**85,809,121**	85,138,475
Capital and reserves			
Called up share capital	25	**51**	51
Revenue reserves	26	**1,600,000**	1,598,915
Designated reserves	27	**84,209,070**	83,539,509
Total capital and reserves		**85,809,121**	85,138,475

The financial statements on pages 10 to 36 were approved by the Board of Management on 7 July 2016 and were signed on its behalf by:

S McDowell – **Chairman**

M Graham – **Acting Chief Executive**

J Hannaway – **Treasurer**

Registered number: IP 200

Co-Ownership Housing statement of financial position as at 31 March 2016

	Note	2016 £	2015 (As restated) £
Fixed assets			
Housing properties	13	**364,392,096**	342,247,800
Other tangible assets	16	**718,384**	390,515
Investments	15	**1**	1
		365,110,481	342,638,316
Current assets			
Stock	17	**2,005,452**	1,163,028
Debtors: amounts falling due after more than one year	18	**3,000**	8,250
Debtors: amounts falling due within one year	19	**3,732,689**	18,575,034
Investments	20	**8,312**	8,293
Cash at bank and in hand		**100,631,978**	16,952,816
		106,381,431	36,707,421
Creditors: amounts falling due within one year	21	**(8,182,000)**	(22,897,496)
Net current assets		**98,199,431**	13,809,925
Total assets less current liabilities		**463,309,912**	356,448,241
Creditors: amounts falling due after more than one year	22	**(375,976,002)**	(269,479,766)
Net assets excluding pension deficit		**87,333,910**	86,968,475
Pension deficit	24	**(1,528,000)**	(1,830,000)
Net assets including pension deficit		**85,805,910**	85,138,475
Capital and reserves			
Called up share capital	25	**51**	51
Revenue reserves	26	**1,600,000**	1,598,915
Designated reserves	27	**84,205,859**	83,539,509
Total capital and reserves		**85,805,910**	85,138,475

The financial statements on pages 10 to 36 were approved by the Board of Management on 7 July 2016 and were signed on its behalf by:

S McDowell – **Chairman**

M Graham – **Acting Chief Executive**

J Hannaway – **Treasurer**

Registered number: IP 200

Consolidated statement of cash flows for the year ended 31 March 2016

	Notes	2016	2015
		£	£
Net cash inflow from operating activities	29	**7,203,521**	6,237,997
Returns on investments and servicing of finance			
Purchase of properties		**(44,946,503)**	(49,152,038)
Housing Association Grant received for purchase of properties		**22,771,646**	43,108,163
Sale of properties		**17,024,397**	9,986,756
Housing Association Grant repaid on sale of properties		**(10,814,580)**	(6,609,061)
Purchase of other tangible fixed assets		**(496,052)**	(384,231)
Interest received		**123,823**	67,333
Net cash used in investing activities		**(16,337,269)**	(2,983,078)
Cash flows from financing activities			
New term loans		**94,498,000**	14,500000
Loan advance repaid		**5,250**	5,250
Issue of ordinary share capital		**-**	2
Interest paid		**(1,676,733)**	(1,624,545)
Net cash used in financing activities		**92,826,517**	12,880,707
Net increase in cash and cash equivalents		**83,692,769**	16,135,626
Cash and cash equivalents at the beginning of the year		**29,461,109**	13,325,483
Cash and cash equivalents at the end of the year	30/31	**113,153,878**	29,461,109

Notes to the financial statements for the year ended 31 March 2016

1 General information

Co-Ownership Housing's principal activity is the provision of affordable housing on a shared ownership basis for persons in need thereof. Co-Ownership Housing is registered under the Industrial and Provident Societies Act (Northern Ireland) 1969 and domiciled in the UK. The address of the registered office is Murray House, Murray Street, Belfast, BT1 6DN.

2 Statement of compliance

These financial statements of Northern Ireland Co-Ownership Housing Association Limited have been prepared on the going concern basis in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, ''The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland'' (''FRS 102'') under the historical cost convention, and in accordance with applicable accounting standards in the United Kingdom and Statement of Recommended Practice for Accounting by Registered Social Landlords (updated 2014). The principal accounting policies, which have been applied consistently throughout the year, are set out below. The presentation of the financial statements complies with the Registered Housing Associations (Accounting Requirements) Order (Northern Ireland) 1993.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements. Details of the transition to FRS 102 are disclosed in note 34.

The significant accounting policies adopted by the company are as follows:

Basis of preparation of financial statements

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention. The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group and Co-Ownership Housing accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

Basis of consolidation

The group income and expenditure account and balance sheet include the financial statements of the group and its subsidiary undertakings made up to 31 March 2016. Intra group transactions, any unrealised profits/losses arising and intercompany balances are eliminated fully on consolidation.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the group and Co-Ownership Housing and value added taxes. The group and Co-Ownership Housing bases its estimate of returns on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Where the consideration receivable in cash and cash equivalents is deferred and the arrangement constitutes a financing transaction, the fair value of the consideration is measured at the present value of all future receipts using the imputed rate of interest. The group and Co-Ownership Housing recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the group and Co-Ownership Housing retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow through the group and Co-Ownership Housing and (e) when the specific criteria relating to each of the group and Co-Ownership Housing's sales channels have been met, as described below and in note 5.

