Annual Report & Accounts 2015

Co-Ownership Housing®

Housing Minister Mervyn Storey celebrates with 25,000th purchasers Allan McAvoy and Sarah Daly

Co-Ownership Housing

Chair's Annual Report

to the 2015 Annual General Meeting

In my report last year I was proud to announce some very big numbers for Co-Ownership with more than 1,200 homes provided to NI households during the year, thanks to continued strong government funding and support.

This year we again benefited from additional funding with the doubling of our start of year allocation of £25m. As a result we were able to provide a further 1,140 Co-Ownership homes.

An achievement in itself, this also meant that we ended the year by celebrating the 25,000th Co-Ownership home.

> *Our mission is to build on the 25,000 affordable homes we have already provided through Co-Ownership by delivering the next 5,000. On our way we will increase our capacity and market share through product improvements and innovations; and we will increase affordable housing supply and interdependence through new alliances.*

Performance Highlights

Operations

There were 1,445 applications for Co-Ownership assistance during the year. Thanks to the continued support of our private funders, Bank of Ireland and Barclays, and of the Department for Social Development, we were able to deal with every application received.

1,140 property purchases on behalf of Co-Ownership clients were claimed to take up £50m in housing association grant this year. 324 out of these 1,140 properties had not yet completed at 31 March, but were eligible for claiming, and 816 had completed. This meant a closing stock of 7,559 properties [2014: 6,899].

Utilising grant and private finance we purchased properties worth £130m in-year [2013/14: £140m]. 41% were new build homes at a total value of £56.6m [2013/14 : 43%, £64m].

In year ending 31 March 2015 the average purchase price overall had risen to £114,179 [2013/14: £110,246], or £122,274 for new build properties and £108,643 for existing properties [2013/14: £118,640 and £104,035 respectively].

Funding

We began this year with a housing association grant (HAG) allocation of £25m (comprising baseline funding of £15m plus top up of £10m), and we received additional blocks of grant in-year so that we actually claimed a total of £50m [2013/14: £51.5m, 2012/13: £38m] in HAG to invest in the purchase of properties. £18.3m of the £50m HAG allocation was pending at 31 March, and has since been received.

These figures related to the last year of an agreed 3-year additional government funding commitment, on top of the baseline funding level of £15m per annum.

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).

In line with the DSD's strategic objective of phasing out Housing Association Grant, we were approached in the final quarter of the financial year with the proposal of a fresh 4-year funding stream based on Financial Transactions Capital (FTC) instead of HAG. At the end of the year we remained in discussions with DSD on the detail of the future funding mechanism for the scheme and supporting their development of a business case on this for submission to DFP. A 4-year FTC funding bid for Co-Ownership, totalling £100m and subject to DFP approval, will go forward into the June 2015 monitoring round.

We are maintaining in close contact with DSD and with our private funders on the matter.

The flow of funds to and from our sponsoring Department (Department for Social Development) can be seen in the two tables overleaf.

Table 1: Grant Monies from DSD Allocated Towards Co-Ownership Property Purchases

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

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

Number of Property Disposals by Year		*Total Proceeds due from these Property Disposals*	*Grant Funded Element of Proceeds: Repayable to DSD*
2014/15	297	£12,152,610	£9,374,485
2013/14	193	£ 7,352,208	£4,988,543
2012/13	155	£ 5,784,834	£3,293,571
2011/12	159	£ 5,703,783	£3,249.661

£44m of our current £50m loan facility had been drawn down by year end, which falls within our profiled private finance requirements. We continue to perform well against all banking covenants.

This year's annual rent increase was 2.6% [2013: 3.1%], reflecting RPI and applied from April 2015. We collected over £9.4m this year in rents [2013/14: rental income £8m] representing 99.7% [2013/14: 100.1%] of the total rent charge of £8,274,707.06 [2012: £7,171,711.12] against a target of ≥98%. Due largely to increasing stock levels, our rent roll continues to grow.

Table 3: Strategic Summary at 31 March 2015

Strategic Summary		31 March 2015
Property Purchases		**817**
Disposals - Staircasing	214	
Disposals - Repossessions	83	297
Housing Stock		**7,559**
Turnover		**£9,153,971**
Operating Costs (inc Pension Adj)		-£3,524,877
Operating Surplus		**£5,629,094**
Deficit on Property Disposals		-£6,657,995
Finance Costs		-£1,557,212
Deficit for Period		**-£2,586,113**
Total Investment in Housing Stock		**£763,605,269**
Participants Investment		**-£420,194,441**
HAG		**-£225,479,766**
Net Investment in Housing Stock		**£117,931,062**
Loan Drawn Down		£44m
Net Worth (Excludes Pension Liability)		**£86.9m**

Our operating surplus increased once again this year to £6.2m [2013/14: £5.4m] and our overall deficit for the period decreased slightly to -£2,667,134.

Operating costs increased by £436k on the previous year, reflecting our strategic investment in staffing, equipment and premises. Our net worth fell from £89.2m at March 2014 to £86.5m due to external factors in the property market; this figure is nonetheless very substantial and remains within our agreed banking covenants.

