Co%ownership

AGM

Annual Report 2020

Chair's Opening Remarks

I am pleased to report that 2019-20 saw Co-Ownership continuing to deliver much needed affordable housing to the community whilst also delivering our transformation programme. That this was achieved against a backdrop of continued uncertainty over funding, ONS reclassification and Brexit is noteworthy.

Throughout the year demand for shared ownership remained high and we thank our colleagues in the Department for Communities for their continuing support which enabled us to significantly meet demand.

Some highlights from 2019-20 include

- We continued to develop our service offering online. The associated product and process changes have continued to transform our customer experience evidenced through feedback received from customers and our Trust Pilot rating.
- Our Rent to Own pilot continued and we sought to secure future funding to mainstream it alongside our core Co-Ownership product.
- We explored the possibility of developing additional products in keeping
- with our objectives.
- We continued to demonstrate our social purpose and commitment to responsible business through our CoRe accreditation and our successful community fund.
- Our Steps to Buy NI Website continued to provide invaluable support and information to potential homebuyers.
- We held a number of events throughout the year to promote shared ownership.
- We commenced activity to move to new office premises to improve the working environment for staff and act as a catalyst to embed cultural change and enhance collaborative working practices across the organisation, with an aim to further improve service delivery for our customers.

Of course, the end of the 19-20 financial year saw us responding to the COVID19 pandemic with a focus on keeping our customers, staff and stakeholders safe, whilst also maintaining service.

All of this was delivered through the commitment and dedication of our staff who responded admirably to the challenges above including COVID19. They remain our most valuable asset. We continued to develop them to equip them with the skills necessary to deliver our transformed services.

Sid McDowell

Sid McDowell, CBE. MCIH (Hon) Chairman

Chair's Annual Report to the 2020 Annual General Meeting

Financial Performance

The financial performance of the combined Co-Ownership and OwnCo Homes was very satisfactory with a surplus income over expenditure of £7m being generated.

The balance sheet remains strong, with net assets having increased to £96m by 31 March 2020.

Once again we received a clean audit from our external auditors, PricewaterhouseCoopers and a satisfactory assurance rating, (the highest possible rating), from our internal auditors, KPMG, following a comprehensive review programme.

Product Development

Building on the research carried out into the needs and wants of older people, during the year we completed further work on the development of a shared ownership product for the Over 55s. In 2020-21 we will engage with external stakeholders and work to develop the product further.

During the year we expanded Steps to Buy NI, our online home ownership education offering that explains who does what in the home buying process and what a buyer needs to do at each stage. We added further content to the sections on the website and have included a number of guest blogs from practitioners on aspects of the home buying process.

We developed a strategy on meeting the needs of all our customers including those who may need more support. This focuses on staff skills, product and service design, communication with customers and monitoring and evaluation of the strategy.

We conducted a review of our redesigned application journey - granting customers an approval in principle and then the opportunity to look for the property of their choice – and found that it is working well.

We have responded to a number of consultations during the year including on various councils' local development plan draft plan strategies focusing on the affordable housing elements of their plans. We also engaged with the Department for Communities on their consultation paper on a revised definition of affordable housing. We also submitted a response to the proposals contained in the consultation proposing a New Homes Ombudsman.

Marketing

In line with the corporate objectives, we focused on improving understanding of the buying out process in 2019/20, ultimately resulting in an increase in buy outs. This involved understanding the struggles and barriers our co-owners face when buying additional shares in their home. We launched several tools to explain the buying out process, including financial illustrations, a calculator on the website showing the impact on their mortgage repayments, and a 60 second explanatory video.

To launch Shared Ownership Week 2019, Co-Ownership arranged a breakfast seminar for a variety of stakeholders across the industry. The keynote speaker was Jordan Buchanan, the Chief Economist for Property Pal who discussed research of the property performance within NI and the crucial role that Co-Ownership plays. We also heard from a customer, who told their story about their Co-Ownership experience and what it has meant to them.

Collaboration with other organisations is key to raising the awareness of Co-Ownership and our brand values. Using social media, we have successfully collaborated with Belfast Live, one of the key media providers in Northern Ireland, on 2 occasions. The first was a series of Instagram Stories answering some of the most popular questions we get asked on a daily basis, and the second was a Twitter Q&A answering questions about the impact of COVID-19 on Co-Own customers. We have continued to extend our thought leadership prolife with pieces written by our Chief Executive in key regional press titles.

Throughout 2019/20, we continued to lobby our elected representatives to make the case for the ONS reclassification legislation to be passed, which will allow housing associations to receive Financial Transactions Capital. In 2020/21, this legislation has moved through the NI Assembly and we await formal notification of the reclassification.

Board

All service by Board members is on a voluntary basis, with time and expertise freely donated to the work of Co-Ownership. The Board continued to strengthen performance through recruitment, evaluation and training. We thank them for their continuing input and support.

People

We continued to work with external accreditations as business improvement tools and to evidence the strength of our commitment to our social purpose.

We were re-accredited under IIP6 Standard in December 2018 and along with accreditation in the IIP Health & Wellbeing Award. We continue to use the IIP framework for achieving high performance through our people and supporting our Restructuring Programme, through collaboration and team working across the departments.

We developed a People Strategy and Workforce plan to support the mission, vision and values of Co-Ownership, recognising that our people are the most valuable asset we have, are at the heart of everything we do, and the services we deliver.

During the year we continued to invest in health & well-being and delivered a range of well-being initiatives for our staff. In recognition of the emphasis we place on health & wellbeing and the ethos of collaboration, I am delighted to report that we were short-listed for the Business in the Community Wellbeing at Work Award and the CIPD Best Health & Wellbeing Initiative.

BUSINESS IN THE COMMUNITY

The Responsible Business Network

Northern Ireland

Office Premises

A review of our office premises was conducted following the landlord presenting an offer to move to alternative premises. The review concluded that a move would present an opportunity to improve the working environment for our staff and would act as a catalyst to embed cultural change and enhance collaborative working practices across the organisation with an aim to improve service delivery for our customers. The decision was then taken to move premises and by the end of the year end preparations to move offices were well advanced.

ICT

The team were integral to the delivery of our digital transformation programme and continued with significant activity in this regard as well as achieving the ISO27001 information security accreditation and maintaining all business as usual activity. We thank them for their commitment and enthusiasm over what has been a challenging but exciting time.

Governance

We continue our work with Business in the Community under their CORE accreditation scheme – the standard for responsible business and Northern Ireland's only Corporate Responsibility Standard. As an organisation with a strong sense of social purpose, we hold this accreditation highly and look forward to continuing our work in this area in our new office premises.

Each year staff are given the opportunity to vote for a charity they would like to support and in 2019/20, Co-Ownership supported PIPS, a local charity who provide support for individuals and families affected by suicide. We managed to raise a fantastic £4155.73 for the charity through fundraising events generously supported by staff. Alongside our fundraising for PIPS, staff also supported 16 families through the Barnardos Christmas gift appeal. This appeal is generously donated to each year by our staff and this year was no exception.