Notes to the financial statements for the year ended 31 March 2016

3 Summary of significant accounting policies (continued)

i) Net rental income

Income represents rental income receivable net of bad debts.

ii) First tranche equity sales

Proceeds from the first tranche disposals are accounted for as turnover in the Statement of comprehensive income in the period in which the disposal occurs.

iii) Other income

Other income is recognised in the Statement of income and retained earnings when the terms of revenue recognition have been met.

Value added tax

Expenses include value added tax.

Employee benefits

The Group provides a range of benefits to employees, including paid holiday arrangements and defined benefit pension plans.

i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognized as an expense in the period in which the service is received.

ii) Pension funding

Retirement benefits to employees of Co-Ownership Housing are provided by the Northern Ireland Local Government Officers Superannuation Committee (NILGOSC) defined benefit scheme which is externally funded and contracted out of the State Earnings Related Pension Scheme.

In respect of this scheme, Co-Ownership Housing's staff constitutes only a small percentage of the overall membership. Co-Ownership Housing has no influence over the level of contributions.

The assets of the NILGOSC scheme are held separately from those of Co-Ownership Housing. Co-Ownership Housing has adopted FRS 102 section 28 'Employee benefits' in these financial statements. Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term to the liability. The increase in the present value of the liabilities of Co-Ownership Housing's defined benefit pension scheme arising from employee service in the year is charged to operating surplus. Under FRS 102, a net interest expense, based on the net defined benefit liability, is recognized in the profit and loss account.

The contributions are determined by qualified actuaries on the basis of quinquennial valuations, using a projected unit method.

Tangible fixed assets

Housing properties

Special purpose scheme housing

These properties represent housing purchased by Co-Ownership Housing to secure a supply of affordable homes for future co-ownership leaseholders.

Notes to the financial statements for the year ended 31 March 2016

3 Summary of significant accounting policies (continued)

In accordance with Housing SORP 2014 sales proceeds are accounted for in the income and expenditure account with proceeds recorded in turnover and costs in cost of sales. Properties at the year-end are included in stocks and are valued at the lower of cost (purchase price together with any incidental costs of acquisition) and net realisable value.

Other housing properties

Other housing properties are stated at cost which is purchase price together with any incidental costs of acquisition. These properties are effectively purchased concurrently by Co-Ownership Housing and participants and so are disclosed in fixed assets at the cost to Co-Ownership Housing with the participants' net investment also disclosed in the housing properties note to the financial statements.

Impairment

Any impairment in the value of the housing properties is charged to the income and expenditure account in the year in which it is first recognised.

Housing Association Grant and other grants

Housing Association Grant and other grants received as a contribution towards the capital costs of housing properties of Co-Ownership Housing were set against the capital cost of these properties in prior years. As per the 2014 Housing SORP and FRS102 the 2015 figures have been restated to include these grants as 'Creditors: amounts falling due after more than one year' rather than set against the capital cost (see note 34).

Such grants, although treated as a grant for accounting purposes, may be repayable under certain circumstances, primarily following the sale of housing property.

Other fixed assets

Other fixed assets are stated at cost.

Other tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. The cost of tangible fixed assets is their historic purchase cost, together with any incidental costs of acquisition. Depreciation is calculated after allowing for grants received, so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used are as follows:

	%
Office equipment	25
Fixtures and fittings	10

Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of comprehensive income.

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Statement of comprehensive income on a straight-line basis over the period of the lease.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of one month or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Notes to the financial statements for the year ended 31 March 2016

3 Summary of significant accounting policies (continued)

Current asset investments

Current asset investments are investments in short-term deposits with an original maturity between one and twelve months.

Impairment of non-financial assets

At each statement of financial position date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the assets.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the Statement of income and retained earnings, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the Statement of income and retained earnings.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Statement of income and retained earnings.

i) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligations can be estimated reliably.
Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

ii) Contingencies

Contingent liabilities, arising as a result of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

i) Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

Notes to the financial statements for the year ended 31 March 2016

3 Summary of significant accounting policies (continued)

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in Statement of income and retained earnings.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in Statement of income and retained earnings.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or, (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in Statement of income and retained earnings, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow company companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Debtors

Debtors are stated after all known bad debts have been written off and specific provision has been made against all debts considered doubtful for collection.

Housing loans

All borrowings are initially stated at the fair value of the consideration received. Finance costs are charged to the income and expenditure account over the term of the borrowings. Interest payable but not yet paid at the year-end is shown as accrued interest within creditors due within one year.