Although in general the performance of the great majority of Co-Ownership home owners remains very positive, and there was a reduction in the number of properties taken into possession for mortgage arrears to 69 [2013/14: 74], generally sale prices achievable in the current housing market remain modest and thus led to static deficit figure

compared to the previous year (2013/14: -£2,658,427].

Audit and Inspection

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

Internal audit services were subject to tender during the year in line with our procurement strategy, and we are pleased to confirm that our internal auditors for the next 3 financial years will be KPMG.

Rent to Purchase Initiative

As an organisation we see that there are aspiring home owners whose circumstances mean that, even through a scheme with the breadth of reach of Co-Ownership, they cannot currently buy a home. In total, the Department for Social Development has made some £12.5m available to us under Get Britain Building Round 2 funding to develop and operate a pilot scheme, complementary to Co-Ownership, to help the renters of today become the home owners of tomorrow. We are currently well underway with product research and development with a view to modelling the parameters for an effective scheme.

Murray House Premises

In line with the Board's expansion plans to house additional staff and to provide enhanced meeting and training facilities we have now refurbished and occupied the ground floor of Murray House, relocating our reception and meeting rooms there.

Work on our first floor offices is currently well underway, and these are due for re-occupation in July 2015.

Executive Management Team

David McCallum, Executive Director of Property and Development, retired on 31 March. David had the distinction of being the longest serving member of staff at Co-Ownership, having joined the organisation in the late 1970's and built his career with us. We would like to record our appreciation of his loyal and valuable contribution over that period, not least for many years as Company Secretary to the Board.

We are delighted that Mark Graham will be joining us in August to fill this vacancy within the executive management team. Mark has many years of housing, business improvement and development experience gained with the Housing Executive, and we look forward to working closely with him going forward.

Staff

The Board is very appreciative of the staff's hard work and support throughout the year, working as usual to successfully deliver challenging operational targets.

Board of Management

The Board met on 25 occasions this year, including the work of its standing committees (there were 17 committee meetings). In addition the Board held a spring strategy workshop to kick start planning for the year ahead.

The individual members invested a significant level of their time and resource in contributing to the business of the Board. Out of a potential 135 separate attendances at these Board and Committee meetings I am very pleased to report that 101 were achieved, giving an impressive average attendance rate of 74%.

All service by Board members is on a voluntary basis, with time and expertise freely donated to the work of the organisation. However, travelling expenses for attendance at meetings, briefings and conferences may be reimbursed, and for 2014/15 a total of £91.00 was paid to Board members in respect of expenses claims.

During the year we have been very pleased to welcome two new colleagues to the Board - David Little and, most recently as a co-opted member, Phillip Price.

At the same time and with regret we saw the departure of Sarah Lennox from the Board, Sarah having relocated to the North of England. We thank her for her valuable contribution and wish her well in her future career.

It is with sadness that we must also record the recent death of James Doherty. James, who served as Audit Committee Chair for 6 years followed by 3 years as Chairman prior his retirement in 2006, was held in high regard by all who had the pleasure of working with him. He was an individual whose commitment, attention to detail, personal integrity and old-fashioned courtesy gave an example to us all.

For my own part, I must thank my colleagues on the Board for their confidence and support in what has been another remarkable year. As a Board we remain committed to the process we have begun of organisational change, to fulfil our vision of using our expertise to provide as many eligible households as we can with a housing opportunity today and a better economic future tomorrow. Here's to the next 5,000 homes.

Sidney McDowell CBE
Chair

Registered number: IP 200

Northern Ireland Co-Ownership Housing Association Limited

Annual report and financial statements for the year ended 31 March 2015

Northern Ireland Co-Ownership Housing Association Limited

Annual report and financial statements for the year ended 31 March 2015

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Members, executives and advisers

Board of Management

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

Chief Executive

A Crowe

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

Report of the Board of Management for the year ended 31 March 2015

The Board of Management presents its annual report and the audited financial statements for the year ended 31 March 2015 for Northern Ireland Co-Ownership Housing Association Limited (the "Association") and its subsidiary (the "Group").

Principal activity

The principal activity of the Association remains unchanged and is the provision of affordable social housing on an equity sharing basis for persons in need thereof.

Review of business and future developments

During the year ended 31 March 2013 the Association secured a £50m four year term financing facility from its two bankers in place of the previous £48 million facility. At 31 March 2015 the cumulative draw down against the facility was £44m (2014: £42m).

In 2015 the Association incurred losses of £1.7m (2014: £1.2m) on property sales and at the year-end had 38 properties subject to repossession orders. As a consequence of the experience of incurring losses on repossessed disposals, the Association has included an exceptional impairment provision of £2.5m in respect of anticipated losses arising on these 38 properties. While the level of repossession sales decreased to 84 this year (2014: 86), normal staircasing activity remained subdued in reflection of the fragile mortgage and property market; in total there were 297 property sales in 2015 (2014: 193).

In 2015, as in 2014, additional levels of HAG were made available to the Association in-year from the initially agreed £25m to a total of £50m As a result it was able to utilise the grant to deliver further properties through its Co-Ownership Scheme and surpass its programme for government undertaking. The Board will continue to seek additional HAG to maximise property delivery in 2015.