We continued with our community fund in 2019, offering support to community projects that:

- Help regenerate, rebuild, and revitalise neighbourhoods and communities;
- Support elderly and disabled people: or;
- Provide advice and educational services to promote either financial capability, inclusion, energy efficiency or biodiversity in the community.

We look forward to engaging and supporting other groups through our community fund in the future.

Improving our Services

During the last year we continued to deliver on our journey to transform our service offering. We invested in rent systems and through this are now able to offer customers a choice of rent payment dates as well as improving our service this also supports stronger rent collection via direct debit with over 80% of customers now using direct debit.

We continued to invest in our Customer Relationship Management tools to ensure a better customer experience when dealing with us. Building on our JAM training of last year we developed a policy and delivered training to support our people identifying customers with a vulnerability and how best to support these customers.

We continue to track our customer feedback via Trustpilot and we have 279 reviews so far and are consistently achieving 5 star reviews and have a net promoter score of 85. We use the

feedback from this to identify areas for service improvement.

We were delighted to be awarded the CIH Team of the Year Award for our digital services delivery. We are excited to have joined the Institute of Customer Services and are working with them to benchmark our service experience and to deliver a roadmap to improve our service delivery in the coming years.

2019-2020

Co%ownership

£143m TOTAL VALUE OF HOMES PURCHASED

1,118
CUSTOMERS RECEIVED KEYS TO THEIR HOME

48%
FROM PRIVATE RENTAL SECTOR

PROPERTY TYPES

58% semi-detached
27% terrace/townhouses
9% detached
5% apartments

£22,360
ANNUAL EARNED INCOME

32
AVERAGE AGE

93%
FIRST TIME BUYERS

£127,888
AVERAGE PURCHASE PRICE

Registered number: IP 200
Charity Registration Number: NIC101435

Northern Ireland Co-Ownership Housing Association Limited

Annual report and financial statements for the year ended 31 March 2020

Northern Ireland Co-Ownership Housing Association Limited

Annual report and financial statements for the year ended 31 March 2020

Contents **Pages**

Board of management and advisers

Board of management

Sid McDowell (Chair)
Jack Hood
Alyson Kilpatrick
Philip Price
David Little
Alastair Coulson
Gillian Greer
Damian McElholm
Samuel Dickey
Laura Jackson
Norman McKeown
Derek Wilson
Jordan Buchanan (co-opted 23 April 2020)
Alan Ledlie (co-opted 23 April 2020)

Chief executive

Mark Graham

Company secretary

Gillian Hughes

Registered office

Murray House
Murray Street
Belfast
BT1 6DN

Bankers

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

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 2020

The Board of Management presents its annual report and the audited financial statements for the year ended 31 March 2020 for Northern Ireland Co-Ownership Housing Association Limited ("Co-Ownership") and its subsidiary (together the "Group"). The wholly owned subsidiary of Co-Ownership is called Ownco Homes Limited ("Ownco").

Co-Ownership is a registered charity with the Charity Commission for Northern Ireland. The Board of Management of Co-Ownership are the directors of the company and are the trustees of the charity.

Principal activity

The principal activity of Co-Ownership is the provision of affordable housing on a shared ownership basis for persons in need thereof. Ownco compliments the Group by providing a route to home ownership when a full mortgage or Co-Ownership are currently unattainable.

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

Our Vision:
To be an 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 of what we do.
- We will work in an atmosphere of integrity and professionalism with the highest standards of leadership and governance.

Gender Analysis:
11 members of the Board of Management are male and 3 are female. The Group has 60 employees of which 36 are female and 24 are male.

Whilst the Group operates on not for profit principles, the generation of an annual surplus is vital to ensure the ongoing investment in new homes, to meet the commitments to lenders, and to provide adequate protection against unforeseen circumstances.

The key strengths of the Group which enable its primary objectives to be met are:
- A customer centric organisation
- 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 with skilled leadership who are committed to the Group's objectives.

Review of business and future developments

During the year Co-ownership housing property portfolio increased from £401m to £424m with 1,118 (2019: 1,015) properties added to rent. Staircasing activity continued to be strong with 724 property sales transactions (2019: 688). There were also 92 part purchases compared to 122 in 2019. The level of repossession sales was 36 this year (2019: 34). At 31 March 2020 Co-Ownership had interests in 9,160 homes (2019: 8,766).

The Department for Communities (DfC) allocated Co-Ownership £34m of Housing Association Grant during the year, which together with Co-Ownership's own resources funded the investment in homes. Co-ownership was able to repay £21m of grant to DfC during the year.

The £65m loan facility with Bank of Ireland was renewed during the year for a period greater than 12 months.

The Board of Management is of the view that for the foreseeable future Co-Ownership will continue to generate sufficient operating surplus to cover its operating and financing costs. The rental income is anticipated to be over £12m in the next financial year. Whilst the volumes of purchases and sales is likely to be lower in the next financial year as a consequence of the Covid19 epidemic restrictions in the Northern Ireland marketplace, the underlying need for affordable homes in Northern Ireland remains strong.

Strategic report of the Board of Management for the year ended 31 March 2020 (continued)

The Board continues to explore opportunities for enhancement of its services going forward, in response to a changing housing market.

Ownco completed its third full year of trading and purchased 7 houses at a total cost of £1m making 56 purchases to date. There were 18 property sales in the year, of which 15 were to tenants. At the 31 March 2020 there were 37 houses held in stock and £7.5m held on deposit for reinvestment.

Results

The consolidated surplus for the year amounted to £7.2m (2019: surplus £6.1m). The increase in surplus is primarily due to an improved surplus on the sale of housing properties from last year of £0.4m to £1.2m in the year ending 31 March 2020, and an increase in rent to £12.7m (2019:£11.9m).

The Board of Management are satisfied with the underlying financial performance of the Group.

Environment

As an organisation with a social purpose, the Group recognises it's responsibility to carry out it's operations whilst minimising environmental impact and has a Corporate Social Responsibility Strategy in place for this purpose.

Health and safety

The Group 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. As an organisation we have invested in providing information, training, instruction and supervision to all employees and will continue to invest resources in ensuring the office remains a safe work environment.

Human resources

The Group's most important resource is its people; their knowledge and experience is crucial to meeting customer requirements. Co-Ownership holds an Investor in People accreditation reflecting the good management of its people.

Financial risk management

The Group's operations expose it to a variety of financial risks that include the effects of changes in credit risk, price risk and interest rate risk. The programme of capital investment is financially dependent on the continued availability of government funding. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group by regular review of activity levels against changing market conditions and adjustment to cashflow projections accordingly. The Group 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.

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.

Price risk

The Group is exposed to changes in the housing market. In order to ensure the Group is receiving value for money on the properties it purchases and sells, each property is valued by a professional external valuer prior to entering into a contract. The nature of operations undertaken by the Group exposes it to a number of inherent price risk factors. By rigidly adhering to its procurement policy, in line with public sector tendering requirements, the Group is customarily able to determine and agree favourable prices. Therefore, the risk management strategies and operational processes employed by the Group ensure that such exposure is controlled.