Notes to the financial statements for the year ended 31 March 2016

3 Summary of significant accounting policies (continued)

Revenue reserves

Co-Ownership Housing's policy is to retain a level of free reserves, which matches its needs at the current time and in the foreseeable future. The reserves required are sufficient to meeting committed running costs for a period equivalent to six months budgeted future expenditure.

Designated reserve – property purchase

All other reserves are treated as designated reserves as they are required to fund Co-Ownership Housing's investment in housing properties and thus are not available for future general use. Amounts so invested during the year (expenditure net of HAG/FTC received and repayable less disposals and net bank finance received) are transferred from this property purchase reserve to revenue reserves. After making such transfers, a further transfer to/from revenue reserves is made representing future proposed property purchases.

4 Critical accounting judgements and estimation uncertainty

Estimates and judgements made in the process of preparing the group financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgement in applying the entity's accounting policies

The following judgement, apart from those involving estimates, made by the directors has had significant effect on the amounts recognised in the financial statements;

There are no critical judgements in applying the entity's accounting policies.

Notes to the financial statements for the year ended 31 March 2016

5 Lettings and other related

Turnover	2016 £	2015 (As restated) £
Rents (note 5)	**10,222,943**	9,338,396
First Tranche Sales	**15,347,835**	8,708,859
	25,570,778	18,047,255
Cost of sales		
Rents	**(96,416)**	(192,425)
First Tranche Sales	**(15,347,835)**	(8,708,859)
	(15,444,251)	(8,901,284)
Operating costs*		
Valuation fees	**(211,742)**	(212,890)
Management	**(3,052,701)**	(2,935,987)
Property impairment and SPS running incomes	**-**	4,048
Non cash pension costs	**(93,000)**	(53,000)
	(3,357,443)	(3,197,829)
Deficit on sale of housing properties (note 9)	**(634,728)**	(1,721,067)
Repossession of properties (note 9)	**(4,334,980)**	(4,932,976)
Operating surplus/(deficit)	**1,799,376**	(705,901)
Interest*		
Interest receivable and other income (note 10)	**153,003**	67,333
Interest payable and similar charges (note 11)	**(1,676,733)**	(1,624,545)
Other finance income (note 12)	**(54,000)**	136,000
Surplus/(deficit) for the year	**221,646**	(2,127,113)

* Operating costs and interest have not been allocated to individual activities as, in the opinion of the Board of Management; it is impracticable to specifically apportion expenditure.
No further turnover analysis has been required because all properties held by Co-Ownership Housing are on a shared ownership basis.

Turnover from lettings	2016 £	2015 £
Rents	**10,196,725**	9,364,751
SPS Property sales	**-**	92,000
Processing fees	**83,400**	-
Bad debts written off	**(57,182)**	(118,355)
	10,222,943	9,338,396

Notes to the financial statements for the year ended 31 March 2016

6 Operating surplus

	2016	2015
	£	£
Operating surplus is stated after charging/(crediting):		
Staff costs, excluding pension (note 7)	**1,782,249**	1,812,327
Pension (note 7) – contributions	**303,148**	297,627
- non- cash charges	**54,000**	53,000
Depreciation of tangible fixed assets		
- owned assets (note 16)	**168,183**	110,032
Property impairment – SPS properties	-	(4,048)
Loss on sale of SPS properties	-	8,000
Operating lease rentals	**111,003**	116,930
Fees payable to the group's auditor for the audit of the financial statements	**20,189**	22,230

7 Employee information

	2016	2015
	£	£
Staff costs		
Wages and salaries	**1,654,461**	1,683,830
Social security costs	**127,788**	128,497
	1,782,249	1,812,327
Pension contributions	**303,148**	297,627
	2,085,397	2,109,954
Other pension costs	**54,000**	53,000
	2,139,397	2,162,954

	2016	2015
	Number	Number
Average monthly number of persons employed by the Group and Co-Ownership Housing (including the Chief Executive and excluding the board members) during the year by activity:		
Administration and finance	**52**	52

Notes to the financial statements for the year ended 31 March 2016

8 Directors' emoluments

The remuneration of directors (defined as the Board of Management and the Chief Executive) of the Group and Co-Ownership Housing during the year was:

	2016	2015
	£	£
Aggregate emoluments	**99,993**	98,136
Pension contributions to money purchase schemes	**20,543**	20,133
	120,536	118,269

Members of the Board of Management serve in a voluntary capacity and none were in receipt of emoluments during the year.

The emoluments represent those of the highest paid director.

9 Deficit on sale of housing properties

	2016	2015
	£	£
Sales	**17,117,075**	10,586,809
Cost of sales (note 13)	**(22,086,783)**	(17,240,852)
	(4,969,708)	(6,654,043)

Comprising:

	£	£
Repossession of properties	**(4,334,980)**	(4,932,976)
Other disposals	**(634,728)**	(1,721,067)
	(4,969,708)	(6,654,043)

In March 2011, an impairment provision of £3.1 million was made in respect of properties that were subject to repossession orders. As at 31 March 2015, there were 38 properties remaining in repossession status and after reviewing these properties and the experience of previous repossession sales, the impairment provision was reduced from £3.1 million to £2.5 million. At 31 March 2016 it was deemed appropriate to continue carrying a £2.5 million provision as there were 36 properties remaining in repossession status at that date (note 13).