After property disposals and interest, the Association incurred a deficit of £2.1m (2014: £2.8m) for the year. Excluding non-recurring items, the Association actually improved its operating position during the financial year – a surplus of £5.3 million in 2014 was increased to £5.9 million in the current year.

The Board of Management is of the view that the Association will continue to generate sufficient operating surplus to cover its financing costs and, subject to it continuing to receive the agreed revised levels of HAG and/or any other sources of finance of £100m over the next four years, 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.

Environment

The Association recognises its corporate responsibility to carry out its operations whilst minimising environmental impacts.

Health and safety

The Association 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

The Association'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

The Association'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. The Association has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Association by regular review of activity levels against changing market conditions and adjustment to cashflows/projections accordingly. The Association 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.

Report of the Board of Management for the year ended 31 March 2015 (continued)

Price risk

The nature of operations undertaken by the Association 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, the Association is customarily able to determine and agree favourable prices. Therefore, the risk management strategies and operational processes employed by the Association 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

The Association 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 the Association has implemented a hedging strategy.

The Board of Management and executive directors

The Board of Management and executive directors of the Association are listed on page 1.

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

Results

As referred to in the Review of business and future developments on page 2, the deficit for the year amounted to £2,127,113 (2014: deficit £2,846,427). The deficit was due, in large measure, to non-recurring items and accordingly the Board of Management are satisfied with the underlying financial performance of the Association.

Group structure

Northern Ireland Co-Ownership Housing Association Limited is the controlling member of the Group. Roseville Trading Limited did not trade in the year. The aim of Roseville Trading Limited is to increase the provision of affordable housing in the province. In the year Roseville Trading Limited received £12.5m loans from DSD (note 17) and therefore consolidated financial statements have been prepared. Refer to note 12 for details of Northern Ireland Co-Ownership Housing Association investments in subsidiary undertakings.

Funding

At the year end the Association had cash balances of £17m, net current assets of £12.6m and total net assets in excess of £85m. In addition it has undrawn financing facilities of £6m (£50m - £44m drawn down). Accordingly, the Board is of the view that the Association 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. Whilst the current facilities are not due for renewal until October 2016, the Association is currently considering future refinancing arrangements.

SORP - Accounting for Registered Social Landlords

The Association has implemented the SORP 2010 for the year ended 31 March 2015.

Report of the Board of Management for the year ended 31 March 2015 (continued)

Internal financial control

The Board of Management is responsible for ensuring that the Association 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 Social Development'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

The Association 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.

The Association 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 the Association. 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.

The Association 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.

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 of the Association'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.

Report of the Board of Management for the year ended 31 March 2015 (continued)

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) 1993 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 the Association'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 the Association 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 the Association 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 the Association 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 the Association'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 the Association's auditors are aware of that information.

Independent auditors

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

By order of the Board of Management

G Hughes
Company Secretary
29 June 2015

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 the association's affairs as at 31 March 2015 and of the group's and association'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 association's financial statements (the "financial statements"), which are prepared by Northern Ireland Co-Ownership Housing Association Limited, comprise:

- the group and association balance sheet as at 31 March 2015;
- the group and association income and expenditure account for the year then ended;
- the group cash flow statement 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 their preparation is applicable law and United Kingdom Accounting Standards (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 association'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 report and financial statements 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 the Association; or
- the association 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 (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Board

As explained more fully in the Statement of the Board of Management's responsibilities set out on page 5, 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 the association'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
29 June 2015

Group and Association income and expenditure account for the year ended 31 March 2015

	Note	2015 £	2014 £
Turnover	2	**9,338,396**	8,197,233
Cost of sales	2	**(192,425)**	(132,883)
Operating costs	3	**(3,197,829)**	(2,734,176)
Operating surplus	3	**5,948,142**	5,330,174
Deficit on sale of housing properties	6	**(1,721,067)**	(1,155,527)
Repossession of properties	6	**(4,932,976)**	(5,650,713)
Interest receivable and similar income	7	**67,333**	56,343
Interest payable and similar charges	8	**(1,624,545)**	(1,520,704)
Other finance income	9	**136,000**	94,000
Deficit for the financial year	22	**(2,127,113)**	(2,846,427)

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

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

Statement of total recognised gains and losses for the year ended 31 March 2015

	2015 £	2014 £
Deficit for the financial year	**(2,127,113)**	(2,846,427)
Actuarial (deficit)/surplus recognised in pension scheme (note 20)	**(459,000)**	188,000
Total recognised losses relating to the financial year	**(2,586,113)**	(2,658,427)

Reconciliation of movements in total capital and reserves for the year ended 31 March 2015

	2015 £	2014 £
Deficit for the financial year	**(2,127,113)**	(2,846,427)
Actuarial (deficit)/surplus recognised in pension scheme (note 20)	**(459,000)**	188,000
New share capital issued	**2**	4
Net addition to capital and reserves	**(2,586,111)**	(2,658,423)
Opening total capital and reserves	**87,724,586**	90,383,009
Closing total capital and reserves	**85,138,475**	87,724,586