Strategic report of the Board of Management for the year ended 31 March 2020 (continued)

Interest rate risk

The Group has both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash balances which are held on deposit. 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 Group has implemented a hedging strategy.

Group structure

Northern Ireland Co-Ownership Housing Association Limited is the controlling member of the Group. The aim of Ownco Homes Limited is to increase the provision of affordable housing in the province. Note 15 of the financial statements provides details on Northern Ireland Co-Ownership Housing Association Limited's investments in subsidiary undertakings.

Funding

At the year-end the Group had cash and deposit balances of £39.8m (2019: £37.7m), net current assets of £31.2m and total net assets of £96.0m. In addition, it has undrawn financing facilities of £22m (£65m minus £43m drawn down). The Board is of the view that the Group 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.

COVID 19

Following the outbreak of the Covid 19 virus, the Northern Ireland and UK governments imposed restrictions on people's movements from 24th March 2020 in order to reduce the spread of the virus.

The impact of these restrictions on the housing market in Northern Ireland has been that volumes of home purchases and sales have fallen significantly since this date. Whilst activity in the housing market is expected to return when the lockdown restrictions are lifted, it is as yet unclear what volume of activity or price impact will emanate in the next year.

Since the outbreak of the virus in Northern Ireland, Co-Ownership has maintained its customer service, control over its operations and employee safety by facilitating working from home and the use of digital technology. The Board of Management has continued to meet during the period of lockdown again using online technology. This has enabled it to maintain oversight and governance of the organisation. The Board will continue to monitor the impact of outbreak on its employees, its customers and supply chain.

Co-Ownership stopped taking new applications from prospective co-owners and instructing valuations for both home purchases and home buyouts from 24th March 2020, because valuation activities involve visits to homes which was contrary to Government guidance during the lockdown period. These service activities will recommence as government restrictions are eased.

Co-Ownership have reviewed the financial forecast for the year ahead including the preparation of cashflows, performing sensitivity analysis and assessing future funding. As a result, the Board of Management consider that whilst the home buying programme will slow down in the year ahead as a result of the Covid 19 outbreak, Co-Ownership has sufficient resources to continue its ongoing activities.

Strategic report of the Board of Management for the year ended 31 March 2020 (continued)

Events after the Balance Sheet date

The Association has no post balance sheet date events to disclose.

Value for Money (VfM)

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

The 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 results of using the VfM approach during the year are as follows:

- Helped 1,118 people take the step towards owning their own home.
- Co-Ownership contributed to a total spend of £143m in the Northern Ireland housing market by purchasing 1,118 properties, including 435 new build properties.
- Enabled 688 people to fully purchase outright their own home and 92 people to purchase further equity in their home.
- Invested £141k to further digitalise and improve processes.
- Provided a programme of training and development for our people, with a focus on digital skills and Co-Ownerships values.

Internal financial control

The Board of Management is responsible for ensuring that the Group 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 Communities 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 Group 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 internal policies 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 Group 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 Group. 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.

Strategic report of the Board of Management for the year ended 31 March 2020 (continued)

The Group develops and monitors progress against a 3 year strategy. A detailed annual budget and cash flow statement are maintained. The Board of Management and the Finance and Human Resource Committee 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 Audit Risk & Governance Committee regularly reviews the risk register.

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's assets and interests.

The Group 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 the Co-Ownership'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 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 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 Group and to prevent and detect fraud and other irregularities.

Strategic report of the Board of Management for the year ended 31 March 2020 (continued)

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 Group'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 Group's auditors are aware of that information.

By order of the Board of Management

Gillian Hughes
Company Secretary
25 June 2020

Report of the Board of Management for the year ended 31 March 2020

The Board of Management presents its annual report and the audited financial statements for the year ended 31 March 2020 for Northern Ireland Co-Ownership Housing Association Limited (the "Co-Ownership") and its subsidiary (together the "Group"). The wholly owned subsidiary of Co-Ownership is called Ownco Homes Limited.

The Board of Management and executive directors

The Board of Management and executive directors of Co-Ownership 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. The Chief Executive of Co-Ownership holds no interest in Co-Ownership'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 Leadership Team.

Performance in the year ended 31 March 2020 and expected performance in the year ended 31 March 2020

The sections on performance in the year ended 31 March 2020 and expected performance in the year ended 31 March 2021 are included in the strategic report.

Regulation

Co-Ownership's principal regulator is the Department for Communities (DfC). The last regulatory judgement was published in June 2020 relating to the year 2018/19 with the following ratings being received.

Area of operations:	**Rating:**
Financial Standard	Meets the requirements
Governance Standard	Meets the requirements
Overall	Meets the requirements

Charitable donations

Donations totaling £17,000 (2019: £14,405) were made by Co-Ownership Housing during the year.

No donations for political purposes were made during the year (2019: £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

Gillian Hughes
Company Secretary
25 June 2020

Independent auditors' report to Northern Ireland Co-Ownership Housing Association Limited
Report on the audit of the financial statements

Opinion

In our opinion, Northern Ireland Co-Ownership Housing Association Limited's group and parent financial statements ("the financial statements"):

- give a true and fair view of the state of the group's and of the association's affairs as at 31 March 2020 and of the group's and association's income and expenditure, and the group's cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law);
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969 and the Registered Housing Associations (Accounting Requirements) Order (Northern Ireland) 1993.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the consolidated and Co-Ownership statements of financial position as at 31 March 2020, the consolidated and Co-Ownership statements of comprehensive income, the consolidated and Co-Ownership statements of changes in reserves, the consolidated statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and association's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Independent auditors' report to Northern Ireland Co-Ownership Housing Association

Responsibilities for the financial statements and the audit

Responsibilities of the Board for the financial statements

As explained more fully in the Statement of the Board of Management's Responsibilities set out on page 6, the Board is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Board is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

We are eligible to act and have been appointed as auditors under section 65(2) of the Charities Act (Northern Ireland) 2008 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the association as a body in accordance with section 43 of the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969, section 65 of the Charities Act (Northern Ireland) 2008, regulations made under section 66 of that Act (Part 4 of the Charities (Accounts and Reports) Regulations (Northern Ireland) 2015), 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.

Independent auditors' report to Northern Ireland Co-Ownership Housing Association

Other required reporting

Co-operative and Community Benefit Societies Act (Northern Ireland) 1969 exception reporting

Under the Co-operative and Community Benefit 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 accounting records.

We have no exceptions to report arising from this responsibility.