10 Interest receivable and similar income

	2016	2015
Group	**£**	£
Interest receivable	**153,003**	67,333

11 Interest payable and similar charges

	2016	2015
Group and Co-Ownership Housing	**£**	£
Interest payable and similar charges on bank loans and overdrafts	**1,676,733**	1,624,545

Notes to the financial statements for the year ended 31 March 2016

12 Other finance income/(expenses)

Group and Co-Ownership Housing	2016 £	2015 £
Interest on net defined benefit liability/(asset)	**(54,000)**	136,000

13 Housing properties

Group and Co-Ownership Housing	Cost £	Participants' net Investment £	Co-Ownership Housing Investment £
At 1 April 2015	764,702,630	(420,194,441)	344,508,189
Transfers of completed schemes and additions in the year less decrease in accrual	100,706,999	(55,098,324)	45,608,675
Disposals	(44,224,330)	22,137,547	(22,086,783)
Transferred to stock (note 17)	-	(2,005,452)	(2,005,452)
At 31 March 2016	**821,185,299**	**(455,160,670)**	**366,024,629**

Impairment	
At 1 April 2015	(2,500,000)
Released in the year	-
At 31 March 2016	(2,500,000)

Uncompleted schemes and additions	
Balance at 1 April 2015	1,445,639
Additions	44,883,502
Transfers	(45,461,674)
At 31 March 2016	**867,467**

Rebuys	
Total cost of Co-Ownership Housing's investment and partially completed properties	
At 31 March 2016	**364,392,096**
At 31 March 2015	342,247,800

Notes to the financial statements for the year ended 31 March 2016

13 Housing properties (continued)

The above properties are held subject to ninety-nine year leases to the occupiers. The leases give Co-Ownership Housing power to repossess the properties in the event of non-compliance with any of the conditions set out in the lease. The occupier, known as the participant, must normally contribute a minimum of 50% of the funding of the property.

In March 2011, an impairment provision of £3.1 million was made in respect of properties that were subject to repossession orders but which had not yet been disposed of. As at 31 March 2015, there were 38 properties in repossession status and after reviewing these properties and the experience of previous repossession sales, the impairment provision was reduced from £3.1 million to £2.5 million. At 31 March 2016 it was deemed appropriate to continue carrying a £2.5 million provision as there were 36 properties remaining in repossession status at that date (note 13).

Capital commitments

The total cost to finalise uncompleted schemes and additions amounts to £8,543,450 of which £3,911,587 represents Co-Ownership Housing's investment (2015: £16,480,543 and £7,529,784 respectively). In addition negotiations are in progress for the purchase of existing property at a total cost of £11,452,155 of which £5,145,033 represents Co-Ownership Housing's investment (2015: £14,192,450 and £6,348,635 respectively).

Stocks - special purchase scheme housing

Group and Co-Ownership Housing	**2016**	2015
Cost	**£**	£
At 1 April	-	240,000
Disposals	-	(240,000)
At 31 March	-	-
Provision for impairment		
At 1 April	-	140,000
Disposals	-	(140,000)
At 31 March	-	-
At 31 March	-	-

14 Housing Association Grant

Group and Co-Ownership Housing	**2016** £	2015 £
At 1 April	**225,479,766**	194,223,634
Receivable to March 2016	**8,049,998**	50,000,001
Receivable on firm offers in respect of March 2015	**17,244,171**	6,984,027
Legal Fees	**(127,000)**	(19,000)
Repayable - on disposal	**(12,901,580)**	(8,464,725)
- firm offers	**(267,353)**	(17,244,171)
At 31 March (note 22)	**237,478,002**	225,479,766

Notes to the financial statements for the year ended 31 March 2016

15 Investments - Co-Ownership Housing

	2016	2015
	Subsidiary Undertaking £	Subsidiary Undertaking £
Cost	**1**	1

The investment represents Co-Ownership Housing's holding in a wholly owned subsidiary company, Ownco Homes Limited (formerly Roseville Trading Limited).

16 Other tangible fixed assets

Group and Co-Ownership Housing	Fixtures and fittings £	Office Equipment £	Total £
Cost			
At 1 April 2015	340,512	303,925	644,437
Additions	306,924	189,128	496,052
Disposals	(436)	(76,911)	(77,347)
At 31 March 2016	**647,000**	**416,142**	**1,063,142**
Accumulated depreciation			
At 1 April 2015	77,348	176,574	253,922
Charge for the year	64,700	103,483	168,183
Disposals	(436)	(76,911)	(77,347)
At 31 March 2016	**141,612**	**203,146**	**344,758**
Net book amount			
At 31 March 2016	**505,388**	**212,996**	**718,384**
At 31 March 2015	263,164	127,351	390,515

17 Stock

Group and Co-Ownership Housing	2016 £	2015 £
At 31 March	**2,005,452**	1,163,028

This value represents the costs of housing properties held for sale at the year end. Any property that will be staircased or sold has that element of the property moved from housing property to stock.