Group balance sheet as at 31 March 2015

	Note	2015 £	2014 £
Fixed assets			
Housing properties	10	**343,410,828**	310,902,998
Housing Association Grant	11	**(225,479,766)**	(194,223,634)
		117,931,062	116,679,364
Other tangible assets	13	**390,515**	116,867
		118,321,577	116,796,231
Current assets			
Stock	10	**-**	100,000
Debtors: amounts falling due after more than one year	14	**8,250**	13,500
Debtors: amounts falling due within one year	15	**18,575,034**	11,689,629
Investments	16	**8,293**	8,267
Cash at bank and in hand		**29,452,816**	13,317,216
		48,044,393	25,128,612
Creditors: amounts falling due within one year	17	**(35,397,495)**	(10,746,257)
Net current assets		**12,646,898**	14,382,355
Total assets less current liabilities		**130,968,475**	131,178,586
Creditors: amounts falling due after more than one year	18	**(44,000,000)**	(42,000,000)
Net assets excluding pension deficit		**86,968,475**	89,178,586
Pension deficit	20	**(1,830,000)**	(1,454,000)
Net assets including pension deficit		**85,138,475**	87,724,586
Capital and reserves			
Called up share capital	21	**51**	49
Revenue reserves	22	**1,598,915**	1,244,000
Designated reserves	23	**83,539,509**	86,480,537
Total capital and reserves		**85,138,475**	87,724,586

The financial statements on pages 8 to 27 were approved by the Board of Management on 29 June 2015 and were signed on its behalf by:

S McDowell – **Chairman**

A Crowe – **Chief Executive**

J Hannaway – **Treasurer**

G Hughes – **Company Secretary**

Registered number: IP 200

Association balance sheet as at 31 March 2015

	Note	2015 £	2014 £
Fixed assets			
Housing properties	10	**343,410,828**	310,902,998
Housing Association Grant	11	**(225,479,766)**	(194,223,634)
		117,931,062	116,679,364
Other tangible assets	13	**390,515**	116,867
Investments	12	**1**	-
		118,321,578	116,796,231
Current assets			
Stock	10	**-**	100,000
Debtors: amounts falling due after more than one year	14	**8,250**	13,500
Debtors: amounts falling due within one year	15	**18,575,034**	11,689,629
Investments	16	**8,293**	8,267
Cash at bank and in hand		**16,952,816**	13,317,216
		35,544,393	25,128,612
Creditors: amounts falling due within one year	17	**(22,897,496)**	(10,746,257)
Net current assets		**12,646,897**	14,382,355
Total assets less current liabilities		**130,968,475**	131,178,586
Creditors: amounts falling due after more than one year	18	**(44,000,000)**	(42,000,000)
Net assets excluding pension deficit		**86,968,475**	89,178,586
Pension deficit	20	**(1,830,000)**	(1,454,000)
Net assets including pension deficit		**85,138,475**	87,724,586
Capital and reserves			
Called up share capital	21	**51**	49
Revenue reserves	22	**1,598,915**	1,244,000
Designated reserves	23	**83,539,509**	86,480,537
Total capital and reserves		**85,138,475**	87,724,586

The financial statements on pages 8 to 27 were approved by the Board of Management on 29 June 2015 and were signed on its behalf by:

S McDowell – **Chairman**

A Crowe – **Chief Executive**

J Hannaway – **Treasurer**

G Hughes – **Company Secretary**

Registered number: IP 200

Group cash flow statement for the year ended 31 March 2015

	Notes	2015	2014
		£	£
Net cash inflow from operating activities	24	**6,237,997**	5,556,027
Returns on investments and servicing of finance			
Interest received		**67,333**	56,343
Interest paid		**(1,624,545)**	(1,520,704)
		(1,557,212)	(1,464,361)
Capital expenditure			
Purchase of properties		**(49,152,038)**	(57,001,633)
Housing Association Grant received for purchase of properties		**43,108,163**	47,063,644
Sale of properties		**9,986,756**	5,265,616
Housing Association Grant repaid on sale of properties		**(6,609,061)**	(4,168,971)
Purchase of other tangible fixed assets		**(384,231)**	(68,437)
		(3,050,411)	(8,909,781)
Net cash outflow before management of liquid resources and financing		**1,630,374**	(4,818,115)
Management of liquid resources			
Increase in short term deposits with banks		**(26)**	(33)
Financing			
New term loans		**14,500,000**	6,000,000
Loan advance repaid		**5,250**	8,250
Issue of ordinary share capital		**2**	4
Net cash inflow from financing		**14,505,252**	6,008,254
Increase in cash in the year	25-26	**16,135,600**	1,190,106

Notes to the financial statements for the year ended 31 March 2015

1 Accounting policies

These financial statements have been prepared on the going concern basis 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 2010). 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.

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 2015. Intra group transactions, any unrealised profits/losses arising and intercompany balances are eliminated fully on consolidation.

Housing properties

Special purpose scheme housing

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

In accordance with SORP 2010 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 the Association and participants and so are disclosed in fixed assets at the cost to the Association with the participants' net investment also disclosed in the housing properties note to the financial statements.