Charities (Accounts and Reports) Regulations (Northern Ireland) 2015 exception reporting

Under the Charities (Accounts and Reports) Regulations (Northern Ireland) 2015 we are required to report to you if, in our opinion:

- sufficient accounting records have not been kept;
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have no exceptions to report arising from this responsibility

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Belfast
25 June 2020

Consolidated statement of comprehensive income for the year ended 31 March 2020

	Note	**2020** **£**	2019 £
Turnover	5	**48,948,903**	42,941,438
Cost of sales	5	**(34,735,119)**	(30,406,718)
Operating costs	5	**(5,100,399)**	(5,101,897)
Release of impairment of housing properties	13	**-**	500,000
Operating surplus	6	**9,113,835**	7,928,820
Loss on disposal of housing properties	9	**(319,180)**	(779,095)
Interest receivable and similar income	10	**174,183**	196,233
Interest payable and similar charges	11	**(1,188,216)**	(1,009,806)
Other finance expenses	12	**(592,000)**	(259,000)
Surplus before tax		**7,188,172**	6,077,152
Taxation	13	**(23,079)**	(20,572)
Surplus for the financial year		**7,165,093**	6,056,580
Actuarial (deficit)/gain recognised in pension scheme	25	**(905,000)**	261,000
Total comprehensive income for the financial year		**6,260,093**	6,317,580

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

Consolidated statement of changes in reserves for the year ended 31 March 2020

	2020 **£**	2019 £
Surplus for the financial year	**7,165,093**	6,056,580
Actuarial (deficit)/gain recognised in pension scheme (note 24)	**(905,000)**	261,000
New share capital issued	**-**	3
Net movement in capital and reserves	**6,260,093**	6,317,583
Opening total capital and reserves	**89,764,708**	83,447,125
Closing total capital and reserves	**96,024,801**	89,764,708

Co-Ownership statement of comprehensive income for the year ended 31 March 2020

	Note	**2020**	2019
		£	£
Turnover	5	**46,274,067**	42,744,391
Cost of sales	5	**(32,295,569)**	(30,406,718)
Operating costs	5	**(4,969,680)**	(5,001,137)
Release of impairment of housing properties	14	**-**	500,000
Operating surplus	6	**9,008,818**	7,836,536
Loss on disposal of housing properties	9	**(319,180)**	(777,630)
Interest receivable and similar income	10	**156,099**	176,876
Interest payable and similar charges	11	**(1,186,969)**	(1,009,806)
Other finance expenses	12	**(592,000)**	(259,000)
Surplus for the financial year		**7,066,768**	5,966,976
Actuarial (deficit)/gain recognised in pension scheme	24	**(905,000)**	261,000
Total comprehensive income for the financial year		**6,161,768**	6,227,976

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

Co-Ownership statement of changes in reserves for the year ended 31 March 2020

	2020	2019
	£	£
Surplus for the financial year	**7,066,768**	5,966,976
Actuarial (deficit)/gain recognised in pension scheme (note 24)	**(905,000)**	261,000
New share capital issued	**-**	3
Net movement in capital and reserves	**6,161,768**	6,227,979
Opening total capital and reserves	**89,673,793**	83,445,814
Closing total capital and reserves	**95,835,561**	89,673,793

Consolidated statement of financial position as at 31 March 2020

	Note	**2020** **£**	2019 £
Fixed assets			
Housing properties	14	**429,558,179**	407,562,123
Other tangible assets	17	**248,186**	678,169
		429,806,365	408,240,292
Current assets			
Stock	18	**1,028,673**	3,139,916
Debtors	19	**14,383,983**	15,169,186
Investments	20	**18,511,231**	15,322,036
Cash at bank and in hand		**21,321,550**	22,445,418
		55,245,437	56,076,556
Creditors: amounts falling due within one year	21	**(23,977,541)**	(27,085,050)
Net current assets		**31,267,896**	28,991,506
Total assets less current liabilities		**461,074,261**	437,231,798
Creditors: amounts falling due after more than one year	22	**(359,578,460)**	(343,580,090)
Net assets excluding pension deficit		**101,495,801**	93,651,708
Pension deficit	24	**(5,471,000)**	(3,887,000)
Net assets including pension deficit		**96,024,801**	89,764,708
Capital and reserves			
Called up share capital	25	**56**	56
Reserves	26, 27	**96,024,745**	89,764,652
Total capital and reserves		**96,024,801**	89,764,708

The financial statements on pages 12 to 37 were approved by the Board of Management on 25 June 2020 and were signed on its behalf by:

Sid McDowell – **Chairman**

Mark Graham – **Chief Executive**

Norman McKeown – **Board Member**

Registered number: IP 200
Charity Registration Number: NIC101435

Co-Ownership statement of financial position as at 31 March 2020

	Note	**2020 £**	2019 £
Fixed assets			
Housing properties	14	**423,879,384**	400,577,207
Other tangible assets	17	**248,186**	678,169
Investments	16	**300,001**	300,001
		424,427,571	401,555,377
Current assets			
Stock	18	**1,028,673**	3,139,916
Debtors	19	**14,352,587**	15,023,606
Investments	20	**18,511,231**	15,322,036
Cash at bank and in hand		**13,782,370**	16,401,792
		47,674,861	49,887,350
Creditors: amounts falling due within one year	21	**(23,717,411)**	(26,801,844)
Net current assets		**23,957,450**	23,085,506
Total assets less current liabilities		**448,385,021**	424,640,883
Creditors: amounts falling due after more than one year	22	**(347,078,460)**	(331,080,090)
Net assets excluding pension deficit		**101,306,561**	93,560,793
Pension deficit	24	**(5,471,000)**	(3,887,000)
Net assets including pension deficit		**95,835,561**	89,673,793
Capital and reserves			
Called up share capital	24	**56**	56
Revenue reserves	25, 26	**95,835,505**	89,673,737
Total capital and reserves		**95,835,561**	89,673,793

The financial statements on pages 12 to 37 were approved by the Board of Management on 25 June 2020 and were signed on its behalf by:

Sid McDowell – **Chairman**

Mark Graham – **Chief Executive**

Norman McKeown – **Board Member**

Registered number: IP 200
Charity Registration Number: NIC101435

Consolidated statement of cash flows for the year ended 31 March 2020

	Notes	**2020**	2019
		£	£
Net cash inflow from operating activities	29	**8,429,051**	7,399,161
Tax paid		**(23,079)**	-
		8,405,972	7,399,161
Returns on investments and servicing of finance			
Purchase of properties		**(59,454,367)**	(60,353,233)
Housing Association Grant received for purchase of properties		**34,553,588**	999,908
Sale of properties		**40,603,742**	39,032,431
Housing Association Grant repaid on sale of properties		**(20,943,440)**	(20,784,165)
Purchase of other tangible fixed assets		**(88,629)**	(239,427)
Interest received		**175,430**	196,233
Net cash used in investing activities		**(5,153,676)**	(41,148,253)
Cash flows used in financing activities			
New term loans		**-**	10,000,000
Interest paid		**(1,186,969)**	(1,009,806)
Issue of share capital		**-**	3
Net cash used in financing activities		**(1,186,969)**	8,990,197
Net increase/(decrease) in cash and cash equivalents		**2,065,327**	(24,758,895)
Cash and cash equivalents at the beginning of the year		**37,767,454**	62,526,349
Cash and cash equivalents at the end of the year	30,31	**39,832,781**	37,767,454

Notes to the financial statements for the year ended 31 March 2020

1 General information

Co-Ownership's principal activity is the provision of affordable housing on a shared ownership basis. Co-Ownership is registered under the Co-operative and Community Benefit 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 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.