Notes to the financial statements for the year ended 31 March 2016

18 Debtors: amounts falling due after more than one year

Group and Co-Ownership Housing	2016 £	2015 £
Loan advance	**3,000**	8,250

Co-Ownership Housing advanced an interest free loan of £120,000 to 'Habitat for Humanity' to enable the latter to purchase eight properties at £15,000 each. Co-Ownership Housing's interest is secured by way of a statutory mortgage over each of the properties. The loan is repayable to Co-Ownership Housing over a period of 20 years. The balance of the loan due greater than one year has been reduced to £3,000 at 31 March 2016 (2015: £8,250).

19 Debtors: amounts falling due within one year

	Group		Co-Ownership Housing	
	2016 £	2015 £	2016 £	2015 £
Rent debtors	**457,993**	468,079	**457,993**	468,079
Less: bad debts provision	**(283,210)**	(280,963)	**(283,210)**	(280,963)
	174,783	187,116	**174,783**	187,116
HAG receivable - completed properties	**3,172,872**	1,044,704	**3,172,872**	1,044,704
- firm offers	**267,353**	17,244,171	**267,353**	17,244,171
Amounts owed to group undertakings	**-**	-	**10,376**	-
Prepayments and accrued income	**102,055**	93,793	**102,055**	93,793
Loan advance	**5,250**	5,250	**5,250**	5,250
	3,722,313	18,575,034	**3,732,689**	18,575,034

20 Investments

Group and Co-Ownership Housing	2016 £	2015 £
Short term deposits	**8,312**	8,293

21 Creditors: amounts falling due within one year

	Group		Co-Ownership Housing	
	2016 £	2015 £	2016 £	2015 £
DfC loans (note 23)	**-**	12,500,000	**-**	-
HAG repayable - on disposal	**6,809,297**	4,722,297	**6,809,297**	4,722,297
- firm offers	**267,353**	17,244,171	**267,353**	17,244,171
Participants' deposits	**73,749**	87,035	**73,749**	87,035
Other creditors	**645,105**	480,100	**645,105**	480,101
Accruals and deferred income	**386,496**	363,892	**386,496**	363,892
	8,182,000	35,397,495	**8,182,000**	22,897,496

Notes to the financial statements for the year ended 31 March 2016

22 Creditors: amounts falling due after more than one year

	Group		Co-Ownership Housing	
	2016	2015	**2016**	2015
	£	£	**£**	£
Bank loan (note 23)	**44,000,000**	44,000,000	**44,000,000**	44,000,000
DfC loans (note 23)	**106,998,000**	-	**94,498,000**	-
Housing Association Grant (note 14)	**237,478,002**	225,479,766	**237,478,002**	225,479,766
	388,476,002	269,479,766	**375,976,002**	269,479,766

Security

The bank loan is secured by a floating charge over all the assets of Northern Ireland Co-Ownership Housing Association Limited.

23 Loans and other borrowings

	Group		Co-Ownership Housing	
	2016	2015	**2016**	2015
	£	£	**£**	£
Bank loans and overdrafts	**44,000,000**	44,000,000	**44,000,000**	44,000,000
Maturity of financial liabilities:				
In more than one year, but not more than five years	**44,000,000**	44,000,000	**44,000,000**	44,000,000

During the year ended 31 March 2013 Co-Ownership Housing secured a £50m four year term financing facility from its two bankers. At the end of the year, the refinancing process started and a new facility of £65m over four years is due to be completed at the start of the new financial year. At 31 March 2016 the cumulative draw down against the facility was £44m (2015: £44m).

	Group		Co-Ownership Housing	
	2016	2015	**2016**	2015
	£	£	**£**	£
Department for Communities loans	**106,998,000**	12,500,000	**94,498,000**	-
Maturity of financial liabilities:				
Due within one year (note 21)	-	12,500,000	-	-
Greater than five years (note 22)	**106,998,000**	-	**94,498,000**	-
	106,998,000	12,500,000	**94,498,000**	-

During the year Co-Ownership Housing received £94,498,000 Financial Transactions Capital ('FTC') from the Department for Communities. Loan repayments will commence after year five.

Notes to the financial statements for the year ended 31 March 2016

24 Pension commitments

The net pension deficit shown below under section 28 of FRS 102 deals with the accounting for employee benefits does not represent a shortfall which requires short term cash funding. The amount shown below is calculated to comply with the Financial Reporting Standard, the specific requirements of which differ from the basis on which pension liabilities are actuarially calculated for the purpose of the ongoing funding of the scheme. The Financial Reporting Standard requires:

(i) actuarial deficiencies to be recognised immediately as a liability in the financial statements rather than being spread forward over employees' remaining service lives; and

(ii) the actuary, in valuing the scheme's liabilities, is required to use a bond yield as the discount rate for valuing future liabilities, rather than a rate that reflects the expected return on the scheme's particular asset portfolio, with the result of an apparent increase in the present value of future longer term liabilities.