Unlike special purpose scheme housing, the initial cost of the houses is not split between current and fixed assets since the Association and the participant effectively purchase their respective shares simultaneously. The circumstances of this type of transaction means that no gain nor loss will ever be made by the Association on first tranche sales and so the proceeds and costs are not shown in turnover or cost of sales as is the policy for special purpose scheme houses. This allows the Association to present a true and fair view of the commercial reality behind such a co-ownership scenario.

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

Where the cost of properties has been financed by Housing Association Grant (HAG), paid by the Department for Social Development, the effect is to reduce the cost of the investment in properties to the amount which can be recovered from net rental income. The amounts of the grants received are shown separately on the balance sheet. The net cost of investment in properties is financed by long term loans.

Housing Association Grant (HAG) is offset against the cost of housing properties on the face of the balance sheet. The Companies Act 2006 requires tangible fixed assets to be included at purchase price, or production cost, less any provision for depreciation or diminution in value. However, this requirement conflicts with the generally accepted accounting principles for housing associations set out in the SORP 2010. The purpose of HAG is to subsidise the capital cost of affordable housing, and that income from properties is a function of net cost. Accordingly, management consider it necessary to adopt the accounting treatment set out in the SORP 2010 to give a true and fair view.

HAG is repayable under certain circumstances, primarily following the sale of a property. Provision for repayment is made where applicable in the balance sheet when properties which have had HAG funding are sold.

Notes to the financial statements for the year ended 31 March 2015

1 Accounting policies (continued)

Taxation

As a registered social landlord with charitable status, the Association is not subject to taxation.

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:

	%
Leasehold improvements	10
Office equipment	25
Fixtures and fittings	10

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.

Turnover

Turnover represents rental income receivable net of bad debts and sales of SPS properties (recognised when the sale contract has been completed).

Value added tax

Expenses include value added tax.

Operating leases

Rentals paid under operating leases are charged to the Income and Expenditure Account as incurred.

Pension funding

Retirement benefits to employees of the Association 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, the Association's staff constitutes only a small percentage of the overall membership. The Association has no influence over the level of contributions.

The assets of the NILGOSC scheme are held separately from those of the Association. The Association has adopted FRS 17 'Retirement 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 the Association's defined benefit pension scheme arising from employee service in the year is charged to operating surplus. The expected return on the scheme's assets and the increase during the year in the present value of the scheme's liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the statement of total recognised surpluses and deficits.

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

Notes to the financial statements for the year ended 31 March 2015

1 Accounting policies (continued)

Revenue reserves

The Association'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 the Association's investment in housing properties and thus are not available for future general use. Amounts so invested during the year (expenditure net of HAG 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.

2 Lettings and other related information

	2015	2014
Turnover	£	£
Rents	**9,246,396**	8,151,233
SPS property sales	**92,000**	46,000
	9,338,396	8,197,233
Cost of sales		
Rents	**(92,425)**	(82,883)
SPS property sales	**(100,000)**	(50,000)
	(192,425)	(132,883)
Gross Surplus	**9,145,971**	8,064,350
Operating costs*		
Valuation fees	**(212,890)**	(244,206)
Management	**(2,935,987)**	(2,439,003)
Property impairment and SPS running incomes	**4,048**	3,033
Non cash pension costs	**(53,000)**	(54,000)
	(3,197,829)	(2,734,176)
Operating surplus	**5,948,142**	5,330,174
Deficit on sale of housing properties	**(6,654,043)**	(6,806,240)
Interest*		
Interest receivable and other income (note 7)	**67,333**	56,343
Interest payable and similar charges (note 8)	**(1,624,545)**	(1,520,704)
Other finance income (note 9)	**136,000**	94,000
	(8,075,255)	(8,176,601)
Deficit for the year	**(2,127,113)**	(2,846,427)

* 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 the Association are on a shared ownership basis.

Notes to the financial statements for the year ended 31 March 2015

2 Lettings and other related information (continued)

Turnover from lettings

	2015	2014
	£	£
Rents	**9,364,751**	8,242,467
Bad debts written off	**(118,355)**	(91,234)
	9,246,396	8,151,233

3 Operating surplus

	2015	2014
	£	£
Operating surplus is stated after charging/(crediting):		
Staff costs, excluding pension (note 4)	**1,812,327**	1,496,681
Pension (note 4) – contributions	**297,627**	233,790
- non cash charges	**53,000**	54,000
Depreciation of tangible fixed assets		
- owned assets (note 13)	**110,032**	80,124
Profit on Redemption of Habitat Loan	**-**	4,500
Property impairment – SPS properties	**(4,048)**	1,467
Loss on sale of SPS properties	**8,000**	4,000
Operating lease rentals	**116,930**	113,277
Fees payable to the group's auditor for the audit of the financial statements	**22,230**	21,630
Fees payable to the group's auditor for other services in respect of:		
- Project One	**-**	5,400

4 Employee information

	2015	2014
	£	£
Staff costs		
Wages and salaries	**1,683,830**	1,397,417
Social security costs	**128,497**	99,264
	1,812,327	1,496,681
Pension contributions	**297,627**	233,790
	2,109,954	1,730,471
Other pension costs	**53,000**	54,000
	2,162,954	1,784,471

Notes to the financial statements for the year ended 31 March 2015

4 Employee information (continued)

	2015 Number	2014 Number
Average monthly number of persons employed by the Group and Association (including the Chief Executive and excluding the board members) during the year by activity:		
Administration and finance	**52**	44

5 Directors' emoluments

The remuneration of directors (defined as the Board of Management and the Chief Executive) of the Group and Association during the year was:

	2015 £	2014 £
Aggregate emoluments	**98,136**	112,497
Pension contributions to money purchase schemes	**20,133**	20,791
	118,269	133,288

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.