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 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 undertaking made up to 31 March 2020. 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 and value added taxes. The group and Co-Ownership 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 recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the group and Co-Ownership 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 and (e) when the specific criteria relating to each of the group and Co-Ownership's sales channels have been met, as described below and in note 5.

Notes to the financial statements for the year ended 31 March 2020

3 Summary of significant accounting policies (continued)

i) Rental income

Income represents rental income receivable.

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, including amortisation of grants.

Value added tax

Expenses exclude recoverable 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 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's staff constitutes only a small percentage of the overall membership. Co-Ownership has no influence over the level of contributions.

The assets of the NILGOSC scheme are held separately from those of Co-Ownership. Co-Ownership 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 movement in the present value of the liabilities of Co-Ownership's defined benefit pension scheme arising from employee service in the year is charged to the statement of comprehensive income. 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.

Notes to the financial statements for the year ended 31 March 2020

3 Summary of significant accounting policies (continued)

Tangible fixed assets

Housing properties

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 and participants and so are disclosed in fixed assets at the cost to Co-Ownership 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 statement of comprehensive income in the year in which it is first recognised. A reversal of impairment is recognised in the statement of comprehensive income.

Housing Association Grant and other grants

Housing Association Grant and other grants received are included within 'Creditors: amounts falling due after more than one year' and 'Creditors: amounts falling due within one year'. Housing Association Grant received against revenue expenditure is credited to revenue in the period in which the related expenditure is charged.

Such grants, although treated as a grant for accounting purposes, may be repayable under certain circumstances, primarily following the sale of housing property, but any amount repayable would be restricted to the net proceeds of the sale.

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 2020

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 comprehensive 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 2020

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 publicly 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 2020

3 Summary of significant accounting policies (continued)

Revenue reserves

Co-Ownership'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'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;

Co-Ownership provides housing on a shared ownership basis. It secures a second charge over properties and if the occupier fails to pay the lender, the property is repossessed. The association has incurred losses on repossessed properties over recent years. As a result it is necessary to recognise an impairment provision for future losses expected on the repossession of such properties. When calculating the provision management consider the historical losses incurred, and current property values based on the Northern Ireland Quarterly House Price Index and apply an expected loss ratio to the book value of properties.

Estimation uncertainty in applying the entity's accounting policies

In preparing the financial statements the recoverability of debtors has been considered. A provision for bad debts has been made for the estimated amount of debtors that are considered to be unrecoverable. The level of provision held at the year end is set out in note 19.

This year consideration was given to the financial impact of the Covid 19 outbreak, details of which are set out in the strategic report of the Board of Management. Whilst there is uncertainty regarding the impact of Covid 19 on the operations of Co-Ownership, no additional provisioning was considered necessary at 31 March 2020 as a result of the outbreak.

Notes to the financial statements for the year ended 31 March 2020

5 Lettings and other related

	Group		Co-Ownership	
	2020	2019	**2020**	2019
Turnover	**£**	£	**£**	£
Rents (see below)	**12,785,858**	11,925,068	**12,557,883**	11,728,021
First Tranche Sales (note 9)	**36,163,045**	31,016,370	**33,716,184**	31,016,370
	48,948,903	42,941,438	**46,274,067**	42,744,391
Cost of sales				
Rents	**(97,606)**	(95,982)	**(97,606)**	(95,982)
First Tranche Sales (note 9)	**(34,637,513)**	(30,310,736)	**(32,197,963)**	(30,310,736)
	(34,735,119)	(30,406,718)	**(32,295,569)**	(30,406,718)
Operating costs				
Valuation fees	**(285,310)**	(292,914)	**(283,374)**	(292,914)
Management	**(4,707,860)**	(4,714,983)	**(4,579,077)**	(4,610,220)
Non cash pension costs	**(87,000)**	(94,000)	**(87,000)**	(94,000)
	(5,080,170)	(5,101,897)	**(4,949,451)**	(4,997,134)
Bad Debt Written off	**(20,229)**	(4,003)	**(20,229)**	(4,003)
Release of impairment of housing properties (note 13)	**-**	500,000	**-**	500,000
Operating surplus	**9,113,385**	7,928,820	**9,008,818**	7,836,536
Interest				
Loss on disposal of housing properties (note 9)	**(319,180)**	(779,095)	**(319,180)**	(777,630)
Interest receivable and similar income (note 10)	**174,183**	196,233	**156,099**	176,876
Interest payable and similar charges (note 11)	**(1,188,216)**	(1,009,806)	**(1,186,969)**	(1,009,806)
Other finance expenses (note 12)	**(592,000)**	(259,000)	**(592,000)**	(259,000)
Surplus before taxation for the year	**7,188,172**	6,077,152	**7,066,768**	5,966,976

	Group		Co-Ownership	
Turnover from lettings	**2020**	2019	**2020**	2019
	£	£	**£**	£
Rents	**12,621,350**	11,789,301	**12,393,375**	11,592,254
Processing fees	**164,508**	135,767	**164,508**	135,767
	12,785,858	11,925,068	**12,557,883**	11,728,021

Analysis of operating costs for the year ended 31 March 2020

5 Analysis of operating costs

	Group		Co-Ownership	
	2020	2019	**2020**	2019
Co-Ownership	**£**	£	**£**	£
Personnel				
Salaries (excluding pensions)	**2,512,974**	2,638,216	**2,474,123**	2,599,426
Pension contributions	**401,028**	366,939	**401,028**	366,939
Other staff costs	**172,524**	126,746	**172,524**	126,746
	3,086,256	3,131,901	**3,047,675**	3,093,111
Non cash pension costs	**87,000**	94,000	**87,000**	94,000
	3,173,526	3,225,901	**3,134,675**	3,187,111
Establishment				
Property costs	**398,023**	366,636	**341,493**	316,824
Telephone	**15,377**	18,180	**15,377**	18,180
Write off of fixed assets	**269,596**	-	**269,596**	-
Depreciation	**246,702**	255,729	**246,702**	255,729
	929,698	640,545	**873,168**	590,733
Administration				
Administration overheads	**79,989**	68,465	**79,989**	68,465
Computer costs	**157,382**	139,692	**157,382**	139,682
Professional fees	**101,185**	96,921	**75,767**	88,744
Project costs	**83,647**	251,716	**83,647**	251,716
General expenses	**129,474**	115,790	**129,032**	115,348
Repairs	**4,250**	94,950	**4,250**	94,950
Marketing	**141,429**	143,763	**133,888**	136,222
Credit Agency	**46,996**	29,407	**46,996**	29,407
Cashco	**1,673**	1,833	**1,673**	1,833
	746,025	942,537	**712,624**	926,376
Total management expenses	**4,849,249**	4,808,983	**4,720,467**	4,704,220
Valuation fees	**230,921**	292,914	**228,984**	292,914
Total operating costs	**5,080,170**	5,101,897	**4,949,451**	4,997,134