The below is in relation to employees and ex-employees who are members of the NILGOSC pension scheme.

NILGOSC pension scheme is considered a related party of Co-Ownership Housing. The most recent valuation was conducted as at 31 March 2016 by a qualified actuary for the purpose of the disclosures below.

The major assumptions used by the actuary were:

	2016	2015	2014
Rate of increase in salaries	**3.3%**	3.3%	3.9%
Rate of increase in pensions in payment	**1.8%**	1.8%	2.4%
Discount rate	**3.4%**	3.2%	4.3%
Inflation assumption	**1.8%**	1.8%	2.4%

The mortality assumptions used were as follows:

	2016 Years	2015 Years	2014 Years
Longevity at age 65 for current pensioners:			
- Men	**22.3**	22.3	22.1
- Women	**24.8**	24.8	24.6
Longevity at age 65 for future pensioners:			
- Men	**24.5**	24.5	24.3
- Women	**27.2**	27.2	26.9

The assets in the scheme and the expected rate of return were:

	Value at 31 March 2016	Value at 31 March 2015
	£'000	£'000
Equities	**6,877**	6,617
Property	**1,262**	1,142
Bonds	**1,207**	1,106
Cash	**219**	199
Total market value of assets	**9,565**	9,064
Present value of scheme liabilities	**(11,093)**	(10,894)
Net pension deficit	**(1,528)**	(1,830)

Notes to the financial statements for the year ended 31 March 2016

24 Pension commitments (continued)

Reconciliation of present value of scheme liabilities

	2016	2015
	£'000	£'000
At 1 April	**10,894**	9,254
Current service cost	**396**	362
Interest cost	**348**	397
Member contributions	**107**	99
Actuarial (gains)/losses	**(482)**	950
Benefits paid	**(170)**	(168)
At 31 March	**11,093**	10,894

Reconciliation of fair value of scheme assets

	2016	2015
	£'000	£'000
At 1 April	**9,064**	7,800
Interest income on assets	**294**	340
Member contributions	**107**	99
Employer contributions	**303**	297
Remeasurements gains/(losses) on assets	**(33)**	696
Benefits paid	**(170)**	(168)
At 31 March	**9,565**	9,064

Analysis of amount charged to income or expenditure are as follows:

	2016	2015
	£'000	£'000
Current service cost	**396**	362
Interest on net defined benefit liabilities/(assets)	**54**	57
Total cost	**450**	419

Amounts for current and previous four years:

	2016	2015	2014	2013	2012
	£'000	£'000	£'000	£'000	£'000
Fair value of employer assets	**9,565**	9,064	7,800	7,271	6,105
Present value of defined benefit obligation	**(11,093)**	(10,894)	(9,254)	(8,953)	(7,592)
Deficit	**(1,528)**	(1,830)	(1,454)	(1,682)	(1,487)

Notes to the financial statements for the year ended 31 March 2016

24 Pension commitments (continued)

Total amount recognised in the statement of total recognised gains and losses

	2016	2015	2014	2013	2012
	£'000	£'000	£'000	£'000	£'000
Actuarial surplus/(deficit)	**449**	(254)	188	(156)	(491)

25 Called up share capital

Each past and present member of the Board of Management holds one non-equity share of £1 in Co-Ownership Housing.

	2016	2015
Group and Co-Ownership Housing	**£**	£
Allotted, issued and fully paid	**51**	51

26 Revenue reserves

	2016	2015
Group and Co-Ownership Housing	**£**	£
Opening reserves	**1,598,915**	1,244,000
Net transfer from designated reserves (note 27)	**1,085**	354,915
Closing reserves	**1,600,000**	1,598,915

Revenue reserves represent 6 months committed operating costs.

27 Designated reserves

Group	**Property purchase reserve £**
At 1 April 2015	**83,539,509**
Surplus for the year	**670,646**
Transfer to revenue reserve (note 26)	**(1,085)**
At 31 March 2016	**84,209,070**

Co-Ownership Housing	**Property purchase reserve £**
At 1 April 2015	**83,539,509**
Surplus for the year	**667,435**
Transfer to revenue reserve (note 26)	**(1,085)**
At 31 March 2016	**84,205,859**

Designated reserves are the balance of reserves required to fund Co-Ownership Housing's investment in housing properties.