6 Deficit on sale of housing properties

	2015 £	2014 £
Sales	**10,586,809**	5,265,615
Cost of sales (note 10)	**(17,240,852)**	(12,071,855)
	(6,654,043)	(6,806,240)

Comprising:

	£	£
Repossession of properties	**(4,932,976)**	(5,650,713)
Other disposals	**(1,721,067)**	(1,155,527)
	(6,654,043)	(6,806,240)

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 (note 10). The movement of £600,000 has been reflected in the repossession of properties figure of £4,932,976.

Notes to the financial statements for the year ended 31 March 2015

7 Interest receivable and similar income

	2015	2014
	£	£
Interest receivable	**67,333**	56,343

8 Interest payable and similar charges

	2015	2014
	£	£
Interest payable and similar charges on bank loans and overdrafts	**1,624,545**	1,520,704

9 Other finance income

	2015	2014
	£	£
Expected return on pension scheme assets (note 20)	**540,000**	501,000
Interest on pension scheme liabilities (note 20)	**(404,000)**	(407,000)
Net income	**136,000**	94,000

Notes to the financial statements for the year ended 31 March 2015

10 Housing properties

Group and Association	Cost £	Participants' net Investment £	Association investment £
At 1 April 2014	688,993,378	(376,269,405)	312,723,973
Transfers of completed schemes and additions in the year less decrease in accrual	108,821,095	(59,796,027)	49,025,068
Disposals	(33,111,843)	15,870,991	(17,240,852)
At 31 March 2015	**764,702,630**	**(420,194,441)**	**344,508,189**

Impairment	
At 1 April 2014	(3,100,000)
Released in the year	600,000
At 31 March 2015	**(2,500,000)**
Uncompleted schemes and additions	
Balance at 1 April 2014	1,458,900
Additions	49,011,807
Transfers	(49,025,068)
At 31 March 2015	**1,445,639**
Rebuys	**(43,000)**
Total cost of the Association's investment and partially completed properties	
At 31 March 2015	**343,410,828**
At 31 March 2014	310,902,998

The above properties are held subject to ninety-nine year leases to the occupiers. The leases give the Association 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.

Capital commitments

The total cost to finalise uncompleted schemes and additions amounts to £16,480,543 of which £7,529,784 represents the Association's investment (2014: £19,755,354 and £8,860,096 respectively). In addition negotiations are in progress for the purchase of existing property at a total cost of £14,192,450 of which £6,348,635 represents the Association's investment (2014: £17,204,480 and £7,617,775 respectively).

Notes to the financial statements for the year ended 31 March 2015

10 Housing properties (continued)

Stocks - special purchase scheme housing

Group and Association	2015	2014
Cost	**£**	£
At 1 April	**240,000**	360,000
Disposals	**(240,000)**	(120,000)
At 31 March	**-**	240,000
Provision for impairment		
At 1 April	**140,000**	210,000
Disposals	**(140,000)**	(70,000)
At 31 March	**-**	140,000
At 31 March	**-**	100,000

11 Housing Association Grant

Group and Association	2015 £	2014 £
At 1 April	**194,223,634**	152,180,970
Receivable to March 2015	**50,000,001**	51,499,150
Receivable on firm offers in respect of March 2014	**6,984,027**	2,397,035
Legal Fees	**(19,000)**	119,000
Repayable - on disposal	**(8,464,725)**	(4,988,494)
- firm offers	**(17,244,171)**	(6,984,027)
At 31 March	**225,479,766**	194,223,634

12 Investments - Association

	2015 Subsidiary Undertaking £	2014 Subsidiary Undertaking £
Cost	**1**	-

The investment represents the Association's holding in a wholly owned subsidiary company, Roseville Trading Limited. The £1 addition relates to the issue of share capital in Roseville Trading Limited.

Notes to the financial statements for the year ended 31 March 2015

13 Other tangible fixed assets

Group and Association	Fixtures and fittings £	Office Equipment £	Total £
Cost			
At 1 April 2014	66,532	293,886	360,418
Additions	275,355	108,876	384,231
Disposals	(1,375)	(98,837)	(100,212)
At 31 March 2015	**340,512**	**303,925**	**644,437**
Accumulated depreciation			
At 1 April 2014	44,122	199,429	243,551
Charge for the year	34,051	75,981	110,032
Disposals	(825)	(98,836)	(99,661)
At 31 March 2015	**77,348**	**176,574**	**253,922**
Net book amount			
At 31 March 2015	**263,164**	**127,351**	**390,515**
At 31 March 2014	22,410	94,457	116,867

14 Debtors: amounts falling due after more than one year

Group and Association	2015 £	2014 £
Loan advance	**8,250**	13,500

The Association advanced an interest free loan of £120,000 to 'Habitat for Humanity' to enable the latter to purchase eight properties at £15,000 each. The Association's interest is secured by way of a statutory mortgage over each of the properties. The loan is repayable to the Association over a period of 20 years. The balance of the loan has been reduced to £8,250 at 31 March 2015 (2014: £13,500).