Notes to the financial statements for the year ended 31 March 2020

6 Operating surplus

	Group		Co-Ownership	
	2020	2019	**2020**	2019
	£	£	**£**	£
Operating surplus is stated after charging:				
Staff costs, excluding pension (note 7)	**2,593,491**	2,638,216	**2,544,640**	2,599,426
Pension (note 7) – contributions	**401,028**	366,939	**401,028**	366,939
– other pension costs	**87,000**	94,000	**87,000**	94,000
Depreciation of tangible fixed assets				
– owned assets (note 16)	**246,702**	255,729	**246,702**	255,729
– write off of fixed assets (note 16)	**269,596**	-	**269,596**	-
Operating lease rentals	**174,366**	169,921	**174,366**	169,921
Fees payable to the group's auditor for the audit of the financial statements	**21,700**	21,700	**19,350**	19,350
Fees payable to the group's auditor for non-audit services	**1,750**	1,750	**-**	-

7 Employee information

	Group		Co- Ownership Housing	
	2020	2019	**2020**	2019
	£	£	**£**	£
Staff costs				
Wages and salaries	**2,383,1136**	2,423,736	**2,344,262**	2,384,946
Social security costs	**210,378**	214,780	**210,378**	214,480
	2,593,491	2,638,216	**2,554,640**	2,599,426
Pension contributions	**401,028**	366,939	**401,028**	366,939
	2,994,519	3,005,155	**2,875,151**	2,966,365
Other pension costs	**87,000**	94,000	**87,000**	94,000
	3,081,519	3,099,155	**3,042,668**	3,060,365

	2020	2019
	Number	Number
Average monthly number of persons employed by the Group and Co-Ownership (including the Chief Executive and excluding the board members) during the year by activity:		
- Temporary	3	6
- Permanent	60	56
Administration and finance	63	62

Notes to the financial statements for the year ended 31 March 2020

8 Key managements' emoluments

The remuneration of the key management (compromising the Chief Executive and senior personnel) of the Group and Co-Ownership during the year was:

	Group		Co-Ownership	
	2020	2019	**2020**	2019
	£	£	**£**	£
Aggregate emoluments	**329,368**	323.149	**329,368**	323,149
Pension contributions to money purchase schemes	**60,172**	55,958	**60,172**	55,958
	389,540	379,107	**389,540**	379,107

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

The emoluments to the highest paid Director included within the above table are as follows:

	Group		Co-Ownership	
	2020	2019	**2020**	2019
	£	£	**£**	£
Aggregate emoluments	**107,087**	102,176	**107,087**	102,176
Pension contributions	**19,637**	17,708	**19,637**	17,708
	126,724	119,884	**126,724**	119,884

During the period the key management emoluments (excluding pension contributions) fell within the following band distributions:

	2020 Number	2019 Number
More than £65,000 but not more than £70,000	-	1
More than £70,000 but not more than £75,000	1	2
More than £75,000 but not more than £80,000	2	-
More than £100,000 but not more than £105,000	-	1
More than £105,000 but not more than £110,000	1	-

Notes to the financial statements for the year ended 31 March 2020

9 Surplus on sale of housing properties

	Group		Co-Ownership	
	2020	2019	**2020**	2019
	£	£	**£**	£
Sales – first tranche sales	**36,163,045**	31,016,370	**33,716,184**	31,016,370
Cost of sales – first tranche sales	**(32,197,963)**	(30,310,736)	**(32,197,963)**	(30,310,736)
	1,525,532	705,634	**1,518,221**	705,634
Loss on disposal of housing properties – second tranche and after	**(319,180)**	(779,095)	**(319,180)**	(777,630)
Release of provision for impairment of housing properties (note 13)	**-**	500,000	**-**	500,000
	1,206,352	426,539	**1,199,041**	428,004

Comprising:

	£	£	**£**	£
Repossession of properties	**(1,535,218)**	(1,681,985)	**(1,535,218)**	(1,681,985)
Surplus on Disposal	**2,741,570**	1,608,524	**2,734,259**	1,609,989
Release of impairment of housing properties	**-**	500,000	**-**	500,000
	1,206,352	426,539	**1,199,041**	428,004

As at 31 March 2020, there were 20 (2019: 26) properties remaining in repossession status.

10 Interest receivable and similar income

	Group		Co-Ownership	
	2020	2019	**2020**	2019
	£	£	**£**	£
Interest receivable	**174,183**	196,233	**156,099**	176,876

11 Interest payable and similar charges

	Group		Co-Ownership	
	2020	2019	**2020**	2019
Group	**£**	£	£	£
Interest payable	**1,188,216**	1,009,806	**1,186,969**	1,009,806

12 Other finance expenses

	2020	2019
Group and Co-Ownership	**£**	£
Interest on pension scheme	**592,000**	259,000
	592,000	259,000

Notes to the financial statements for the year ended 31 March 2020

13 Taxation on profit on ordinary activities

	Group		Co-Ownership	
	2020	2019	**2020**	2019
	£	£	**£**	£
UK corporation tax charge on profit for the year	**23,079**	20,572	**-**	-
Total current tax	**23,079**	20,572	**-**	-

As Co-Ownership is a charitable entity it does not pay corporation tax. The tax charge above relates to the subsidiary Ownco Homes Limited.

14 Housing properties

Group	**Cost** **£**	**Participants' Net Investment** **£**	**Group Housing Investment** **£**
At 1 April 2019	923,519,474	(513,151,950)	410,367,524
Transfers of completed schemes and additions in the year	145,064,729	86,103,779	58,960,950
Disposals	(78,600,434)	(45,982,126)	(32,618,308)
Transferred to stock (note 17)	(2,870,148)	(1,841,475)	(1,028,673)
At 31 March 2020	**987,113,621**	**(474,871,772)**	**435,681,493**

Impairment	
At 1 April 2019	(7,000,000)
At 31 March 2020	**(7,000,000)**

Uncompleted schemes and additions	
Balance at 1 April 2019	4,194,599
Additions	54,497,974
Transfers	(57,815,887)
At 31 March 2020	**876,686**

At 31 March 2020	**429,558,179**
At 31 March 2019	407,562,123

Notes to the financial statements for the year ended 31 March 2020

Co-Ownership	Cost £	Participants' net Investment £	Co-Ownership Investment £
At 1 April 2019	916,534,558	(513,151,950)	403,382,608
Transfers of completed schemes and additions in the year less decrease in accrual	143,919,666	86,103,779	57,815,887
Disposals	(76,149,250)	(45,982,126)	(30,167,124)
Transferred to stock (note 18)	(2,870,148)	(1,841,475)	(1,028,673)
At 31 March 2020	**981,434,826**	**(474,871,772)**	**430,002,698**
Impairment			
At 1 April 2019			(7,000,000)
At 31 March 2020			**(7,000,000)**
Uncompleted schemes and additions			
Balance at 1 April 2019			4,194,599
Additions			54,497,974
Transfers			(57,815,887)
As at 31 March 2020			**876,686**
At 31 March 2020			**423,879,384**
At 31 March 2019			400,577,207

The above properties are held subject to ninety-nine year leases to the occupiers. The leases give Co-Ownership 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, currently contributes a minimum of 50% of the funding of the property.