Notes to the financial statements for the year ended 31 March 2016

28 Financial Instruments

The group has the following financial instruments:

	2016		2015	
	£	£	£	£
Financial assets that are debt instruments measured at amortised cost				
Rental debtor (note 19)	**174,783**		187,116	
HAG receivable (note 19)	**3,440,225**		18,288,875	
Loan advances (note 18 and 19)	**8,250**		13,500	
Short term deposits (note 20)	**8,312**		8,293	
Cash at bank and in hand	**113,145,566**		29,452,816	
		116,777,136		47,950,600
Financial liabilities measured at amortised cost				
DfC loans (note 23)	**106,998,000**		12,500,000	
Bank loans (note 22)	**44,000,000**		44,000,000	
Participants' deposits (note 21)	**73,749**		87,035	
Accruals (note 21)	**386,496**		363,894	
		151,458,245		56,950,929

29 Reconciliation of operating surplus to net cash inflow from operating activities

	2016	2015
	£	£
Surplus/(deficit) on ordinary activities	**218,435**	(2,127,113)
Interest receivable and similar income	**(123,823)**	(67,333)
Interest payable and similar charges	**1,676,733**	1,624,545
Other finance income/(expenses)	**54,000**	(136,000)
Operating surplus/(deficit)	**1,825,345**	(705,901)
Deficit on sale of housing properties	**634,728**	1,721,067
Repossession of properties	**4,334,980**	4,932,976
Depreciation charges	**168,182**	110,032
Sale of SPS properties	**-**	92,000
Loss on sale of SPS properties	**-**	8,000
Movement in debtors	**(6,306)**	(8,606)
Movement in creditors	**153,592**	35,429
Difference between pension charges and cash contributions	**93,000**	53,000
Cash inflow from operating activities	**7,203,521**	6,237,997

Notes to the financial statements for the year ended 31 March 2016

30 Analysis of net funds

	1 April 2015 £	Cashflow £	**31 March 2016 £**
Cash at bank and in hand	29,452,816	83,692,750	**113,145,566**
Short term deposits (note 20)	8,293	19	**8,312**
Net funds	29,461,109	83,692,769	**113,153,878**

31 Reconciliation of net cash flow to movement in net funds

	2016 £	2015 £
Increase in cash in the financial year	**83,692,750**	16,135,600
Movement in deposits	**19**	26
Movement in net funds in the financial year	**83,692,769**	16,135,626
Net funds at beginning of financial year	**29,461,109**	13,325,483
Net funds at end of the financial year	**113,153,878**	29,461,109

32 Operating lease commitments

At 31 March Co-Ownership Housing had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Other 2016 £	Other 2015 £	**Land and buildings 2016 £**	Land and buildings 2015 £
Within one year	**3,072**	10,994	**169,897**	162,633
Within two to five years	**-**	3,072	**849,485**	849,485
After five years	**-**	-	**509,691**	679,588

33 Legislative provisions

Co-Ownership Housing is incorporated under the Industrial and Provident Societies Act (Northern Ireland) 1969.

34 Transition to FRS 102

This is the first year that the group and Co-Ownership Housing has presented its results under FRS 102 and 2014 Housing SORP. The last financial statements under UK GAAP were for the year ended 31 March 2015. The date of transition to FRS 102 was 1 April 2014. Set out below are the changes in accounting policies arising on the transition from UK GAAP to FRS 102.

Notes to the financial statements for the year ended 31 March 2016

34 Transition to FRS 102 (continued)

A: Turnover – proceeds from first tranche disposals

Proceeds from first tranche disposals, whereby this is the first part of the property purchased back by the participant, are now required to be recognised within turnover, while the corresponding cost element is recognised within cost of sales.

B: Deficit on sale of housing properties/ Repossession of properties

Deficit on sale of housing properties and Repossession of properties are now required to be recognised within operating surplus/deficit.

C: Housing property/stock

Any property that will be staircased or sold has that element of the property moved from housing property to stock.

D: Defined Benefit Scheme

Under previous UK GAAP, the company recognised an expected return on defined benefit plan assets in the profit and loss account. Under FRS 102, a net interest expense, based on the defined benefit liability, is recognised in the profit and loss account. There has been no change in the defined benefit liability at either 1 April 2015 or 31 March 2015. The effect of the change has been to reduce the credit to the profit and loss account in the year ended 31 March 2015 by £193,000 and increase in the credit in the other comprehensive income by an equivalent amount.

E: Housing property/HAG

There is a requirement that government grant, i.e. HAG, is accounted for by applying either the performance model or the accruals model. The group and Co-Ownership Housing has accounted for under the accruals model as cost accounting applies. Therefore grant is recognised in creditors greater than one year.