15 Debtors: amounts falling due within one year

Group and Association	2015 £	2014 £
Rent debtors	**468,079**	425,122
Less: bad debts provision	**(280,963)**	(242,847)
	187,116	182,275
HAG receivable - completed properties	**1,044,704**	4,431,846
- firm offers	**17,244,171**	6,984,027
Prepayments and accrued income	**93,793**	86,231
Loan advance	**5,250**	5,250
	18,575,034	11,689,629

Notes to the financial statements for the year ended 31 March 2015

16 Investments

Group and Association	2015 £	2014 £
Short term deposits	**8,293**	8,267

17 Creditors: amounts falling due within one year

	Group		Association	
	2015	2014	**2015**	2014
	£	£	**£**	£
DSD loans (note 19)	**12,500,000**	-	**-**	-
HAG repayable - on disposal	**4,722,297**	2,866,634	**4,722,297**	2,866,634
- firm offers	**17,244,171**	6,984,027	**17,244,171**	6,984,027
Participants' deposits	**87,035**	98,142	**87,035**	98,142
Other creditors	**480,100**	441,246	**480,101**	441,246
Accruals and deferred income	**363,892**	356,208	**363,892**	356,208
	35,397,495	10,746,257	**22,897,496**	10,746,257

18 Creditors: amounts falling due after more than one year

	Group		Association	
	2015	2014	**2015**	2014
	£	£	**£**	£
Bank loan (note 19)	**44,000,000**	42,000,000	**44,000,000**	42,000,000
	44,000,000	42,000,000	**44,000,000**	42,000,000

Security

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

19 Loans and other borrowings

	Group		Association	
	2015	2014	**2015**	2014
	£	£	**£**	£
Bank loans and overdrafts	**44,000,000**	42,000,000	**44,000,000**	42,000,000
Maturity of financial liabilities:				
In more than one year, but not more than five years	**44,000,000**	42,000,000	**44,000,000**	42,000,000
	44,000,000	42,000,000	**44,000,000**	42,000,000

During the year ended 31 March 2013 the Association received acceptable terms for the renewal and extension of current loan facilities. These terms provide facilities of £50 million that will expire in 2016 and have been disclosed as being repayable in more than one year.

Notes to the financial statements for the year ended 31 March 2015

19 Loans and other borrowings (continued)

	Group		Association	
	2015	2014	**2015**	2014
	£	£	**£**	£
Department for Social Development loans	**12,500,000**	-	**-**	-
Maturity of financial liabilities:				
Due within one year	**12,500,000**	-	**-**	-
	12,500,000	-	**-**	-

20 Pension commitments

The net pension deficit shown below under Financial Reporting Standard 17 'Retirement 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.

FRS 17 'Retirement benefits' figures in relation to employees and ex-employees who are members of the NILGOSC pension scheme.

NILGOSC pension scheme is considered a related party of the Association.

The most recent valuation was conducted as at 31 March 2015 by a qualified actuary for the purpose of the disclosures below.

The major assumptions used by the actuary were:

	2015	2014	2013
Rate of increase in salaries	**3.3%**	3.9%	5.2%
Rate of increase in pensions in payment	**1.8%**	2.4%	2.8%
Discount rate	**3.2%**	4.3%	4.5%
Inflation assumption	**1.8%**	2.4%	2.8%

Notes to the financial statements for the year ended 31 March 2015

20 Pension commitments (continued)

The mortality assumptions used were as follows:

	2015 Years	2014 Years	2013 Years
Longevity at age 65 for current pensioners:			
- Men	**22.2**	22.1	23.2
- Women	**24.7**	24.6	26.1
Longevity at age 65 for future pensioners:			
- Men	**24.4**	24.3	25.2
- Women	**27**	26.9	28.1

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

	Long term rate of return expected at 31 March 2015 %	**Value at 31 March 2015 £'000**	Long term rate of return expected at 31 March 2014 %	Value at 31 March 2014 £'000
Equities	**8.2**	**6,617**	7.6	5,788
Property	**7.2**	**1,142**	6.9	874
Bonds	**3.2**	**1,106**	3.4	935
Cash	**0.5**	**199**	0.9	203
Total market value of assets		**9,064**		7,800
Present value of scheme liabilities		**(10,894)**		(9,254)
Net pension deficit		**(1,830)**		(1,454)

Reconciliation of present value of scheme liabilities

	2015 £'000	2014 £'000
At 1 April	**9,254**	8,953
Current service cost	**350**	283
Interest cost	**404**	407
Member contributions	**99**	76
Actuarial losses/(gains)	**950**	(307)
Benefits paid	**(163)**	(158)
At 31 March	**10,894**	9,254