Capital commitments

The total cost to finalise uncompleted schemes and additions amounts to £17,204,440 of which £6,861,539 represents Co-Ownership's investment (2019: £20,592,400 and £8,022,831 respectively). In addition negotiations are in progress for the purchase of existing property at a total cost of £20,695,445 of which £8,451,584 represents Co-Ownership's investment (2019: £18,282,506 and £7,406,328 respectively).

15 Housing Association Grant

Group and Co-Ownership	2020 £	2019 £
At 1 April	**188,080,090**	210,150,606
Receivable in the year	**37,672,317**	554,018
Repayable - on disposal	**(20,423,947)**	(22,624,534)
At 31 March (note 21)	**205,328,460**	188,080,090

Notes to the financial statements for the year ended 31 March 2020

16 Investments - Co-Ownership

	2020	2019
	Subsidiary Undertaking £	Subsidiary Undertaking £
Cost	**300,001**	300,001

The investment represents Co-Ownership's holding in a wholly owned subsidiary company, Ownco Homes Limited.

17 Other tangible fixed assets

Group and Co-Ownership	**Fixtures and fittings £**	**Office Equipment £**	**Total £**
Cost			
At 1 April 2019	599,984	782,747	1,382,731
Additions	-	85,716	85,716
Assets written off	(599,984)	(189,128)	(789,112)
At 31 March 2020	**-**	**679,335**	**679,335**
Accumulated depreciation			
At 1 April 2019	270,989	433,573	704,562
Charge for the year	59,998	186,704	246,702
Assets written off	(330,987)	(189,128)	(520,115)
At 31 March 2020	**-**	**431,149**	**431,149**
Net book amount			
At 31 March 2020	**-**	**248,186**	**248,186**
At 31 March 2019	328,995	349,174	678,169

18 Stock

Group and Co-Ownership	**2020 £**	2019 £
At 31 March	**1,028,673**	3,139,916

This value represents the cost 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 2020

19 Debtors

Amounts falling due within one year	Group		Co-Ownership	
	2020	2019	**2020**	2019
	£	£	**£**	£
Rent debtors	**430,843**	454,621	**408,158**	454,621
Less: bad debts provision	**(251,267)**	(261,212)	**(251,267)**	(261,212)
	179,576	193,409	**156,891**	193,409
HAG receivable - completed properties	**3,102,578**	-	**3,102,578**	-
- firm offers	**10,957,749**	14,679,974	**10,957,749**	14,679,974
Amounts owed from group undertakings	**-**	-	**-**	38,790
Prepayments and accrued income	**144,080**	295,803	**135,369**	111,433
	14,383,983	15,169,186	**14,352,587**	15,023,606

20 Investments

Group and Co-Ownership	**2020**	2019
	£	£
Short term deposits	**18,511,231**	15,322,036

21 Creditors: amounts falling due within one year

	Group		Co-Ownership	
	2020	2019	**2020**	2019
	£	£	**£**	£
HAG repayable - on disposal	**10,409,641**	10,945,290	**10,409,641**	10,945,290
- firm offers	**10,957,749**	14,679,974	**10,957,749**	14,679,974
Participants' deposits	**338,229**	414,313	**128,078**	156,359
Other creditors	**638,648**	581,738	**638,648**	581,738
DfC Loans (Note 22)	**1,250,000**	-	**1,250,000**	-
Corporation Tax	**23,079**	20,572	**-**	-
Accruals and deferred income	**360,195**	443,163	**333,295**	438,483
	23,977,541	27,085,050	**23,717,411**	26,801,844

Notes to the financial statements for the year ended 31 March 2020

22 Creditors: amounts falling due after more than one year

	Group		Co-Ownership	
	2020	2019	**2020**	2019
	£	£	**£**	£
Bank loan (note 23)	**43,000,000**	43,000,000	**43,000,000**	43,000,000
DfC loans (note 23)	**111,250,000**	112,500,000	**98,750,000**	100,000,000
Housing Association Grant (note 15)	**205,328,460**	188,080,090	**205,328,460**	188,080,090
	359,578,460	343,580,090	**347,078,460**	331,080,090

Security

The bank loan and DfC loan are secured by a floating charge over all the assets of Northern Ireland Co-Ownership Association Limited with the bank taking preference.

23 Loans and other borrowings

	Group		Co-Ownership	
	2020	2019	**2020**	2019
	£	£	**£**	£
Bank loans and overdrafts	**43,000,000**	43,000,000	**43,000,000**	43,000,000
Maturity of financial liabilities:				
In more than one year, but not more than five years	**43,000,000**	43,000,000	**43,000,000**	43,000,000

At 31 March 2020 the cumulative draw down against the facility was £43m (2019: £43m).

	Group		Co-Ownership	
	2020	2019	**2020**	2019
	£	£	**£**	£
Department for Communities loans	**112,500,000**	112,500,000	**100,000,000**	100,000,000
Maturity of financial liabilities:				
Due within one year	**1,250,000**	-	**1,250,000**	-
In more than one year, but not more than five years	**6,250,000**	7,500,000	**6,250,000**	7,500,000
Greater than five years	**105,000,000**	105,000,000	**92,500,000**	92,500,000
	112,500,000	112,500,000	**100,000,000**	100,000,000

The above loans from DfC relate to Financial Transactions Capital ("FTC").

Notes to the financial statements for the year ended 31 March 2020

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. The most recent valuation was conducted as at 31 March 2020 by a qualified actuary for the purpose of the disclosures below.