The effect of this has been shown below:

Group and Co-Ownership Housing profit and loss account for the year ended 31 March 2015

		As previously stated £	Effects of Transition £	FRS 102 (as restated) £
Turnover	A	9,338,396	8,708,859	18,047,255
Cost of sales	A	(192,425)	(8,708,859)	(8,901,284)
Operating costs		(3,197,829)		(3,197,829)
Deficit on sale of housing properties	B	-	(1,721,067)	(1,721,067)
Repossession of properties	B	-	(4,932,976)	(4,932,976)
Operating surplus/(deficit)		5,948,142	(6,654,043)	(705,901)
Deficit on sale of housing properties	B	(1,721,067)	1,721,067	-
Repossession of properties	B	(4,932,976)	4,932,976	-
Interest receivable and similar income		67,333	-	67,333
Interest payable and similar charges		(1,624,545)	-	(1,624,545)
Other finance income		136,000	-	136,000
Deficit for the financial year		(2,127,113)	-	(2,127,113)
Actuarial deficit recognised in pension scheme		(459,000)	-	(459,000)
Deficit for the financial year		(2,586,113)	-	(2,586,113)

Notes to the financial statements for the year ended 31 March 2016

34 Transition to FRS 102 (continued)

Group balance sheet as at 31 March 2015

	As previously stated £	Effects of Transition £	FRS 102 (as restated) £
Fixed assets			
Housing properties	343,410,828	(1,163,028)	342,247,800
Housing Association Grant	(225,479,766)	225,479,766	-
	117,931,062	224,316,738	342,247,800
Other tangible assets	390,515	-	390,515
	118,321,577	224,316,738	342,638,315
Current assets			
Stock	-	1,163,028	1,163,028
Debtors: amounts falling due after more than one year	8,250	-	8,250
Debtors: amounts falling due within one year	18,575,034	-	18,575,034
Investments	8,293	-	8,293
Cash at bank and in hand	29,452,816	-	29,452,816
	48,044,393	1,163,028	49,207,421
Creditors: amounts falling due within one year	(35,397,495)	-	(35,397,495)
Net current assets	12,646,898	1,163,028	13,809,926
Total assets less current liabilities	130,968,475	225,479,766	356,448,241
Creditors: amounts falling due after more than one year	(44,000,000)	(225,479,766)	(269,479,766)
Net assets excluding pension deficit	86,968,475		86,968,475
Pension deficit	(1,830,000)	-	(1,830,000)
Net assets including pension deficit	85,138,475	-	85,138,475
Capital and reserves			
Called up share capital	51		51
Revenue reserves	1,598,915	-	1,598,915
Designated reserves	83,539,509	-	83,539,509
Total capital and reserves	85,138,475	-	85,138,475

Notes to the financial statements for the year ended 31 March 2016

34 Transition to FRS 102 (continued)

Co-Ownership Housing balance sheet as at 31 March 2015

	As previously stated £	Effects of Transition £	FRS 102 (as restated) £
Fixed assets			
Housing properties	343,410,828	(1,163,028)	342,247,800
Housing Association Grant	(225,479,766)	225,479,766	-
	117,931,062	224,316,738	342,247,800
Other tangible assets	390,515	-	390,515
Investments	1	-	1
	118,321,578	224,316,738	342,638,316
Current assets			
Stock	-	1,163,028	1,163,028
Debtors: amounts falling due after more than one year	8,250	-	8,250
Debtors: amounts falling due within one year	18,575,034	-	18,575,034
Investments	8,293	-	8,293
Cash at bank and in hand	16,952,816	-	16,952,816
	35,544,393	1,163,028	36,707,421
Creditors: amounts falling due within one year	(22,897,496)	-	(22,897,496)
Net current assets	12,646,897	1,163,028	13,809,925
Total assets less current liabilities	130,968,475	225,479,766	356,448,241
Creditors: amounts falling due after more than one year	(44,000,000)	(225,479,766)	(269,479,766)
Net assets excluding pension deficit	86,968,475	-	86,968,475
Pension deficit	(1,830,000)	-	(1,830,000)
Net assets including pension deficit	85,138,475	-	85,138,475
Capital and reserves			
Called up share capital	51	-	51
Revenue reserves	1,598,915	-	1,598,915
Designated reserves	83,539,509	-	83,539,509
Total capital and reserves	85,138,475	-	85,138,475

Northern Ireland Co-Ownership Housing Association Limited

Notes to the financial statements for the year ended 31 March 2016

Analysis of operating costs for the year ended 31 March 2016

Co-Ownership Housing	2016 £	2015 £
Personnel		
Salaries (excluding pensions)	**1,782,850**	1,812,327
Pension contributions	**303,148**	297,627
Other staff costs	**192,929**	108,304
	2,215,927	2,218,258
Non cash pension costs	**93,000**	53,000
	2,308,927	2,271,258
Establishment		
Property costs	**235,340**	212,128
Telephone	**20,849**	18,486
Depreciation	**168,182**	110,032
	424,731	340,646
Administration		
Administration overheads	**80,602**	61,850
Computer costs	**85,753**	65,858
Professional fees	**135,470**	120,536
General expenses	**52,677**	88,700
Marketing	**26,557**	35,438
Cashco	**5,015**	4,702
	386,074	377,084
Total management expenses	**3,119,732**	2,988,988
Valuation fees	**211,742**	212,889
Running costs of SPS properties	**-**	(4,048)
Total operating costs	**3,331,474**	3,197,829