Notes to the financial statements for the year ended 31 March 2015

20 Pension commitments (continued)

Reconciliation of fair value of scheme assets

	2015	2014
	£'000	£'000
At 1 April	**7,800**	7,271
Expected return on assets	**540**	501
Member contributions	**99**	76
Employer contributions	**297**	229
Actuarial gains/(losses)	**491**	(119)
Benefits paid	**(163)**	(158)
At 31 March	**9,064**	7,800

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

	2015	2014
	£'000	£'000
Current service cost	**350**	283
Expected return on scheme assets	**(540)**	(501)
Interest on pension scheme liabilities	**404**	407
Total cost	**214**	189

Amounts for current and previous four years:

	2015	2014	2013	2012	201
	£'000	£'000	£'000	£'000	£'00
Fair value of employer assets	**9,064**	7,800	7,271	6,105	5,96
Present value of defined benefit obligation	**(10,894)**	(9,254)	(8,953)	(7,592)	(6,966
Deficit	**(1,830)**	(1,454)	(1,682)	(1,487)	(1,001
Experience gains/(losses) on assets	**491**	(119)	716	(371)	31
Experience losses/(gains) on liabilities	**33**	(155)	5	(45)	-

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

	2015	2014	2013	2012	2011
	£'000	£'000	£'000	£'000	£'000
Actuarial (deficit)/surplus	**(459)**	188	(156)	(491)	1,762

Notes to the financial statements for the year ended 31 March 2015

21 Called up share capital

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

Group and Association	2015 £	2014 £
Allotted, issued and fully paid	**51**	49

22 Revenue reserves

Group and Association	2015 £	2014 £
Opening reserves	**1,244,000**	1,244,000
Actuarial (deficit)/ surplus	**(459,000)**	188,000
	785,000	1,432,000
Net transfer from designated reserves (note 23)	**2,941,028**	2,658,427
Deficit for the financial year	**(2,127,113)**	(2,846,427)
Closing reserves	**1,598,915**	1,244,000

Revenue reserves represent 6 months committed operating costs.

Notes to the financial statements for the year ended 31 March 2015

23 Designated reserves

Group and association	Property purchase reserve £
At 1 April 2014	**86,480,537**
Transfer to revenue reserve (note 22)	**(2,941,028)**
At 31 March 2015	**83,539,509**

Designated reserves are the balance of reserves required to fund the Association's investment in housing properties.

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

	2015 £	2014 £
Operating surplus	**5,948,142**	5,330,174
Depreciation charges	**110,032**	79,850
Sale of SPS properties	**92,000**	46,000
Loss on sale of SPS properties	**8,000**	4,000
Movement in debtors	**(8,606)**	27,449
Movement in creditors	**35,429**	14,554
Difference between pension charges and cash contributions	**53,000**	54,000
Net cash inflow from operating activities	**6,237,997**	5,556,027

25 Analysis of net funds

	1 April 2014 £	Cashflow £	31 March 2015 £
Cash at bank and in hand	13,317,216	16,135,600	**29,452,816**
Short term deposits (note 15)	8,267	26	**8,293**
Net funds	13,325.483	16,135,626	**29,461,109**

26 Reconciliation of net cash flow to movement in net funds

	2015 £	2014 £
Increase in cash in the financial year	**16,135,600**	1,190,106
Movement in deposits	**26**	33
Movement in net funds in the financial year	**16,135,626**	1,190,139
Net funds at beginning of financial year	**13,325,483**	12,135,344
Net funds at end of the financial year	**29,461,109**	13,325,483

Notes to the financial statements for the year ended 31 March 2015

27 Operating lease commitments

At 31 March 2015 the Association had annual commitments under non-cancellable operating leases expiring as follows:

	Other 2015	Other 2014	**Land and buildings 2015**	Land and buildings 2014
	£	£	**£**	£
Within one year	**10,994**	11,316	**-**	38,308
Within two to five years	**3,072**	19,548	**-**	-
After five years	**-**	-	**162,633**	-

28 Legislative provisions

The Association is incorporated under the Industrial and Provident Societies Act (Northern Ireland) 1969.

Northern Ireland Co-Ownership Housing Association Limited

Analysis of operating costs for the year ended 31 March 2015

	2015	2014
	£	£
Personnel		
Salaries (excluding pensions)	**1,812,327**	1,496,681
Pension contributions	**297,627**	233,790
Other staff costs	**108,304**	72,522
	2,218,258	1,802,993
Non cash pension costs	**53,000**	54,000
	2,271,258	1,856,993
Establishment		
Property costs	**212,128**	190,369
Telephone	**18,486**	18,680
Depreciation	**110,032**	79,850
Release of other tangible fixed asset grant	**-**	-
	340,646	288,899
Administration		
Administration overheads	**61,850**	72,810
Computer costs	**65,858**	42,570
Professional fees	**120,536**	101,047
Advisor fees	**-**	-
General expenses	**88,700**	102,037
Marketing	**35,438**	24,038
Cashco	**4,702**	4,609
	377,084	347,111
Total management expenses	**2,988,988**	2,493,003
Valuation fees	**212,889**	244,206
Running costs of SPS properties	**(4,048)**	(3,033)
Total operating costs	**3,197,829**	2,734,176