The major assumptions used by the actuary were:

Group and Co-Ownership	**2020**	2019	2018
Rate of increase in salaries	**3.40%**	3.70%	3.60%
Rate of increase in pensions in payment	**1.90%**	2.20%	2.10%
Discount rate	**2.30%**	2.40%	2.60%
Inflation assumption	**1.90%**	2.20%	2.10%

The mortality assumptions used were as follows:

Group and Co-Ownership	**2020 Years**	2019 Years	2018 Years
Longevity at age 65 for current pensioners:			
- Men	**21.8**	22.6	23.3
- Women	**25.0**	24.9	25.9
Longevity at age 45 for future pensioners:			
- Men	**23.2**	24.3	25.5
- Women	**26.4**	26.7	28.2

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

Group and Co-Ownership	**Value at 31 March 2020 £'000**	Value at 31 March 2019 £'000
Equities	**6,970**	7,323
Property	**1,636**	1,378
Bonds	**6,332**	2,892
Cash	**769**	332
Other	**654**	382
Total market value of assets	**16,361**	12,307
Present value of scheme liabilities	**(21,832)**	(16,194)
Net pension deficit	**(5,471)**	(3,887)

Notes to the financial statements for the year ended 31 March 2020

24 Pension commitments (continued)

Reconciliation of present value of scheme liabilities

Group and Co-Ownership	**2020 £'000**	2019 £'000
At 1 April	**16,194**	15,105
Current service cost	**818**	651
Interest cost	**385**	390
Member contributions	**139**	134
Actuarial losses	**4,481**	266
Past service cost	**238**	-
Benefits paid	**(423)**	(352)
At 31 March	**21,832**	16,194

Reconciliation of fair value of scheme assets

Group and Co-Ownership	**2020 £'000**	2019 £'000
At 1 April	**12,307**	11,310
Interest income on assets	**298**	296
Member contributions	**139**	134
Employer contributions	**464**	392
Actuarial gains	**3,576**	527
Benefits paid	**(423)**	(352)
At 31 March	**16,361**	12,307

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

Group and Co-Ownership	**2020 £'000**	2019 £'000
Current service cost	**751**	689
Interest on net defined benefit liabilities	**121**	88
Total cost	**872**	777

Amounts for current and previous four years:

Group and Co-Ownership	**2020 £'000**	2019 £'000	2018 £'000	2017 £'000	2016 £'000
Fair value of employer assets	**16,361**	12,307	11,310	10,667	9,565
Present value of defined benefit obligation	**(21,832)**	(16,194)	(15,105)	(14,119)	(11,093)
Deficit	**(5,471)**	(3,887)	(3,795)	(3,452)	(1,528)

Notes to the financial statements for the year ended 31 March 2020

24 Pension commitments (continued)

Total amount recognised in the statement of changes in reserves

Group and Co-Ownership	**2020** **£'000**	2019 £'000	2018 £'000	2017 £'000	2016 £'000
Actuarial surplus/(deficit)	**(905)**	261	(41)	(1,795)	449

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.

Group and Co-Ownership	**2020** **£**	2019 £
Allotted, issued and fully paid	**56**	56

26 Revenue reserves

	Group		**Co-Ownership**	
	2020	2019	**2020**	2019
Group and Co-Ownership	**£**	£	**£**	£
Opening reserves	**2,589,481**	2,211,183	**2,498,566**	2,209,872
Net transfer from designated reserves (note 27)	**55,345**	378,298	**(23,805)**	288,694
Closing reserves	**2,644,826**	2,589,481	**2,474,761**	2,498,566

The transfer from Designated reserves has been made on the basis that the closing Revenue reserves represent 6 months committed operating costs.

27 Designated reserves

Property purchase reserve

Group	**2020** **£**	2019 £
At 1 April	**87,175,171**	81,235,889
Surplus for the year	**6,260,093**	6,317,580
Transfer to revenue reserve (note 26)	**(55,345)**	(378,298)
At 31 March	**93,379,919**	87,175,171

Co-Ownership	**2020** **£**	2019 £
At 1 April	**87,175,171**	81,235,889
Surplus for the year	**6,161,768**	6,227,976
Transfer to revenue reserve (note 27)	**23,805**	(288,694)
At 31 March	**93,360,744**	87,175,171

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

Notes to the financial statements for the year ended 31 March 2020

28 Financial Instruments

	Group		Co-Ownership	
	2020	2019	**2020**	2019
	£	£	**£**	£
Financial assets that are debt instruments measured at amortised cost				
Rental debtor (note 19)	**179,576**	193,409	**156,891**	193,409
HAG receivable (note 19)	**14,060,327**	14,679,974	**14,060,327**	14,679,974
Short term deposits (note 20)	**18,511,231**	15,322,036	**18,511,231**	15,322,036
Cash at bank and in hand	**21,321,550**	22,445,418	**13,782,370**	16,401,792
	54,072,684	52,640,837	**46,510,819**	46,597,211
Financial liabilities measured at amortised cost				
DfC loans (note 23)	**112,500,000**	112,500,000	**100,000,000**	100,000,000
Bank loans (note 22)	**43,000,000**	43,000,000	**43,000,000**	43,000,000
Participants' deposits (note 21)	**361,310**	414,313	**128,079**	156,359
Accruals (note 21)	**360,195**	443,163	**333,295**	438,483
	156,221,505	156,357,476	**143,461,374**	143,594,842

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

	2020	2019
	£	£
Surplus in the financial year	**7,165,093**	6,056,580
Taxation	**23,079**	20,572
Loss on disposal of housing properties – second tranche and after	**319,180**	779,095
Interest receivable and similar income	**(174,183)**	(196,233)
Interest payable and similar charges	**1,188,216**	1,009,806
Other finance expenses	**592,000**	259,000
Operating surplus	**9,113,385**	7,928,820
Surplus on sale of housing properties	**(3,060,750)**	(2,387,619)
Repossession of properties	**1,535,217**	1,681,985
Release of impairment of housing properties	**-**	(500,000)
Write off of fixed assets	**269,596**	-
Depreciation charges	**246,702**	255,729
Movement in debtors	**204,346**	(14,903,717)
Movement in creditors	**33,555**	15,229,963
Difference between pension charges and cash contributions	**87,000**	94,000
Cash inflow from operating activities	**8,429,051**	7,399,161

Notes to the financial statements for the year ended 31 March 2020

30 Analysis of consolidated net funds

	1 April 2019 £	Cashflow £	**31 March 2020 £**
Cash at bank and in hand	22,445,418	(1,123,868)	**21,321,550**
Short term deposits (note 20)	15,322,036	3,189,195	**18,511,231**
Net funds	37,767,454	2,065,327	**39,832,781**

31 Reconciliation of consolidated net cash flow to movement in net funds

	2020 £	2019 £
Decrease in cash in the financial year	**(1,123,868)**	(24,676,512)
Movement in deposits	**3,189,195**	(82,383)
Movement in net funds in the financial year	**2,065,327**	(24,758,895)
Net funds at beginning of financial year	**37,767,454**	62,526,349
Net funds at end of the financial year	**39,832,781**	37,767,454

32 Operating lease commitments

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

	Other 2020 £	Other 2019 £	**Land and buildings 2020 £**	Land and buildings 2019 £
Within one year	**6,394**	9,372	**82,980**	169,921
Within two to five years	**12,787**	19,181	**639,108**	679,683
After five years	**-**	-	**1,327,770**	169,921

During the year Co-Ownership entered into an agreement to lease alternative office premises and vacate the premises at Murray House. The plans to move premises were at an advanced stage at 31 March 2020.

33 Legislative provisions

Co-Ownership is incorporated under the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969.

co-
owner
ship.
org

Moneda House, 25-27 Wellington Place,
Belfast BT1 6GD

Call 028 9032 7276
Fax 028 9033 0720
Textphone 18001 028 9032 7276
hello@co-ownership.org